

CECIL WHIG

SERVING CECIL COUNTY SINCE 1841

News

Project: Impact Fees

***The windfall: Millions possible, but only as a boost**

By Eugene Paik epaik@cecilwhig.com

An impact fee is expected to bring the county government some fast cash, but what exactly will the windfall be?

Probably not too much, according to Josh Brown, chairman of the county planning commission.

"It only covers the immediate demand of services caused by an influx of people," he said. "It's more of a patch, an infusion of a little bit of cash.

"It's really not a lot, but the idea behind it is to not get behind the eight ball."

A proposed county fee is dead at the moment, but if renewed, it could materialize in any form and could be based on a wide array of variables.

County Administrator Al Wein said a fiscal analysis needs to be conducted to determine how much would be charged for each new home. Elected officials could then specify how or if they want to divide the total among schools, roads, water and sewer infrastructure and other public services.

The numbers for each service would have to be reviewed every year, Brown said, to ensure that the calculations are not obsolete.

This year, the commissioners came close to going forward with an impact fee to help bankroll county school improvements. "Affordable housing" would have been exempt from the charge.

Using that proposal, a rudimentary total can be calculated to provide a glimpse of the fee's benefits.

In 2005, the county's cost to educate each child was \$8,701, so Brown estimated that a fair charge for schools could be roughly \$2,000 per home.

If a flat fee of \$2,000 were imposed on the 526 residential permits issued last year, the county would have seen a little over \$1 million paid by developers.

The fee's impact

Not every new home will send a child to a county school. Current statistics show a 0.48 student-to-home ratio. That translates to 252 new students from new construction in 2006.

Brown said wealthier and aging homebuyers, with fewer children to enroll in schools, are more inclined to buy newly built single-family homes — representing the bulk of permits issued last year.

Meanwhile, young families, who would likely affect local schools more, may be attracted to more affordable townhouses.

“Really, the bulk of the homes paying the impact fee may not even be the ones causing the impact (on schools),” he said.

The fee’s impact on homebuyers is also uncertain.

Some say it could be damaging when the buyers see the charge trickle down to their mortgages, financially squeezing struggling families.

“The problem is that they could all pay the same fee,” Brown said. “The first-time homebuyers likely won’t be able to afford the fee. Meanwhile, it won’t be much of a burden to the more expensive homes.”

Nancy Simperts of Prudential Carruthers Realtors fears that the addition of more fees to the county’s already expensive new homes could pose another hurdle for local buyers.

Detractors also say that the fee would penalize existing Cecil residents looking to move from their existing homes into ones that are newly built.

But if new homes are too expensive, why not just buy older ones?

“Unfortunately, a lot of society is spoiled and don’t like used homes,” Simperts said, noting that the issue also goes beyond the superficial.

Depending on how it’s written, she said, the fee could hamper future developments offering affordable housing for first-time homebuyers.

Circuit court clerks estimated that the group likely accounted for about one-third of new home purchases last year. However, there are no official statistics tracking purchases of any homes by first-time buyers.

According to Simperts, the problems don’t stem from the fee itself. The damage will come from the interest spinning off the amount.

If there is a \$2,000 impact fee and a 6 percent interest rate, new homebuyers could pay about \$12 more a month on a 30-year mortgage, she said.

“It’s going to have a real strong effect on the buyer,” she said. “They’ll have to consider the interest paid on the money, unless they pay out of their pocket.”

With the average \$300,000 Cecil County home, a \$2,000 fee could more than double over the life of the mortgage, Simperts said.

But Brown said the alternatives to a possible \$12 raise could be even worse.

“I’d rather pay the \$12 a month than see an increase in taxes. It depends on how you look at it,” he said. “The thing about the impact fee is that you either do it, or everybody pays for it later.”

Copyright © 2007 Cecil Whig. All Rights Reserved.