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City gives initial approval to tripling road-impact fee

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Orlando gave preliminary approval Monday to a plan that would triple road impact fees during the next 15 months.

The increase -- if it earns final approval next month -- would add roughly \$2,400 to the cost of a new home built within the city limits. That would be substantially lower than the \$6,147 increase a city consultant said was needed to cover the real cost of building roads, installing turn lanes and erecting traffic lights to serve new subdivisions.

Like most cities and counties in Florida, Orlando levies a handful of impact fees on new construction, including fire, sewer and water, that are meant to offset the cost of growth. With Monday's increase, Orlando's overall impact-fee bill for a new house would go up 18.8 percent, from \$12,800 to \$15,208.

The plan would boost the city's transportation impact fee from the current \$1,192 to \$2,400 on Jan. 1 and to \$3,600 on Oct. 1, 2007. The decision by city officials to recommend the smaller increase came after hours of meetings with developers of residential and commercial property who said the city's original proposal would force development into outlying areas.

Orlando Mayor Buddy Dyer said he was pleased with the compromise.

"This strikes the right balance between economic competitiveness and making development pay for the associated costs of growth," Dyer said.

Top city administrators were fiddling with their proposal into the weekend. Late last week, the city's plan would have eventually increased the impact fee to more than \$5,000.

Under the new plan, the city will form a committee to determine whether the fee should be increased higher than \$3,600 in 2008.

Developers who adamantly opposed the city's initial proposal were pleased that the city scaled it back.

"We had some concerns on this issue," said Rick McKee of the Home Builders Association of Metro Orlando. "They listened to us."

City officials also included other details designed to mollify the development industry.

For instance, builders would be able to avoid the new fees if their development received planning approval by Jan. 1, even if the project has not yet pulled building permits. Those projects would be considered "vested" and be able to pay the old, lower fees as long as they pull their permits within the next three years.

Transportation officials said that's fair because projects that are already in the works were planned with the lower fees in mind. Changing the prices in the middle of the development process could doom some projects, they said.



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"They may not have made it to the point of building permits yet, but they have made substantial effort," Transportation Director Roger Neiswender said.

Whether the impact fee will increase again in the next few years remains to be seen.

Several developers told the City Council that the committee that will review the fees should include those who make their living in the development industry.

The council voted 7-0 Monday to approve the increase. It will come back for a final vote Aug. 28.

Affordable-housing developments wouldn't have to pay the fees because of a built-in exemption. Still, critics said higher fees mean higher housing prices -- and some people will be priced out of the market.

"It's an act of political cowardice. . . . Impact fees are not paid by developers -- they're typically passed on to buyers," said Carol Saviak, executive director of the Orlando-based Coalition for Property Rights, which opposes impact fees.

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