

News

Council to consider impact fee change

By **NATHAN BRUTTELL**

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Area contractors may see a burden lifted in an effort to spur the city's economy, but some say it may be too little, too late.

The City Council is expected to consider adoption of an amendment to city code that would give contractors the option of paying impact fees either at the issuance of a building permit or at a certificate of occupancy. The council will consider the item during its regular meeting at 6 p.m. tonight in city council chambers in the police facility. Currently, contractors can only pay impact fees at the issuance of a building permit and that can create financial problems for both contractors and buyers in the long run, said City Manager Charlie Cassens.

"In talking with contractors and folks in the construction industry, we've found that they don't have a problem so much with the impact fees themselves, but it's when they're collected," Cassens said. "When we've collected it upfront, contractors are usually burdened with having to pay them and later on in the process if a buyer backs out, they're left footing that bill or left with few options with the buyers. So hopefully this amendment removes the burden on the contractor through the construction period."

Lake Havasu City recently has completed a three-phased increase of its impact fees, which go toward capital improvement infrastructure such as parks development, fire and police programs and transportation programs. The Colorado River Builders Industry Association representatives previously asked for a deferral of the fees until "better economic times."

CRBIA Executive Director Bud Schulz, who requested the deferral in April, said increasing any fees related to the construction industry will "hurt the economy."

"I asked for both a deferral and a removal of the fees. That didn't fly very well," Schulz said, adding that the council previously considered the deferral twice before continuing the schedule. "The first time it happened, we didn't have enough time to consider it before the next increase. When it came up again, I noticed we had enough time but for some reason it just didn't happen."

Cassens and other city officials have said there is little evidence to suggest delaying an increase might have made an economic impact in the city.

"We can find no evidence anywhere on any account that validates the statement that eliminating impact fees spurs development," Cassens said. "It took many years and many people saying, including construction industry folks, that impact fees was something the city needed to implement 20 years ago. The council asked staff to consider the possible economic impact of deferring the increase and we simply could find no evidence to support it."

But Schulz said a deferral could not have hurt the city's collection either.

"Things were so slow in the construction industry, that it couldn't have hurt anything to delay them," he said. "What bothers me the most is the commercial aspect of it. In the past year, there were only three commercial permits issued. If (delaying the fees) meant one more large permit, it would've been worth it in a huge way for the city. Now we won't know."

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