



August 16, 2009

Reno wants impact fees in new master plan

*By Susan Voyles
svoyles@rgj.com*

By the end of the year, builders of new homes or businesses in Reno would have to share in the cost of as many as three new police stations and other fees for new fire stations and parks, under a city council plan to pay for growth to be considered Wednesday.

Under state law, impact fees can be imposed on new construction only if current property owners also share in the cost, most likely by voting to allow bond sales repaid with taxes or other tax increases. Under the law, the council would have up to five years to find ways to raise the money from property owners or refund the impact fees.

The council agreed to a timetable a year ago for adopting new impact fees. But that was before the economic recession sent unemployment rates soaring, home prices falling and setting record foreclosure levels.

Developers have obtained building permits for only 155 new homes in Reno this year. That compares with nearly 3,000 homes a year during the peak of the housing boom in 2004 and 2005 or about 1,000 a year in the 1990s after the recession in 1991-92. So until the housing industry turns around, the impact fees would raise little money.

Even with impact fees for new developments, other property owners would pay the largest share for the police stations, estimated at \$65 million, and as many as six new fire stations.

"The only impacts of 'new development' occurring today is the lack of development and the impact on job loss, tax revenue loss and loss of economic sustainability," said Randy Walter, of PLACES Consulting Services and a board member of the Builders Association of Northern Nevada.

The fire department has identified a need for nine new fire stations, including three that developers have agreed to build at Evans Ranch in Cold Springs and two for Spring Mountain at Winnemucca Ranch.

"It's pretty onerous," Councilman Dave Aiazzi said of property owners having to chip in for new stations. "I don't know what the answer is to that."

State law requires the impact fee process to start with council approval of a list of assumptions about growth over the next 10 years. The city covers about 108 square miles and its annexation and future annexation territories another 165 square miles.

That review is scheduled Wednesday. The estimates would be the basis for a list of projects to be considered in October, when fee amounts would be released. A final vote on an impact fee ordinance is set for Dec. 16, said John Toth, assistant community development director.

State law requires the city to return impact fees with interest to property owners if the new stations or parks aren't started within five years and finished within 10 years. If projects stall because of a lack of construction, the city might have to refund impact fees.

"We're on our knees. Nobody is building," said Greg Peek of ERGS development company in Lemmon Valley, which has stopped planning and engineering work on up to 3,500 residential units.

Peek, immediate past president of the builders association and a board member, said the group is not opposed to the fees if times were better.

"If they don't have the money at the end of the day," Peek said, "the question I would ask the city council is: 'Are you sure you want to do this?'"

Walter, a private planner, also questions the city's projected growth rate of 4,800 new people a year over the next 10 years.

Given 11 percent vacancies for rentals and an 11 percent unemployment rate, he said the city could be losing people.

Toth said the population growth rate of 4,800 is based on the average over the last 20 years, not just the boom years.

Councilman Dwight Dortch said fees on builders are already high and adding more would be difficult.

"We have to look at that, the realistic impacts of our actions," he said. "And when you look at the economy, it's hard on everyone else."

He said one option may be to delay imposing the fees until times are better.

Toth said the fees are generally favored by larger developers who know what their costs are and can build them into their business plans.

Currently, developers negotiate with city planners and make commitments to build fire stations, buy fire trucks or pay a fee per house for new facilities. For larger projects, they've agreed to pay up to \$1,000 per home for a new police station.

"This is not an exact science, and smaller developers of 50-lot subdivisions aren't asked to do much of anything," Toth said.

State law does not allow impact fees to be used for new equipment or vehicles. The city planning commission in September will consider inserting impact fees and commitments for other payments into the master plan for paying public facilities. Toth said the intent is to get developers to pay for new fire trucks.

Walter said requiring impact fees plus other commitments is double-dipping.

"We are absolutely going to oppose that," Peek said.
