



PRESS-REGISTER

Gulf Shores considering impact fees

City would become second to initiate fees on new construction, could gain \$21.2 million over five years

Thursday, January 04, 2007

By RYAN DEZEMBER
Staff Reporter

GULF SHORES -- The City Council may vote next week to start collecting impact fees on new construction -- a move that could generate more than \$21 million in revenue over the next five years, according to a recent study.

That money would be used to purchase park land, widen roads, buy police cars and fire engines and build new municipal facilities.

Early last year, state legislators approved a bill allowing Baldwin County and its 13 municipalities to collect up to 1 percent of new construction's fair market value from builders and apply it toward improving public services and property to accommodate the new homes, condos and shopping centers popping up in Alabama's fastest-growing county.

According to the law, which officials in Gulf Shores and Orange Beach spent years lobbying for, governments may collect up to 1 percent of a development's fair market value. Within that 1 percent cap, the city must justify the fee charged to each type of development -- be it a single-family home, shopping center, motel or warehouse -- based on a formula that gauges its impact on transportation systems, parks and recreation as well as police and fire protection.

When the fees are collected they must, according to state law, be used to preserve city services and infrastructure at their current level. If, for example, Gulf Shores has an acre of park land for every 200 residents, the city would be able to use impact fee revenue to buy additional property needed to maintain that ratio of park acres to residents as the population increases. The same goes for such items as police cars, fire engines and roads.

Mayor G.W. "Billy" Duke III said after a public hearing on the matter in mid-December that the council would likely vote to implement impact fees at its Monday meeting.

Gulf Shores would become the second local government to enact an impact fee law, with Orange Beach adopting its own version in October.

If the Gulf Shores council approves the maximum justifiable fees that have been formulated in a study by Maryland-based consultants TischlerBise, builders of single-family homes could be charged up to \$4,780 and

condo developers could pay up to \$3,826 per unit.

Commercial developers would pay maximum fees of between \$557 and \$10,001 per 1,000 square feet, depending on the size and nature of their projects. Hotels could be charged up to \$2,929 per unit, according to a fee structure in the study.

"You don't have to adopt the maximum amount, but this is the maximum amount we can justify by law," TischlerBise Vice President Carson Bise told city officials during the Dec. 18 public hearing. "For lower value properties the city may be able to collect only a portion of the maximum supportable fee" because of the 1 percent cap.

Say a single-family home valued at \$500,000 is built, allowing the maximum impact fee of \$4,780 to be collected. Of that amount:

\$2,367 goes to parks and recreation.

\$1,804 would be spent on transportation.

\$350 goes to fire protection.

\$259 is for police protection.

Commercial developments, while not paying fees for parks and recreation, pay proportionately more for fire and police protection and transportation than residential projects, according to the study's proposed fees.

Bise said that his firm's examination was based on projections that Gulf Shores would, by 2020, have 24,280 housing units, 17,714 full-time residents, 12,228 jobs and a peak seasonal population of 46,652.

Using those assumptions, as well as formulas developed to pace infrastructure and city services with the growth, Bise said the city could expect to bring in \$21.2 million in five years.

Because the fees must be used on specific growth-related needs, how that amount can be spent is detailed in the study.

About \$9.3 million of the total would go toward parks and recreation, Bise said.

"With that you would add 43 acres of land, which would maintain your present level of service," he told city officials. "You would expand facilities by about \$3.1 million and you could purchase about \$26,000 worth of

vehicles."

Transportation would see the second highest windfall, collecting about \$8.4 million in the study's estimate, Bise said. That would mean \$7.8 million to contribute toward state road expansion projects, \$375,000 for signals and signs and \$100,000 for maintenance vehicles, Bise said.

The fire department, Bise said, would see about \$2 million split between new facilities and vehicle and equipment purchases, and the police department would have about \$1.3 million to spend.

© 2007 Press-Register

© 2007 al.com All Rights Reserved.