

<http://www.delawareonline.com/apps/pbcs.dll/article?AID=/20060116/OPINION11/601160333/1004>

OUR VIEW

Builders ought to pay for water connection in new developments

01/16/2006

Impact fees on housing developers and contractors are relatively new to the Delaware landscape, compared to surrounding states. Impact fees, which builders pass on to home buyers, are assessed for everything from sewers and roads to schools and fire and police protection.

Delaware has yet to face up to another fee that's common in most other states to help keep water rates stable, particularly for longtime residents after new subdivisions are constructed nearby. The established residents invariably see water utility rates slowly rise to offset the cost of supplying water to a new development. That ends up giving the new homeowners a unfair break on water costs.

A water service impact fee for developers is the only equitable approach to offset the costs of supplying water to new homes. Such a fee would also be tacked on to the cost of the houses.

Advertisement

After years of debate and deadlock, the state Public Service Commission has unanimously voted for new regulations that require builders to pay for the cost of water to new communities. A public hearing will be held in March.

Naturally, local builders have lobbied against the fees, insisting they already contribute their share to water service in the form of pipes, connections and fire hydrants. But that ignores the costs assumed by private utilities and existing customers for water towers, treatment plants and sometimes finding new water supplies.

Many of the municipalities that provide local water service, and which are not regulated by the PSC, have been assessing similar impact fees for years. The state's three largest private water companies understandably support the regulation because it will require fewer rate increases for all their customers in the future.

Come March, expect builders to turn out in force to object to the PSC rule. But given the price of today's new home construction, developers need to get over an additional \$1,500 cost of doing business. After all, developers happily raised home prices by thousands of dollars for the same models each season through five years of the real estate boom -- for no reason other than the market would accept it.

Copyright © 2006, The News Journal. Use of this site signifies your agreement to the [Terms of Service](#) and [Privacy Policy](#) (updated 10/3/2005)