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Raleigh impact fees set to leap today

Raleigh planners wanted a gradual hike, but most on the council back a single boost

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RALEIGH - Despite protests from builders and developers, most members of the City Council say they plan to fulfill a campaign promise today by voting to more than double many of Raleigh's impact fees.

"This has been debated, quite frankly, long enough," Councilwoman Mary-Ann Baldwin said. "If you look at the results of the election, among the people who voted this was a key issue."

In October's election, two council incumbents were defeated by challengers who embraced higher fees. The city charges impact fees on development to help pay for roads and parks, and increasing them appealed to many voters concerned about paying for the city's growth.

Since the election, however, the economic outlook in the Triangle has darkened as gas prices continue to rise and real estate sales have dramatically slowed -- poor conditions for raising impact fees so steeply, opponents argue.

How steep? Road fees alone on a single-family house of 2,000 square feet would go from \$528 to \$1,386; on a multifamily unit would go from \$322 to \$925 per unit; on churches, from \$232 to \$865 per 1,000 square feet. (See box on Page 6A).

Mayor Charles Meeker, a staunch proponent, has said the proposed fee increases for roads and parks could bring in an additional \$7 million to \$8 million annually, though a sluggish economy is certain to lower those figures.

While the Triangle housing market has not been hit as hard as some areas of the country, home construction has slowed considerably in 2008. Wake County's Revenue Department reported Monday that housing starts in Wake County during the first four months of the year totaled 2,137, a 10-year low.

Citing concerns that the proposed increase would make a bad housing market worse, the city's Planning Commission voted last week to recommend phasing in the increase over four years. On Monday, though, Baldwin, Meeker and council members Nancy McFarlane and Rodger Koopman said they want it all at once. Members Russ Stephenson and Thomas Crowder have advocated higher fees for years.

The supporters point out that Raleigh's impact fees are low when compared with those of surrounding communities. McFarlane said that taxpayers who are paying more than their share of the cost of growth will be the ones who suffer if the fees aren't raised.

"If we do not raise them now, we'll just be putting the burden back on taxpayers," she said.

If Raleigh does raise its impact fees, it will not be the only Triangle community to do so this year.

Last month Cary officials voted to raise the town's water and sewer impact fees 31 percent. The

Raleigh City Council plans to discuss adopting similar water and sewer impact fees during its budget deliberations.

Jim Anthony, chief executive of Raleigh real estate services firm Anthony & Co., said that while he supports a modest increase in impact fees, he thinks some of the proposed rates are too steep, such as the category that covers industrial development.

"I do think some of these fees are over the top," he said.

The proposal before the City Council calls for Raleigh to adopt a new method for calculating impact fees, and then to charge 60 percent of the amount allowed by state law. Under the new methodology, the fees would be tiered, meaning larger homes would incur larger fees.

The higher fees would apply to everything from schools to cemeteries to day care centers; the increases would be more than double for some, including churches and universities.

Houses that are from 2,000 to 2,999 square feet, for example, would be subject to the \$1,386 in road fees and from \$924 to \$1,129 in open space fees, depending on where the homes are.

Anthony's concern is that the higher fees will make Raleigh less affordable, which could just drive the growth to other Triangle communities. "Time will tell if this will have any further chilling effect on sales," he said.

Councilman Philip Isley, the lone Republican on the council, said he is holding out hope that the council will consider other approaches. "There are a host of ways that allow you to still get to a number and that aren't nearly as impactful," Isley said.

The previous council spent more than a year discussing impact fees before voting to raise them by 72 percent in 2006.

Even new council members, such as Baldwin, appear wary of rehashing that debate. "We need to move forward," she said. "I'd like to move on to other issues."

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