

New housing may fund schools

Bill would expand development fees to ease crowding

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The llamas and filbert trees are gone near West Salem High School, to be replaced by 700 new homes.

Lisa Nair scans those buildable lots in her neighborhood and worries what they portend for her daughter's school. Kindergarten classes already are bulging at Brush College Elementary, Nair said. And a new enrollment forecast suggests that Brush College could be 470 students above capacity in three years.

"You see these homes going in, and there's no school being built to provide classrooms for these kids," she said.

Nair and other West Salem parents have one remedy: put a fee on every new home going in.

Salem and other cities and counties across Oregon levy "system development charges" on new homes and other construction to pay for roads, parks, sewers and water systems that serve the new homes. But state law bans local governments from charging development fees for schools, in part because of the lobbying clout of the home-building industry.

In high-growth areas such as West Salem and South Salem, many residents think that's unfair, especially as they see droves of newcomers cause crowding in neighborhood schools.

Senate Bill 366, introduced this session and referred to the Finance and Revenue Committee, would allow school districts to set an impact fee, or system development charge, on new homes or lots. It does not require that fees be set or say how much they would be.

Fairness issue

If Salem schools could levy system development charges, Nair reasons, those newcomers could shoulder some of the burden they're bringing to schools. And Salem-Keizer School District could get a steady source of money to stockpile land or add classroom space before schools are overwhelmed by new housing developments.

The Salem-Keizer School District didn't have the money to secure land in Keizer before land got scarce, and it wound up having to pay millions extra to build Claggett Creek Middle School near wetlands, recalled Bonnie Heitsch, a former Salem-Keizer School Board member.

It's crucial to site schools close to where students live, said

Bills in the works

Senate Bill 366: Enable local governments to levy system development charges on new construction to pay for schools.

House Joint Resolution 13: Enable state to sell bonds to help school districts pay for construction.

House Joint Resolution 14: Reform the double-majority requirement by allowing more elections that don't require a 50 percent voter turnout.

What Salem charges

Salem has system development charges on new construction to cover the costs of adding services for new homes, apartments and commercial developments. Salem fees for a single-family home:

Water services: \$4,001.65

Parks: \$2,963

Sewers: \$2,682.47

Transportation: \$1,814.76

Storm water: \$429.28

Total: \$11,891.16

SOURCE: City of Salem

Heitsch, a co-leader of the school district's Facilities Task Force. More parents can attend teacher conferences. Students can attend after-school activities and devote more time to homework instead of riding buses. The school becomes a stronger center of community life.

Development fees could give school districts the financial means to set aside land, rather than wait for voters to OK a bond measure, Heitsch said.

Senate Bill 366 would require that development fees be spent only to meet the demands of new growth. The money could not be spent merely to replace an aging facility.

Opposition emerges

Homebuilders and allied industry groups have long opposed school development fees because they raise the price of a new house or cut into their profits.

Salem already charges nearly \$12,000 per house for development fees. So far this year, the average West Salem home is selling for \$293,550, according to the Willamette Valley Multiple Listing Service. In South Salem, it's \$323,339.

Homebuilders are quick to point out that development fees would cover only about 25 percent of the cost of a new school, by some estimates. And some school officials worry that voters will be less prone to support school bond measures if there are school development fees, figuring that those should cover the costs.

Parent groups such as Stand for Children, which is promoting school development fees before the Legislature, see them as part of a series of changes needed to help pay for school construction, said Dana Hepper, the group's Salem lobbyist.

Voter turnout counts

Bond measures are the traditional way that school districts pay for new classrooms, but they've gotten much tougher to pass in elections since Oregon voters approved the Measure 47 property tax initiative in 1996. The measure included what has been dubbed the "double majority" requirement for property tax votes.

Property tax measures must get majority voter approval, and at least 50 percent of registered voters must cast ballots. The exception is when property tax votes are held during general elections in even-numbered years.

Some bond measures have won favor with voters but failed because turnout did not reach 50 percent. November ballots in even-numbered years have become packed with multiple tax measures. Voters, as Measure 47 author Bill Sizemore intended, get sticker shock and turn down some or all of the measures.

"We've never been able to pass one on an off year, and when you get more than one on there, they don't pass," Heitsch said.

She suggested that that's what doomed the Chemeketa Community College bond measure in November.

Eleven other states allow development fees for schools, and eight other states have an alternative mechanism, Hepper said. The group senses that the time is ripe to erase Oregon's ban on school development fees, with so many bond measures going down and Democrats back in control of the Legislature.

Part of package deal

House Majority Leader Dave Hunt, D-Portland, predicts that school development fees will be part of a larger package to help districts build new schools.

Hunt proposed allowing school development fees but capping them at \$4,000 per home. Stand for Children recently agreed to support that limit, Hepper said.

That would bump Salem's development fees up to nearly \$16,000 per home.

Heitsch points out that 400 new homes is enough to generate demand for a new elementary school. At \$4,000 per home, that generates \$1.6 million. When Salem-Keizer School District offered its last bond measure in 1998, Heitsch said, it calculated that a new elementary school would cost \$5 million to \$6 million.

Hunt said he is confident that the 2007 Legislature will put a related ballot measure before voters, asking them to loosen the double majority rule. The measure would allow votes to take place every May and November without the 50 percent turnout requirement, or four times every two years instead of one.

Many Republicans favor the idea, including State Rep. Vicki Berger, R-Salem, and Rep. Linda Flores, R-Clackamas, who both represent fast-growth school districts.

Berger said local communities should "step up" and pay for school construction, rather than trying to raise the price of homes by tacking on more development fees. Loosening the double-majority requirement will enable local taxpayers to do more of their share, she said.

There also is a bill to enable the state to offer bonds for school construction, to ease the burden on school districts. Under current law, the Education Stability Fund is slated to produce money for school construction once the reserve fund maxes out at 5 percent of the general fund. That's expected to come as soon as 2009.

That money could help school districts pay for bonding costs, or match money that they raise locally through development fees or other sources of money.

Although legislative committees have begun hearings on development fees, the real action is going on behind the scenes in negotiations with homebuilders, Stand for Children and other forces.

Hepper argues that development fees could help the housing industry and parents.

"The benefit for both," he said, "is you buy a house and sell a

house in a school district that has good schools."

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