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Salem eases impact-fee timing

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SALEM — Salem is temporarily deferring impact fees for builders in an effort to get construction crews back to work.

The Salem City Council recently amended its fee schedule for residential construction, allowing fees to be paid after a home is built and passes its final inspection.

The council previously had allowed impact fees to be delayed only for parks and recreation and electricity.

Deferring the impact-fee payments until then protects the city, because banks won't fund a loan until the home has passed its final inspection. It also allows builders to put their money into construction, city officials said.

"We'll still get the fees," said Jeff Nielsen, city recorder.

The temporary change lasts until June 30, 2010, when the city plans to revert back to requiring the fees when contractors get their building permits.

Building fees are a large part of the tiny city's budget. When the recession began, expected fees took a nosedive as home construction ground to a halt.

Nielsen expects that fewer than 25 permits will be issued during the 2009-2010 fiscal year. Residential building peaked in 2007, with 112 permits, said Dave Johnson, city building official.

The City Council also offered builders another carrot to encourage home construction. To get additional lots in a planned-unit development, the city was requiring that contractors build homes 25 percent larger than the 1,300-square-foot minimum for rambblers and 1,400-square-foot minimum for two-story homes. The council has reduced that additional square-footage requirement to 10 percent.

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