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Chatham Commissioners to hold public hearing about increasing impact fees

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Pittsboro, NC - The Chatham County Board of Commissioners received the results of a new study from a professional consultant to update the county's 1996 education impact fee study. The impact fee is one of the county's few alternatives to the property tax for meeting revenue needs to increase school capacity.

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Before taking any action, the commissioners want input from the towns and the public. A public hearing has been scheduled for Sept. 21 at 6 pm in Pittsboro. "We need people's concerns and ideas on various fee options outlined in the study."

The original 1996 impact fee study was performed after Chatham County was authorized by the General Assembly in 1987 to levy impact fees on developers. The fees are used to help cover the costs of providing school facilities, especially new construction. The purpose of the updated study is to determine a reasonable level for the fees, as required by the state legislation.

Tischler & Associates performed the 1996 study and also won the competitive bid to conduct the 2009 study under its new name, TischlerBise. A county oversight team provided input.

The commissioners asked for the study to review options for basing the impact fee on housing unit size in addition to the current method of varying the fee by single-family or multi-family housing.

"We asked the consultant to look at home size as a basis for the fee, because that would be a more equitable option," County Commissioner George Lucier said. "We face major barriers, including legal issues, which prevent us from using square footage or affordability to vary the fee, so we are limited to looking at the number of bedrooms in the home."

The 2009 study shows that the county could reasonably charge an impact fee as high as \$8,507, compared to the current maximum of \$3,500 for a single-family unit. However, if the impact fee structure is revised to consider the number of bedrooms, the new maximum fee would range \$3,264 to \$14,404 for single-family homes and would be \$2,484 for all multi-family homes (see chart below).

Comparison of Allowed Maximum Levels for Impact Fee Options

Current Impact Fees (Based on Type of Housing Unit)

Single Family Residence - All: \$3,500

Multi-Family Residence - All: \$1,100

New Maximum Fees Based on Type of Housing Unit New Maximum Fees Based on # of Bedrooms

Single Family Residence

0-2 bedrooms: \$3,264

3 bedrooms: \$8,432

4+ bedrooms: \$14,404

Multi-Family Residence - All: \$2,484

Increases in impact fees based on the study could bring in “roughly \$50 million in revenue over ten years to help pay for about \$55 million in necessary growth-related improvements,” according to Renee Paschal, assistant county manager.

She added that the “exact amount depends on the fee levels, how the fee is structured or phased in and how much growth the county actually has.”

The study looked at the timing of when the impact fee is collected. Chatham County currently collects the entire fee when the construction permit is issued, but the study looked at collecting it when the certificate of occupancy is issued or splitting the fee payment between the two.

The study recommends retaining the current collection of the fee when the building permit is issued to ensure that funds are collected in a timely manner to pay for schools.

The commissioners also asked the county attorney to look into whether or not the Board of Commissioners legally can grant any exemptions to paying the impact fee.

The public and the towns will be asked to weigh in on the various options under consideration.

The oversight team that worked with the consulting firm included representatives of the County Manager’s Office, County Finance Office, Chatham County Schools Administration and County Planning Department. Outside experts included Mitch Renfrow, professor of economics at N.C. State University and a local developer.