

Pro/Con: Should developers pay increased fees to offset the cost of growth?

Should developers pay impact fees to offset costs of expansion ?

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Originally published September 15, 2013 at 10:30 p.m., updated September 16, 2013 at 12:31 a.m.

As Victoria continues to grow, so does the need for new roads, highways and thoroughfares.

But who is going to pay for them?

The city has begun weighing the option of charging developers a fee to help pay for the new roads after a resident raised the issue at a [Sept. 3 City Council meeting](#). At that meeting, annexing 5.61 acres of land at the request of a developer was on the agenda.

City Council has dedicated several million dollars to repair city streets for the upcoming budget year, including spending \$2.9 million to extend Ball Airport Road from where it ends at Mallette Drive to Northside Road because a new subdivision is being built in the area.

The council approved a \$9 million certificate obligation bond Sept. 10 to pay for the extension and repairs, set to be repaid using property tax revenue. The tax rate [was set at 59.96 cents per \\$100 of property valuation](#).

The question over who should pay for expansions has been raised - the taxpayers or the developers.

Should the city charge developers an impact fee to ease the city's cost to build and connect roads near their subdivisions?

Pro: Developers should foot the bill for new roads

Two rows of grass are sprouting out of the aging street where Victoria resident Mark Loffgren lives.

Although he's not against growth, Loffgren said, he thinks the city should spend taxpayers' money fixing what's already broken and let developers worry about building new roads.

Loffgren, 64, spoke out at a Sept. 3 City Council meeting to suggest charging developers an impact fee to subsidize the cost of expanding public infrastructure, facilities and services to serve subdivisions.

Loffgren, a 28-year Victoria resident, lives on Wilshire Drive and said all of the roads in his subdivision need repairs due to sinking.

According to the [2012 street inventory](#), Wilshire Drive between 200 Bedivere Drive and 200 Hawthorne St. has a rating of 83. However, other streets in the Castle Hills West subdivision are rated in the mid-70s. The rating goes up to 100.

"The perception is all the City Council cares about is growth and business, not the homeowners," Loffgren told the Advocate at the Sept. 3 meeting.

A \$9 million certificate obligation bond approved by the City Council on Sept. 10 will repair some residential streets, pay for a downtown overlay and build a \$2.9 million extension of Ball Airport Road, where subdivisions are under construction.

The bond will be paid using property tax revenue. An additional \$2.66 million of city money saved over time will be used to construct a fire station on Ball Airport Road.

"It's a balancing act each year because we need to put money into maintaining the current streets," said City Manager Charmelle Garrett. "But we're a growing city, and we need to put money into growth."

Impact fees, Loffgren said, would make that balancing act easier to harmonize.

Sixty percent of U.S. cities with more than 25,000 residents impose impact fees, according to a national survey by the United States Government Accountability Office.

A [2005 analysis](#) found that the average total of impact fees imposed upon a 2000-square-foot, single-family house was \$7,669.

"Impact fees won't pay for all the roads, but they'll pay a little bit," Loffgren said. "Growth should pay its fair share."

Con: Impact fees will push developers outside city

If Victoria imposed an impact fee, developer Bob Denison said he wouldn't have considered building here.

Denison developed the 44-lot Highland Hills subdivision near Ball Airport Road and another 150 lots in the Windcrest subdivision near John Stockbauer Road.

"As a developer, we already have a lot of fees and a lot of added costs," Denison said. "All of this gets passed down to the consumer."

In Victoria, developers are obligated to provide all infrastructure within their subdivisions, which includes water, sewer and storm lines.

Another fee, Denison said, would push developers out of Victoria.

An impact fee is a charge on new development that would pay for the construction or expansion of any off-site capital improvements needed by and benefiting the new development.

The City Council approved a \$9 million certificate obligation bond Sept. 10, of which \$2.9 million will go toward expanding Ball Airport Road from where it ends at Mallette Drive to Northside Road. Property tax revenue will repay the debt.

Denison said if fees continue to be passed on to the developers, they will either leave the area or build outside of city limits where those fees are not imposed.

"I can't develop and build the roads" outside the subdivision, Denison said. "I would have never developed if I had to."

Impact fees, he said, drive up the cost of new housing in the short term, which increases property value and in the long run lead to higher property taxes.

Impact fees also are up-front costs that could make it difficult for a developer to finance new projects.

"One fee leads to another," he said. "Don't get into the habit of charging the developer for every thing. It's not like Victoria wants to lose these people who are creating growth in the city."