

## Rio Rancho Considering Cuts in Impact Fees

Rio Rancho is the latest New Mexico municipality to look at cutting fees the city charges developers for infrastructure, hoping it will bring jobs, tax revenue and spending to boost the local economy.

The City Council has voted to revise the city's impact fee ordinance, reducing the fee for residential development by 50 percent and by 100 percent for commercial projects for two years. Councilors must approve two readings of the revised ordinance before it can take effect.

"I believe a moratorium would send a signal to investors that Rio Rancho is serious about wanting business," said Councilor Tim Crum.

Crum and Councilors Lonnie Clayton, Chuck Wilkins and Mark Scott voted for it. Councilors Tamara Gutierrez and Patty Thomas were opposed.

Cities charge builders impact fees when they obtain a permit. The fees help pay for water services, roads, parks and fire and police services.

Albuquerque enacted a 50 percent impact fee reduction for new residential and commercial development in 2009 and has twice extended it. Santa Fe temporarily eliminated the fees for residential developments in January.

Wilkins said the moratorium would help attract new retail businesses and boost the city's tax base. Scott and Crum said Rio Rancho needs to be competitive with other cities.

Acting City Manager James Babin said it was uncertain whether tax generated by new construction would make up for revenue the city would lose from impact fees. The city would have to rely on tax revenue from spending by construction workers, new residents and so on. "This is highly speculative," he said.

Jim Folkman, executive president of HBA, said the market is so competitive that builders would pass the savings on to new homebuyers.

Commercial real estate broker Anne Apicella of Grubb & Ellis said there is huge demand for new office space in Rio Rancho.  
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