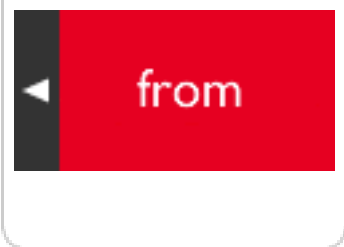


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Costs of growth squeeze counties

Central Florida seeks ways to pay for more than \$2 billion in unbuilt roads, parks, schools and other needs.

By Joe Newman
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Gridlock shuts down highways during rush hour. School campuses are crowded. Fire engines take longer to get to accidents. Police patrols must handle an increasing number of calls. New residents move in and find the nearest library or park is miles away.

From DeLand to Kissimmee, there's no part of Central Florida that isn't struggling with the cost of growth. And that cost is staggering.

The region's counties face more than \$2 billion in unbuilt roads, schools, parks and other needs they can't afford during the coming decade.

And every day, as more people join the region's 2.8 million population, the problems get worse.

In Orange County, officials say they're \$200 million short of what they need to build new roads during the next 20 years. Volusia officials are short \$215 million to build new facilities and roads in the next five years.

In Osceola, the school district will fall \$200 million short by 2013 in what it needs to provide portables, replace buses and renovate schools. In Lake, the school district's shortfall is \$241 million during the next 15 years.

The hardest-hit may be Polk County, once a bump in the road between Orlando and Tampa that in recent years has exploded with growth in its Four Corners area, where Orange, Lake, Polk and Osceola counties meet. Polk officials are nearly \$900 million short of what they need to build roads, schools, fire stations and other necessities.

And even Seminole County, the most prosperous and built-out county in the region, is looking at

shortfalls in covering new schools, a new jail and transit improvements.

Governor takes action

The mounting problems have pushed growth-management reform to the top of Gov. Jeb Bush's legislative agenda. Legislators are considering a bill [SB 360] that could tighten development requirements for counties and put \$10 billion into new roads, schools and water projects during the next 10 years. It could also make it easier for local governments to levy more than \$4 billion in new sales and gas taxes each year by removing a public-referendum requirement from state law.

Though the fate of Bush's plan is still in doubt, the fact that growth management has taken center stage in Tallahassee is proof that things are reaching a boiling point, said Charles Pattison, executive director of 1000 Friends of Florida, a group that pushes for so-called "smart growth."

"I think it's a recognition that the public is frustrated with the lack of ability to provide for the kinds of needs that growth requires," Pattison said.

State Rep. Randy Johnson, R-Celebration, chairman of the House Growth Management Committee, said figuring out how to pay for all of Florida's unmet growth needs is far from simple.

"Who gets left holding the bag is the big question," Johnson said.

Though county governments have several ways to pay for growth, the option most directly linked to new development is the use of impact fees -- a charge assessed to builders for each new home and, in the case of road fees, business they put up.

The money collected from impact fees must go toward the roads, schools and utilities serving the development that was charged the fee. Some counties also assess fees for jails, fire/rescue stations, parks and libraries. Impact fees cannot be used to alleviate growth problems that already exist.

In the past couple of years, county commissioners, faced with mounting shortfalls, have jacked impact fees up as much as 243 percent. Orange County commissioners raised their school impact fee from \$2,828 to \$7,000 per home, and Volusia commissioners increased their school impact fee from \$1,139 to \$5,284.

But the biggest increase was in Osceola, where the school impact fee was boosted from \$2,828 to \$9,708 per home in December 2003.

For local governments, increasing impact fees makes more sense than raising property taxes -- and it's vastly easier than persuading voters to approve higher sales taxes.

"Why should the people who already live here pay for developers to make homes that other people are going to move into?" Osceola County Commissioner Ken Shipley said.

The problems with growth -- clogged roads, crowded schools and dwindling water supplies -- have built

up during the past 20 years, starting with the construction boom of the 1980s. Earl Starnes, a retired University of Florida professor of urban and regional planning, said he and a colleague did a study several years ago that found that the state had more than \$20 billion in unmet road needs.

"I think it's far greater than that now," Starnes said.

The big question on growth

The debate has been around in Florida since the state first started draining the swamps to make way for new farms and homes: Does growth pay for itself?

There's one theory -- cited from the Governor's Mansion to city councils' chambers -- that growth is good. The thousands of new homes that local governments throughout Central Florida approve each year power our economy.

More residents mean more people paying property taxes, more people buying things -- paying for cars, lawn maintenance, pizza deliveries and everything else they spend their money on.

Then there's the construction industry itself. Building more homes means thousands of roofers, carpenters, plumbers and electricians have work. It means a phalanx of road builders, engineers, architects and lawyers are churning billions of dollars into the economy.

If growth is good, then Central Florida must be paradise.

Not exactly.

Growth does indeed pay for itself -- eventually, said Stan Geberer, an economist with Fishkind & Associates in Orlando. Geberer and his firm have done extensive research on the issue for the state and have developed a model that allows local governments to forecast the cost of growth.

The shortfalls that counties suffer occur because of the lag between the time roads and utilities must be built and services put in place and the time that a new subdivision is completely built out, he said.

Until a majority of the homes in a community are built -- which can often be 15 years or more -- local governments can't fully realize the benefit of all those new residents paying sales taxes, gas taxes and property taxes.

"Over time, all these projects will generate sufficient revenue to fund the new roads and schools," Geberer said. "We don't need that money then. We need it now."

Though Geberer supports the idea of using impact fees to pay for the growth needs of new developments, he said it's important to realize that those impact fees aren't going to solve *today's* problems.

"The fact is the people who don't live here yet, who are going to live in these new houses, didn't cause

today's traffic jams," Geberer said. "You and I caused today's traffic jams, and you and I should be paying for those traffic jams."

Aversion to taxes

In reality, it's not that easy. When voters in Osceola and Orange counties were asked in recent years to approve sales-tax increases to pay for schools and roads, respectively, both referendums were rejected.

Meanwhile, county commissioners are loath to increase property taxes because of the political backlash. Instead, they've increased impact fees, which typically are added to the price of a new home.

But even higher impact fees haven't done much to close the gap between the pace of growth in the region and the unbuilt roads, schools and other needs.

What it has done is mobilize the development and construction industry. Builders have sued Osceola and pushed for new legislation to make it more difficult to increase impact fees and allow developers to get refunds in certain situations.

At this point in the session, legislators say the impact-fee bill [HB 1173] is stalled and likely will not pass.

Florida's home builders, who put impact-fee revisions at the top of their agenda, say that if their bill doesn't pass, they won't support Bush's growth-management bill.

Eddie Ousley, a spokeswoman for the Florida Home Builders Association, said all of the state's growth problems cannot be blamed on new homes.

People who move into existing homes contribute to the region's clogged roads and crowded schools, yet they don't pay impact fees, she said.

Though state and local officials need to address their backlog of unbuilt roads and schools, they can't put it all on the shoulders of the development community, she said.

"It's going to take a combination of elements to pay for Florida's ever-growing needs," Ousley said. "Impact fees alone will not solve the problem."

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