



The Weekend Pinnacle Online

- Home
- News**
- Sports
- Views
- Life
- Entertainment
- Driven
- Business
- Real Estate
- Obituaries
- Classifieds
- Contact Us

A closer look at impact fees

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By [Jessica Ablamsky](#)

Hollister, San Benito impact fees come in lower than some but higher than others

After years of slow growth, an unprecedented number of large developments are planned in Hollister and San Benito County in the next decade. As a result, city and county staff are reviewing the fees associated with applications for new projects.

The challenge for officials is to raise fees high enough that taxpayers are not subsidizing developers, but so that they aren't saddled with lawsuits from the Home Builders Association.

There are several large developments in Hollister and San Benito County in various stages of the planning process. If approved, the developments would have a combined total of nearly 8,500 new homes.

Those projects include El Rancho San Benito, a 6,800-unit development off Hwy. 25 between Hollister and Gilroy; Santana Ranch, a 1,000 plus-unit development east of Fairview Road and a 677-unit project by Award Homes west of Fairview Road.

The benefits of growth to a city or county have associated costs, including improvements to roads, schools, the sewer treatment systems and the water treatment systems.

During the planning process, an applicant is charged a fee for the impact that the project will have on the community's infrastructure.

"It's used because there are services that need to be expanded when there's growth," said Bill Avera, Hollister's development services director.

If a community were not charging enough for impact fees, city officials would have to borrow money or put together a bond measure in order to pay for infrastructure



Impact fees help pay for fire protection

Photo by: [File Photo](#)



Developers are required to pay impact fees for police services in some local cities and counties.

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improvements, Avera said.

Hollister city staff completed an impact fee study in 2006, he said. The results recommended increasing most of the city's impact fees by 50 percent or more, according to the study.

"I think that was the first time that the city took a comprehensive approach to them," Avera said, referring to impact fees.

The city council originally anticipated adopting the fees in October of 2006, he said. But then city officials received a letter that month from Paul Campos, then the vice president and general counsel for the Home Builders Association of Northern California, a trade organization for developers. The letter detailed legal concerns that Campos had about the proposed impact fees, according to the letter.

As a result, the only impact fee city council members increased was the sewer impact fee, Avera said.

Five of the impact fees that Hollister officials charge were last raised between 1987 and 1989: police, fire, water and the two drainage areas, according to documents from the building department.

There were a couple of meetings between planning department staff and members of the Home Builders Association, he said. Various developers attended, including representatives from DMB, Award Homes, and KT Properties, he said. "What you try to do is, you try to have all these organizations agree on what the costs are," Avera said. "It's a lot easier to do it this way than to get challenged in court."

In some communities, impact fees are regularly challenged, he said.

"It's a pretty common practice," Avera said

Developers can challenge impact fees in court before they are adopted, said Stephanie Atigh, Hollister's city attorney.

Atigh has never worked as an attorney for a city that was sued over impact fees, she said.

"I was a city attorney in Salinas for 14 years, and we never got sued over our development impact fees while I was there," Atigh said, "And I never heard that they got sued after I left."

Atigh has been Hollister's city attorney for about a year and a half, she said.

The main interest of representatives from the Home Builders Association is in getting fees as low as possible, not in doing what is best for the community, Avera said.

"We used some of the impact fee money to help pay for fire station number 2, police cars - things of that nature," he said.

The kind of impacts that a city or county charges for can vary. Hollister charges impact fees for fire, police, sewer, water, and drainage depending on region, according to documents from the planning department.

Developers do take the cost of impact fees into account when choosing the site for a new project, said Ray Becker, a spokesperson for DMB, the company that is proposing El Rancho San Benito.

"When a builder comes into a new community," Becker said, "they look at the impact fee schedule in comparison to other communities."

Developers choose a community based on the ability to make a profit, he said. They start with the expected price of a home and subtract the costs, he said.

"It may be that builder x can't build in a certain community because they can't make a profit," Becker said.

Though city staff have expressed concerns about impact fees, raising them has not been on the agenda for the county planning staff.

Some of the impact fees that the county charges are adjusted regularly, said Evan Hill, the county's chief building official. The traffic impact fee is adjusted every one or two years, he said. The drainage impact fee is adjusted twice per year, he said.

The drainage and traffic impact fees are adjusted according to the construction cost index, Hill said.

The construction cost index is like the consumer price index, but it takes into account construction costs, including the cost of materials and salaries, he said. The index has a regional modifier, he said.

Other impact fees, such as the fire protection impact fee, are fixed, Hill said.

County staff are, however, updating the fee for staff time per hour, Henriques said.

In San Benito County, for projects over 100 units, the applicant must pay the county for costs associated with reviewing the application, including staff time, he said.

"I believe our department's rates haven't been updated in a while - years," Henriques said. "More than 10."

The issue will come before the Board of Supervisors in February or March, he said. They would have to approve any change in fees.

Money generated from fees goes to the county's general fund.

"With pending applications, it becomes very critical that all departments have the correct charges," Henriques said. "Each department needs to make sure that their charges are reasonable."

Cost of building

Impact fees are meant to offset the cost of development by paying for some city services upfront, such as parks maintenance, sewer water or even fire protection. Impact fees vary from city to city and county to county, from the type of fees charged to the amount for fees. Here is a picture of what some of the impact fees are throughout the region. The price of the impact fees is based on a three-bedroom 1,600 square foot house on .20 acre lot with a 75-foot front yard.

City of Monterey

Parks and Recreation: \$1,950
Sewer: \$2,175
Total: \$4,125

Gilroy

Street Tree: \$230
Storm Development: \$138
Sewer Development: \$12,531
Water Development: \$5,236
Traffic: \$11,809
Public Facilities: \$21,586
Total: \$51,530

San Benito County

Road Equipment: \$1120
 Fire Protection:* \$400
 Law Enforcement: \$608
 Parks and Recreation: \$2,880
 Jail and Juvenile Hall: \$752
 Traffic:* \$19,580
 Drainage:* \$1,230
 Total: \$26,570
 *In certain parts of the county, number may vary

Hollister

Police: \$330
 Fire: \$440
 Water: \$2,090
 Traffic: \$17,902
 Storm Drain Santa Ana: \$1,280
 Storm Drain San Benito: \$2,460
 Sewer: \$13,502
 Jail and Juvenile Hall: \$367 Total: \$38,371

San Juan Bautista

Water Connection: \$14,223
 Sewer Connection: \$3,266 Traffic:* \$4,506
 Public Safety:* \$2,313
 Park:* \$720
 Park In-Lieu:* \$2,700
 Parking In-lieu:* \$12,000
 Storm Drain:* \$3,204
 Library:* \$6,470
 Technology:* \$169
 Public/Civic Facilities:* \$3,783
 Total: \$53,354
 *Will go into effect mid-February



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