

Tucson Citizen

Proposed impact fee suspension draws praise, fire

City could forgo \$6.7M; backers say it could create jobs

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If Tucson waives the fees intended to make development pay for the infrastructure needed to accommodate it, the city will forgo about \$6.7 million over the next year, officials estimate.

The lost funds would likely mean road and parks project delays, Assistant to the City Manager Nicole Ewing Gavin said. It's unclear which projects would be affected because capital plans have yet to be approved this year.

Most effects of Councilman Rodney Glassman's proposal to waive most impact fees for a year are unclear and nearly impossible to measure, officials and forecasters agree.

"It's like putting suppositions on top of suppositions on top of estimates, which to me is like standing on Jello," said private housing market forecaster John Strobeck.

That doesn't mean the plan lacks support. Prominent figures on both sides of the wide divide between developers and environmentalists have written letters of support, if not for the potential financial and job benefits, then for the gesture of goodwill some say the plan represents.

Glassman has suggested that the city suspend most impact fees for the next 12 months to stimulate the local economy, which University of Arizona economists estimate is 40 percent

construction-related. Fees that help pay for police and fire services would still be collected.

The proposal is slated for discussion at Tuesday's City Council study session, and supporters have planned a rally at 1 p.m. outside City Hall. The study session begins at 2:30 p.m.

"We're hoping to put a face to job losses," said Roger Yohem of the Southern Arizona Home Builders Association, which backs Glassman's plan.

Glassman is hoping the effect will be more building, which could mean more jobs and, as a result, more consumer spending. For the city, spending translates to sales tax revenue, with which Tucson pays its bills and meets its payroll.

Construction of the average home usually means \$1,800 for the city in construction sales tax, Gavin said. Building a medium-sized office and retail complex means \$32,000 and a big box store results in \$325,000. With commercial development, the city could add on hundreds of thousands in retail sales tax.

If impact fees were waived in a "typical year," measured as a 10-year average of permit activity, the loss would be about \$19 million, Gavin said.

Real estate forecaster Strobeck said Monday he predicts up to 275 permits for single-family homes will be obtained in 2009, compared to 598 in 2008 and more than 1,000 the year before. That's in a market he says has a surplus of about 4,000 homes. The surplus is increasing, he said.

Strobeck said he supports Glassman's plan because although it would likely extend the housing downturn and add to the glut in the market, it would put people back to work - about 5 people per house.

"If you don't do this, you're just going to have people out of work," he said.

Bob Cook, a co-founder of Sustainable Tucson, also supports the plan, though not on behalf of his group.

His take is that the impact fees program he helped design is weak anyway, capping annual fee hikes at 5 percent despite more quickly rising costs, so the city is not giving up much.

What it does offer, he says, is a token of appreciation to builders who have recently softened their tone and extended a hand to environmentalists.

"I think the time was right to actually give them a break," the self-described "impact fees activist" said.

The council's support appears shakier.

Councilwoman Karin Uhlich sent out an e-mail Friday requesting community suggestions. By Monday, she had more than 100 responses, with nine out of 10 opposed to the plan.

Uhlich said she thinks the proposal could be polarizing and does not address that the economy is likely to change.

"I'm most interested in an option that would definitely provide relief," she said. "I'm not convinced this would."

Councilman Steve Leal has proposed ways to encourage the creation of green jobs, also to be discussed Tuesday, and other ward offices had been working on stimulus plans.

In a statement Monday, Councilwoman Shirley Scott said she would ask that the council consider other proposals over the next month.

additional information

CITY IMPACT FEES

Roads

Since July 2005, the city has taken in about \$18.2 million in roads impact fees. It has spent about \$13.8 million of that on 10 projects, including the Golf Links and Kolb roads intersection and traffic safety on Anklam Road.

During the next 20 years, the city is slated to spend some impact fees as the city's contribution to as many as 15 Regional Transportation Authority projects. Plans for those projects have yet to be approved by the City Council.

Parks

Since July 2005, the city has taken in \$5,872,097 in parks impact fees. It has spent about \$1.3 million on 16 projects,

including expansions to El Pueblo Center and Reid Park.

Police

Since January 2008, the city has taken in about \$337,000 in police impact fees. None has been spent, and no plan was included in the most recent quarterly report.

Fire

Since January 2008, the city has taken in about \$246,000. None has been spent, and no plan was included in the most recent quarterly report.

Public facilities

Since January 2008, the city has taken in about \$249,000. None has been spent, and no plan was included in the most recent quarterly report.