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Builders 1, schools 0

Construction fees from developers needed to get kids out of trailers

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In two weeks, Oregon school districts will be able to levy a construction tax on new development to help defray the cost of building and improving schools. Oregon's new law will place the state among the 20 or so that have realized that the property taxes generated by new subdivisions don't cover the expense of expanding schools to accommodate newcomers.

Those states permit local communities to impose special construction taxes or, in the case of eight states, impact fees, which are a one-time payment by real estate developers and home buyers. Despite the urgency of overcrowding in many metro school districts, the Georgia General Assembly has refused to consider school impact fees.

Burgeoning Cherokee County may have to resort to double sessions, year-round school or busing kids from crowded schools to less crowded ones to relieve its crisis conditions. For example, Woodstock High School — built to hold 1,175 students — now has 2,361. To cope, the school relies on 42 trailers and a 2 p.m. lunch room seating.

All the while the Georgia General Assembly — parroting the script fed to it by the real estate industry — offers tired excuses: School impact fees hamper construction. New development pays its fair share through property taxes. Builders will flee counties that have impact fees.

Three of the nation's top growth states — California, Florida and Washington — have had school impact fees in place for years with no fallout. In 2004, school impact fees enriched Florida schools by \$255 million.

Numerous studies confirm that development doesn't pay for itself through property taxes, including a Georgia State University study on the financial effects of growth on Georgia school districts. The study concluded, "Within the annual, county-by-county data ... one finds numerous instances where growth failed to pay for itself." A study for Hillsborough County, Fla., found that for every dollar paid in property taxes, the county had to provide \$1.39 in services.

There's no disincentives now in Georgia for developers to locate their mega-subdivisions in overcrowded school districts or on cheap land in remote areas far from any schools. Either way, it's not the developer's problem. The school district is stuck with paying for new classrooms for the children that live in those houses.

Cherokee has asked subdivision builders to donate land with little luck. Great Sky developers in Canton refused, forcing the district to build Hasty Elementary about six or seven miles away to serve the subdivision. The Harmony on the Lakes developer in Holly Springs gave just enough funds to cover the cost of portable classrooms at nearby Holly Springs Elementary.

While Georgia has allowed impact fees for new roads, sewer lines, libraries and parks since 1990, developers successfully excluded fees for school construction. Schools depends on property taxes, bond issues or local-option sales taxes for education, none of which has proven sufficient in those counties with soaring growth.

Nationally, the average school impact fee is \$4,463 per single-family house and \$2,430 for a multifamily residence. The Lake County, Fla., school board voted last week to double its impact fees to \$14,646 per single-family house.

As they did in Georgia, builders fought the campaign in Oregon to force new development to pay for itself. But residents of that state were fed up with the overcrowding at schools and insisted on some relief. While the initial proposal was a surcharge of \$4,000 per new home, homebuilders persuaded lawmakers to adopt a broader construction tax instead.

The compromise empowers Oregon school boards to assess a \$1 per-square-foot rate on residential construction, including renovations that add square footage, and 50 cents on every square foot of commercial or industrial construction. So, the construction tax on a 2,000-square-foot home would be \$2,000.

If every district in Oregon levies the construction tax, the state estimates schools would raise \$60 million a year for construction and renovation. That \$60 million could go a long way in Georgia to tame overcrowding, get kids out of trailers and restore lunch hour to noon rather than 10 a.m. or 2 p.m.

— [Maureen Downey](#), for the editorial board

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