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Cost of building homes in FH expected to go up

by **Beth Duckett** - Apr. 16, 2008 11:41 AM
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FOUNTAIN HILLS - While housing construction plummets across the nation, the cost to build a house in Fountain Hills could go up this summer.

The Fountain Hills Town Council is expected May 15 to adopt a 7 percent increase in development fees, effective Aug. 1, that pay for streets, law enforcement and other town services.

There was no opposition to the plan at a public hearing Tuesday.

Development fees, also called impact fees, are levied to pay for public costs associated with new development.

Home builders pay the one-time fees. Although the increased costs could be passed on to home buyers, builders sometimes have to absorb the fees.

The proposal would annually adjust for inflation the town's existing general impact fee, as well as fees to pay for law enforcement, open space, parks and recreation, fire, library and streets.

Under the plans, the total fees to build a single-family home in Fountain Hills would be \$5,472, up \$358 from the current \$5,114. Other properties, such as hotels and office buildings, also would be subject to increases. The fees do not include water and sewer.

Fountain Hills' new fees are "quite modest" compared to other Valley communities, said Councilman Ed Kehe at Tuesday's public hearing.

Chandler recently raised its city fees on a new home to \$19,538, from \$13,587, a 44 percent increase. That Southeast Valley city is again considering raising its fees to \$20,565.

Homes built on the town's 2 square miles of former state trust land are estimated to cost between \$675,000 and \$1.5 million each, Kehe said, so the \$358 in increase fees will have a minimal affect on housing costs.

"People who can afford these homes won't even notice," Kehe said.

The town adopted its current fees in 2006.