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Impact Fees Still Wise?

Recession should alter the application of an otherwise good idea

In this time of recession, is it still wise for local governments to shift the costs of growth from folks who already live here to folks who relocate here? Or should local governments wait for better times to order such shifts, the favorite instrument for which is the impact fee?

These questions got an airing this week before the Georgetown County Council, which took up an impact-fee ordinance on second reading. Representatives for the local development industry - which exists more on paper than reality these recessionary days - argued that the council should set aside the ordinance for now.

"Now is not the time to be raising prices," one conferee told the council, adding, "The things that are on the wish list, is there something that we can live without for right now?"

That's an interesting question, as the impact fee money would finance the costs of roads, law enforcement, libraries and parks made necessary by population growth. "Wish list" perhaps makes light of what many residents consider to be essential government facilities and functions. These preferences became clear a few years back as part of the county's bottom-up Visions II process, which resulted in a $330 million capital improvement plan.

Much of the cost of that plan would be defrayed with two property tax increases, one of them already in effect. The higher tax covers existing residents' share of the cost of these improvements. The folks who move into new homes would pay those tax increases, too, of course. But their added presence also would also exert pressure on existing public amenities and services, creating pressure for upgrades.

The impact fees called for in the ordinance would help close that gap. In the abstract, it's absolutely right for the county to seek them. To do otherwise places too much of the cost of population growth on folks who already live here - many of whom are not fond of growth to begin with.

It's hard, however, to fault development-industry representatives for urging the council to back away from the impact-fee ordinance. When they make such arguments in boom times, it is clearly self-serving. The goal is to keep the cost of building projects as low as possible and leave it to existing residents and their elected leaders to figure out how to pay for needed new infrastructure.

But in this time of economic unraveling, with no bottom yet in sight, the development industry, like the rest of us, is struggling for survival. Subjecting the few development projects in process to impact fees really would be a hardship. The builders have no option but pass those fees onto buyers. But as we have seen all too often in these parts, buyers are skittish right now and easily scared off of spending decisions. Right now, they need to be nurtured.

The County Council balanced these competing concerns well this week. Knowing that growth will resume - sometime - they kept the ordinance proposal alive and ordered staff to draw up a cost analysis of delaying the impact fees. The likely outcome of this process would be for the council, later this year, to enact the ordinance but to declare a temporary moratorium on collecting the impact fees.

Such a moratorium no doubt would crimp the county's infrastructure plans near term. That would be OK. Tough times hamper all manner of well-laid plans, and the county needs to share the pain.