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Chesapeake loses on impact fees

Chesapeake is a textbook case of why Virginia should give its cities and counties the power to assess impact fees to pay for new schools, parks and libraries.

The city has more than 1,900 acres already zoned for subdivisions and no way to get money from the eventual home buyers for the extra roads and schools their arrival will require.

Legislation approved by the Senate this past week claims to remedy that by authorizing impact fees after decades of stubborn resistance. But there's not much reason to celebrate; Chesapeake still comes out a loser.

Why are lawmakers scrambling to rewrite decades of zoning law if local governments under the most stress will be harmed by the new plan?

Simply put, the aggressive lobbying by the Home Builders Association of Virginia for Senate Bill 768.

Developers have hit a tough spot in the housing market, and they blame part of the squeeze on another type of cash payment, called a proffer. This is a voluntary impact fee that developers pledge to a city council in return for a favorable zoning, a quid pro quo, if you will. In Northern Virginia, proffers sometimes exceed \$40,000 per house.

Because the proffers have gotten so expensive and commonplace, home builders have embraced impact fees as a cheaper alternative.

Now they want to abolish proffers. As an inducement to win support, the legislation allows impact fees not just on newly zoned subdivisions, but older ones that have been zoned, but never built.

For the first time, Chesapeake would have a way of levying a \$7,500 fee on each new home built on those 1,900 acres.

The intent - to more equitably distribute the cost of growth among the new homeowners and longtime residents - is a good one. But it does nothing to discourage sprawl, which should be the aim of all land-use legislation.

To make matters worse, the math and the reasoning are flawed. First, there's no relation between the \$7,500 impact fee and the actual financial expense Chesapeake incurs. Second, the one-size-fits-all approach assumes the same financial impact in Grundy as in Great Bridge. And third, the fee is set so low that it will leave cities like Chesapeake with less money than it now gets from proffers.

Chesapeake typically collects \$20,350 per home under its proffer system. That's based on years of

playing catch-up expanding its roads and schools. Yet that knowledge is discarded as irrelevant.

Additionally, the proposal allows localities to assess impact fees only for roads, schools and public safety buildings, not for libraries or parks.

None of these gyrations in the state Capitol will pull the housing market out of the doldrums across the commonwealth because proffers aren't to blame. There are too many houses on the market at the wrong price. The General Assembly can't fix that, only the market can.

What state legislators can do is be more conscientious about picking up their share for roads and schools. If state government was paying what it owed, local governments would not have become so reliant on backdoor surcharges like impact fees and proffers.

There may be a way to give both developers and local governments some help. But the current legislation serves the greater interests of the builders, not the taxpayers.

With developers newly converted to the wisdom of impact fees, both sides should spend the next year crafting a better solution.

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