

## The Albuquerque Tribune

To print this page, select **File** then **Print** from your browser

URL: [http://www.abqtrib.com/albq/nw\\_local\\_state\\_government/article/0,2564,ALBQ\\_19859\\_4543346,00.html](http://www.abqtrib.com/albq/nw_local_state_government/article/0,2564,ALBQ_19859_4543346,00.html)

### Housing dip triggers call for impact fee review

By [Erik Siemers](#)  
*Tribune Reporter*  
March 15, 2006

Mayor Martin Chavez wants a review of the city's impact fee structure to see if it's pushing development - and jobs - out of Albuquerque.

"It would be worthwhile to review them, to deal with some of the issues, to see what role they have in the decline in building permits in Albuquerque," Chavez said.

The city issued 4,676 building permits for single-family homes in 2005, down 288 from a year earlier, according to figures from the city Planning Department.

Los Lunas' permits jumped from 110 in 2004 to 496 in 2005, and Rio Rancho's increased from 1,715 to 2,920, according to figures compiled by DataTraQ, which analyzes regional housing market data.

"Our (building permits) are declining. That has meaning," Chavez said.

The mayor said he's not advocating any specific changes, only that the issue should be re-evaluated.

"We don't want to be doing anything to drive good jobs out of Albuquerque," Chavez said.

The city on July 1 began assessing the fees, one-time charges on new building permits meant to supply money to pay the cost of infrastructure. To ease the burden on developers, the fees are being implemented in phases.

In July, fees were 34 percent of the estimated cost of public safety, drainage, roadways and parks to serve new development. On Jan. 1, they rose to 67 percent.

The fees are structured to be higher in places like the West Side that have less existing infrastructure than older areas like the Northeast Heights.

Once assessed at 100 percent in January 2007, impact fees for a 2,000-square-foot home on the West Side will exceed \$8,000, according to city figures. The same new home in Nob Hill would be assessed \$1,332 in fees.

City Councilor Michael Cadigan, who represents the West Side and has been a vocal supporter of the fee structure, said he doesn't believe the fees are driving development away.

Fees in Rio Rancho are "almost identical," and Los Lunas doesn't have the amenities or the water supply Albuquerque can offer, he said.

"Lots in the city of Albuquerque are still very much sought after," Cadigan said. "I don't know why we need to be in a race to be the biggest, most overcrowded city in the state."

Cadigan noted that Albuquerque's 4,676 single-family home permits issued last year are still higher than Rio Rancho's 2,929.

And it's to be expected that a place like Rio Rancho would see faster housing growth than Albuquerque, he said.

"There's not a whole lot of lots left, at least in northwest Albuquerque, that aren't already spoken for," Cadigan said. "Lots in Rio Rancho are cheaper and in greater supply."

Jim Folkman, executive director of the Home Builders Association of Central New Mexico, said while the drop in building permits might seem nominal, it's bound to increase as the impact fees are phased in.

By his calculations, the drop represents a loss of more than \$2 million in gross receipts tax revenue to the city.

By comparison, the city took in \$500,000 in impact fees as of December, according to Planning Department figures.

"What's happened is the threat of impact fees has forced builders out of the market, and the impact fees haven't generated any income. So the city is a net loser," Folkman said.

Folkman said the fees are too low on the east side of the Rio Grande and too high west of the river. He also said developers would benefit from a system that provides better credits for infrastructure improvements they make outside their developments.

Copyright 2006, The Albuquerque Tribune. All Rights Reserved.