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Senate narrowly passes impact fee legislation

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RICHMOND, Va.

The Senate narrowly passed legislation Tuesday that dramatically changes the way developers contribute money for the costs of municipal services required by new development.

Currently, developers offer cash and land for roads, schools or parks. Those voluntary commitments, called proffers, are usually negotiated with city or county leaders and can be upwards of \$47,000 for each new house in some localities.

In recent years, however, some localities have made proffers an informal requirement for approval of a project. Some developers argue that proffers are to blame for the current slump in the housing market because the cost is passed on to buyers in the purchase price.

Sen. John Watkins' bill, which passed 21-19, replaces proffers with impact fees, which would be capped at \$7,500 per house, except in northern Virginia, where localities could charge \$12,500 per house.

"The proffer system as it exists today is out of control," said Watkins, R-Powhatan. "It has had an adverse effect on the affordability of housing."

Many localities have opposed the measure, arguing that it would bring in less money and limit their ability to pay for new services.

"Our jurisdictions are scrambling to figure out what the impact of this bill is going to be on them," said Sen. Mark Herring, D-Loudoun, who voted against the measure. "For some, it may end up being a benefit, but for others, it could be horrendous for the taxpayers."

Herring proposed an amendment that would have exempted the fast-growing regions of northern Virginia and Hampton Roads from the impact fees, but it was voted down.

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The bill is SB768.

Legislative information: <http://legis.state.va.us>

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