Developers to pay for growth

(Editor's Note: This is the final of a three-part series examining proposed growth for the greater Benson area.)

THELMA GRIMES

News-Sun

With more than 15,000 homes poised for construction in Benson, city officials continue to promise that developers will pay their own way.

One local developer explained the city is making good on the pledge by enforcing impact and development fees, and requiring builders to pay costs associated with building to city standards.

That developer is Mark Fenn of Fenn Homes, also a city councilman, and who is building the 12-house Old Homestead Subdivision on Pomerene Road.

Along with Old Homestead, there are currently plans to build 15,791 homes in Benson throughout 16 proposed subdivisions. The subdivisions range in size from 12 homes to 13,750, which is proposed by Pulte Homes under the Whetstone Ranch development on the east side of State Route 90.

Over the next 20 years, up to 20,000 homes is planned in Whetstone Ranch, which is being implemented by a variety of housing developers.

With exception to Fenn, however, these subdivisions are still plans on paper, and no actual home construction has started. By the end of 2005, City Manager Boyd Kraemer said he expects more construction to begin.

For now, Fenn is the only one building, already selling one home and working on the second.

To build the first 2,500 square-foot home on a one-acre lot, Fenn said he paid the city $5,043. These fees are associated with the cost to pull permits and pay impact fees.

Impact fees are charges assessed on newly-developing property to recover the cost incurred by the city.

These facilities include the cost of city staff reviewing plans and adding a new home to the city's water, gas and sewer system, Kraemer said.

Benson's impact fees are determined by where a development is located, what facilities and services will be required to sustain a desired level of service and make changes to assure the development will be built to city standards.

"That's just how it goes," Fenn said. "A guy comes in and wants to build a development, he's going to pay for it. The developer just works these costs into the cost of each home."

In this case, Fenn sold the first home custom-built home at Old Homestead for $300,000.

In impact fees Fenn paid a total of $1,445. The fees were assessed as follows:

- $600 for water

- $440 for police and fire protection

- $160 for administrative costs

- $245 for parks and cultural

In most residential developments, another $600 is charged for wastewater use, but Fenn said he did not have to pay those costs because his homes are not hooked to the city sewer system.

As developers continue to show interest in Benson, there are inconsistencies to be dealt with when it comes to the fees charged, Kraemer said.

"We do have a lot of complaints about these fees," he said. "Right now what you pay depends on where you build, and some say that's not fair."

On the city's residential impact fee schedule, if construction is planned in what is called the "in-fill" zone, the developer pays a flat fee of $500 per lot.

Using Fenn as an example, Kraemer said the difference is significant when he is paying $945 more.

The in-fill zone is located in Benson's downtown, while those outside in areas such as State Route 90, where Whetstone Ranch is planned or on Pomerene Road, the total impact fees for one home can be as much as $2,045.

"We are in the process of making changes to this," Kraemer said. "But it does take time."

As the development fees are generally non-negotiable, even Councilman Fenn did not catch a break.

While he understands the impact fees and other costs associated with his development are charged to offset some of the city's costs, he doesn't have to agree with all of them, Fenn said.

"The impact fees, I still don't like them," he said. "The water line I hooked on to had already been there for two years. I paid for the line, and yet I am still paying $600 for water on every single lot."

Impact fees aren't it though. The city also charges a fee for developers to pull building permits. Permits, a paper giving the developer permission to build, is required before construction can legally begin. Fenn paid $2,910 in permit fees for one home.

Now, Fenn is going through the entire process again, paying the city to allow him to build the second home in the subdivision on a 0.83-acre parcel.

The more than $5,000 in fees required by the city is not a one-time thing. Fenn will have to go through the same process and pay the impact fees and permit costs for every home he builds. His original plan was to build 24 homes, but he cut it down to 12, selling nine lots to another developer and three to the private sector.

However, the costs don't end at the city, Fenn said. He also has to pay to build the development up to city code. One of those major costs is streets. The city is not going to build the streets, sidewalks and curbs for any development, said Kraemer. Developers will pay those costs, he said.

To pave the streets, Fenn said it cost more than $300,000.

This process is good for the city in the long run, Fenn said. After construction on the subdivision is complete, the streets and sidewalks become city-owned.

"The plus side of this, besides them taking it over, is that it's state-of-the-art," Fenn said. "The streets are going to be in much better position than what they are now. They are built to last."

Besides residential development, the city also assesses impact fees on commercial developments.

However, those too will likely be changed, Kraemer said.

As an example, if Wal-Mart was to come to town right now and build the proposed 99,700 square foot store on the corner of Prickly Pear Avenue and 4th Street, they could pay as much as $806,672.70 in impact fees to the city.

"That is just an outrageous amount," Kraemer said. "These fees have been in place for a long time and there is no justification for them."

On the current schedule, Wal-Mart will have to pay $404,383 for water, $364,902 for wastewater, $27,417.50 for police and fire protection and $9,970 for the city's administrative expenses.

Until a better plan is in place, Kraemer said the city will "likely" approve a specific impact fee plan that will require the retail giant to pay "maybe" $64,914.30 in impact fees. The City Council is expected to vote on the issue Monday, Oct. 17.

To further prepare for incoming growth, the City Council unanimously approved new development fees on Oct. 3.

Those fees are as follows:

- An annexation agreement will now cost $1,000, up from $250

- Board of Adjustment fees will increase from $25 to $250

- Preliminary plats from $250 plus $2 a lot to $1,500 plus $2 a lot

- Final plats $50 to $1,500 plus $5 per lot

- Rezoning - Residential from $250 to $550 plus cost of legal notices

- Commercial site plan review from $50 to $500 plus $50 per acre

- Conditional use permits from $25 to $250 plus cost of legal notices

- Abandonment from $50 to $100

- Amendment to zoning regulations from $250 to $250 plus cost of legal notices

- Manufactured Homes/RV Parks from $250 to $500 plus $2 per acre

Development fees are primarily assessed in a development's planning process.

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Papouli's Restaurant will be hosting a chimichanga dinner, from 5 p.m. to 8 p.m., Saturday, Oct.15.

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