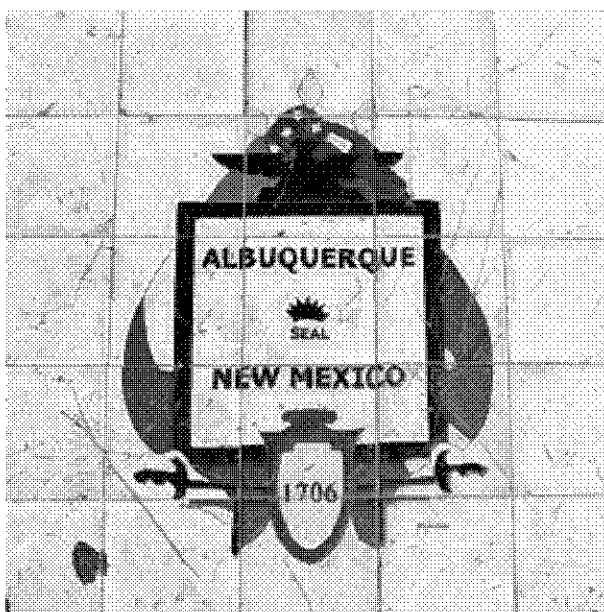


## Proposed ABQ impact fee moratorium stirs debate on development

By Marjorie Childress 6/15/09 1:39 PM



ALBUQUERQUE — The Albuquerque City Council will soon take up the issue of whether a moratorium on impact fees makes sense given the near demise of new construction in the city over the last year.

And it's a subject that has already reignited a long-simmering debate about how to best manage development in New Mexico's largest city.

Since 2005, Albuquerque has levied impact fees when building permits are issued, depending on where projects are located, to cover the costs of public infrastructure like parks, roads, drainage systems and public safety facilities.

A package of bills that will likely come before the full City Council in early August would eliminate for one year impact fees issued for any new "green" building project. It would also reduce by 50 percent the fees on all other new development projects.

Proponents say it's a way for the city to pass its own stimulus measure to boost the local economy, but critics say it's an attempt to get rid of the impact fee system, which is a central part of the city's planned growth strategy.

“We now have a modern impact fee system, but it’s constantly subject to attack,” Councilor Michael Cadigan told the Independent.

“The mayor is suggesting we waive the impact fees because the development community is clamoring for it. But dismantling it would be a totally regressive mistake.”

When the bills were introduced in March, Mayor Martin Chavez championed the idea.

“The stark reality is that impact-fee revenue to the city is tanking, and we want to do what we can to stimulate some of that (business) activity,” he recently told the Albuquerque Journal.

The co-sponsors of the bills agree, saying the city needs to do something to promote development, which has slowed to a near standstill.

“This is something we can do locally, a means of stimulating the economy, creating jobs, getting money to move around the city,” Councilor Trudy Jones said in an interview.

Councilor Ken Sanchez also agreed.

“While the economy looks to be on the upswing, it isn’t there yet,” he said, “and whatever the city can do to help would be a good thing.”

Since the idea was proposed in March, as Sanchez said, the Albuquerque real estate market does appear to be on the upswing, even if it hasn’t fully recovered.

According to the Greater Albuquerque Association of Realtors, single-family home sales in May rose 4.4 percent over April’s sales, and the average home price is at its highest since October 2008. Additionally, the length of time single-family homes are on the market dropped for the third consecutive month.

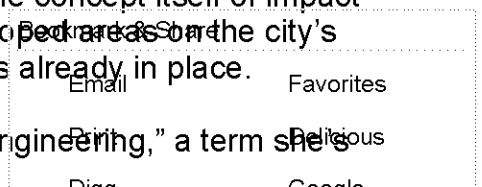
Critics of the moratorium proposal point out that the city is legally obligated to build the infrastructure that developers helped pay for and want to know how the city will pay for it if developers no longer have to contribute to the fund.

“The notion that the city can absorb that cost is just false,” Councilor Rey Garduño said. “Our coffers are already suffering, and doing this would erode our tax base further.”

But Sanchez said the increased economic activity spurred by the measure would lead to more revenue from the gross receipts tax, which could then be used to pay for infrastructure.

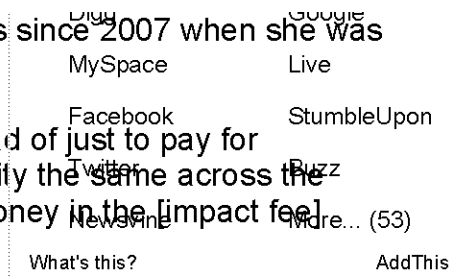
Both Sanchez and Jones are real estate agents who openly disagree with the structure of Albuquerque’s impact fee system, if not the concept itself of impact fees. They note that fees assessed in largely undeveloped areas on the city’s Westside are higher than those where infrastructure is already in place.

Jones said the current approach is a form of “social engineering,” a term she’s



been using to describe the city's development policies since 2007 when she was campaigning for her seat.

"We've tried to use them as social engineering, instead of just to pay for infrastructure," she said. "I think we should treat the city the same across the board, and if we did there would probably be more money in the [impact fee] fund."



Sanchez put it another way. Higher impact fees on the Westside, he said, are inequitable because they make it harder to attract development to areas that been in the city for decades.

"I've been fighting it for the last three years on the council," he said. "They didn't really look at the impact on the Westside, especially with retail. It's pricing people out of the market who want to build in areas that have been in the city for over 50 years. I don't object to impact fees, I just think there needs to be more equity, they just need to revisit the zones."

Garduño said it was about fairness, not social engineering.

"What happened in the past was that the city was forced to rob Peter to pay Paul," Garduño explained. "If there was a need for infrastructure at a new development it was at the cost of the city being able to do other work in other parts of the city.

"Social engineering has nothing to do with being fair in paying for infrastructure and making sure private industry isn't taking tax revenue from other parts of the city," he added. "Our impact fee system more accurately reflects the costs of new development."