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Orange County commissioners approve increasing impact fees on homes

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CHAPEL HILL - Orange County commissioners approved a series of increases to impact fees on residential construction.

The new fees would raise the fee contractors pay to build new single-family homes in Chapel Hill and Carrboro by 38 percent to \$6,092 on Jan. 1. A year later, the fee will go up again, this time to \$7,616. Over two years, that's a 73 percent increase.

In Orange County, there will be no increase to the \$3,000 fee on single-family homes next year. But in 2010, it will rise to \$3,749, a 25 percent increase.

Commissioners approved the fee changes reluctantly, acknowledging the added stress they place on homebuilders.

The county has budgeted \$1.6 million from impact-fee revenue to pay down some of the debt for new schools. That budget depends on the higher impact fees.

Homebuilders have protested the new fees, saying the economy already has slowed new home construction.

Nick Tennyson, executive vice president of the Home Builders Association of Durham, Orange and Chatham Counties, said builders are already reluctant to propose projects in Orange County. About 250 single-family homes will be built in Orange County this year.

In Durham, which had impact fees until they were deemed illegal several years ago, about 1,000 new homes will be built in 2008.

"It matters for individual builders," Tennyson said of the fee increases. "But it doesn't matter that much [in revenue to the county] because there aren't that many."

A county can have impact fees only if state legislation specifically allows it, and Orange County is one of just a handful with such a law on the books. It has not increased the fees since 2001.

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