



Builders, localities clash on proffer bill

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Prince William County Board of Supervisors Chairman Corey A. Stewart, R-at large, has a message for real estate developers if SB768 eventually becomes reality.

"Be careful what you wish for," said Stewart, who along with other Prince William County supervisors, spent this week in Richmond lobbying against the bill.

"[SB 768] will shut down residential development all over the county. I will make sure it shuts down residential development in Prince William."

The bill, which essentially eliminates the current system of proffers in favor of impact fees, has become a lightning rod of controversy throughout Northern Virginia. Proffers are voluntary payments developers make to jurisdictions to offset the adverse affects of their developments in the communities.

On Wednesday, the Senate Committee on Finance approved the bill, sending it to the Senate floor to be debated for the first time next Monday.

Under the proposed new system, jurisdictions in Northern Virginia could only charge developers a flat rate of \$8,000 per home.

The proposed impact fees would be applicable to even by-right land, or land that wouldn't need to be re-zoned for development. Under the current system, proffers are only negotiated on land that needs to be rezoned for future development. Developers offer the proffers in exchange for favorable rezonings.

Developers say it's necessary to eliminate proffers in favor of capped impact fees so that the cost of a proffer wouldn't be passed on to home buyers in the home price.

"The proffer system is out of control," said Jim Williams, executive vice president of the Northern Virginia Building Industry Association. "There are absolutely no checks and balances on local government to impose proffers. They say it's voluntary. Baloney. It's anything but voluntary."

Opponents of the bill from Prince William, Manassas and Manassas Park claim that the elimination of proffers would place the strain of development squarely on the backs of the residents through potential tax rate increases. Stewart said the current proffers for residential development in Prince William is \$38,000, something he unsuccessfully pushed to be raised to \$51,000 based on county staff suggestions.

Manassas requests roughly \$27,000 in proffers for each single-family house and town house, and approximately \$13,500 per condominium and apartment.

Williams said it's not the responsibility of developers and new residents to shoulder the cost of infrastructure improvements. That belongs to local governments and everyone in the community

who benefits from those infrastructure improvements.

"It's like saying tobacco companies should be paying for all the health care costs for all of those who have cancer," said Williams, who has fought for proffer reform in Richmond the last six years. "That's specious. The responsibility for providing these services is a government responsibility."

While not going as far as Stewart, Manassas city Councilman Andrew Harrover said that a new system without proffers could wind up damaging redevelopment in areas like the Mathis Avenue corridor, which is lined with small businesses and considered a northern gateway into the city. It was one of six sectors recently identified for a possible facelift in the Comprehensive Plan.

Manassas Park Mayor Frank Jones said this bill could put a "chill" on future development in the city, including plans by American Building Corporation to develop the 115 acres on Manassas Drive that was recently approved by city council. The city is currently building a mixed-use development across the street called Park Center and is trying to grow its commercial tax base to offset its property tax rate of \$1.14 per \$100 of assessed value.

"[This bill] is all about new development," Jones said. "The other stuff [about by right uses] is a bit of smoke and mirrors. Does every time a gas station change from a Texaco to an Amoco mean that I can charge this [impact] fee? I don't think so."

Manassas officials believe the current bill should be passed over for more studies.

"Impact fees in and of themselves are not necessarily a bad idea, but the local governments have not been consulted as to the impacts of this proposed bill and they should be," wrote Community Development Director Elizabeth Via in an e-mail.

Williams isn't banking on the General Assembly to push the bill through this year, although he believes the time is now, regardless of the downturn in the housing market.

"We are making our best case and we have had a positive reaction from lots of legislators about the inherent unfairness in the system," Williams said. "But we have also heard from other legislators who recognize the inherent unfairness of it but they feel they have to protect local governments."