



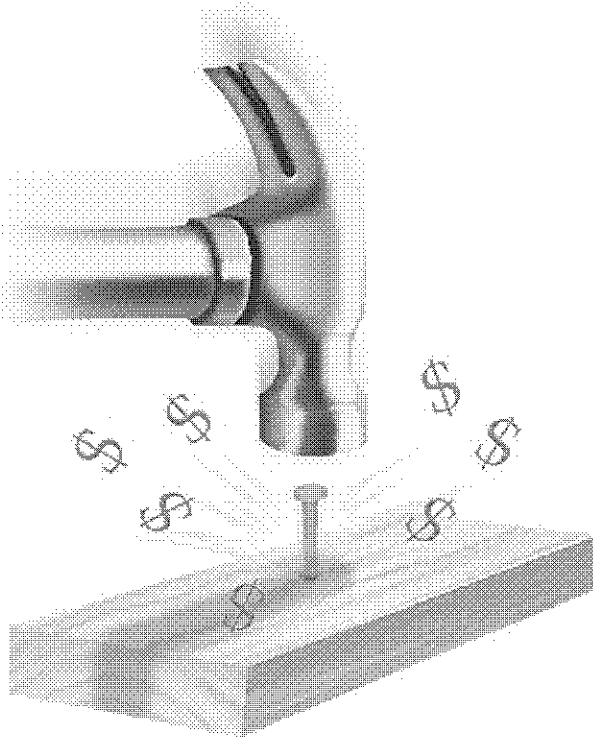
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Impact fee debate moves to Legislature *Builders want assessments banned for three years*

By Howard Fischer
Capitol Media Services

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PHOENIX -- Calling it an issue of economic development, lobbyists for the home building industry have managed to insert a provision in the state budget to bar cities from imposing impact fees on new homes and apartments for the next three years.

Spencer Kamps, who represents the Home Builders of Central Arizona, said the cost of these fees, which can top \$20,000 per home in some communities, is putting an economic damper on the construction industry. Aside from putting people out of work, Kamps said fewer homes built mean less money spent on construction supplies -- and less money going to the state and cities in needed sales taxes.

But officials from several cities say the maneuver undermines their ability to decide what is best for each of their communities. Potentially more significant, they say the fees ensure that growth pays for itself.

"When we're going through the immense amount of growth that we did for a decade or more, if we didn't have impact fees we would not have been able to build the streets and the parks and those amenities that people expect as soon as they move into the city," said Chandler Mayor Boyd Dunn. He also is president of the League of Arizona Cities and Towns.

"Those costs should not be on the backs of those citizens who are already in the cities."

Tucson lobbyist Mary Okoye said the development agreements her city signs with home builders are designed to pay for the costs tied specifically to that new subdivision.

"There needs to be a funding stream that continues to honors those commitments," she said.

So far, though, the builders appear to have the upper hand, having convinced key Republican legislative leaders to include the moratorium as an integral piece of the budget.

"The most important thing today (in) this economy, is job creation," Kamps said.

"The quickest way to create jobs and put people back to work is with the construction industry,' he continued. "Relieving regulatory costs on a local level in a temporary fashion is a good thing to creating jobs."

Since the last housing boom, construction employment in Arizona has lost about 100,000 jobs and is back to levels not seen since 1998.

The move is the latest dust-up between cities and home builders in the perennial battle over the cost of the fees.

Cities impose these fees on developers for the cost of providing services to new homes and apartments, ranging from extending roads and sewer lines to providing new fire stations and parks.

Kamps said home builders do believe some fees are appropriate, though they continually push for restrictions on exactly how to calculate the costs. But Kamps said that, at least temporarily, there is no need for those fees.

He said there are no new developments being planned. Instead, builders are working to sell homes in lots in existing developments.

And Kamps said the infrastructure already exists for all the homes in that development -- built yet or not -- because state law requires that there be sufficient road, water and sewer capacity in place before the first home is built.

He also claimed that communities in central Arizona alone already have close to \$600 million in unspent impact fees sitting in existing accounts.

Dunn called those numbers "grossly overstated." Beyond that, he said it takes awhile to accumulate the necessary funds for major projects, like expansion of a sewage treatment plant.

"You have accounts where that money is accumulated," Dunn said.

"In time, you'll be able to build most of it with impact fees," he continued. "It's not done overnight."

Okoye said the funds in her city's accounts "are obligated" because of the development agreements made with home builders.

She said her city charges only what is absolutely necessary to cover its costs, a figure she put at about \$7,000 on a typical 2,000 square foot home. Okoye also said that, at least in Tucson, developers can get paid back if the money is not needed.

Kamps said some communities abuse the fees. He said Pinal County charges home builders for the cost of a new juvenile detention facility; Queen Creek is building "world class equestrian facilities" with some of what it collects.

Okoye said, though, that courts in Arizona have ruled the fees must go to "those infrastructure projects that have a nexus to the development."

Economic development aside, Kamps said this is a perfect time to suspend the impact fees.

He pointed out that many cities are seeking -- and some are receiving -- federal stimulus dollars for construction of roads, sewage treatment plants and fire stations. Kamps said there is no need to have developers pay for the same projects.

Okoye said, though, that these issues are best decided by local council members and not state legislators.

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