



Lehi settles with builders on impact fees

Cathy Allred - Daily Herald | Posted: Wednesday, March 23, 2011 12:08 am

LEHI -- Lehi City council members unanimously agreed Tuesday to give back more than \$1 million in past impact fees, settling out of court with the Utah Valley Home Builders Association and Ivory Homes.

"It's a good compromise and allows the city to move forward in a constructive effort to work with its partners in the development community and to update its capital facilities plans and impact fees," said Lehi City Counsel Jody Burnett.

Builders had protested a fee hike city leaders had made in 2008 as a result of a study conducted by Lewis, Young, Robertson and Burningham that proposed changing impact fees on a single-family home from about \$9,902 to \$16,521. Builders filed suit in 2009, alleging the increase was based on flawed research.

"There are different ways of looking at the analysis," said UVBA counsel Craig Call of the study. "Under new state law, very likely the city could have found [those who conducted the study] liable to some degree."

Call said that the change in fees was a result of Lehi City's relying on independent companies to conduct research.

"Partly in light of what we have discovered here," he said, studies now have to be less arbitrary, less subjective.

The UVHBA filed against Lehi City as a result of the impact fee change that made Lehi one of three cities in Utah County with the highest charges to builders. The city has put in place lower interim fees until another study is completed and new fees approved.

As part of the settlement, those builders represented by UVHBA will see a partial impact fee refund of \$2,200 per home. Castle Creek Homes South will receive \$4,400; Perry Homes, \$4,400; FieldStone Homes, \$101,200; Ivory Homes, \$206,800; McArthur Homes, \$200,200; Richmond American, \$200,200; Salisbury, \$270,600; for a total of \$987,800.

Ivory Homes also settled for some of its unique infrastructure constructed for the city and paid in impact fees, such as a 5-million-gallon water tank that was built to serve its Ivory Ridge planned community and other developments. How much Ivory should be refunded for those added building expenses was to be determined at a later date.

Cities collect impact fees from developers to pay for needed infrastructure as a result of growth. The builder then passes those costs on to the home buyer through higher prices, but the homeowners that paid for the increase won't likely see a refund.

An independent Lehi builder, Larry Lindstrom, will be benefitting from the settlement as well. He will be bringing in his documentation to Lehi city offices to show Economic Director Doug Meldrum impact fees he paid for single-family homes since 2008.

"I actually took out enough building permits to last me a year before [new fees] took effect," Lindstrom said with a smile. "But \$30,000, it's enough that you want to make sure you get paid."