

Star-Telegram

Raising impact fees may be a deal-breaker, developers tell Arlington panel

Posted Thursday, Jun. 03, 2010

BY SUSAN SCHROCK

sschrock@star-telegram.com

ARLINGTON -- Developers already consider Arlington an expensive place to do business and the city's many building, inspection and permit-related fees could be deal-breakers when the economy begins picking up, those in the industry warned Arlington City Council members Thursday.

The feedback was directed at the council's fiscal policy committee, which is set to make a recommendation this month to the council on whether to raise the impact fees developers pay to help build the roads, sewer lines and water lines that support their commercial or residential projects. The city is two years behind re-evaluating its impact fees, which are typically reviewed every five years, officials said.

Consultant Charles Clawson said some developers are angry about the number of fees Arlington requires them to pay, which can add tremendously to the cost of their project, and are already looking to cities they consider more developer-friendly.

"When the economy resumes ... they are going to work in areas they view as more favorable to them," said Clawson, Arlington's former city planning director. "When they come into an area, they are going to be looking at 'Is it cheaper to do this project in Grand Prairie or Arlington or Southlake?' The cheaper and more friendly we can make it, it is going to be to our benefit."

Lower rates

Council committee members agreed that the city needs to evaluate how its total fee costs compare with those of surrounding cities, something that hasn't been measured cumulatively. But council members said someone, whether the development community or the taxpayers, will have to pay for the nearly \$300 million in roadway, water and wastewater capital improvement projects expected to serve Arlington's growing population over the next decade.

Robert Shepard, an at-large council member, said the committee is considering credits or refunds to help offset impact fee costs as a tool to encourage certain types of projects, such as mixed-use developments in downtown, with "sugar rather than a stick."

"The fees may look high unless you are bringing a product to Arlington that we want," Shepard said. "There are some developments I wouldn't have a problem chasing out of Arlington. The fact that they are too high for development we don't want to see doesn't bother me."

Arlington's rates fall below those of many other Metroplex cities, including Fort Worth, Grand Prairie and Mansfield, officials have said.

Arlington charges 38 percent less on water fees, 67 percent less on wastewater fees and 41 percent less on roadway fees than the maximum it could charge under state law.

According to a staff report given to the council:

Roadway fees for a new single-family home could be raised from \$670 to \$1,700.

Water fees for a new home could increase from \$480 to \$1,602 if raised to 50 percent of the maximum rate or to \$3,204 if raised to 100 percent.

Wastewater fees for a new home could increase from \$380 to \$734 at 50 percent of the maximum rate or to \$1,468 at the full rate.

Recouping costs

Without higher fees, the city might have to issue bonds, tap the general fund or raise water utility fees to pay for the infrastructure needed for Arlington's growing population, which is expected to increase by 50,000 by 2019.

State law allows the city to use the impact fees to recoup costs on completed projects that have excess capacity. The fees cannot be used for infrastructure maintenance or repairs.

One of the largest projects that would be affected by increased impact fees is Huffines Communities' Viridian master-planned community in far north Arlington.

The 2,000-acre development northeast of Collins Street and Green Oaks Boulevard is expected to include a town center with loft apartments over offices and shops, as well as 3,400 homes ranging from \$300,000 to more than \$1 million.

Sue Blankenship of Huffines Communities told the council that her company paid more than \$100,000 in fees to place a \$50,000 manufactured home on its construction site, she said.

Architect and developer Mojoy Haddad said he has seen many builders shy away from Arlington because of the perception of high fees. Clawson agreed with the perception problem.

"We have an attitude of 'We don't want to deal with Arlington.' That is what we hear," Clawson said. "We don't want to lose one developer."

This article includes material from the *Star-Telegram* archives.

SUSAN SCHROCK, 817-390-7639

[Looking for comments?](#)