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Raleigh raises impact fees

72% boost is less than mayor asked

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RALEIGH -- After more than a year of discussion, the city stopped its talks over raising impact fees Tuesday and settled on a 72 percent increase -- a blow to one of Mayor Charles Meeker's top priorities for his third term.

The City Council's 5-3 vote represents the first significant hike since 1988 for the fees that help pay for parks and roads. It takes the charge for a single-family home from \$682 to about \$1,170.

Meeker had sought twice that much -- roughly \$2,400 -- noting that Raleigh's consultant said its fees are only about a third of the state average and could have risen to \$3,404.

Without the increase, Meeker said, Raleigh taxpayers will pay the bulk of the costs for rapid growth. He backed sending the fees to more discussion, including an exemption for builders of low-income housing such as Habitat for Humanity.

Only Councilmen Thomas Crowder and Russ Stephenson joined him. "This council really ought to do more for our citizens," Meeker said.

But others on the council called the more modest increase a compromise. Many in the building industry had lobbied against any increase.

City staff has estimated a 72 percent raise will bring in about \$2.7 million a year for roads and parks. But that number assumes that the level of home-building stays the same after the fee hike, and it does not count the city's plans to split the increase over two years.

Councilwoman Joyce Kekas called Tuesday's vote "a darned good start."

Others worried that bringing fees up 72 percent will translate to higher home prices, stalling growth and hurting the city's first-time home buyers. Conventional wisdom says that developers will pass along the fee to new home buyers.

"I wonder how many local families are going to be prevented from buying a home because of what we're doing today," said Councilman Philip Isley.

The vote Tuesday broke the expectation after the 2005 council elections that the council's Democrats, who hold a 6-2 majority, would always vote in a bloc behind Meeker.

Councilman James West said he thought the debate over impact fees had more to do with personal agendas than a genuine desire to find new sources of money for Raleigh. He sounded eager to move on.

"We've had hearings for hours and hours and hours," he said. "We've taken a single issue and made an issue of it beyond the relevancy of it."

In other action, the council:

* Unanimously backed plans for a pair of towers at the south end of Fayetteville Street, a project expected to bring at least \$130 million in private investment.

Called "site one," the building would include 154 condominiums, offices, restaurants and possibly a movie theater long absent from downtown.

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The theater excited members most, but developers could promise only a genuine effort to lure one.

"We desperately want a theater," said developer Roland Gammon, part of the local partnership. "We're going to do all we can."

Tuesday's vote just clears the way for a more detailed agreement between Raleigh and the developers. A public hearing is set for May 16, when the city is expected to sell 1.8 acres of land for \$5.2 million.

* Put off for two weeks a decision on changing the city's nightclub security rules to include violations in the parking lots, a move brought on largely by complaints at The Supper Clubb in North Raleigh. Meeker said punishing clubs after one infraction would be too punitive and urged council members to agree on another number.

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