

Homebuilder impact fees getting a closer look

By JIM HARDIN Herald-Banner Staff

City officials are taking a close look at the future of lower impact fees for homebuilders in Royse City.

The city council officially lowered the impact fees for a two-year period in May of 2012, a move they believed would spark more home construction in Royse City.

According to information provided at the city council's Dec. 10 meeting, lower impact fees have had little impact on homebuilding activity. Since the ordinance became effective, according to discussion, lower impact fees have been authorized for only 18 of 131 homebuilding projects.

The ordinance reduced the impact fee from \$5,000 to \$2,500 on homes valued at \$170,000 for a two-year period.

The topic was brought to the city council this month because expiration of the two-year period is drawing near. And it appears there will be no decision on whether the fee break will be continued until possibly April because there's a lot of activity under way now that could affect the fee.

Janet McPherson, director of planning and development, said the current activity includes the development of a water and wastewater master plan and capital improvements plan.

Information from those projects will be used to calculate a new impact fee.

McPherson said the Impact Fee Advisory Board decided to delay making a recommendation regarding the reduced fee until the studies are complete and a new impact fee has been set.

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

According to information provided at an earlier meeting, 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."

City Councilman James Branch questioned why only the builders of 18 houses had taken advantage of the reduced impact fee.

"Why is that? Do you know?" Branch asked.

"Because nobody wants to build a house that expensive," Mayor Jerrell Baley answered.

"Some could have, but they chose not to," responded McPherson.

"I don't know if it's for valuation purposes or not," said City Manager Carl Alsabrook. "I've noticed in Hidden Creek that homes were undervalued when they were submitted. I don't know if that's for tax purposes later on, but they ended up being sold where they would have qualified for that (the reduced fee)."

On the building permit application, McPherson said, builders have the option to provide the total cost or the build cost. She said most of the bigger homebuilding companies will provide the lower build cost.

"The point I'm making is if we have a program in place and nobody's using it other than just a few, it doesn't really make much sense to do it because it's costing ourselves money now," Branch said.

McPherson said at least two builders "probably wouldn't be able to afford to build here if it weren't for the reduction."

City officials had talked to one of the builders and "they weren't on the map" until the impact fee was lowered.

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