

Fort Worth's proposed impact fee hike too high, business groups warn

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A proposed increase in Fort Worth city impact fees on new development to help pay for arterials is too high, and could endanger the nascent rebound in the local housing market and push construction to neighboring suburbs, real estate and business groups told the City Council Tuesday.

The groups supported raising the fees by a lesser amount than the staff's recommendation, which was proposed by an outside consultant and endorsed by the city's capital improvements advisory committee.

"We've got a long, long, long way to go" in housing's recovery, Lee Nicol, a Fort Worth developer and builder representing the Greater Fort Worth Builders Association, Associated General Contractors, Greater Fort Worth Real Estate Council, and Greater Fort Worth Association of Realtors, said. "It's just not the right time."

But Rusty Fuller, president of the North Fort Worth Alliance, an umbrella group of 22 homeowners association, said the council should raise fees higher than the staff recommendation.

None of the proposals would keep up with the annual pace of growth, and Fuller noted that the city already is shifting money from operations to pay for the debt incurred in building roads and streets.

"If you're having trouble now supplying police and fire service, what's going to happen when you add more houses and you haven't collected the money to pay for those police and fire services?" Fuller said.

The fee proposal is scheduled to go before the City Council for a vote Feb. 5. The increase would take effect April 1, with already-platted developments grandfathered in for two years at the current fees.

The city charges transportation impact fees on new residential and commercial development, and the money must be used to build arterials into that development.

Under the staff proposal, the fee on a single-family home – paid prior to the issuance of permits - would rise to \$3,680 from \$2,000.

The staff also is proposing the fee rise again in 2015, to \$5,112 on a single-family home. Fuller's group supports raising impact fees immediately to that level.

Development and business groups are backing a proposal led by Nicol's group that would raise the impact fees to \$3,000 on a single-family home.

At the city's current growth rate, it takes nearly six miles of new arterials per year to serve new developments, staff members estimate.

The current impact fees pay for 1.1 miles, Kate Beck, the city's transportation planning administrator, said. The staff's proposal would pay for 1.8 miles, and the fee hike in another two years would cover 2.4 miles, she said.

The fee increase supported by Nicol's group would pay for 1.5 miles.

Nicol's group – and the other development groups appearing before the council Tuesday - linked its support of the fee increase to the city's continuing to shift money to debt service from operations over four years, and establishing a transportation user fee on water bills. Council members are reluctant to discuss a user fee while the city continues to commit money remaining from capital programs dating to 2004, which the staff says will be exhausted in mid-2014.

Mayor Betsy Price signalled her opposition to the staff proposal after a staff briefing last week and, during Tuesday's hearing, remained concerned about the tenuous housing recovery.

"I can't see that we can support that big of an increase without driving business away from Fort Worth," she said during last week's briefing.

Councilman Sal Espino, whose district includes far North Fort Worth, where infrastructure has badly lagged the pace of new development, has maintained the city needs a "multi-prong" approach that includes the May 2014 bond election, a hike in the impact fee, and the establishment of a transportation user fee

"Because we didn't have transportation impact fees in place (until 2008), massive subdivisions were built on two-lane roads and we're still trying to figure out how to pay," Espino said last week.

Other council members interviewed have said they're open to raising the impact fee, but haven't specified by how much.

The city has an estimated \$1.5 billion infrastructure needs over the next several years. The city is planning a bond package of \$276 million. Its ongoing shift of money from operations to debt service across four years will leave debt service at 22.1 percent of the city's tax rate, up from 18 percent.

The city faces the same infrastructure challenge in the growing southwest Fort Worth and far West Fort Worth if it doesn't increase impact fees enough, Fuller warned.

Don Boren, chairman of the city's Capital Improvements Advisory Committee for Transportation Impact Fees, which endorsed the staff recommendation, told the council, "right now, every new development puts us further behind."

But Thad Brundrett, public affairs chair for the Greater Fort Worth Real Estate Council, told the council that the staff's impact fee proposal is "going to have too adverse an impact on activity."

"If the cost of a house goes up significantly, all that's going to happen is we're going to be driving these people to Burleson, to Alvarado," he said.

Fuller disagreed, arguing prospective homebuyers consider other factors besides price, such as schools and commuting time. He predicted any loss of development to other cities by raising impact fees would be temporary. Neighboring cities getting the development would ultimately have to raise their impact fees, and lot prices would drop to absorb the higher fee, he predicted.

"Let it go, let it go," he said of development. "They'll be back, because the goods and services provided by Fort Worth are much better."

- [Scott Nishimura](#), Star-Telegram Fort Worth City Hall reporter