Impact fees may help city keep up with rapid growth

by Jheri D. Baggett
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Land developers and builders may have a new challenge to face pending the adoption of impact fees by the Cabot community. Mayor Stubby Stumbaugh, along with members of the Home Builders Association and city aldermen, met with two men from Duncan and Associates, a group of consultants who design plans for cities looking to initiate impact fees and plans for economic growth.

Although the meeting served as the preliminary measure, the idea of impact fees has already been enacted by Conway and Fayetteville city governments.

The 2003 Arkansas Impact Fee Act authorizes cities and municipal utilities to establish impact fees over time. The act states that the fees may be increased over time and must be specified before spending. The pragmatic approach used by the firm is specially designed to the city’s needs and money produced from the impact fees cannot be used for any other purposes.

The main goal of an impact fee is to ensure capital improvements. Fayetteville implemented the impact fees to further develop or maintain their major roads and capital facilities related to fire protection and law enforcement. In the past, Washington County generated revenue for improvements through sales tax and utility fees. Impact fees provided an alternative method that is growing to be more popular to surrounding states.

The firm’s group of urban economists, attorneys and experienced city planners toured the Cabot area on Thursday, Dec. 16 to evaluate possible needs for improvement. The group spent the day with Public Works Director, Jim Towe, Police Chief Jackie Davis, Fire Chief Gary Meadows, Parks Director Carroll Astin, Library Official Christine Williams and finally stakeholders in the...
evening. After the meeting and a presentation of expected revenue from the impact fees, the firm will conduct a study on the city, make recommendations and report findings. The study will be submitted to the City Council. A decision will be made within the coming months.

According to a leading city planner, James B. Duncan, Cabot could benefit from the fees. “Cabot does fit the profile of communities we have worked with.” Although the fees can range, Duncan insists to make them meaningful or don’t do it after stressing that impact fees are long term. The impact fee is not a tax but a one-time fee that is based on a pre-determined formula.

Mayor Stumbaugh is hopeful that the idea will be accepted. “We can’t keep up with the growth of the city and the infrastructure … this is probably the only way we can,” he said. Mayor Stumbaugh is not exactly sure which improvements will be included in the study but he said everything possible will be considered including the wastewater system. If the ordinance passes, homebuilders will be hit with increased land lot prices. Although the fees will be absorbed in land cost and passed on to home buyers, the change could increase the cost of housing.

The disadvantages of the fee implementation could definitely hurt the expansion of the community economically. Mike Brannon of the Bank of the Ozarks is aware of the harm to possible homebuyers. “First time home buyers will use the maximum of their loan. They are not looking to buy less house with higher impact fees.” If the fees are too high, future homebuyers will look to other communities inadvertently affecting local real estate markets.

Impact fees can range from $350 to over $8,000 depending on the community. James B. Duncan has 43 years of experience and insists that the fees create a level playing field for developers. “Infrastructure is not free; someone has to pay and if taxpayers aren’t going to, let’s find a way to get this done.” Duncan calls impact fees “apolitical tools,” he said.

Board member for Community Bank, Bill Thompson is neutral on the idea of implementing the fees. “I’m not for them and I’m not against them. I am going to look at the survey and decide from that,” he said. One land developer is hopeful for potential growth in the community. “This is the main thing, We want growth to be good and positive and we want it to continue.”