

# What is the Impact of Impact Fees?

Everyone wants the best for our children, but do impact fees hurt more than they help?

Corvallis Schools are a great place for our kids, and we are all worried that growth in our neighborhood will affect the quality of our schools.

Obviously, we want what is best for our students, and we need to fund our schools, but are impact fees the right answer? There are unintended consequences of impact fees. Unaffordable housing, reduced state money for schools, higher property taxes, and a new financial burden on small businesses. The Bottom line is that funding our schools is the state's responsibility. Should we have to sacrifice affordable housing because the state isn't doing its job?

**"Funding our schools is the state's responsibility. Should we have to Sacrifice affordable housing because the legislature isn't doing its job?"**

## Who Pays Impact Fees? You do.

- 60% of "impact fee homes" are built for Montana Residents - people that have been paying property taxes for years.

- Most new homes are built for couples without school aged children - 55% of new homes will have no impact but still pay \$4,000. An impact fee is a cost shift to those that *aren't* creating the impact

- Property taxes will continue to go up. Impact fees won't change that. Mill levies, bonds, and property values will continue to raise property taxes.

- Could you afford to buy a home at today's prices? What if you were just starting a family? What if the price was \$4,000 higher? Impact fees price young families out of the Corvallis school district.

**"Keep Our Neighborhoods Affordable. - SAY NO to Impact Fees!"**

## 5 Impact Fee Myths

5. *MYTH*: Impact fees reduce property taxes  
**Truth: Property taxes will continue to go up, a new school levy will be proposed every year.**

4. *MYTH*: Out-of-Staters will finally pay their own way.

**Truth: 60% of new homes are built for Montana residents upgrading or buying a single level home.**

3. *MYTH*: The developer pays the impact fee.  
**Truth: The homeowner pays the impact fee - numerous national studies have confirmed this point.**

2. *MYTH*: Impact fees are paid by those creating the "impact"  
**Truth: Young families are more likely to move into an existing house than build a new one. Impact fees are paid by folks with out kids and with little or no impact.**

1. *MYTH*: Impact Fees will improve Corvallis Schools.

**Truth: Impact fees can only be used for construction, and the state along with MT voters may be less likely to pay future school bills after an impact fee is passed.**

- **3 school impact fee studies have been conducted in Montana**  
The result is a cost of \$6,800, \$8,300, and \$10,400 per home in the respective districts. Corvallis Schools have proposed lowering their fees to \$4000.00 per home. No County has instituted school district impact fees.
- **Most homes have NO impact**  
In one study 3 out of 4 homes have no children and no impact, yet will still pay an \$8,300 impact fee. Another shows 55% have no impact yet will pay \$6,800. The other study shows 58% of homes having no impact yet will pay \$10,400.

Of the homes with children, there is no equal impact. A family with a kindergarten student has a greater impact than a family with a child in their senior year in high school.

**In the future, *EVEN FEWER* homes will have an impact...**

- Baby Boomers are just hitting retirement; Montana will have the 4<sup>th</sup> oldest average population in the nation by 2030. – Montana will have nearly twice as many citizens older than age 65 as we have now.
- Nearly a third of Montana adults will be retired by 2030.
- Since new homes are more expensive, they are typically built by older families.
- First time home buyers and young families are more likely to buy an existing home than a new home.
- Montana's Birthrate is declining, which will also increase the number of homes with no impact.
- **Most Homes are built for people currently living in the jurisdiction.**  
Most Montana homes are built for Montanans. 40% of new homes are built by people currently living within 30 miles of the home site. These people are already paying property taxes.

Additionally, 55% of home buyers are moving up, or downsizing. These people have been paying for schools through property taxes for years.

- **Current housing turnover Has a bigger impact than new homes**  
Gallatin County had 968 existing residential home sales in 2007, while only 488 new homes were built in the county. At the rate of .3 children per home, that is 290 children moving into an existing home in Gallatin County and 147 children moving into new housing.
- **Impact fees are EXTREMELY REGRESSIVE.**  
Younger families will be less likely to afford a home in a school district with impact fees.

Additionally, adding impact fee to the cost of a house will raise the appraisal price of existing homes, more than likely, this will also raise the sale price.

- **Community vs. Individual funding**  
School are a community good and the burden of that community good has always been paid by the community. Funding schools through impact fees is a dramatic shift from community support to an individual responsibility.
- **Impact fees could decrease the likelihood of the passage of Mill Levies**  
A Washington State study showed that once a school district passed impact fees, the voters were less likely to vote for future levies, as they believed that 1. They had already paid their share. 2. Future impact fees would negate the need for additional mill levies.