

Proposed Impact Fees More Equitable for All

posted by Evan Bedard on October 25, 2012 in Real Estate

(Source: By **Albuquerque Journal, N.M. (MCT)** A plan to simplify Albuquerque's development impact fee system is a move in the right direction that could help jump start the local economy.

The current system is so complicated and arcane that most builders or developers would probably scratch their heads and run for the nearest city planner or the nearest other city.

The city imposes the fees to cover the costs — the “impacts” — of putting in infrastructure to support developments. The builder or developer passes them on to the residential or commercial customer.

The structure was adopted in 2004 with a goal of forcing a slowdown in growth on the city's outskirts — i.e. the West Side and the Southwest quadrant — and spurring infill growth elsewhere where infrastructure already exists. Current fees vary wildly depending upon where a proposed development is located.

Mayor Richard Berry, who has made changing the system a priority since he won election in 2009, says the system “punishes investment on the West Side.”

A firm that reviewed the system says there's no clear evidence the 2004 system has had the desired outcome. “Our experience and analysis have made us skeptical about the ability of differential impact fee rates to influence the location of new development,” says a report by Duncan Associates of Austin.

The fee system has been in partial suspension since 2009, when the council cut impact fees in half and waived them altogether for projects that meet environmental standards. Now, City Councilors Trudy Jones and Brad Winter are proposing a much simpler system. Instead of seven geographic “service areas” for roads and parks, there would be one for roads and four for parks. Instead of 38 land-use categories, there would be eight.

Currently, if you want to build a home on the Southwest Mesa, the impact fee would be about \$7,800. But build that same home in the university area, it's more like \$1,400. Under the proposal, the fee would be about \$3,300 anywhere. Want to put up a fast-food drive-through restaurant? Impact fees, if imposed in full, would run \$37,000 on the Southwest Mesa, opposed to \$455 in the Northeast Heights. Under the proposed system, the fees would be about \$2,000 anywhere it's built.

The proposal restores equity to city development and eliminates the East versus West conflict. The City Council should give the plan serious consideration because it makes good economic sense.

This editorial first appeared in the Albuquerque Journal. It was written by members of the editorial board and is unsigned as it represents the opinion of the newspaper rather than the writers.

