

# Orange Beach looks at reducing impact fees on new development

Published: Saturday, May 05, 2012, 7:45 AM

By Kathy Jumper, Press-Register

ORANGE BEACH, Alabama -- The city may reduce the impact fees on new development in an effort to bring in more residents and businesses.

"Is our impact fee impeding construction and economic development or a valuable resource?" Mayor Tony Kennon asked rhetorically. In most cases, the developers cannot finance the impact fees and must pay it out-of-pocket, he said. The impact fees are paid at the time the building permit is issued.

A 2006 state law allows Baldwin County and its municipalities to collect impact fees on new development, and caps the amount at 1 percent of the project's fair market value. Single-family home construction and commercial projects are also included in the fee.

In 2011, the city collected impact fee revenues of slightly more than \$31,645, an increase from \$28,287 collected in 2010. The peak year was 2008 with \$427,000 collected.

The 2011 revenues were divided among departments: parks and recreation, \$7,795.60; the fire department, \$7,180.38; the police department, \$2,663.82; transportation, \$13,282.48; and the library, \$725.18.

"We've always thought that to build a residential home should not require an impact fee," Kennon said.

The impact fee for a house is \$5,573, according to the impact study. But the fee cannot exceed 1 percent of the assessed value of the house and lot.

The problem with the impact fee is that it's based on a study that has analyzed the importance of each use, according to Kit Alexander, the city's engineering director. There's no justifiable reason for the impact study to take out one category such as residential, she said. "What the city may consider is lowering the one percent cap," she said.

The impact fee "can be painful information to give someone who is looking to open a coffee shop or move here," she said.

Councilman Jeff Silvers said he was against the fee when it was approved in 2006 due to the impact it has on single-family homes. "Should we do away with the fee and our little town goes back to the way it was and hope families move here?"

The city of Gulf Shores looked at dropping the impact fees two years ago, but decided to keep it in place, according to Steve Garman, administrator for the city of Gulf Shores.

Gulf Shores impact fee revenues were \$96,180 in 2011 and \$59,410 in 2010, while the peak year was 2007 at \$262,000, according to Cindy King, the city's finance director.

©© 2012 al.com. All rights reserved.

