

Johnstown lowers its impact fees

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The cost of developing in Johnstown just got a lot cheaper.

The town board recently adopted new impact fees for all types of new construction. For commercial projects, the changes mean as much as a 64 percent reduction in building permit costs.

"It may attract more business to the area. Certainly, it puts us at a competitive advantage," said Johnstown Mayor Troy Mellon. "Our chamber and our business community has given us the thumbs up; they've always grumbled that the fees were pegged a little high."

Impact fees are assessed when developers or builders pull building permits to start projects. Impact fees are ways for town growth to pay its own way, and are assessed differently on residential and commercial projects. Johnstown has fees for parks and trails, its library, town facilities, police and roads. Commercial projects, for example, do not pay the library and parks impact fees while residential development pays all of the fees.

The changes will meet current city funding needs, although they may eventually increase in the future. The town will take another look at its fees in five years, said Roy Lauricello, town administrator. For now, he said, the new fees will allow the city to maintain its levels of service.

Under the old fee structure, a 25,000-square-foot shopping center would be assessed \$191,500 in impact fees, or \$7.66 per square foot; now, that same development would be assessed \$68,250, or \$2.73 per square foot. Residential fees, coincidentally, went up with the changes, but only by \$179 per home.

Impact fees are a relatively new concept for Johnstown officials, which just began assessing such fees in 2000. Five years later, many knew it was time for a change and the town board commissioned a study to look at how the town compared with other cities.

"We had heard that the impact fees dissuaded businesses from coming to town, but never directly," Mellon said.

Mellon said that the city's earlier ambitions for town growth -- at least in road projects -- didn't come to pass, which helped lessen the amount of road improvements the town would seek. Consequently, that drove the impact fees down dramatically.

"We recognized a concern there with the fee levels and we had planned at some point to potentially discuss that with the town," said Nick Christensen, a principal in Chrisland Inc. and the developer of 2534, the 500-acre multi-use development at Johnstown's northern borders at U.S. 34 and Interstate 25.

"In general, northern Colorado has had very high development fees across the board, when compared to places like New Mexico, for example," Christensen said. "Johnstown's fees had gotten to the point where they were at the upper end of the local comparisons."

The 2534 development, for example, will be a major recipient of the reduced impact fees. Up to 5 million square feet of office and retail use is planned there.

A major pharmaceutical company has been looking for a potential site along the I-25 corridor, and some think lower impact fees could help distinguish Johnstown from any competition.

"Everything comes into play when competing with other communities," said Town Administrator Roy Lauricello said. "When there are two pieces of property, it may end up being that (the fees) could be a deciding factor. It certainly can't hurt."

Lauricello said it's too soon to tell if the lower fees have had such an effect, or even if they are attracting more interest in the community. Johnstown, after all, has been growing just fine and there's been plenty of interest in the town -- regardless of the fees, he said.

"I would like to think it's certainly one part of the puzzle that will secure economic development to the community," Lauricello said. "Many other things have to be in place, such as having the necessary infrastructure, ideal locations for retail and commercial (development) and an economic development plan in place."

For Christensen, selling his 2534 project now will be much easier.

"It's a smart move," Christensen said. "I think it makes the landowners that we work with much more comfortable with the investments they make. It makes us more comfortable in investing, ourselves, knowing that the town is behind us and willing to be reasonable when it comes to some of these factors."