

The News Tribune

Pasco to mull over school impact fee

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PASCO -- Pasco is moving forward on requiring a school impact fee when new homes are built.

The Pasco City Council will consider an interlocal agreement with the Pasco School District and an ordinance setting the fee tonight.

The Pasco School District has told the city it needs the fee to pay a portion of the costs for the new students the homes are expected to bring.

In the next six years, the district expects enrollment to grow by 34 percent, from 15,600 students to more than 21,000.

But the district's total capacity is closer to 14,800 students based on existing school buildings and portable classrooms.

The city council set the stage for creating a school impact fee when it adopted the district's 2011-17 capital facilities plan on a 4-3 vote last week. Councilmen Al Yenney, Bob Hoffmann and Tom Larsen opposed the plan.

The interlocal agreement and impact fee ordinance would be the final steps needed to collect school impact fees. But tonight's meeting is a workshop, so a vote can't be taken until a regular meeting.

City staff has asked the council to consider the amount of the fee and when the fee should start. At least 30 days notice was advised.

The fee suggested by the district's plan is \$4,683 for a single-family home and \$4,525 per unit in a multifamily project. That is more than \$1,000 less than the district's last proposal that builders and developers criticized. They worry the fees will be a barrier to growth and drive up home prices.

The proposed impact fee is based on a formula using the actual cost per unit for the portion of new schools that would serve new students, according to the district's capital facilities plan. The fee was cut based on expected state matching money and estimated future property taxes from the new homes. Then the fee was discounted by 25 percent.

But the fee still isn't low enough, say some area builders. Renee Dahlgren, Home Builders Association of Tri-Cities director of government affairs, said they would like the city council to consider lowering the fee a total discount of 50 percent.

"It is a huge burden on an industry that is already taxed and pays so many fees," Dahlgren said.

While the association opposes school impact fees, she said members realize there will be a fee.

"It's just a matter of how much," she said, noting the fees could harm the area's reputation for affordable housing and a low cost of living.

FBA Land Holdings -- which owns 14 acres north of Sandifur Parkway and west of Road 76 where Big Creek Land Co. of Idaho plans to build the 50-duplex Columbia Villas -- asked the council in a recent letter to consider lowering the fee by 50 percent to 70 percent instead of the 25 percent suggested by the school district.

The company also asks the city to review the multifamily unit rate because they said it would hurt the chances of building multifamily projects.

Pasco Mayor Matt Watkins said the city should go with the fee recommended by the school district and it should have been put in place five to 10 years earlier.

He said it's clear the district is in its current space crunch because of rapid growth. And it would have made more sense for development to be paid for as it happened, he said.

But Yenney said the fee should be a lot less, and it should be phased in gradually. He's unhappy that the fee will apply to homes that already have been in the planning process. "It's the same as a retro tax," he said.

An impact fee set by ordinance would apply to all new homes, not just the ones in new subdivisions. The city currently has about 1,500 lots for single-family homes in some stage of approval.

The fee would replace the mitigation fees the district has asked the city and Franklin County to require for new subdivisions since last April.

Yenney said the fee also should apply to existing homes that are sold, not just new houses.

But city staff have said a real estate excise tax is not a legal option.

Dahlgren said they would also like the city to collect the fee when the sale closes on a house.

Deferring the fees would require the city to file a lien against the property and remove the lien when the home sold. And it would add \$289 in administrative costs.

But Dahlgren noted some cities don't collect an administration fee.

Watkins said it seems to make more sense to have the fee collected at the building permit stage.

The council will consider an option to allow the school impact fee to be deferred. Rick White, Pasco's community and economic development director, said the builder could chose to deposit the fee into an interest-bearing account.

Then, when the builder gets the fee from the homeowner, the builder pays the city and gets back the deposit and interest earned, he said.

The school district wants to use about \$3.6 million from the impact fees to help pay for \$80.8 million in capital improvements -- two elementary schools, an early learning center and portables. Most of the money would come from voter-approved bonds and state matching money.

The second phase would include two more elementary schools, a Chiawana High School expansion and more portable classrooms. The cost of all the projects is about \$143 million.

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