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Pursue fee alternatives

It is acknowledged that impact fees serve a purpose. They pay for infrastructure needs from homeowners moving into the community, which unburdens the taxpayer from having to fund more water, sewer, transportation, public safety, among other vital services. However, relying on impact fees can strangle local economic development by serving as a de facto "tax" on capital and stifle investment. They most certainly should not be used to compensate for poor planning.

Finding the right balance with the imposition of impact fees in relation to those facts is a challenge. With that said, we're not convinced issuing a hike in these charges St. George and Cedar City have approved will solve the growth problems that are getting strained further with a shortage in the labor force and availability of affordable housing.

A year ago, St. George instituted a new impact fee schedule - that had gone unchanged for nearly a decade - from a study commissioned of Lewis, Young, Robertson & Burningham Inc. A single-family residential unit went from $8,325 to $9,477. On Wednesday, the Cedar City Council voted 3-2 to raise its municipal impact fees by 116 percent. This was done also from the recommendation of LYRB that was paid $40,000 to review the city's fee schedule that had not been evaluated since 1997. A single-family dwelling in Cedar City will go from $4,609 to $9,965.

The obvious direct economic benefits with St. George's adjusted impact fees have been the improvements on Red Hills Parkway, Dixie Drive, River Road and new traffic signals. Indirect benefits have been the improved predictability in when and where infrastructure will occur. However, the new impact fees also hindered low-income households by raising housing prices, and, in a competitive market and in the short term, the developers have had little option but to pass these costs onto buyers.

The results may end up the same for Cedar City in comparison with St. George, or could deviate, but the large surges in impact fees from these municipalities raise eyebrows as to why these fee schedules were neglected for so many years, not adjusted incrementally or other revenue sources explored.

We're not against impact fees, but we are weary of them being used as sole solutions. Instead of paying sizable sums to a firm to analyze impact fees another 10 years from now, perhaps the cities could do some forward-thinking to ensure substantial increases in these fees never reoccur with other plans to pay for infrastructure. Looking at special districts, municipal lease finance, tax increment financing and state infrastructure banks are just a few mechanisms that could potentially leverage both cities' limited resources more effectively. At the very least, alternatives to continually increasing impact fees should be pursued. It would sure be more welcoming to newcomers and be more equitable to all.