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Plano

Plano weighs end to impact fees it charges homebuilders

Maturing city looks to remain a draw for businesses, residents

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In another sign the brisk residential growth that once defined Plano has slowed, the city may soon end its practice of charging impact fees to homebuilders.

The city established the one-time fees in 1990 to help pay for new water and sewer lines in undeveloped parts of the city.

But most of Plano's infrastructure is built, and developable land is becoming scarce. City officials believe the fees have become an obstacle to growth.

"Our infrastructure system is nearly complete," said Jeff Zimmerman, Plano's long-range planner. "Now, we have to be as creative and as assertive as possible to attract new businesses and new residential developers."

A growing number of cities nationwide, including many in the Dallas area, have turned to impact fees to defray the cost of new water lines, roads and other infrastructure, said Larry L. Lawhon, an associate professor of community planning at Kansas State University.

But circumstances are different in Plano, which is running out of places to put new housing subdivisions. The Planning and Zoning Commission has recommended eliminating the fees. The City Council is expected to vote on the matter soon.

The change is likely to make some impression on new home prices since builders often incorporate the impact fee into the cost of a home.

Most fees are \$1,200 to \$2,100, depending on the size of the water meter. But they can go as high as \$95,000 for the biggest meters.

The move seems like a logical progression for a maturing city. But the change has broader symbolism in a community that had spectacular growth a decade ago and was once seen as the suburban frontier.

"It depends upon where you are on the growth curve as a city," said City Council member Scott Johnson. "It's the newer cities that are trying to add infrastructure that need impact fees. We're no longer at that point."

Impact fees have helped Plano catch up on its infrastructure. The city has collected nearly \$45 million since 1990, plowing it into a network of water and sewer lines that is almost complete.

Now, the city has entered into an era marked by slowing growth and intensifying competition with neighboring suburbs for new businesses and residents.

Plano averaged about 815 housing starts annually over the last four years, according to city statistics. It's a sign that it is still growing, but the city saw numbers four times as large during the mid-1990s. That slowdown has translated into less of a need for new infrastructure.

Recently, the city has been collecting impact fees much faster than it has been able to spend them. It now has a \$1.3 million surplus. State law limits the city from using that money for anything other than new water and sewer lines.

With the city's roads and water lines now built, city leaders are turning to new goals, such as spurring redevelopment in older neighborhoods.

Observers believe the removal of impact fees will help in that mission.

"There are some cities that are developer- and builder-friendly. Others have taken the NIMBY [not in my back yard] approach," said Ted Wilson, a housing analyst for Residential Strategies Inc. of Dallas.

"The reality is that it's an extremely competitive housing market out there," Mr. Wilson said. "Lowering the cost of the fees would help Plano's ability to compete in this market."