



## Realtors, homebuilders associations asking city to lower impact fees

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Local realtor and builder associations have asked the city of Bozeman to reduce impact fees charged on new homes and businesses.

Both the Gallatin Association of Realtors and Southwest Montana Building Industry Association have asked the Bozeman City Commission to cut the amount of street impact fees the city charges. The associations argue such a reduction would help stimulate the local housing market.

"We realize that the impact fee schedule will be revisited in the near future, but that could take as long as two years to complete," states a Sept. 20 letter to the commission from SWMBIA President Anders Lewendal and Governmental Affairs Chairman David Graham.

"In the meantime, Bozeman's impact fees will continue to remain in the top 5 percent of the entire nation and continue to cripple any chance of a reversal in home prices within our city," the letter said.

The city uses impact fees to pay for growth and keep existing residents from paying those costs through higher taxes.

Bozeman currently charges impact fees for streets, fire services, water and sewers.

Together, the fees come to \$11,117 for a single-family home.

The Gallatin Association of Realtors and Southwest Montana Building Industry Association say they're only asking to reduce street impact fees because they're some of the highest impact fees the city charges and they're some of the most difficult to quantify.

Street impact fees pay to increase the capacity of local roads, such as widening a street or adding a traffic light. It can be difficult to put a number to how much a new building will increase traffic.

Currently, the city charges 60 percent of the maximum allowed by law for street impact fees. When commissioners chose that percentage in December 2007, they opted not to go for the full 100 percent in hopes of helping the already struggling building economy.

At 60 percent, street impact fees on a 1,500- to 2,499-square-foot single family home are \$3,432. The street impact fees for a bank with a drive-thru are \$20,164 per 1,000 square feet. And fees for a small retail space are \$5,964.

Both GAR and SWMBIA that's still too high.

GAR has specifically asked city officials to cut street impact fees to 30 percent of the maximum allowed.

"We really need the city to start to do something to help spur the economy," said Wendy Wilson, president of the Gallatin Association of Realtors. "We take the city's word on it when they say Bozeman is business-friendly so I think their actions need to support what they say they do."

GAR, which represents some 650 real estate agents in Gallatin County and the surrounding area, is asking for temporary relief from street impact fees.

"Clearly we know we need to pay for services," Wilson said. "We're saying, 'Hey, give people a break, given them the opportunity and watch (the housing industry) turn around.'"

SWMBIA, which represents more than 350 homebuilding and remodeling industry members, wants street impact fees permanently reduced.

Its letter to the city commission argues that the 2007 study that set street impact fees doesn't apply anymore because it was based on a 5 percent growth rate for the city.

"Currently that rate is approaching negative," states SWMBIA's Sept. 20 letter.

Every three years, the city hires outside consultants to study how much it should charge in impact fees and it's time for the city to look into the issue again, Assistant Planning Director Chris Saunders said. State law requires local governments to justify the impact fees they charge through studies.

Bozeman Mayor Jeff Krauss said this week that city officials will consider GAR and SWMBIA's requests.

"I think they had some reasonable requests in there and we're considering some of those on the planning board," Krauss said. "And as they make their way through the planning board, I'm sure they'll come before the city commission."

The Bozeman City Commission on Monday plans to review how the city's impact fees were created in order to prepare for the upcoming studies.

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