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City cautious about impact fees

ARCADIA -- The imposition of impact fees to cope with the costs of rapid development may seem like a quick fix to many, but Arcadia city administrator Ed Strube is urging the city council to go slow in embracing impact fees.

DeSoto County, on the other hand, is well on the way to adopting an impact fee ordinance, with the board of county commissioners set for a first vote Tuesday.

Impact fees, sometimes called development fees, are expenditures that developers -- individual or corporate -- are required to pay as a precondition to board approval of their project. Impact fees are generally used to finance roads, schools, affordable housing, transit systems and other public projects.

The fees are frequently passed on to purchasers by developers through the price of a new property and, therefore, tend to increase the cost of housing and decrease the profitability of a particular project. Many developers favor impact fees as providing infrastructure that promotes sales.

As more people move into DeSoto County, more schools, roads, sewers, libraries and other public infrastructure will be needed. Somebody has to pay for it all and impact fees paid by new residents seem fair to most people since new residents are the ones impacting public facilities the most.

According to recent national surveys quoted by the city, about 60 percent of all cities with more than 25,000 residents and almost 40 percent of all metropolitan counties use some form of impact fees.

As written, the proposed county impact fee ordinance would apply to the city of Arcadia as well as to DeSoto County.

The adoption of impact fees reduces pressure on local residents to raise taxes and fees. With new development paying for its own capacity-enhancing infrastructure needs, such as roads, any current funds that have been designated to pay for road projects can

be shifted to the more immediate needs of existing residents, such as for facility maintenance and rehabilitation.

The main argument against impact fees is largely based on the idea that such fees raise costs and ultimately stifle development.

Strube told the city council at Tuesday's meeting: "We do not have impact fees currently in DeSoto County, but other counties do. The jury is still out on whether impact fees are good or bad. We get both sides -- some for it, some against, arguments about whether it stymies growth or promotes growth. There's a whole gamut of pros and cons for impact fees. So the council needs to be aware of it."

There are certain public facilities that are shared by both the city and the county -- the county jail, for example.

"It would stand to reason that as each new resident comes into DeSoto County, whether it be the city or the county, obviously there is some impact on that particular facility (jail) in proportion to the population in general," Strube said.

Strube said that an impact fee that would help finance the county sheriff's road patrol would be questionable.

"Technically, the road patrol is designed more to take care of the unincorporated areas of the county," he said. "Since the city has its own police department and road patrol, it would be somewhat redundant for the city to be paying impact fees for sheriff's deputies to have cars."

County Administrator Craig Coffey was at the Tuesday council meeting. He reiterated his arguments that the city would benefit tremendously from the impact fee ordinance.

"We're facing a jail crisis right now," Coffey said. "As many of you may or may not be aware," he said, "a jail expansion will cost approximately \$10 million." Impact fees would help finance an expansion, he argued. He said the county was not planning to move the jail out of the city.


"We are planning on adding those jobs and adding that expansion here (in the city) on the property currently owned by the county. We'd invest those dollars here. It would probably occur in five to seven years. We're talking about a temporary addition right now, with a major addition once we raise the funds. So whatever the minimal amount of development occurring in the city, it will go toward contributing to jail expansion, but the city will be a net importer of funds coming from the Lake Suzy area that will expand that jail facility."

The county has scheduled a public hearing on its proposed impact fee ordinance to be held Tuesday. Strube urged the council to be at the county's public hearing next Tuesday.

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