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Proposal: year with no city impact fee

Glassman plan aims to boost construction, promote hiring

By Rob O'Dell

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Residential and commercial impact fees could be waived for the next 12 months as a way to spur building and create jobs, under a proposal released over the weekend by City Councilman Rodney Glassman.

Glassman said the one-year waiver of all impact fees — except those for public safety — is an immediate action that would help generate jobs for Tucsonans.

"Our community is facing unprecedented job losses," Glassman said.

In addition, Glassman contends a waiver of the fees would not hurt the city's budget because impact fees are kept separate from the general fund.

The city is facing budget deficits of \$80 million both this fiscal year, which ends on June 30, and next fiscal year, which begins on July 1.

Glassman said it may actually help the budget deficit "if it spurs construction and retail development . . . that might otherwise not occur in this market," because that development would bring in more sales taxes to the general fund.

The money that would be given up is funding that would pay for infrastructure and services around the new commercial and residential developments.

Glassman's proposal has broad support from the development and construction sectors. In fact, Glassman said he crafted it after meeting with several commercial and residential developers.

The Southern Arizona Home Builders Association has written a letter expressing its formal support.

SAHBA's letter notes that only 220 new-home permits were issued during the last six months of 2008, and it predicts only 110 will be produced in the first half of this year.

The letter says the waiver would have several benefits, including: signaling that the city is

serious about an economic stimulus to create jobs; providing concrete action that is not just a proposal; and finally showing "a great act of understanding how this local economy functions."

The letter also says a deferral of the fees — which would be paid at a later date after the economy improves — would not work because it would require a development agreement with the city for every project.

Glassman said that's because state law prohibits cities and towns from deferring impact fees, meaning every development agreement would need to come in front of the City Council for a waiver. "That's not the goal," Glassman said.

City Councilwoman Karin Uhlich, who pushed to make commercial impact fees take effect faster after she was elected to the council in 2007, said she hadn't read Glassman's memo, but she was open to discussing it during a council study session.

She said she would like to examine the history of impact fees and their relation to the current economic conditions.

SAHBA contends a temporary suspension of the impact fees would foster more building within the city, rather than in outlying areas.

Glassman said that would lead to more infill developments, thereby reducing sprawl.

"It would make the city of Tucson the jurisdiction of choice for new jobs," Glassman said.

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