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Raleigh's impact fees may double

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RALEIGH - The City Council could vote as early as May on a plan to double the impact fees Raleigh imposes on new housing.

The city's Budget and Economic Development Committee voted unanimously Tuesday to place raising impact fees on the April 15 agenda of a public hearing with the City Council and the Planning Commission.

The public hearing is required before the council can adopt higher impact fees, which are used to pay for roads and parks.

The proposal put forward Tuesday would increase the open space and transportation fees leveled on an average single-family home from \$1,200 to about \$2,500. Fees would be tiered, meaning larger homes would incur higher fees.

Houses that are between 2,000 and 2,999 square feet, for example, would be charged \$1,386 in transportation fees and between \$924 and \$1,129 in open space fees, depending on where in the city they are located.

About two-thirds of all impact fees in Raleigh are related to apartment and commercial developments.

Impact fees were a major issue in October's election, when two incumbents were voted out of office and replaced by supporters of Mayor Charles Meeker. In 2006, the City Council voted to raise impact fees by 72 percent, but Meeker and others wanted a much larger increase.

After the public hearing, the proposal is expected to receive strong support from the full City Council.

Meeker has been eager to get a new fee structure in place, saying the city could capture an additional \$500,000 to \$700,000 a month, depending on the pace of new development. The new fee structure is expected to raise an additional \$7 million to \$8 million annually.

The fee increase first had to be vetted by the city attorney's office to make sure it can withstand legal challenge. Municipalities must show a clear connection between the fee being charged and the infrastructure being developed.

Raleigh's existing impact fee structure is flat, not tiered, which means additional data had to be collected to show a connection under a tiered system.

Meeker said a possibility exists that the April 15 public hearing could be moved to March.

Also on the agenda for the April hearing is a proposal to speed up the creation of neighborhood conservation overlay districts, which set standards for construction.

That proposal is likely to draw intense public interest, as it is being considered as a way for the city to regulate teardowns, or the practice of replacing older homes with larger ones.

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