

# New-home building permits soar: Is it the result of impact-fee moratorium or economy?

**BY RICK CARPENTER**

**Observer Managing Editor | Posted: Sunday, March 17, 2013 12:00 am**

Single-family building permits exploded in Rio Rancho in January, showing the largest monthly total in the last year, according to information released in a housing market newsletter written by Jan DeMaggio of DataTraq, which compiles construction data for the Albuquerque housing market.

Rio Rancho's 50 building permits represent a 163 percent increase over January 2012, when there were 19 permits issued. January's permits are the most issued since 48 were issued last August, the highest monthly total in 2012.

The majority of new permits were issued for developments in Cabezon, 18, and Loma Colorado, 11.

Rio Rancho's 50 permits compare favorably to the 69 permits issued in Albuquerque for the same month.

The Rio Rancho Governing Body voted to drop the city-levied impact fees, aimed at paying for system-level infrastructure necessitated by the development, for building residences by 50 percent on July 29, and the law became effective in late September after two hearings and an ordinance adopting the reduction passed on Sept. 12. City Councilors Tim Crum, Mark Scott, Chuck Wilkins and Lonnie Clayton voted in favor of the two-year moratorium. Councilors Patricia Thomas and Tamara Gutierrez voted against it.

Those who favored the ordinance suggested the city would make up for the lost revenue by collecting more gross receipts taxes from construction supplies, workers and new home dwellers.

In a July city council meeting, Director of Development Services John Castillo said analysis indicated that a single family home would generate an estimated \$5,000 per year, compared to the impact fees of about \$9,000. He said the city would have to sell twice as many homes to make up for the loss of impact fees. The January permits are more than 2½ times the number of permits sold the previous January.

Still, Mayor Tom Swisstack said the impact fee moratorium might have a correlation with the increase in single-family housing permits, but the city doesn't yet have data to know.

"It's probably a combination of things that have allowed for the increase," he said.

The Albuquerque metro area, not just Rio Rancho, has seen an increase, Swisstack said.

In the comparison by DataTraq, there were 79 single family building permits issued in Albuquerque in January 2012 and 69 permits issued in January 2013, showing a 12.7 percent decrease.

The economy is starting to come back in New Mexico, Swisstack said, and banks are releasing more money for credit, which in turn allows people to build. Already-built houses on the market are selling faster as well, he said, which indicates a rise in housing demand.

Ironically, in the final hearing for the impact-fee ordinance, an attorney for Cabezon developer Curb North Inc., Richard Leverick, complained that the moratorium would impact his clients. The development built \$30

million in infrastructure and was banking on selling impact fee credits to other developers to recoup that investment.

As reimbursement for building more infrastructure than required, the developers received impact fee credits, which can be used in lieu of paying impact fees on future development. Leverick predicted the reductions would reduce Curb North Inc.'s opportunity to sale the permits by 80 percent.

Curb North has filed a \$5.6 million lawsuit against the city over the impact fee moratorium.

At a city governing body meeting and on his website, Wilkins has said that as of half-way through the fiscal year, at the end of December, the city had received almost \$116,400 more in impact fees than budgeted and a little more than \$179,000 more in other fees attached to the building process.

With the total money above budget, the \$480,000 projected shortfall from the impact fee moratorium had been whittled down to \$184,500 with six months to go in the fiscal year.

“This indicates we are on track to meet or exceed the previous year’s building-related fees, even with the moratorium in effect,” Wilkins said on his website.

*(Staff writer Argen Duncan contributed to this article.)*