

Non-payment a risk in new impact-fee deferral plan

By [CAMDEN EASTERLING](#) Chronicle Staff Writer

The Bozeman City Commission's impact-fee deferral plan for workforce housing isn't iron clad. The plan calls for the fees to be repaid, but deferral timeline could be lengthy - and there is a slim chance that the fees might never be paid.

"It is definitely a risk I'm willing to take," said Commissioner Jeff Rupp, who suggested the deferral as an amendment to the city's workforce housing ordinance.

Under the amendment, which the commission adopted last week, the deferred fees are owed only by the first person who has owned the home continuously for 10 years. The fees then would be due only when the house is sold, the homeowner refinances or the ownership changes for other reasons.

So potentially, if no one ever owns the house for at least 10 years, the city would never collect the impact fees.

"Theoretically you're right, it could keep turning," City Attorney Paul Luwe said when asked if the provision would allow that some fees aren't paid for decades or maybe not at all. "But it (the deferral) still falls within the statute."

State law prohibits the city from waiving impact fees, said Assistant City Manager Ron Brey, who has worked on the ordinance for the past several months. But "there are no temporal constraints on how we bill them."

And city officials and workforce housing proponents argue the need for affordable housing outweighs any delays or loss of impact-fee revenue.

"It's not going to make a huge difference," said former Bozeman mayor Marcia Youngman, a member of the task force that had suggested waiving some impact fees and deferring others for workforce housing.

Bozeman's workforce housing ordinance requires that 10 percent of the houses in most new residential developments are sold to qualified buyers at below-market rates. In 2006, the city recorded about 330 new housing units. At that rate of building, the city would be waiving impact fees on about 30 houses a year.

How much of the impact fees a homeowner can defer depends on his or her income. A single family detached home currently incurs about \$8,880 in impact fees.

City leaders and the workforce housing task force spent months struggling to find a way to keep impact fees from burdening the homeowners targeted by the workforce housing ordinance.

In adopting the deferral provision, city commissioners reasoned that when the ordinance's price controls expire after 10 years of continuous ownership, the homeowner can sell the house at market rate. At that point, the additional sales profit would allow the homeowner to pay the impact fees.

On homes owned less than 10 years at the time of sale, the workforce housing ordinance caps appreciation.

Brey said that regardless of who owns the home, the requirement to pay impact fees will be tied to the deed. "And it will eventually be paid," he said.

Commissioner Sean Becker questioned the terms of the repayment when the commission reviewed Rupp's

deferral suggestion.

"I think there is some exposure that the city may have, in terms of this really being a waiver and not truly a deferment," Becker said. But he agreed with other city leaders that the homeowner who owns the home for 10 years should bear the burden of the impact fees.

Youngman and other city leaders said the policy can be revised in the future if necessary, but at present it is a compromise worth making.