



## Lincoln impact fee frozen for fourth year

By NANCY HICKS / Lincoln Journal Star | Posted: Monday, January 10, 2011 10:00 pm

Impact fees -- the money builders pay to offset the cost of providing city services to new subdivisions -- has not gone up for four years.

The Lincoln City Council voted unanimously Monday to keep the fees at the 2007 level, acknowledging the continuing drop in new home construction.

Under city ordinance, the impact fee is automatically adjusted to reflect the Consumer Price Index, without council intervention. The council intervened again Monday.

That 1.1 percent CPI increase would have raised impact fees \$52 to \$4,737 for each new home.

The impact fee, begun in 2003, is intended to help pay for the city's costs of providing streets, parks and water and sewer systems to new areas of the city.

Impact fees pay for about half the \$9,000 in city infrastructure costs for each new house, according to a 2002 consulting firm report.

Builders supported continuing the rates because of the continued home building slump.

There were 370 new home permits issued in 2010, eight fewer than the year before, and about 850 fewer than in 2004, according to Mike Rezak, president of the Lincoln Homebuilders Association.

"We cannot afford any more expenses," Rezak said.

But freezing impact fees means less money for city projects, said Russell Miller, a neighborhood group supporter.

"Lincoln taxpayers are being forced to pay for something we will never use, such as the trunk line sewer being built on 98th Street," Miller said, referring to a project that will benefit future subdivisions.

"Let the beneficiaries of that project pay for it with their impact fees and we can use our money to replace or rehab our deteriorating infrastructure," he said.

The Lincoln Chamber of Commerce and the Lincoln Independent Business Association also supported the freeze, as a way of recognizing the industry's problems.

The city maintained the \$4,685 per home impact fee last year even though the CPI had dropped by about 1.9 percent. This year, the freeze will continue even though the CPI rose by about 1.1 percent, Councilman Gene Carroll said. "It's a wash for now," he said.

Because of the multi-year freeze, a future city council should consider looking beyond that year's inflation rate when the housing construction industry turns around, Councilman Doug Emery said.

The council decision came a little late. City staff already had changed the impact fee amount on the city website and notified builders, based on the city ordinance requirements, at a cost of about \$600.