

City impact fee options mulled

By CAMERON RASMUSSEN Staff writer | Posted: Thursday, October 6, 2011 10:00 am

SANDPOINT — The Impact Fee Advisory Committee played a balancing act Tuesday of minimizing fee increases while preserving adequate development.

Concerned that the impact fees proposed by consulting firm TischlerBise might discourage the building industry and newcomers, committee members discussed methods to limit the its impact.

“This can make or break someone buying a house, and if we can hold off on this, I think it would be valuable,” committee member Loren Albright said.

A public comment opportunity preceded the discussion. Century 21 associate broker Raphael Barta worried that the fees arrived at an inopportune time given the state of local markets.

“I worry about the timing,” he said. “The current status and the near future of the real estate sector in Sandpoint are pretty grim, and even though it has been accepted as gospel here that impact fees do not deter new development, I am leery of accepting that hypothesis.”

Other members of the public worried that the increased fees would have a negative effect on the building industry and availability of affordable housing.

“Those costs are passed on to the consumer,” resident Doug Smith said.

The study’s current fee rates are chiefly determined by the area of development and the size of the construction.

Outside urban renewal areas, the study proposed an increase in maximum allowable fees for a single family home to an average \$7,048. Fees in the downtown urban renewal area would increase to an average \$6,533. Finally, fees in the northern urban renewal area would increase to an average \$6,595. The current average for all areas is \$3,882.

Fees for an average commercial development would increase to a proposed \$8.43 per square foot outside a renewal area, \$7.34 per square foot in the downtown urban renewal area and \$7.47 per square foot in the northern urban renewal area. The current total fee for all areas is \$2.34 per square foot.

After the public commentary, committee members parsed the proposal section by section to determine possible cuts they could recommend to the City Council.

First on their list was the impact fees for parks and recreation. A rate increase that only impacted residential developments, parks and recreation contributed an average increase of \$451.53 to total

fees to maintain the current service level given growth projections. The committee recommended that some fee increases in the category be reduced or eliminated.

“I, like everybody, would like to see these fees reduced, and parks is one area where I’d like to see some savings,” committee member Shelby Rognstad said.

The committee determined to leave police, fire and pathway categories untouched. According to the study, police impact fees actually decreased by an average \$62.92 for residential developments and increased by an average \$0.05 per square foot for commercial projects. Fire impact fees, on the other hand, contributed an average \$93.46 to residential developments and \$0.81 on commercial projects. Pathways only affected residential development at an average \$369 increase.

Finally, the committee tackled the biggest category: transportation. According to the study, residential fees increased by an average \$2,315.19 and commercial fees by an average \$5.21 per square foot outside urban renewal areas. Downtown urban renewal development stood lower at \$1,800.19 and \$4.12 per square foot respectively, while northern urban renewal factored in at increases of \$1,862.19 and \$4.25 per square foot. The fees cover transportation capital improvement projects over the next 10 years.

Transportation project funding is the only category that accounts for the difference in impact fees between urban renewal areas and non-urban renewal areas.

Committee members recommended that transportation fees only encompass projects slated for the next five years. The Curve project and the conversion of Church, Cedar, Pine and First into two-ways were exceptions — members elected to only remove them from fee increases if alternate funding mechanisms could be acquired.

In an email to committee members, Public Works director Kody Van Dyk said the consequences of not constructing improvement projects would generally mean increased maintenance and decreased service.

However, committee members determined to focus on projects that would be completed before impact fees are reviewed again in five years.

“We should consider eliminating projects that aren’t going to happen,” member Deb Fragoso said. “And let’s face it — in this economy, they’re not going to happen.”