Fresno County supervisors vote to end fee for new facilities

By Marc Benjamin

Fresno County Supervisors Judy Case McNairy and Phil Larson support ending a fee on new development.

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Fresno County supervisors voted Tuesday to repeal a fee program for new development that could have collected millions of dollars to pay for public facilities.

Public Facilities Impact Fees were suspended in August on a 3-2 vote — postponing fee collection into 2016. But on a consensus vote last month, Supervisor Phil Larson changed his mind and a majority supported repealing the ordinance. On Tuesday, supervisors supported the repeal by a 3-2 vote.

The board will take the issue up again in February for a final decision with two new supervisors. Buddy Mendes and Brian Pacheco are replacing Judy Case McNairy, who also backed the repeal, and Larson.

The county approved the fee for new development in 2008. It was partially charged in 2008 and 2009 in all 15 cities and unincorporated areas. In 2010, the fee was expected to rise to 100%, but it was suspended when the economy soured. It was to remain suspended until the economy improved. The full fee ranged from $2,860 to $4,399, depending on a home's location.

Building industry leaders oppose the fee because it raises home prices in a cost-sensitive market that hasn't completely recovered from the recession. The suspension was seen as both an incentive to developers and a relief to people struggling to buy new houses.

If all the fees had been collected just for new single-family homes in the cities and unincorporated areas, the county would have accumulated $21.7 million since 2010, an analysis by The Bee found.

Instead, during the two years a portion of the fees were in place, the county only collected about $770,000, which remains in an account. If supervisors repeal the fee in February, the money will be refunded to property owners with interest. There are 256 property owners who paid into the fund.

County officials say a fee can't be instituted until a new study is done examining the county's facilities needs. Those studies must be done every five years to justify the fees.

Case McNairy said the fee may not be needed because the county is selling buildings, not adding them, and that technology is changing the way offices are built and people do business.

She said she was concerned that the county "shouldn't collect taxes that we don't have a particular purpose for."

Mike Prandini, president and chief executive officer for the Building Industry Association of Fresno-Madera Counties, said fees are detrimental to home sales. He said "450 potential buyers" would be priced out of the market in Fresno County for every home price increase of $1,000.

He also said new homeowners are paying increased property tax on the higher prices of new homes and then have to pay the fee on top of that.

Prandini also said that the county would only raise about one-third of the county's building needs, which are expected to total $475 million, with the impact fees over the next 20 years.

"You're going to have to wait an awfully long time to accumulate the money you guys need to put in the county's share before you can start using the developer's share," he said.

But resident Jaime Moncayo, a policy advocate with the Leadership Counsel for Justice and Accountability in Fresno, said that although the county may not have building needs today, those needs could arise in coming years and the county will have no ability to foot its share.

"A lot of these unmet future needs could have astronomical prices and you may think this pot of money is of no need to you, but once you have a need, how long will it take you to raise that money?" he asked.

Supervisor Andreas Borgeas said he also is concerned about re-establishing the fund later and suggested that the board vote instead to continue the fee suspension.

"Why can't we achieve the desired result with the suspension without the outright elimination of the fees, because they won't come back or be easy to come back if we eliminate them outright," he said.

Supervisor Henry R. Perea wanted supervisors to take up the issue next year with a new board.

He said the county will have future growth and could use money to help pay for projects such as a new sheriff's substation and a district attorney's office.

"We will need to talk about a funding source for those facilities," Perea said.

In other discussion, supervisors also will return next year to consider eliminating the county's Community Facilities District funding, which is paid by new development assessments for police services. Under the Mello-Roos district, residents living in certain subdivisions pay an annual assessment for police services.

Supervisors were asked to discontinue the assessments earlier this year by residents who pay it, but supervisors were hesitant Tuesday to abandon the program.

Case McNairy, who said she has historically opposed leapfrog development, said these subdivisions are distant from public services.

Many of the subdivisions are far beyond the metropolitan area where deputies have a greater presence. Among the subdivisions affected are: Wildflower Village and Bretz Mountain Village, both near Shaver Lake, and Ventana Hills near Friant.

Only 188 homeowners are paying into the districts, which bring in about $110,000 in annual revenue, according to county staff reports.

Sheriff Margaret Mims said Monday that the revenue raised this year is about $30,000 short of the cost for a deputy, vehicle and equipment.

Supervisor Debbie Poochigian, who wants the fee eliminated, said residents don't want to pay it.

"This is a tax that they can by law petition to eliminate because it's an add-on tax, it's a special tax, it's an extra tax that only 188 people are paying," she said.

But county officials say that about 4,800 homes can potentially be built in the Mello-Roos subdivisions, which would raise far more money and add deputies when more people move in and pay into the fund.

Fresno resident Robert Merrill said county supervisors created the problem by approving rural residential subdivisions.

"These people, who are choosing to live in these new areas outside of the existing services, are impacting additional services from the county, (and) should be obligated to pay for those," he said. "We don't get to vote to whether these residential subdivisions are approved, but you do."

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