

## **Development Impact Fees 101**

**Impact** i Noun. a forcible or enforced contact between two or more things. Syn: blow, bump, clash, collision, concussion, crash, impingement, jar, jolt, jounce, percussion, shock, smash, wallop.

### **What are Development Impact Fees?**

Development Impact Fees (“DIFs”) are artificially imposed monetary extractions proposed by the Pima County Board of Supervisors to be charged to anyone who desires to acquire a building permit within the "Benefit Area."

### **Who do DIFs Impact?**

The short answer is DIFs will be charged to those property owners desiring to obtain a building permit within the “benefit” area. See "How will DIFs impact our community?" for the long answer.

### **What is a “Benefit Area?”**

The benefit area is the area from which the DIFs will be collected and, concurrently, the area in which the collected funds are proposed to be spent on the alleged “benefit.”

### **Where is the first proposed Benefit Area?**

The benefit area is a gerrymandered geographic area established by the Board of Supervisors and is initially located in the Northwest quadrant of the metro valley.

### **What are the proposed Benefits?**

The proposed benefits are, simply put, the upgrading of several roadways within the benefit area.

### **What are the DIFs going to cost?**

Based on the proposed levels of fees (as submitted by Pima County Staff) the costs are as follows:

#### Residential

Zoning	Density	Acres	Gross Fees	Individual Fees
CR-1	1 RAC	160	\$668,430	\$4,178/unit
CR-3	4 RAC	40	\$534,744	\$3,342/unit

## Commercial

Type	Acres	Gross Fees	Individual Fees
160 Apartments	10	\$401,058	\$2,506/unit
Fast food	1/2 Ac	\$21,390	\$21,390/unit
Medical Offices	1.5 Ac	\$39,671	\$39,671/unit
Supermarket	3.5 Ac	\$145,718	\$145,718/unit

Please note that the Board of Supervisors has, as of the date this article was drafted, not voted on these amounts. Supervisor Moore has been quoted recently as saying that he believes that impact fees should be closer to \$7,000 per residential unit (effectively doubling the fees to each other category noted).

### **What's the word on the "Building Moratorium?"**

There has been ongoing discussion on the part of several of the Supervisors that a building moratorium be implemented as a tool to stop any further growth until such time as the public services, which may be needed, have a chance to "catch up with demand." What logic drives discussion of a building moratorium which would have the effect of zero income from impact fees; or, more appropriately, why are we going to have impact fees if a building moratorium is going to be implemented?

### **How will DIFs impact our community?**

The immediate result (so says Pima County Assessor Rick Lyons) will be depressed raw land values and increased costs on all types of construction. It's becoming more and more clear that impact fees have a far greater impact than just on the home building industry.

Vacant land owners will have their property values reduced. Residential real estate prices will be artificially inflated to cover the costs of the DIFs therein creating double taxation (the increased cost due to the DIFs will be included in the sales price, therein driving a higher assessed value, thereby causing a higher annual real estate tax bill). And then there's the issue of the actual cost to the buyers: we all know that the DIFs will be financed in the acquisition loan therein having the effect of TRIPLING the initial cost over the thirty year loan amortization. Additionally, the commercial fees will drive higher rents, therein driving higher prices for customers who do business within the "benefit area." The ripple effects will be enormous.

Then there is the issue of fairness. Is it fair for new homeowners to pay for benefits that all of us will use? Is it proper public policy for a small segment of our society to pay for items we all will benefit from? Would it be fair for people who can't afford a car to pay extra for public transportation because they create a disproportionate demand?

Why aren't our Supervisors concerning themselves with a funding mechanism which will be broad based and perpetual to finance our long term transportation needs? Why don't our Supervisors want everyone who uses our roads to pay for them? What positive alternatives, sensitive to the ability of our community to pay, exist in lieu of impact fees? How could we structure an income stream to the County which rich and poor could afford, which would include every visitor as well as every resident and which would fund a community wide improvement of our transportation system?

### **Why are DIFs even being discussed?**

The bottom line is the County has done a damn poor job of planning and financing our infrastructure needs. Everyone knew that we were growing and that there would be pressure on our existing services. Why did our elected leaders fail to plan for our needs?

The other side of the issue (the political side) is that its much easier to pick on someone who hasn't moved here yet (and isn't registered to vote) and cause them to pay a disproportionate amount of the costs for items we all should be paying for.

### **How do DIFs impact you?**

You're going to pay. We are all going to pay. You will pay more for a coke at the Circle K built in the benefit area. If you do business in the "benefit area" you will pay through reduced business because fewer transactions, overall, will occur. You will pay through artificially created demand in other areas (the "benefit area" DIFs will be a marketing disadvantage in that area, therein increasing demand in other areas). You will pay through an artificially stimulated annexation spree by competing entities (Tucson, Marana, Sahuarita and the proposed city of Vail have no impact fees). The list goes on...

### **What's the solution?**

Elected leaders with a comprehensive answer; politicians with the intestinal fortitude to solve the Pima v. Maricopa County tax inequity problem and the ability to address community wide problems with community wide solutions. Ah, but I dream...

By the time you read this the Pima County Board of Supervisors may have already taken action. If they have, give them a piece of your mind and remember how they voted when you go to the polls in 1996. If they haven't, I would strongly encourage you to get involved and do so quickly as time will be short.

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