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### Commissioner's flip-flop on impact fees is misguided

By Times Wire

Commissioner Jack Mariano is aiming in the wrong direction. Just five months after correctly opposing a plan to cut county impact fees, Mariano now sees such a strategy as an appropriate way to stimulate the Pasco economy.

It is a misguided flip-flop. Mariano had it right the first time when he said he couldn't support cutting impact fees to boost home-building because of the proliferation of vacant homes.

"Let people buy the existing inventory now," he said in September.

Now, he believes an impact fee waiver would be good to jump-start growth - any growth. He couldn't have picked a more inopportune time for his change of heart. The county is about to ask the Legislature for permission to adopt a so-called mobility fee as an alternative to the traditional road impact fee. Mariano offered his idea shortly after hearing the county's paving assessment program is financially troubled. If the county uses gasoline tax money to keep that program afloat and eliminates impact fees temporarily, its road-building budget could implode.

Mariano cited Manatee County's building permit statistics as vindication for a reduced fee. In Manatee, which cut school and road fees by an average of about \$8,000 per house, home builders obtained 1,060 permits in 2010 up from 809. Last year, Pasco County issued 974 new permits for single-family homes, a modest gain of 37 homes from 2009.

Mariano could have looked a little closer to home. Hernando County cut its impact fees in half in late 2008, then watched its building activity drop in 2009. The impact fee cut, favored by the building industry, hasn't worked in most Florida locations, and there is no empirical data tying reduced fees to increased housing starts.

Pasco's approximately \$21,000 in fees for a single-family home is a one-time charge on new construction to help offset the increased demand for services in education, transportation, parks, libraries and public safety. The fees can only be used for construction or capital purchases, not for salaries.

If Mariano is unsure of the value of an impact fee, he can check with Hank Fishkind, the economist Pasco hired to study its transportation fee in 2007. Good infrastructure helps sell new homes, Fishkind told the commission. There has been buy-in to that logic. A group of landowners in the Pasadena Hills area proposes a long-term plan to add surcharges to the county's impact fees in order to build a substantial road network to handle the growth.

Proponents of a fee cut say it allows home builders to better compete with the prices available in the existing pre-owned market saturated with foreclosure-driven bargains. In other words, builders are unable to compete in the free market because of the past home construction frenzy fueled by investors and dubious lending practices. Giving new-home buyers a pass on impact fees invites renewed abuses and pushes an unfair share of the costs of building roads, schools and other vital public facilities onto people who've already paid the fee. It is an unfair cost shift from new residents to existing ones.

The move also pays lip service to diversifying the local economy that is too reliant on home building and the accompanying low-wage service industries. The county should continue to focus its job-creation efforts on targeted industries, not on residential construction.

If the commission believes the fees are too high, the county could opt for a recalculation to determine if they match today's construction prices. Even that is an uncertainty. While road building prices are down, the cost of right of way acquisition remains a budget buster. Adding lanes to State Road 54 in Wesley Chapel, for instance, carried a \$28 million construction cost, but the county spent more than \$72 million to buy the land needed for the wider highway.

School superintendent Heather Fiorentino acknowledged concern over Mariano's idea, said she'd like to review the county's research and pointed out the district charges a fee of \$4,356 per single-family home even though a 2007 study recommended doubling it to nearly \$9,000.

If Mariano wants to continue his imprudent idea, he should at least model it after the county's other economic incentives offered to new industries. The county could rebate a percentage of the impact fees after the home builder documented the number of jobs created, the length of employment, the salaries paid and the home addresses for the workers.

Such documentation would show whether this proposed policy truly stimulates the local economy or just the bottom line of a special interest.

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