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Who should pay for growth — taxpayers or developers?

Opponents say impact fees hurt builders

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Rapid growth in Lafayette Parish has spawned a debate over who'll pay for the stress of sprawl - taxpayers or developers.

Some cities and parishes in Louisiana have put at least some of the responsibility on developers with an impact fee, which pays for new roads, sewers or drainage to support their growth.

Lafayette's conversation about impact fees is just starting, but already has drawn the protest of the building industry and businesses tied to it.

They say fees only increase housing prices, kill future growth and will drive builders to a neighboring parish that's fee-free.

That may have played out in some cities with impact fees, but it's not the case everywhere.

Just two hours away in St. Tammany Parish, the fees, in place for two years, haven't slowed growth. Much like Lafayette, St. Tammany was a destination for hurricane evacuees, and continues to be one of the fastest growing parishes in the state.

## Other experiences

Lafayette's city-parish planners are taking a close look at other parishes such as St. Tammany, East Baton Rouge and Iberia, where impact fees are established or just starting out.

St. Tammany has been one of the fastest growing parishes in Louisiana in the past six years, rising from about 191,000 in 2000 to 230,000, according to the July 2006 Census estimate.

The parish identified its future needs with a 10-year plan, and developed a formula to calculate how a new business or housing subdivision will impact roads, sewer and drainage, and what it costs to alleviate that.

They started charging different fees in January 2005 for homes, apartments and commercial buildings based on size.

The fees didn't stop growth as some in the building industry feared, Fontenot said.

"Before or after, we were building in the range of 2,000 homes per year for last six years straight," he said. "But the numbers are consistent, and 2,000 is projected again for this year. The growth is there, it's now how we handle it to not have road problems or drainage problems."

People in Lafayette city pay the bulk of parish taxes, but more and more money is going to support sprawl outside the city, or booming towns like Youngsville and Broussard.

As two of the fastest growing cities in the state since 2000, Youngsville and Broussard aren't waiting around for Lafayette Parish planners to make up their minds.

Both have been talking impact fees for the past six months, and Youngsville Mayor Wilson Viator has a committee looking closely at how impact fees may solve shortcomings.

Property taxes and utility revenues are growing in Youngsville, but Viator said people need to know it's not enough when growth happens faster than the revenue, and inflation is considered.

It feels like Youngsville's back is pressed to the wall, Viator said.

"We're robbing Peter to pay Paul now," he said. "By far, we're not broke, but it's getting harder and harder to keep up with and pay for the improvements that I know are needed."

### **One answer among many**

In rural Iberia Parish, 900 residential and commercial lots couldn't be approved until recently because the parish sewers were overwhelmed, and there was no money to build more.

The Iberia Parish Sewerage District Board had few options left, and recently passed a \$750 impact fee for all new development in rural areas.

Paid upfront by developers, fees will go solely to expanding the sewer system, and can be used as a local match for state funds, which improves the parish's chances of getting state or federal grants.

"Some (developers) complained about this, but for the most part they were supportive and knew we needed it," said Joe Gonzalez, executive director of Sewer District 1. "We're not the only one in trouble, but you've got to do something. ... Everything is growing, especially in this parish, they need houses and apartments here."

In East Baton Rouge Parish, city-parish officials are considering a tiered list of impact fees, increasing the \$200 cost for a single-family building permit to an average of \$732.

The council there postponed its decision to talk more with builders and realtors, most of whom oppose the concept.

Mary Jane Bauer, CEO of the Realtor Association of Acadiana, said impact fees could have unintended effects.

"I think it'll increase price of housing," she said. "Some of my mortgage banker friends have said so often people are at the limit of being able to buy a home now. If you're looking at affordable housing and long-term cost, the purchaser absorbs a lot of interest in paying that fee cost."

### **Other funding sources**

Lafayette Parish will need an influx of new money for infrastructure if sprawling growth continues. Whether it's a fee on developers, increased sales tax and other taxes or a combination of all is what's up for debate.

The Growth Opportunity Technical Team, a subcommittee of the Planning Commission, will soon have all the numbers to know exactly what the city needs just to maintain itself now.

At least \$15 million to \$20 million will likely be needed just to keep up roads, sewers and all other expenses Lafayette already has, not counting new growth. That's money the parish doesn't have.

GOTT is in charge of recommending if impact fees are an answer for Lafayette. GOTT member Jan Swift said obstacles in Lafayette may be steep for now.

"A lot of members of GOTT don't like even talking about it," she said. "Plus, we need a master plan here to go hand in hand to discuss how (fees) would be assessed. We don't have that yet."

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