

## IMPACT FEES

## Group: Share cost of expanding water system

## Impact fees

Impact fees, paid by the builders of newly constructed homes and businesses to help finance the cost of new roads, sewer lines and parks, have been frozen since 2007. Here are the current impact fees for a new home with a three-fourth-inch water line and what those fees would be today if the City Council had let them rise by the rate of inflation.

RATE SINCE 2007		WHAT THEY WOULD BE
\$2,466	Arterial streets	\$2,786
\$778	Water system	\$879
\$483	Water distribution	\$544
\$624	Wastewater	\$705
\$334	Parks, trails	\$377
<b>\$4,685</b>	<b>TOTAL</b>	<b>\$5,291</b>

SOURCE: City Finance Department

At first that was because of the recession's effects on the construction industry. However, last year several council members said they would not support continuing the freeze beyond 2013, and suggested builders and other opponents of the impact fee system needed to come up with options.

The council will not be asked to sign onto any changes to the fees on Monday, simply to delay the automatic increase, said Kyle Fischer of the Lincoln Chamber of Commerce, another member of the impact fee committee.

Water and wastewater-related fees make up 40.2 percent of the impact fees paid on a typical new home. Most of the remaining money goes to improve arterial streets in new areas, with a little set aside for parks and trails.

The city might increase the street fee, offsetting some of the reduction from water and wastewater fees, but the expectation is that the sum total fees would be less, Fischer said.

Committee members have said they would prefer a year-long freeze, but Mayor Chris Beutler's administration wanted to limit it six months.

During the freeze, the Lincoln Chamber of Commerce would fund a study and the committee would work to create a plan acceptable to Lincoln, Benker said.

Fischer said the committee has not yet sought formal input from its member organizations, and there is no guarantee there will be a consensus.

DECEMBER 15, 2013 3:50 AM • BY NANCY HICKS / LINCOLN JOURNAL STAR

A small group of Chamber and business leaders have come up with what they think is an improved system to reduce Lincoln's fees on new and redeveloped properties by as much as 40 percent.

The group suggests eliminating impact fees assessed to help pay for water and wastewater systems, funding these needs instead through higher city water and wastewater rates.

The City Council is being asked to delay any increase in impact fees for six months to give members of the small committee examining the impacts fees time to talk with other groups and business leaders about the proposal.

The goal is to have a big discussion about impact fees and potential changes, said Mike Benker, executive vice president of the Home Builders Association of Lincoln. Benker led the impact fee committee, which also included people from the Lincoln Chamber of Commerce, the Home Builders Association, the Realtors Association of Lincoln, the Lincoln Independent Business Association and City Council President Carl Eskridge.

If there's a general consensus in favor of the plan, then it would be offered to the full City Council, Benker said.

A public hearing on the six-month delay is on the agenda for Monday's 5:30 p.m. council meeting. Council members are expected to vote on the proposed delay at the meeting.

The city's impact fees, which are supposed to increase automatically each January based cost of living, have been frozen since 2007.

Created in 2003, impact fees were one solution to the city's growing infrastructure costs that include replacing old streets, sewers and water mains, and building infrastructure for growth along the city's edge.

The impact fees were to cover 10 percent of the cost of new infrastructure needed for growth, Benker said.

Historically, neighborhood groups representing older parts of the city have been at odds with home builders over who should pay those costs. Residents in older neighborhoods believe people buying homes in new areas should pay to enlarge the city's water and wastewater system, to put in new parks, and to widen arterial roads.

The builders and Realtors groups believe everyone should share in those costs, since growth brings in new property taxpayers and additional tax revenue.

The impact fees will automatically increase by 1.5 percent on Jan. 1 if there is no freeze.