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County mulls cutting traffic-impact fees

By: GIG CONAUGHTON - Staff Writer

Much-criticized commercial fees could drop 40 percent

County supervisors next week will consider drastically reducing the traffic-impact fees they adopted two years ago over howls of protest.

Fees to build strip malls, shopping centers, fast-food restaurants, offices, industrial projects and other development could be slashed by up to 40 percent, San Diego County officials said, if supervisors approve the changes Wednesday.

County supervisors ordered a review of the fees in November because they said existing fees were driving off taxpaying commercial development.

The fees were meant to make sure that developers helped build the roads needed to handle the traffic that businesses and homes would bring.

But county public works officials said Thursday that they wouldn't need as many millions from developers as they thought in 2005. They said that was because they subtracted out improvements the county would do itself, and improvements developers would do on their own anyway.

"I think we went kind of overboard when we first put them in," said county Supervisor Bill Horn. "There's been a huge downturn in the development industry. You can't get blood from a turnip, for crying out loud. We want to stimulate growth, not kill it."

Cuts enough?

Rich Crompton, assistant director of the county's Public Works Department, said county managers lopped $228 million off their 2005 estimate for what future road improvements would cost.

On Thursday, officials and citizens had varying reactions.

Several said it was about time that the county cut the fees ---- which were as high as $3 million-plus for a North County shopping center and $550,000-plus for a restaurant. Those numbers would drop to $1.1 million and $131,000, respectively, in the proposed changes.

The fees for home builders could also decrease by up to 28 percent in some areas, Crompton said. However, he also said they could increase in some areas ---- such as South County ---- by up to 3.5 percent.

Crompton, Horn and other county officials said they did not think that cutting the fees would leave the county without enough cash to build needed road improvements.

"Not at all," Crompton said, "the roadway network remains fully funded."

But one frustrated restaurant owner worried whether the cuts would go far enough.

Allen Bonaguro, co-owner of Sweet Leilani's in Fallbrook, said he decided against adding a 400-square foot deck when he was told his fee would be $29,000.

"I might be interested to find out what the fee will be, and go ahead if it was halfway sane," Bonaguro said "But not for $29,000. That's as much as we make in a month sometimes."

Accounting for savings

In 2005, supervisors approved the fees based on the idea that developers would have to pay $909 million to ensure county roads and State Routes 67 and 76 could handle the traffic that new businesses and homes would generate.

Crompton said Thursday that the $909 million estimate had swelled to $1.05 billion over the last two years because the cost of construction has increased.

But, he said, county staff members cut $228 million off that estimate with two big adjustments.

First, he said, the county would no longer require developers to negotiate with the county to lower their impact fee if they intended to build road improvements on their own. That process, Crompton said, has been a nightmare for applicants and county staff.

Instead, Crompton said, county engineers have factored those potential improvements into their overall estimate for the county's road-building costs, lowering the total and the corresponding fees developers must pay.

The second adjustment, Crompton said, was the result of subtracting the cost for road improvements the county planned to do on its own.

High hopes for lower fees

The prospect of lower fees was welcome news to builders, an industry representative said Thursday, though they would still be too high.

"I think that the county's conducting a thoughtful analysis that frankly, I don't think occurred when they jacked these fees up to near-record highs," said Paul Tryon, chief executive officer of the Building Industry Association of San Diego. "That's a good thing."

The association has been the most vocal opponent of the existing impact fees, saying they would drive all commercial development out of unincorporated communities to neighboring cities that had cheaper impact fees.

The association sued the county over the fees. But a judge rejected the lawsuit, ruling that the trade group did not have legal standing to challenge the fees because builders ---- not the association ---- had to pay the fees.

Officials from planning advisory groups in unincorporated counties also applauded the idea of a fee cut.

"I think there is a pretty clear consensus that on the commercial side, (the fees) were just way too high," Keith Simpson of the Valley Center group said. "You end up with lopsided development. In Valley Center, you end up with more residential development than commercial, and that only exacerbates traffic problems.

"More people is more traffic," he said. "Without local commercial development, they're traveling longer distances to meet their needs."

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