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Who pays?

Cap fees on new development and old residents pay more

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The state Senate, in what appears to be a bipartisan effort, wants to raise local taxes on Virginia's hard-working men and women. That will be the effect if the General Assembly bans the current system of "proffers" and gives the homebuilding industry a cap on how much local governments can collect from developers for each new home they bring to market.

New homes bring new residents with needs for services paid for by local taxpayers: schools, fire, police, parks, roads and so on. If the developers and newcomers don't pay a stake upfront, guess who does?

James City County, for instance, assigns a school cost of about \$17,000 for each new single-family home. Isle of Wight, which includes nonschool charges, sets that number at about \$11,000. In Northern Virginia, the charges can run from \$30,000 to \$50,000 for a single-family home.

The Senate and the Home Builders Association of Virginia would replace the current system with impact fees capped at \$7,500 in most of the state (\$12,500 in Northern Virginia). A bill to do that passed the Senate Tuesday and awaits action in the House.

The proponents say the difference would be offset because the impact fee system would apply to all building lots, even those zoned for homes long ago, where the proffer system applies only to new zoning applications and rezonings.

No local government sees the math working that way. They see a hole in the budget brought on by residential growth, and the ugly prospect of raising — or at least not reducing — property taxes on current residents to make up the difference.

And smaller builders who raise homes on those already zoned lots see the big subdivision developers trying to shift the cost their way.

The bill's advocates argue that the proffers unfairly increase the price of a new home. But surely the builders and sellers price according to what the market will bear. Having the home price include an upfront charge for predictable consequences, such as schools and police, may well reduce the sellers' profit margin. But it's certainly a fair way to treat existing residents.

In truth, the proffers system is awkward and the two-tiered application is unfair. But the House would be



foolish to accept the arithmetic brought to it by the special interest most likely to gain from a cap. If we're to have an impact fee system, then let's be sure to match the fees to the impact.

Otherwise, what the House is looking at is a way to either dump more costs on property taxpayers back home, or dictate that their local services will suffer.

This system may well need an overhaul. But it's crazy to think that it could be done fairly or sensibly in one round, on the usual "don't think, vote" timetable of a single General Assembly session.

So consult the list below, and tell your representative in the House of Delegates to put a stop to this bill. Not to be unneighborly, but current residents' housewarming gifts to newcomers ought to stick to homemade lasagna and some apple pie — not a piece of the price of the home.

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