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Smyrna council considers higher impact fees for new development



The Southside Villas are under construction in Smyrna. The Town Council is considering raising impact fees on new residential and commercial developments. STEVEN S. HARMAN / STAFF

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SMYRNA — Hoping to generate revenue from newcomers rather than residents, town council members here are considering significant increases in impact fees charged on new residential and commercial buildings.

"Smyrna is a growing, thriving community. Rutherford County is one of the fastest-growing parts of the country," said town Councilman H.G. Cole, who proposed the increase. Town officials have estimated that about 1,500 people move into Smyrna each year, increasing the costs of road maintenance, fire protection and other services.

"We are victims of our own prosperity," Cole said.

"Before we go to the taxpayers, I feel like we need to let growth take some of the burden off property owners."

But some in the area's building industry claim that the new fees would have a much more damaging impact on commercial and residential development by sending

business elsewhere and making homes more expensive.

"I don't see any pros in making the increase ... I think it would only be to our detriment," said Councilman James Yates.

"Will it stop (the city's growth)? I don't think it will," said Yates, a real estate agent. "Will it slow it down? I think it will slow it down."

The Town Council approved increased impact fees on first reading in January and is expected to take up the package again in March. And impact fees as a way to make a little extra money off new growth has been on the table in other area towns already this year.

In Nolensville, a new road impact fee has been discussed. The town already charges an "adequate facilities tax" on new construction, with its revenue dedicated to general capital improvements. That fee is \$1 per residential square foot and \$2 per commercial square foot.

Imposing an impact fee to pay for improvements for public safety and parks also is under discussion in the Sumner County town of Portland.

Builders typically pay impact fees right before they transfer the title of a new building to its new owners. Several other local cities, including Franklin and La Vergne, charge such fees.

In Smyrna, impact fee revenue is divided among the city's roads, parks and fire departments. The money can be used only for capital improvements — it can't be used to pay utility bills or hire new employees, town Finance Director Mark Tucker said.

The cost depends on the building. A single-family home now nets the city a fee of \$1,827. Commercial properties pay based on square footage and traffic generated.

If city officials approve the proposed increases, the tab for builders would at least double in most cases. That would mean an extra \$70,000 for parks and \$280,000 for roads between now and June, the end of the city's fiscal year, Tucker said.

But opponents are concerned that higher fees could drive commercial and residential developments to nearby cities such as La Vergne, which lowered its impact fees in 2005, in part, to make it more attractive to prospective businesses.

"When you've got a smaller retailer, they probably wouldn't come (to Smyrna) when they could just as easily move to a similar site in La Vergne," Yates said. He was the only town councilman to vote against the increases in January, when the proposal passed 5-1 with one councilman absent.

Smyrna first enacted impact fees in 2000. At that time, Cole said, the town heard similar concerns.

"I heard all the stories, the gloom and doom, the sky is falling, it's going to stop growth. The numbers don't support that. We've grown steadily since then," Cole said.

Yates wasn't a member of the Town Council in 2000, but he did speak out against the fees, expressing similar concerns.

In retrospect, he said, that fee didn't have a noticeable impact on growth, but he believes the magnitude of the proposed increase may.

Others in the development industry agree.

In part because of impact fees, a 1,400- to 1,600-square-foot home in Smyrna already costs \$4,000 to \$5,000 more than it would in neighboring Murfreesboro, which does not have an impact fee, said Paul Cross. Cross works for a residential development company and has researched impact fees in area communities for several years.

"If someone is going to build a \$300,000 house, that impact fee is not going to make or break the deal for them," Cross said.

"In areas with relatively low median family incomes, that's where it has the impact," Cross said.

"The development community doesn't pay that fee. The real estate agent doesn't pay that fee. The person that pays that fee is the person buying that house," Cross said. "They have to borrow more money (through their mortgage) to finance local government."

And if growth did slow down, some city residents, such as retiree Margie Travis, say that would be a small price to pay to avoid a property tax increase.

"I am a senior citizen. I'm on a fixed income. Raising taxes would affect me more," Travis said. "It would probably slow growth some if they did that ... but I think we've got enough here."

