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Homebuilders want county to kill new fees

Say road-impact fees would harm the recession-weakened industry

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Local homebuilders on Tuesday urged La Plata County commissioners not to adopt proposed road-impact fees that would be imposed on new development.

Builders said the one-time fee, which would run as high as \$5,110 for a single-family home in 2013, would tamp down new construction in an industry already crippled by the recession.

"I would argue that this is the worst of times," said Emil Wanatka, a local builder and president of the Colorado Association of Homebuilders.

Wanatka said the fee would drive away new businesses and ultimately cost the county tax revenue.

County officials have argued that the fee is necessary for new growth to pay its way.

Currently, the county has worked out agreements with specific developers to collect road-impact fees - as was the case with Three Springs and Durango Mountain Resort - but there is no countywide fee.

County Manager Shawn Nau said the impetus behind the proposal was the disadvantage this created for large developers.

"It was a fairness issue that was the main progenitor," he said.

The fee, which would be phased in over three years starting in 2011, would range from \$3,954 to \$5,110 for single-family detached residences when fully implemented. A restaurant would pay \$12,672 per 1,000-square-foot floor area. Office space would pay \$6,634 per 1,000 square feet. The lowest rate would be for a day care, which would pay \$100.

Over the years, the rate would adjust up or down based on a state construction cost index.

County staff said the fee schedule closely follows that adopted by the city in August 2008. The purpose of that is so developers don't flock to unincorporated areas to avoid paying higher city fees.

The city's fee schedule was based on a study commissioned by the city and county. Consulting firm Duncan Associates conducted the study, which was completed in 2007.

Many counties in Colorado have no road-impact fee. Of those that do, the average fee for a single-family home is \$2,500, according to county research.

Staff noted that while other counties' road fee may be less, their mill levy is much higher.

Mark Donahoe, government affairs director for the Durango Area Association of Realtors, said it was his option that the county ought to consider a mill levy increase - which all homeowners would pay - over the road-impact fee.

"If the county needs money - and obviously they do - then why don't we think about raising the millage rate?" he asked.

He said this would spread the cost of roads around the county.

Commissioner Kellie Hotter worried the fee would hurt middle-class families' ability to afford a new home.

"It always seems to come down to that core," she said.

But Commissioner Joelle Riddle said the current system forces taxpayers to pick up the tab for new development while the impact fee would place the burden on those who benefit from new infrastructure.

"To me, it seems more than equitable," she said.

Bill Bader, manager of Alpine Lumber Co., said the building industry has been brought to its knees by the recession.

"I've never seen conditions like they are," he said.

He said Alpine Lumber has seen its sales fall by two-thirds and has gone from 28 to nine employees.

The lack of new building permits being filed indicates to him that the situation won't turn around any time soon.

"I worry myself sick about it," he said.

Commissioner Wally White said it is a "tough struggle" to balance all the competing interests.

"We're going to have to figure out how to make it work for all of us," he said.

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