

Mayor not sorry for builders, claims double charging

Despite Thursday's sudden death cutoff of utility rebate contracts, the dust has still not settled on the issue.

During his weekly press conference Friday, Mayor Jeff Friedman charged that developers have been "double charging" for installation of water and sewer lines by collecting from the city through refund contracts and then adding the cost onto prices of homes in their subdivisions.

Developers have also been giving the city council "fake and fraudulent figures" on low

income housing, the mayor charged. He said they claim refund contracts help them build low-income housing, but in actuality few low-cost homes have been constructed.

Friedman said he had no sympathy for developers who were depending on the contracts. "I don't feel sorry for anybody who is making thousands and thousands of dollars from the city."

Ken Zimmerman, president of the Austin Association of Home Builders, challenged the mayor's accusations.

"Low-income is a relative term," he said.

Houses that sold for \$17,500 in 1970 are now closer to \$20,500, he said. He feels higher priced materials and the cost of meeting new governmental regulations have been factors in the price hike.

"But the refund contract helped hold down prices," Zimmerman said. "Now it will increase by a corresponding amount."

That amount, the builder said, could average as much as \$1,200 per house according to figures compiled by the city manager.

As for "double charging," Zimmerman said, "There is no evidence I know of that would indicate developers did not pass the benefits along."

The only way to really check would be "to audit almost every developer's books," he suggested. "They have as much integrity as anyone else."

Repayment for developers with utility refund contracts was taken out of water revenues for the subdivision, Zimmerman said, "So either way homeowners ended up paying for it."

Utility refund contracts were "no advantage to developers," he maintained. The only benefit of the policy was the lower cost of lots which enabled more people to buy homes, he said.

The city council voted 5-2 Thursday to immediately end the refund contract policy. Council members Betty Himmelblau and Lowell Lebermann voted no.

Under a proposed motion by Dr. Emma Lou Linn, approximately 40 contracts for developments still in the planning processes

would also not be paid. However, a legal opinion on the city's obligation to those developers will be submitted at the next council meeting.

Approach main policies will remain the same until completion of a utility extension policy under a motion by council member Margret Hofmann. The proposal was approved by the council with a 4-3 vote, with Friedman and council members John Trevino and Dr. Linn in opposition.

—LINDA FANNIN