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## Increased fees haven't stalled new development

By MARGO RIVERS  
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La Vergne's higher impact fees have not hurt new residential development dramatically, as builders had predicted.

The number of building permits for single-family homes jumped from 455 in 2000 to 616 in 2001, the year the city board approved a \$744 hike in impact fees. In 2002, the city board approved 609 permits.

At the time, several developers said the huge increase would limit new construction on affordable housing, making it more difficult for people to buy homes, especially for the first time.

"We're in a good location because we're right outside Nashville and we have one of the lowest property taxes in the area," said Jason Beavers, city planner. "The tax rate is 50 cents per \$100 of assessed value."

Like the rest of Rutherford County, low interest rates, low property taxes and proximity to Davidson County have helped La Vergne continuously sell more building permits since imposing the fees, developers and city officials said.

Shane McFarland, chief financial officer for Murfreesboro development firm Greenvale, agreed. He added that La Vergne's "quality of life and the government's good outlook on the city" has made it easier for his company to sell more homes. "And anytime you can get an interest rate below 5%, that's good for everyone," he said.

Since the early 1980s local governments in the Midstate have been imposing impact fees, which are costs that help pay for the development's impact on the city's infrastructure, said Gary Jaeckel, a consultant with the University of Tennessee's Municipal Technical Advisory Service.

Besides impact fees, government officials could impose special taxes: adequate facilities, development, privilege, impact and assessment taxes, Jaeckel said.

"Adequate facility taxes, for example, differ from impact fees in the sense that they give officials more flexibility in what they can use the money for," Jaeckel said. "Robertson and Sumner counties used their adequate facility taxes to fund their school capital building programs. Impact fees are supposed to be used for the direct impact the development created and occasionally parks."

Like La Vergne, Smyrna, Franklin and White House impose impact fees.

La Vergne's Board of Mayor and Aldermen in-creased impact fees from \$451 per single-family home to \$1,195 per home in 2001 to help pay for several road projects. The increase came one year after Rutherford County officials doubled their development tax from \$750 to \$1,500 per home.

Still, McFarland warns government officials to be careful in the amount they levy against developers, because a huge increase could seriously hurt the housing market. It almost killed Cheatham County's market in 1999 when officials nearly tripled their adequate facilities tax from \$2,250 to \$7,500, he said.

Six months later officials lowered the tax to \$3,750 and began seeing a gradual increase of building permits, said R.D. Huffines, county building commissioner.

In 2000, the Cheatham County Commission ap-proved 520 building permits. That number jumped to 575 permits in 2002.

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