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Development impact fee increase overdue for DHS

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Desert Hot Springs must play catch-up in what it charges for development impact fees.

Hikes in the fees, which help fund city growth improvements like police and fire stations, new streets and parks have not increased in nine years.

City officials are considering an increase from about \$4,000 to \$15,500. Yes, it's quite a jump. There should have been incremental increases over the years, but the city lacked the type of management and leadership it needed to keep pace with growth in prior years. Things are different now in Desert Hot Springs, and the city must raise fees to fund future growth.

Desert Hot Springs' estimates may seem a bit high, but if they are, it's not by very much.

Average developer impact fees on a \$300,000 house in Palm Springs, for example, run about \$14,400 — only \$1,100 less than what Desert Hot Springs is considering. Indio's fees also are in line with what Desert Hot Springs is proposing. Palm Desert's fees are lower, and fees in Coachella and Rancho Mirage hover around \$8,000.

Those cities, in many ways, are further developed than Desert Hot Springs. Continuous and connecting roads and healthy retail centers have helped. Desert Hot Springs lacks the type of build-out that most desert cities enjoy. It needs new streets, parks, police services, libraries and other amenities in order for any new development to make sense, and developers have to pay for some of that. The tradeoff is that land tends to be less expensive in Desert Hot Springs, so a reasonable increase in development fees shouldn't drive them away.

The Desert Chapter of the Building Industry Association of Southern California agrees that an increase after all this time makes sense, but the number should be more around the \$10,000 range. City Manager Rick Daniels said the BIA's recommendations will be carefully reviewed and taken under consideration.

Officials of the Coachella Valley Housing Coalition also are concerned that the amount in fees will make Desert Hot Springs an uneconomical choice for developers, and who can blame them? This is a difficult time. The unemployment rate is 13 percent in Desert Hot Springs and those are legitimate concerns. But large, new development, in general, is going to be on hold for the next 18-some months, anyway.

Meanwhile, the city can get a plan in place so that when the economy improves and developers come calling again, everything is spelled out, in place and ready to go.

The BIA wouldn't be doing its job if it didn't object. We expect the association to play its hand, but when it comes down to it, the costs are the costs and development fees must be increased in Desert Hot Springs.

As the city looks at a fee hike, however, it should consider staggering the fees, splitting them up, or allowing fees to be paid after the building is completed.

That would allow developers some breathing room.

In addition, council members should recognize that the development of the past is in the past. Developers have not taken advantage of the city. The city just wasn't savvy enough to keep a handle on development. Now is a new day and Desert Hot Springs can impose reasonable fees and negotiate projects in a way that makes new development in the city attractive.

Any positive development in Desert Hot Springs stimulates economic recovery and creates new infrastructure that doesn't always have to be the sole burden of taxpaying residents.

Desert Hot Springs City Council will take up the issue on Feb. 3. A reasonable increase is long overdue.
