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House panel expected to table impact fee bill for further study

RICHMOND

Legislation that would fundamentally change the way developers contribute to localities to help pay for infrastructure needed by new homes appears headed toward General Assembly limbo.

The bill by Sen. John Watkins, R-Powhatan, would replace voluntary cash payments called proffers - which developers typically pledge to local governments at the time of rezoning - with impact fees set by state legislators.

Local government officials, who set the amount of those per-lot fees to help keep pace with ever-increasing costs for schools, roads and other services, have opposed recent efforts to replace them with state-set fees.

In recent days, several legislators have said Watkins' bill, SB768, is likely to be tabled this year or incorporated into a two-year study that will look at development and land-use issues.

"Altering the proffer system and moving toward impact fees needs to be examined further," said Speaker of the House William Howell, R-Stafford. "It really does need to be looked at for another year or two."

That option is not viewed favorably by Watkins.

"I'd rather have them kill the bill than put it in a study," he said Monday, noting that local governments could use the study as a reason to stall rezoning requests.

His bill has been parked in the House Rules Committee for more than a week but is scheduled to be considered at a meeting today.

Watkins' bill narrowly advanced out of the Senate by a 21-19 vote earlier this month.

Reaction to the bill came slowly, in part because it wasn't filed until the last day that legislation could be submitted in January.

Earlier this month, members of the Virginia Association of Counties unanimously endorsed a resolution denouncing the bill as "a direct threat to the ability of local governments throughout the Commonwealth to protect the interest of the taxpayers, commuters, and communities we represent."

Critics note that the bill has the strong support of the Home Builders Association of Virginia, a

lobbying group that has strongly opposed impact fees in the past.

The VACO resolution called it "a transparent and reprehensible power grab by special interests that would overturn the proffer system that has served us well for over 30 years."

Supporters counter that the current proffer system is broken and is to blame for increases in assessed values of housing that are pricing some families out of the housing market.

Officials with the Home Builders Association of Virginia have said impact fees will raise more money for local governments than the current cash proffer system because the fees can be charged on more building lots.

Cash proffers typically are paid per lot and collected on new construction residences zoned with proffered conditions.

Watkins' bill would charge impact fees to more new construction lots, those eligible for proffer payments, those zoned without proffers, and those not required to pay proffers.

For example, his legislation would require developers to pay a maximum \$12,500 per-lot fee in Northern Virginia and \$7,500 in Hampton Roads and the rest of the state.

In many localities, cash proffers are more expansive than those sums.

Chesapeake, Suffolk and Virginia Beach each collected some cash proffers last year, according to the state Commission on Local Government.

In Chesapeake, for example, developers have pledged about \$24 million in cash proffers since 2004. City officials believe that capped impact fees would not generate nearly as much money as cash proffers.

The City Council earlier this month passed a resolution asking the General Assembly to carry over the bill to 2009 so it can be studied more.

Staff writer Mike Saewitz contributed to this report.

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