

DAILY MINER

Tuesday, January 18, 2011

Kingman Council to consider impact of development fees tonight

James Chilton

Miner Staff Reporter

Tuesday, January 18, 2011

KINGMAN - The Kingman City Council is scheduled to discuss the city's development investment fee policy at its meeting this afternoon, reopening a can of worms that has become increasingly contentious since the onset of the nationwide recession several years ago.

It's been nearly five years since the city of Kingman first began implementing development investment fees. Also known as impact fees, they amount to charges applied to new residential and commercial construction that are meant to pay for the cost of infrastructure associated with the new growth.

And since they were first implemented, impact fees have long been the scourge of builders and Realtors alike, who have argued that the fees put a chilling effect on the new construction that was integral to their success through the early 2000s.

By adding several thousand dollars to the cost of a new house or commercial structure in some cases, representatives from both fields have argued that by continuing the policy, the city of Kingman has only further crippled its ability to bounce back from the recession, which has devastated the construction sector and sent land and housing prices plummeting.

But while the "growth-pays-for-growth" philosophy had gained popularity by the tail end of the housing construction boom, the subsequent bust has caused some political bodies to reverse their policies in hopes of injecting some life into the local construction scene.

One such move came just last week, when the Arizona Corporation Commission voted to rescind its 2008 repeal of UniSource Energy Services' 400-foot free power line extension policy for new construction - a move that earned swift praise from local Realtors for reversing what one industry news release called "a drag on the state's economic recovery."

Councilwoman Erin Cochran was responsible for requesting impact fees be added to today's agenda. When asked her motivation, Cochran said Monday that she wanted Council to review the policy and consider the possibility of lowering certain portions of it.

Currently, the impact fee policy charges different amounts based on the type of infrastructure being funded, be it transportation, water, sewer, parks, or several other categories.

According to data collected by the city finance department, impact fee collections have declined dramatically since their peak in fiscal year 2007-2008. While the city collected more than \$2.4 million that year, the number collapsed to just \$512,533 in FY 2009-2010, and the current fiscal year is on course to fall short of even that, with just \$226,115 in fees collected since July 1.

The drop in collections mirrors a similar decline in new construction, with 2010 proving the city's worst year on record for new building permits since it began tracking them in 1980.

Elsewhere on the agenda, Council will receive an update on the final draft plan for a comprehensive Kingman area transportation study designed to prioritize transportation projects to meet local needs over the next 20 years. The draft will be presented by members of consulting firm Kimley-Horn, which held two public input sessions on the

<http://www.kingmandailyminer.com/print.asp?SectionID=1&SubsectionID=1&ArticleID=42434>

1/20/2011



Related Links:

">Content © 2011
">Software © 1998-2011 **1up! Software**. All Rights Reserved