



Deep impact

BY ADAM WALLWORTH Northwest Arkansas Times

Posted on Friday, November 25, 2005

URL: <http://www.nwanews.com/story.php?paper=nwat&storyid=34737>

If the Fayetteville City Council approves impact fees for roads, an estimated \$5,500 of the cost of a new home will be for those fees alone.

The council recently approved fees for police and fire services, which took the total cost per single-family home to just over \$2,000, though the fees have yet to go into effect. The fees were approved pursuant to a recent state law that allows cities to enact fees to pay for additional capacity of a range of city services, including libraries, stormwater drainage, ambulances, sidewalks and public transportation.

The park land dedication is the city's oldest impact fee because it includes an option to pay money in lieu of the dedication. The Parks and Recreation Advisory Board recently approved amendments to the dedication ordinance that would increase the fees from the current \$555 per single-family dwelling and \$393 per multifamily unit.

Any change to the ordinance will have to be approved by the council, which will also be looking at recommended increases to the water and sewer impact fees. The sewer fee is based on the cost of the new Wastewater Treatment Plant, which is expected to be complete in 2008.

When the fees were first calculated, the plant was expected to cost \$42.5 million, though it is now expected to cost more than \$60 million. The new sewer impact fee rate will also reflect the cost of increasing capacity in sewer lines, which are also part of the citywide sewer project the plant is part of. The plant was supposed to be completed this year.

The sewer impact fee is already the most expensive charged by the city, at \$835 per single-family dwelling and \$493 per multifamily unit. The fee could be surpassed if the council approves impact fees for roads, which are estimated at \$3,443 per single-family home and \$2,386 per multifamily unit, though that number could change if the council does not continue requiring developers to dedicate street right of way.

Ward 4 Alderman Lioneld Jordan has sponsored ordinances to enact all of the impact fees, with the exception of park land dedication, and maintains their importance as a tool for limiting the need for taxes. Impact fees will help cover the capital costs associated with growth, he said, such as the cost to build additional fire stations.

The city must maintain adequate infrastructure to accommodate the growing community while limiting taxation as much as possible, Jordan said. Though fees will help cover capital costs, he said, there will also be operational costs, such as the hiring of firefighters to staff the stations.

The sewer impact fees will be applied to the cost of sewer improvements over the \$125 million in bonds that are being financed with a 3/4-cent sales tax. Recent estimates for the project put it between \$170 million and \$180 million.

While all fees are added to the cost of the home, they are due at various times in the development process. The park land fee is due at the subdivision phase, while the other current fees are due when the home is built.

There is undoubtedly a limit to the amount of impact fees developers can pay when it comes to financing projects, but so far that threshold doesn't seem to have been met, said Donny Story, president of Arvest Bank.

Story said when developers are financing projects, the fees add a sizable cost to the projects, though they are continuing to pursue loans for projects. Whether the fee is charged at the subdivision phase, which would increase the cost per lot, or when the home is built, he said, the cost will be passed on to the buyer. "[Impact fees have] not been an issue for us here at Arvest," Story said. "We continue to look at them with developers — we have a lot developers coming in— but I'm sure there is a limit for what makes sense to the developer."

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