

Arizona homebuilders hail law easing impact fees

by *David Madrid* - May. 3, 2011 12:00 AM
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Cities and towns across Arizona will have a harder time requiring developers to pay for everything from infrastructure to services under legislation signed by Gov. Jan Brewer.

The legislation, Senate Bill 1525, puts a temporary end to a six-year fight between Arizona cities and homebuilders.



Editorial: Impact-fee law hurts growing towns most

"This is a substantive change to the impact-fee statutes," said Spencer Kamps, chief lobbyist for the Home Builders Association of Central Arizona. "They (statutes) haven't been updated in the 20 years since they were adopted, and we grow differently, we build differently and cities plan differently. We've made that argument for a number of years."

The homebuilders and cities and towns agreed on the sweeping legislation that requires cities to change the way they collect impact fees and what they can pay for with that money. It creates public-notice and hearing procedures to replace current systems by Aug. 1, 2014, or a municipality will be unable to continue collecting fees.

The law also created a list of uses for which impact fees can be charged.

A moratorium on new impact-fee changes until the 2015 legislative session gives both

sides time to cool off and allows time for the new statute to fully take effect.

"At the end of the day, being able to at least negotiate a cease-fire, that's something," said Avondale City Attorney Andrew McGuire, a negotiator in the hard-fought compromise. "That's an accomplishment."

Kamps said a compromise was a significant accomplishment.

"We've never been opposed to impact fees," he said. "We've been opposed to new growth paying for more than its fair share."

Impact fees, typically added to the price of a new home, are imposed on developers to help pay for infrastructure and public services needed to meet the demands of growth.

McGuire said the new law was better than what homebuilders introduced in the Legislature, but "by no means would I call it good."

He said the bill required cities and towns to pay millions of dollars for new studies in a short time span, and in some instances,

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residents would be paying higher user fees because impact fees pay for fewer things.

For example, residents may have to pay for sanitation trucks, which will no longer be covered by impact fees.

"If you're not allowed to charge the development fee to the new home coming in to pay for the new truck, then the cost has to be spread somewhere," McGuire said.

Kamps said sanitation trucks should be paid for with user fees.

Brent Stoddard, director of intergovernmental programs for Glendale, said only time will show the full effects of the law.

He said there was no question that existing residents would pick up more of the costs of new development.

He said the homebuilders sensed an opportunity under the strong Republican-majority Legislature to bring a massive patchwork bill to destroy impact fees.

Some welcome the new law.

Mesa Mayor Scott Smith said the compromise was good because it ended the fights at the Legislature, and it gives cities an opportunity to put fee systems in place and give them time to work.

"It brings clarity and consistency, and it still has growth paying for itself, and that's the most important thing," Smith said. "The original bill made such drastic changes to the system that, basically, it would have made impact fees virtually worthless."

The legislation determines what a growth-

related cost is, Smith said.

Ken Strobeck, executive director of the League of Arizona Cities and Towns, said cities would have to redo impact-fee programs with a narrower list of eligible projects.

"It (SB 1525) just makes a very substantial number of changes to the program, but it actually allows cities and towns to preserve their impact-fee programs," Strobeck said.

McGuire said that without the intervention of the governor, a compromise may not have been reached.

"I think the governor's interest in this issue was extremely important," McGuire said.

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