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Chávez proposes impact fee reduction

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Randy Siner | NMBW

Green building projects in Albuquerque include this new dwelling structure using straw hay bales as insulation.

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In an effort to stimulate development projects in Albuquerque, Mayor Martin Chávez is proposing to cut impact fees on builders by 50 percent for a trial period of one year, starting July 1.

Green building projects would get a 100 percent reduction during the mayor's moratorium on impact fees, which have not been popular with builders and developers, but which help the city build parks and roads.

"While we are waiting around for the stimulus money from Washington and hope that it works, we want to try things that can help right now," Chávez said. "We have vetted this idea with councilors and the business community and many see this as a win-win."

Impact fee collections have dropped dramatically since the recession hit the Duke City as few building permits have been pulled by residential and commercial builders. Chávez said that impact fee collections have dropped from \$1.2 million a month a year ago to just \$350,000 per month now. The biggest drop is in residential building permits. They have declined from 300 to 400 a month to 25.

By slashing impact fees to 50 percent, Chávez hopes builders will take advantage and build now. He said the city will recoup the lost revenue in increased gross receipts taxes that come from job creation and business-to-business spending related to the projects.

Chávez said he would consider extending the moratorium period beyond one year if the tactic works.

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