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Berlin imposes \$2,000 impact fee

Council approves charge to pay for services to new developments

By Jaime Malarkey
Daily Times Staff Writer

BERLIN -- The town council voted unanimously to impose a \$2,000 impact fee on new residential homes last Monday, creating a source of revenue to accommodate the cost of growth that Mayor Tom Cardinale said should have been done five years ago.

Officials said Berlin's public services are already reaching a maximum, and the inventory available isn't enough to allocate services to at least four proposed housing developments. Impact fees charged to developers and passed on to home buyers would pay for the strain new residents would place on existing services and infrastructure.

The town opted to go with the recommendation of Municipal and Financial Services Group, a company it hired to study impact fees, at a flat \$2,000 fee for buildings equivalent to one home and \$1 per square foot for commercial buildings.

A representative from the company said Berlin at full build-out would contain about 3,500 equivalent dwelling units, with 2,400 existing.

Resident and developer Troy Purnell, who has proposed about 260 homes and retail space at the now-abandoned Tyson plant, said he came mostly to listen, but instead asked a few questions.

"If and when these 1,100 new homes are complete, on a basic \$250,000 assessment, that's about \$4 million in new tax revenues for the town," Purnell said. "I guess that could be used to correct old problems in the town."

That's right, the council told him. Under state law, impact fees must benefit residents of new development.

Resident Gabe Purnell said he worries the fee would discourage first-time home buyers from moving to Berlin or developers looking to build affordable housing.

Council members said without fees, the community's low-income residents are unjustly paying to accommodate new residents.

"When do we have the current residents stop paying the dues of the new residents?" Cardinale said.

The discussion on impact fees was postponed twice to allow staff to revisit the numbers to make sure they are compatible with the market and adjusted for inflation, said town administrator Linda Bambury. Officials previously floated a \$2,500-per-unit figure at a recent council meeting, and an initial proposal excluded new commercial and industrial buildings.

The town of Ocean City adopted impact fees for new construction earlier this year, bringing in an estimated \$1 million each year to cover the cost of town services for new development. Municipal and Financial Services Group, the same company hired to study impact fees for Berlin, estimated each new residential building would pay \$4,250.

A November report concluded the collected revenues from the impact fee in Ocean City were right on target.

Originally published Wednesday, December 7, 2005



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