UNDERSTANDING

Carbon Offset & Impact Fee

PURPOSE

New development can burden a city or town with the responsibility for providing new facilities, infrastructure, and services to support the development. To reduce their financial burden, some communities assess impact fees to large developments. Impact fees can be used by the community to pay for necessary improvements, like roads or schools. Likewise, new development can increase a community's carbon footprint. Communities can gather carbon offset fees to pay for projects that will mitigate greenhouse gas emissions or help the community adapt to climate change impacts.

Note: Impact fees are not expressly permitted in Massachusetts currently. Zoning reform legislation currently before the Legislature would enable municipal impact fees.

HOW IT WORKS

Impact fees are an increasingly common way to shift some of the burden of growth back on the developer. Impact fees are financial responsibilities that a municipality places upon a developer to provide some or all of the physical improvements (from sewers and streets to parks and schools) necessitated by development and its impacts. Under this system, the developer pays a share that is reasonably proportional to the size of the development. There must be a justifiable connection between the new development and the need for new facilities. These physical improvements include improving transportation systems, updating storm water and sewage systems, upgrades to schools and libraries, or the provision of parks.

In addition to the strain on infrastructure within a community, development can results in greenhouse gasses (GHGs) emissions that can greatly increase a community's overall carbon footprint (a carbon footprint quantifies the total amount of greenhouse gasses emitted by a person, project, or activity). A development directly and indirectly emits GHGs during construction. Sources include producing materials, transporting materials and workes to the site, powering equipment, and the loss of carbon absorbing agriculture or forest land. After construction is complete, a development continues to have GHG emission impacts. Buildings consume electricity and heat—primary sources of GHG emissions. Development also generates traffic—another major source of GHG emissions.

Similar to using money from an impact fee to pay for a new school, the money from a Carbon Offset Fee goes towards mitigating GHG emissions within the community. The long term goal of applying a cost to greenhouse gas emissions is to provide incentives to developers to release as little emissions as possible. For example, a developer could

reduce their project's carbon footprint by minimizing land clearing, constructing energy efficient buildings, and choosing development sites that minimize traffic impacts.

The money generated by carbon offset fees can be used to reduce carbon emissions elsewhere within the community by planting trees, installing bike lanes, insulating houses or installing solar panels. Companies such as the American Carbon Registry, Verified Carbon Standard, or Carbon Trust Standard (to name a few) produce third-party documentation of a development meeting the rules set by a municipality and ensure that carbon offsets meet quality standards. Implementing impact or carbon offset fees can have lasting effects on the sustainability of a community.

EXAMPLES OF WHERE STRATEGY HAS BEEN ADOPTED

United Kingdom: Implementing carbon offset fees is an innovative development in mitigating climate change. In Europe, England's Magna Park Distribution Center is the leading example of a large development using fees to go carbon neutral. The growing town of Milton Keynes where the park is located has established a carbon offset fund that receives money from developments to the park. Developers pay into the fund according to the quantity of carbon emissions generated by their buildings. Since its introduction in 2008, developers have paid over £400,000. These funds have been used to help pay for energy efficiency improvements to 2,500 existing homes. The fund helps residents benefit directly from development in the area by increasing home values while

mitigating the communities overall impact on climate change.

LINKS TO MODEL BYLAWS OR MORE INFORMATION

WATSONVILLE, CALIFORNIA, PROPOSED CARBON IMPACT FEE:
http://cityofwatsonville.org/permits-plans/climate-action-plan/carbon-fund-ordinance

AMERICAN CARBON REGISTRY:
http://www.americancarbonregistry.org/

CARBON TRUST STANDARD:
http://www.carbontruststandard.com/pages/home

INFORMATION ON IMPACT FEES BY STATE:
http://www.impactfees.com/state-local/state.php

MILTON KEYNES COUNCIL:
http://www.milton-keynes.gov.uk/mklowcarbonliving/

VERIFIED CARBON STANDARD:
http://www.v-c-s.org/

FOR MORE INFORMATION, PLEASE CONTACT

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