Payson Roundup

Payson may relax upfront impact fee rules

By Pete Aleshire

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Once upon a time, developers amounted to Payson's cash cow.

These days, they're more like an endangered species.

So the council on Thursday will consider a move to make it a little easier for developers to defer payment of their impact fees — including the $7,500 per-unit fee the town once hoped would build the $30 million Blue Ridge Reservoir pipeline.

In the good old days when builders were adding an average of 250 homes to the town's housing stock each year, Payson usually got its money before issuing a building permit.

That amounted to a chunk of change — about $10,000 per unit.

The town also imposed the state's toughest growth controls — limiting permits to 250 annually, in an effort to keep the town from outstripping its water supply.

How times have changed.

Then the housing market collapsed more than two years ago and new construction has not risen above 30 annually since.

Moreover, the town signed a deal with the Salt River Project to get its Blue Ridge water — which means Payson must now build a $30 million pipeline to double its water supply.

So the town first repealed its growth controls, reasoning that the 3,0000 acre-feet a year from the Blue Ridge pipeline would arrive before annual use rose above the 1,800 acre-feet flowing annually into the water table.

Next, the town council imposed a two-year, 25 percent increase in water rates — with potentially more to come depending on whether building resumes.

The increased water rates should give the town a revenue stream to pay off the bonds needed to build the Blue Ridge pipeline, even if building does not resume.

That decision seemed to run counter to previous pledges to finance the Blue Ridge pipeline and related infrastructure entirely through impact fees, which were among the highest in the state.

Unfortunately, the construction industry that once provided a big chunk of town revenues has not only failed to recover — but last month home sales dropped an additional 25 percent over last year.

Council agendas once dominated by long discussions about new developments have grown increasingly prefunctorary as months have slipped by without any new construction projects.

In the past two years, the council has approved just two major new housing projects — but both of those slipped into financial limbo shortly after the council approved them.

The so-called “orange fence project” in central Payson has all but collapsed, without making any of the drainage improvements once promised to the area. A luxury condominium project off Main Street is on hold until the developer believes she can actually sell the condos once built.

As a result, the town that once imposed growth controls and daunting impact fees has been courting developers.

That includes the proposal to make it easier for the town’s water department to defer collection of impact fees for up to five years — which means a builder could pay the impact fees after he sells the homes rather than borrowing the money to pay the fees up front.

The current ordinance gives either the water superintendent or the town council the sole right to work out a deal to defer payment of fees, with interest. The new ordinance would loosen the rules somewhat.

For commercial and multi-family projects, the public works director would have the power to defer payment for 60 months without interest — providing the developer makes agreed-upon monthly payments.

For commercial and multifamily projects with more than five units, the town council could approve the deferral of fees for 120 months, with monthly or annual payments. The agreement would require the builder to pay interest on the deferred fees.

For commercial and multifamily projects larger than 10 units, the council could approve a 120-day deferral with no payments at all for the first three years, although the developer would have to pay interest on the deferred fees.

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