

Homebuilders' impact fee ordinance to be repealed

By Steve Ramirez / sramirez@lcsun-news.com

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LAS CRUCES — A city ordinance that would have imposed new impact fees on homebuilders to pay for major road and drainage improvements on July 1 will instead be repealed by City Council.

The repeal will be made official within a month when a resolution is presented to the council. The action comes after the council was told by Public Works Director Loretta Reyes earlier this week that the fees won't be enough to pay for improvements.

"We'll repeal the ordinance," Mayor Ken Miyagishima said. "We could have gone back through the entire process again, and come up with a new method, but that would be too lengthy and more expensive for the city in the long run."

Miyagishima added the repeal will instead mean another delay in enacting the new impact fees. In August 2011 the council approved the impact fees, which are supposed to pay for major road construction and drainage improvements. After much council debate, it was decided to implement the fees on Jan. 1.

But late last year, city administrators told the council another delay was needed, and the council pushed back the start of collecting the fees to July 1.

"Staff expressed concerns that impact fees collected for roads and drainage were cut to a level that would make the collection and management of the funds futile in the pursuit of getting new arterial roadways and associated drainage systems built," City Manager Robert Garza said. "Extended discussion (among council and city administrators) was held

about alternatives to the impact fee approach; including increasing the requirements in the city subdivision ordinance and design standards to ensure more work by developers is done earlier in the land development process. We also discussed the use of Special Assessment Districts, which can be one of two types — voluntary or involuntary.

"Without a change in direction, the impact fees for roads and drainage were set to go into effect July 1. ...The cost associated with a new single-family residence would have been \$1,056 for roads and \$438 for drainage."

Garza added that amending the city's subdivision ordinance and design standards would address most future concerns and considering the use of SAD's for areas and corridors of concern where development waves of opportunity may have passed. He predicted that a blended approach will enable the city to focus different approaches to scenarios that are also very different.

"The road and drainage impact fee discussion is indeed complex and it has ebbed and flowed in composition over the last five to seven years," Garza said.

Since last year there have been doubts among some city officials that the proposed fees wouldn't generate enough money to fund the numerous improvements needed. It has been estimated as much as \$78 million would be needed to make the road and drainage improvements the city needs.

Councilors Miguel Silva and Gill Sorg were among the doubters.

"Those improvements are based on today's dollars," Silva said. "But the big problem is it could take several years just to have enough money to pay for just one project. I'm uncomfortable going forward with the plan as it now stands."

Miyagishima said some Las Cruces builders have claimed those improvements could be made at lower costs than have been estimated by city officials. However, when Miyagishima pressed some of those builders to explain how they could do those projects for less, he said they hesitated to share information with him.

"I guess they considered those some kinds of trade secrets, or something," Miyagishima said. "I'm thinking about contacting other builders to see if they are willing to share that kind of information with me."

"At this point, I'm interested in knowing why (city) staff feels its not going to be enough money. ...I have to rely on staff for that kind of information, I don't build roads."

Sorg said the money collected from the proposed impact fees were based on the projected number of building permits the city expected to issue in future years. However, like Silva, Sorg isn't convinced those projections will happen.

Steve Ramirez can be reached at 575-541-5452. Follow him on Twitter @SteveRamirez6