



[Comments](#) | Recommended

Plano ends impact fees on developers in hopes of attracting projects

10:46 PM CDT on Friday, August 28, 2009

By THEODORE KIM / The Dallas Morning News
tkim@dallasnews.com

Call it evidence that growth in Plano, once among the nation's fastest-expanding suburbs, has slowed to a trickle.

Plano has ended its practice of charging developers impact fees, a tool that growing cities use to pay for new infrastructure.

The city began levying the fees to help build new water and sewer lines in 1990, when hundreds of homes were being built each month.

But with most of those utilities now installed, untouched prairie getting scarce and Plano vying with nearby cities in the growth game, the city started phasing out the fees last year.

This week, the City Council voted to delete all mentions of the fees from its zoning code.

The move closes a chapter in Plano's history during which the population more than doubled to 260,000.

City officials hope the fees' absence will lower housing costs and jump-start homebuilding and other projects.

The fees typically were between \$1,000 and \$2,000, depending on projected water and sewer use. But the charges escalated up to tens of thousands of dollars for the largest projects.

"Ultimately, those costs get passed on to homeowners," said Phyllis Jarrell, Plano's planning director. "Every little bit counts."

For Plano, the stakes go beyond home prices.

In recent years, the city has struggled to counter fierce competition for jobs, shoppers and future residents from neighboring communities like Allen and Frisco.

That has coincided with a steep decline in growth since Plano's 1990s heyday.

The number of single-family-home building permits issued in Plano has fallen steadily from 2,900 in 1998 to 368 last year, city figures show.

This year through July, the city had issued 129 homebuilding permits. In March, during the height of the economic recession, the city issued just eight permits to build single-family homes – the lowest monthly total in years.

Plano hopes to reverse the slowdown in becoming Collin County's first large community to end impact fees.

Allen, Frisco and McKinney still levy them. Most established communities, such as Dallas and Richardson, do not charge the fees.

Plano collected some \$48 million over the program's life. But with Plano's water and sewer system almost complete, the city had run up a surplus in monies in recent years.

As such, Plano began phasing out the fees early last year.

It stopped levying them altogether in February.

The roughly \$4 million that remains in the impact fee fund will help pay down debt on existing projects.

State law forbids the city from spending the money on anything else but new infrastructure.

Bob Morris of the Home Builders Association of Greater Dallas said he thought the move would eventually spur a new growth spurt in the city.

"Taking impact fees out of the equation is a help," said Morris, the association's executive vice president and chief executive officer. "It makes it very attractive to builders."