

March 19, 2012



Search

Go

City council takes step to lower impact fees, increase home building **(<http://rockwallheraldbanner.com/local/x1862283283/City-council-takes-step-to-lower-impact-fees-increase-home-building>)**

By **JIM HARDIN**

Herald-Banner Staff (<http://rockwallheraldbanner.com>)

ROYSE CITY — The city council has taken a step to temporarily lower impact fees, a move members believe could spark more home construction in Royse City.

The motion made during the March 13 regular city council meeting called for the Impact Fee Advisory Board to consider lowering the impact fee on homes of \$170,000 or more for a two-year period.

When the advisory board returns with its recommendation, said City Attorney Jason Day, the city council can accept it, deny it “or do something completely different.”

Janet Nichol, Clay Ellis, Bill Bell and James Branch voted in favor of the motion. Mayor Jerrell Baley and Tom Crowley voted against it.

A motion involving a possible change to the composition of the advisory board was rejected. Crowley was the only city council member to vote in favor of that motion.

Impact fees are charged to new home or business development to offset the impact the new construction will have on streets, water system and wastewater treatment system.

The current impact fee is \$5,000 for each new home constructed — \$2,000 for water, \$2,000 for wastewater and \$1,000 for streets.

City Manager Bill Shipp said each new home or business “adds some impact to streets, sewer, water system, pumping capacity, elevated storage and treatment capacity at the wastewater treatment plant.

“It’s an incremental piece,” Shipp said, “but it all adds up.”

Impact fees could avoid the need for some tax rate increases.

“What you can do is up your tax rate where everybody is paying for that new development or what you can do is say, OK, this development right here, this house, is going to cause this amount of burden on the city and we’re going to recover at least some of that through impact fees,” Day said.

David Booth of D.R. Horton, the leading home builder in Royse City, said during the city council's March 8 workshop meeting that he had met informally with two city council members. He said there were questions — what would happen if a city reduced its impact fees; have other cities reduced their impact fees; has it caused home builders to go to those cities as a result?

"The answer to that question is, 'yes,'" Booth said. "There are quite a few cities that have lowered their impact fees, waived their impact fees. They want to get a little kick-start in growth.

"It's not going to be forever, but it's just trying to get the builders there. Once the builders are there with models and they've got good success, it's not that they're going to instantly leave if the impact fees suddenly get reinstated."

He said a market research firm reported that there were 539 vacant lots in Royse City at the end of 2011 and for the year, there were only 20 housing starts.

Hidden Creek could see some home building activity soon.

Booth said "we've explored the availability of lots and we do have under contract a good supply of lots in Hidden Creek and we stand ready to build a model out there, to build a certain level of specs (speculative houses) out there and to grow.

"I'm not here to say that we would not go do that unless the city lowers impact fees or does something with impact fees. I'm not here to say that. I'm just here to say that if you do that though and you advertise that fact, I think you will find that other builders will follow. You just need something to kind of jump-start, I think."

Mayor Baley questioned Booth's request that Royse City reduce its impact fee by 75 percent.

"Why the extreme that you ask to cut it by 75 percent?" Baley asked. "That seems a little too radical."

"It's just a suggestion," Booth responded.

"It's just going to put big bucks in your pocket, but we need that money, too," Baley answered.

"It's just a suggestion," Booth continued. "At the same time, builders would actually produce 539 houses and at about \$170,000 average sales price, that produces about \$80 million tax base. So, there are definitely some trade-offs there."

Councilman Branch asked why growth is going on "everywhere," but not in Royse City.

"Why is that?" Branch asked. "Why are people going to Fate and Josephine and Van Alstyne instead of building in Royse City?"

Booth pointed out that there's a \$1.5 million amenities center under construction in the Williamsburg subdivision in Fate. The amenities center probably can be seen from Interstate 30.

"And there's a perception that Rockwall schools are good," he said. "I'm not here to say that Royse City isn't. My kids could go to Royse City and I'd be just as happy as could be.

"But it's just marketing really when you get down to it. What does that city have to offer? I have a Costco right down the street. I've got restaurants."

Booth said Royse City has got to emphasize that it is "next to all that stuff, but you've got more rural

and a lot of people like that.”

He pointed out that the Verandah subdivision in Royse City has an advantage because it's located off I-30. He said, however, that “Hidden Creek is hidden.”

Councilman Crowley said city officials need to ask developers, “How can we help? What can we as a city do to assist?”

Larry Lott, executive director of the Royse City Economic Development Corporation, agreed with Crowley.

“I am here to say that we really need to be a lot more — like Tom said — what can we do for you to help you want to be here and build houses in our community and bring people to our community that will generate opportunity for us from a commerce and retail standpoint?”

Lott said he believes Royse City's impact fees are too high.

“I really do think because of the competitive nature of builders like D.R. Horton, they can go anywhere they want to in the metroplex,” Lott said. “They are a huge builder. They're the largest builder in the nation. They build more houses in Royse City than any other single builder over the last 10 years.

“What can we do to help these people want to come to our community because what it means to us, not just today but down the road.”



Rockwall Herald-Banner (Texas) 2305 King Street Greenville, TX 75401