

# Impact fee moratorium helped Rio Rancho, but how much?

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A moratorium on impact fees in Rio Rancho may have helped construction activity to forge ahead, but it's unclear if the partial ban is solely responsible for the positive outcome.

In any case, it's good news and city officials are happy to claim it as a bright spot in what have been tough economic times in the City of Vision.

The two-year moratorium, which slashed commercial impact fees to zero and cut residential fees by 50 percent, took effect in September 2012. City figures for fiscal year 2012-13 (July 2012 through June 30, 2013) show revenue from construction activity very slightly exceeded predictions, leading councilors who voted to put it in place – Chuck Wilkins, Mark Scott, Lonnie Clayton and Timothy Crum – to claim victory for their foresight.



Before the moratorium was enacted, city staff had projected impact fee revenue would be \$730,515, cash only not including credits developers can receive. After the moratorium was approved, the staff revised its estimated downward to \$291,536. But the happy reality turned out to be \$732,955, cash only.

But city staffers caution against assigning all the praise to the ban.

“There are too many other factors out there like demand, pricing, lending practices. We can’t definitively conclude whether the impact fee moratorium did or did not lead to the construction over the last year,” city spokesman Peter Wells noted.

Nonetheless, those in the housing and construction business are happy for the break the moratorium allows. They say it may have provided the decisive boost for some projects to move forward.

“I sold the idea of the impact fee (moratorium) to clients,” commercial builder Steve Nakamura told the Journal. “It was too good of a deal to pass up.”

Other factors in the mix are low interest rates, availability of land, new product lines, pricing, low interest rates and vigorous marketing programs, according to those in real estate.

“It’s almost impossible to determine direct correlation – but (the moratorium) certainly didn’t hurt Rio Rancho,” said Jim Folkman, executive director of HBA, formerly the Home Builders Association of Central New Mexico.

And that’s good for the city’s real estate bottom line.

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