

[Print](#)[Close Window](#)

Builders won't receive break on impact fees

(by Joseph Koziol Jr. - December 22, 2010)

Builders won't receive break on impact fees

By JOSEPH KOZIOL JR.

Reducing impact fees, also known as system-development fees, may not be the City of Chardon's answer to bringing more residential development.

City Council agreed last week that attempting to lower the fees charged to developers based on their developments' impact on the city's sewer system may cause more problems than its worth.

Mayor Philip King had asked for council to discuss various issues and charges associated with development in an attempt to make it more attractive for residential builders in the city. He asked for the review after meeting with builders last summer. He said they complained that city fees and requirements had made Chardon a more expensive place to build than other communities.

Mr. King said he hoped to reduce the average \$7,000 impact fee for a single-family home to about \$3,000 or \$3,500, which more closely matches the charge in other communities.

But, after hearing the history behind the impact fees and legal concerns, council agreed that it may be best to leave them alone.

Law Director James Gillette said those who already have paid could demand a refund.

Mr. King said, without another boom in building, the city faces a difficult time attempting to pay off debt that became necessary after an Environmental Protection Agency-mandated upgrade and expansion to the sewage-treatment plant.

John Sheehan, the city's planning and zoning administrator, said that upgrade and expansion occurred in 1999 and led to the institution of the fees.

He said the city brought in financial experts to look at ways to finance the approximately \$13.6 million project, which resulted in two new charges, including the impact fees.

Of the total cost, he said, approximately \$3.36 million was needed for upgrades to improve the efficiency of the plan. He said that cost was passed on to all users of the system that existed by April 1993 in the form of a surcharge on monthly sewer bills.

All new development after that time, Mr. Sheehan said, would be charged the impact fee, which would cover the cost of the plant's expansion.

Although impact fees initially were challenged in the courts, he said, many courts, including the Ohio Supreme Court, now have said those fees are legal. The impact fee is based on the number of fixtures in a building that would contribute to the volume handled by the city's treatment plant.

Mr. King said part of the problem that has now arisen is that building in the city has slowed to a crawl.

During the 1990s, builders were constructing from about 45 to 50 homes per year in the city, and the impact fees were based on 51 homes being built in the city each year, Mr. Sheehan said. However, last year, the city saw only five to six new homes built, he said.

Finance Director Jeff Smock said that has placed a burden on the city's general fund, which now makes up the difference in debt payments.

He said the city's annual debt payment is about \$606,000 with the surcharges making up about one-third of that debt. The remaining debt is supposed to be funded through the impact fees, but the city has averaged only \$85,000 to \$86,000 in fees over the last five years. That means, Mr. Smock said, the remaining amount must be paid through the city's general fund.

Mr. King said coupled with the city's losses in income tax revenues of about \$400,000 over the last two years, the city faces a daunting task in finding the money. "It's a pretty monumental problem to tackle," he said.

Councilman Robert Cromwell questioned whether the experts who determined the impact fees were "dead wrong" in their estimates and that is now haunting the city.

City Engineer Douglas Courtney said it was the builders who provided the estimates for growth, based on plans that were in the making at that time.

Councilwoman Leslie Bednar said she questioned whether the impact fees actually were the problem with slow residential growth in the city. She said she would have thought there would have been a slowdown shortly after the fees were instituted. But building continued at a good rate years after the fees were in place and did not slow down until years later, she said.

Rather than tinker with the fee, the city's administration agreed to bring in more financial and planning experts to look comprehensively at growth issues as well as municipal funding in the city.

Council also was asked to look at how zoning changes in the city may impact what types of users there will be in the future for the treatment plant.

[^ back to top](#)