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Resort collects \$300k from impact fees

Jennifer Lehman

Staff Writer

(Nov. 4, 2005) It has been just over six months since the mayor and City Council adopted the impact fee program and, so far, the resort has earned more than \$300,000 from developers.

Director of Planning and Community Development Jesse Houston presented city officials on Tuesday with an update of the impact fee ordinance, which imposes a cost on developers to help pay for capital improvements that are necessary to accommodate new growth.

After much discussion and debate, the City Council enforced the impact fee regulation on April 18 and has since collected 109 payments from 52 properties.

While the total amount earned adds up to about \$303,133, the city has only officially collected \$196,761. Houston explained this is because of a clause that gives developers the option to pay half of the fee when they obtain a building permit and the other half when they acquire a certificate of occupancy.

When the ordinance was passed six months ago, the City Council voted to break the impact fee into two categories — residential and commercial. Within these categories are three components — water capacity, sewer capacity and other infrastructures.

Fees for both residential and commercial units are \$115 per fixture for water capacity and \$200 per fixture for sewer capacity. However, the fee for other infrastructure is \$750 per unit for residential and 68 cents per square foot for commercial.

Houston broke down the funds within these categories on Tuesday and said the city has collected impact fees from 35 single family properties, which equals about \$78,795 or \$2,250 per home. The town has also collected \$198,105 from 14 multifamily projects and \$26,233 from three commercial properties.

"The program is going well," Houston said. "We're not having any problems with it at all."

On March 29, six council members voted in favor of implementing impact fees immediately, which affected those builders who had not yet received site plan approval from the Planning and Zoning Commission.

Developers who currently have site plan approval are required to obtain a building permit within 18 months or they, too, will be subject to the impact fee, the City Council also decided.

"I think this action represents a new fiscal responsibility in the town. It further expands the definition of smart growth," said Mayor Jim Mathias, after the proposal was approved.

In January, the Municipal and Financial Services Group conducted a study to determine what type of impact fee is most appropriate for the city.



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MFSG President Edward J. Donahue III presented the study to the mayor and City Council on May 29 and explained revenue from impact fees is only used toward capital costs of growth-related infrastructure. Types of projects these fees would help fund include improvements or expansions to fire stations, new additions to recreational facilities or even equipment the police department may need.

“You can’t just put [the revenue] in the general fund,” Donahue advised. “You need a reasonable basis for the fee [and] you need to calculate it reasonably.” Debates about when and how to implement these fees quickly escalated among council members. Most agreed the fees should be effective immediately, despite groans from developers sitting in the audience.

“The time is now and the time was probably six months ago, but we had to wait to do it right and make sure we had proper information before us,” said City Council President Rick Meehan. “At some point in time, we’re not going to make everybody happy with this.”

Originally, the fees were going to affect developers who already received site plan approval, but had yet to obtain a building permit. However, the City Council compromised and decided the ordinance would affect developers who have not received site plan approval.

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