

The News Herald (news-herald.com), Serving Northern Ohio

News

Chardon Council to consider revising home builder deposits

Sewer system impact fee to be tackled in coming months

Tuesday, February 8, 2011

By Betsy Scott

BScott@News-Herald.com

Chardon leaders are continuing their efforts to reduce home construction costs.

City Council on Thursday will consider an ordinance amending rules for construction deposits for single-family and two-family dwellings and residential additions.

If approved, the new deposit requirements would be as follows:

- New construction of a single-family or two-family dwelling: \$1,000
- An addition or alterations to an existing residential dwelling: \$500
- New construction of a multifamily dwelling: \$1,000 per unit
- New construction of a single-family condominium unit: \$1,200 per unit.

In addition, a closeout sheet deposit would be eliminated.

This deposit currently is 1 percent of the total construction cost and is refunded upon submission of the closeout sheet, which lists all subcontractors and employees who performed services or labor for the project and the amount paid to each.

The proposed legislation would require only that the sheet be submitted prior to issuance of the occupancy permit. The sheet enables the city to collect income taxes on the workers.

The changes are part of a multipronged process to promote residential development in the city, in answer to some contractors' complaints that the cost of home construction is higher in Chardon than surrounding communities.

"The first part was changing some building standards for the houses, like concrete finish," Planning and Zoning Administrator Steven Yaney said, referring to some proposals presented informally to council in December. "The second part was to reduce some of the fees and the deposits."

Previously, the construction deposit for single- and two-family dwellings was based on a formula involving the amount of linear frontage.

"It could be several thousand dollars," Yaney said.

The third piece will be more difficult to deal with, officials say. It involves the system development charge, or impact fee, added to water/sewer bills to pay off debt service for improvements and expansion to the sewer treatment plant in 2000. Chardon's fee is about \$7,200 — based on the average number of new home starts needed a year to cover the debt service — while some neighboring communities charge half that. With the drop in home building, the general fund is paying a large portion of the debt service.

"We're looking at hiring the guy who devised the whole billing and cost-sharing methodology (and) discussing with him any changes we can make to stabilize funding, but that's in a couple of months," Mayor Phil King said.

He said builder feedback to the changes thus far has been positive.

URL: <http://www.news-herald.com/articles/2011/02/08/news/nh3619937.prt>

© 2011 news-herald.com, a **Journal Register** Property