



Spreading Infrastructure Costs Reduces Homeownership Burden

Streets, water lines, engineering fees, impact fees, permits- these are all part of multi-million dollar costs necessary to develop the modern subdivision.

AUSTIN, TEXAS, UNITED STATES, December 28, 2018 /EINPresswire.com/ -- Streets, fresh and wastewater lines, lift stations, engineering fees, impact fees, permits- these are all part of the multi-million dollar costs necessary to develop the modern subdivision.

Traditionally, a developer divides development costs by the number of lots, and the result is passed on to the first buyer. Modernly, some developers elect to impose a 1% Capital Recovery Fee, and, in consequence, lower the sales price.

For buyers who prefer to pay 100% of development costs up front, and to finance those costs and then pass them along to the next buyer, numerous alternatives exist. For those that do not want to pay for infrastructure up front or through yearly assessments, [capital recovery fees](#) provide a reasonable alternative.

In addition to fairly apportioning costs across future owners, a portion of every Capital Recovery Fee is earmarked for non-profits operating within the community. This helps to build strong communities, and provides a private solution to a public issue. In fact, as of 2018 an estimated \$15 million in transfer fee payments has been reportedly paid out to non-profits, and the number is predicted to rise dramatically. Many home buyers may prefer a home with a Capital Recovery Fee, not only because of the lower price of entry into the home itself, and the lower monthly payment, but because they appreciate the fact that they are supporting their community.

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