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Editorial: Better early than late for fees

From the Journal Sentinel

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State Sen. Glenn Grothman (R-West Bend) said he's willing to review in January a bill passed in the last couple of weeks of the legislative session "if we have to sand off some of the rough edges." Considering what's wrong with the bill, he may want to bring a saw instead of a sander.

Advertisement The bill involves impact fees paid by developers to municipalities to defray the public costs of new developments, such as putting in a new park or building infrastructure for a subdivision or office park. Some portions of the bill make sense and are in the public's interest. But one big section does not and should be cut out of the bill when the Legislature reconvenes in January.

Until the measure was approved by the Legislature in the waning days of the last session - with little public discussion or input, by the way - developers paid an upfront impact fee to a particular community for, as an example, the lots planned in a new subdivision. The municipality then used that money to pay for whatever it was going to build, and the developer passed on the cost when it sold the lot or home.

Under the new law, there would be no upfront payment by a developer, and the impact fee on a particular lot would not be paid to the municipality until an occupancy or building permit was issued for the lot. Which means the money would be collected on a piecemeal basis, often over a period of years as lots get sold.

J. Scott Mathie of the Metropolitan Builders Association told us that the current practice inflates costs for developers and, thus, for consumers, driving up the costs of housing and making it more difficult to provide housing that average workers can afford. He also points out that "an empty lot is not going to use a park" so there is no substantive public impact until the lot is sold.

Those are fair points. Certainly, there is a crying need for more affordable housing in areas outside Milwaukee. And we think developers, citizens and officials can find better ways to make such housing more available.

But Mike Miller, former West Bend mayor, has the better point. He argues that under the new law, municipalities will have to spend their money long before they see reimbursement from a developer or homeowner. While an empty lot may not use a park, the park still has to be built before the lot is sold, and that means funding has to come from general revenue rather than from impact fees, and that could mean

property tax increases that may not be offset for years. In this tax climate, the park may not be built.

Given those financial difficulties, "Why would any community allow a new subdivision?" Miller asked. The answer is they probably won't, as the Cedarburg Common Council demonstrated shortly after the bill became law when it declined to give preliminary approval to a 54-lot subdivision. "A community can't plan to make those improvements if they don't know when the cash is coming in," said Mayor Greg Myers in a statement blasting the new law. Forget more affordable housing; now, there may be no new housing.

If Grothman wants to change that, and he should, he needs to revise a law that was put together too quickly and with too little thought about its consequences.

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