



*Santa Fe Area
Home Builders
Association*

SFAHBA POSITION ON WAIVING CITY IMPACT FEES

Based on available research, the Santa Fe Area Home Builders Association believes residential impact fees may have a chilling effect on developers contemplating new projects and that temporarily waiving them could stimulate new residential construction and local economic development.

We also recognize, however, that residential projects currently producing homes would receive the benefits of this windfall without necessarily producing more homes. We also believe it is unlikely that those developers would lower the prices of their homes by the amount of the windfall.

We strongly urge the City of Santa Fe that if they are truly intent on creating an economic stimulus that they consider waiving all impact fees on new construction, both residential and commercial. It is far more likely that there are commercial construction developments that would take advantage of the temporary waiver of impact fees than there are residential ones.

The funds already collected by impact fees and administered by the City are substantial enough to sustain the accounts for a two year waiver on collections. Furthermore, the likelihood of the City passing substantial bonds to finance capital improvement projects without needing to use impact fees is strong.

Impact fees have been shown to benefit many worthy projects for the City of Santa Fe and have become a consideration in all pro formas done by local developers, both residential and commercial. Their costs are reflected in the selling price of homes, commercial rents, or return on investment. Removing them could lower those costs, but it is far from guaranteed.

SFAHBA also believes that if impact fees are only waived for residential construction then some formula for a local hiring preference should be factored in to the waiver. Waiving impact fees for builders who do not hire local trades, suppliers, and vendors will do little to stimulate our local economy or provide jobs for those who sorely need them.