

City to weigh higher costs for developers

Commission recommends increasing impact fees by seven times

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The politically charged debate over how much developers should pay for utility infrastructure has ended — at least for now — with a whimper rather than a bang.

However, the real fight likely will be before the City Commission in coming months.

The Capital Improvements Advisory Committee on Thursday submitted its recommendations on fees that developers should pay for utility infrastructure.

The result was surprising to many observers: \$3,090 per residential lot.

The last time the Brownsville Public Utilities Board undertook a comprehensive look at impact fees was in 1990, when consultant R.W. Beck and Associates recommended charging \$2,133 per lot. However, the rate was never implemented and developers paid a little less than \$400.

The proposed \$3,090 fee roughly parallels average annual inflation for the last 16 years added to the recommended 1990 fees.

Impact fees, however, are not tied to inflation. State law specifies in detail the procedure by which cities may adopt them.

Committee chair David Vela said state law didn't allow the committee to crunch numbers or opine on the usefulness of impact fees and whether to increase them.

“The charge of this committee was very focused and very limited,” he said. “All we had to do was say if we agreed with the calculations, the way everything was done. Then, there was no reason for us to disagree with the way that maximum figure was arrived at.”

Committee member and Brownsville Public Utilities Board director Pat Ahumada Jr. said he was pleased with committee members' willingness to keep open minds.

“I feel very, very good because it's not as high as (some developers) were predicting,” he said. “I think it's something they should be able to live with. It's just the cost of doing business. Ratepayers have been subsidizing free enterprise.”

Ahumada said he expected the fees to be much greater than the final recommendations, and many developers expected more still, but the important thing was to let consultant Black & Veatch do its job.

“Just based on inflation, I expected five grand,” he said.

Developers have challenged the city and PUB’s oversight of impact fees, noted they pay other, related, costs and predict pass-through costs will hurt homebuyers.

They also note they pay \$1,815 an acre for water rights, the legality of which they have questioned in a request for a Texas attorney general opinion.

Paseo de la Resaca developer Bill Hudson, who also is president of the Lower Valley Builder and Developers Association, said he was frustrated at a “Shanghaied” process.

“We are disappointed that the committee chose to ramrod the process without consulting the community at large,” he said, describing how the school district and civic and economic development groups should have participated because of their stake in the community’s long-term development.

“We are hopeful the committee will reconsider those plans and commit to performing the job it was assigned in conformity with the spirit and letter of the law,” he said.

Hudson predicted impact fee increases would stifle economic growth in a largely affordable housing market.

Brownsville in the third quarter of 2005 ranked first in the state in housing affordability for first-time homebuyers, according to Texas A&M University’s Real Estate Center.

Ahumada and Hudson agreed on one point: The City Commission and committee had the responsibility to correct past mistakes.

“If we didn’t do something, it would have broken the system,” Ahumada said, estimating ratepayers had borne 30-percent greater costs than had the 1990 fees been in place.

Impact fee is a charge or assessment imposed by a political subdivision against new development in order to recoup costs of capital improvements or facility expansions.

Proposed Brownsville impact fee adjustments

- Maximum allowable water impact fee: \$1,336
- Maximum allowable wastewater impact fee: \$1,754

Residential lot cost comparison

1996: Land, development, G&A, interest, water rights and fees: \$6,980 per lot

2006: Land, development, G&A, interest, water rights and fees: \$10,284 per lot

Sources: Texas Local Government Code, Capital Improvements Advisory Committee, Black & Veatch,

and the Lower Valley Builders & Developers Association

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