LIMITS ON IMPACT FEES COULD LEAD TO HIGHER TAXES FOR RESIDENTS

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By Garin Groff, Tribune

A sweeping change to Arizona's impact fees on new houses should mean homebuyers will see their money put to use faster, but critics warn communities could have to hike taxes on existing residents.

Some of the reforms will take effect as late as 2014 and will prohibit or reduce some fees, which can exceed $22,000 per home in a community like Chandler. A law signed by Gov. Jan Brewer for the first time regulates what cities can collect fees on and requires communities to link the charges to the direct impact of a new development.

The law is a victory for homeowners who have paid for parks or other projects that aren't scheduled for decades — or that may never be built, said Spenser Kamps, a lobbyist for the Homebuilders Association of Central Arizona.

“It was legal for a city to charge for a service they were going to provide in 20 to 30 years,” Kamps said. “We believe that's too long for a homeowner to pay for a service and receive it.”

Going forward, cities will have to construct parks within 10 years and water/wastewater projects within 15 years. Cities must refund the money after that time, under the provisions of SB 1525.

“At the end of the day, without 1525, it's legal for a city to charge for a service and never provide it, and that's a problem,” Kamps said.

But Queen Creek Town Manager John Kross said the law may shift the cost of growth to existing residents. The town saw new housing construction fall 85 percent from five years ago, and it's running out of reserve funds to pay debt on roads, water lines and other projects constructed to serve new subdivisions. The law provides exceptions on debt already issued, but Kross said it's still possible cities would have to refund money when growth falls below projections.

“It really has the propensity to upend the philosophy that's always been in Arizona, and that's that growth needs to pay for growth,” Kross said.

Queen Creek sets fees, now at $15,981, with the advice of a panel that includes homebuilders, Kross said. He said he hasn't heard that the town's fees were unfair. Kross said he expects tax hikes because of growth's impact.

“Those bills still have to be paid by someone, and that absolutely will have to be picked up by existing residents,” Kross said.

The law bans cities from collecting fees for general government buildings like a city hall. Cities will have to prove residents of a new development would use parks and libraries funded through impact fees.

The bill bans cultural facility fees like Mesa's $218 charge per house. The homebuilders association unsuccessfully sued to ban the fee, saying it wasn't for an essential service. But the city agreed to the ban in order to have homebuilders compromise on other issues, Mesa lobbyist Scott Butler said.

Mesa feels the reform still will have developers fund the impact of growth.

“You have to demonstrate why there is something in a regional park that you can’t get in a neighborhood park, and that seems reasonable,” Butler said.

Cities have three years to study the cost of growth and form committees that will establish new fee structures.

Kamps and representatives from several cities said they can’t predict how the new fees would compare with what’s charged now.

“It’s become impossible to measure the impact now until we really start to unpeel this law and analyze it to its full extent,” Kross said.

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