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Developers aren't the only victims of impact fees

Mark Essert

Antonio Apap's viewpoint ("Higher impact fee is answer to Santa Rosa growth," May 21) was persuasive and made many good points. However, like so many other arguments in favor of impact fees, it falls far short of the whole picture.

Apap claims that sales surtaxes and gasoline taxes are regressive and hurt lower-income people more, but he stops short of saying that impact fees do exactly the same thing. He says only that raising property taxes "would be the ultimate irony" because it makes existing residents pay for future growth.

Impact fees as instituted in most jurisdictions are an incredibly regressive and unfair taxation on home buyers. First, the fees are charged per "dwelling unit," which means a 750-square-foot, low-income apartment is charged the same fee as a 5,000-square-foot luxury mansion! Whom do you think suffers most when absorbing the impact fee in the ultimate sales price?

Second, why is it that existing residents should get off scot free from the cost of growth? Will they not drive on the new roads? Will they not benefit from the new schools and infrastructure? Won't their businesses benefit from the enlarged customer base? Did they not get to take advantage of the facilities that were developed in their neighborhoods through conventional revenue-generating mechanisms?

Impact fees only look like the "golden goose." Counties and municipalities never employ consultants to evaluate the entire economic impact of such fees. They only retain consultants to establish the legal limit they can charge. The validity of the impact fees is never questioned except by builders who are instantly branded as "greedy developers."

Having served on the City Housing Commission in Escondido, Calif., I've seen firsthand the adverse effect of impact fees. The first thing low-income developers asked for was relief from impact fees, which we could never grant because of the wording of the legal structure surrounding these fees.

If an affordable-housing developer is trying to build a low-income project for \$50 per square foot, with his land and other costs at \$37,500 per unit, his cost would be \$75,000 per unit. A \$10,000 impact fee would be a 13 percent increase in cost.

By contrast, the luxury home builder who's constructing half-a-million-dollar homes only sees a 2 percent increase.

Does that sound fair to you? To which type of development do you believe builders will gravitate? The answer is clearly higher-end products.

Housing prices and property taxes are based on comparable unit costs, or "comps." When an existing residence is priced for sale, the real estate agent looks at all homes in the area, both new and existing. Thus the increased cost of the new homes exerts an upward pressure on existing residential stock.

All home prices rise. Just look to the West Coast, where

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impact fees originated; they are the highest in the nation. It is not coincidental.

Even more insidious is that the resulting rise in values ultimately results in more property taxes being paid by residents whose property values have been artificially raised by the comparison values.

I am an architect and developer with a vested interest in keeping home construction prices as low as possible. But ultimately, shouldn't you be interested in that goal, too?

Don't jump on the bandwagon unless you really know where it's headed. Impact fees don't affect only "greedy developers." They eventually come back to bite all of us.

Mark Essert of Gulf Breeze is an architect and builder. He is a former chairman of the City Housing Commission in Escondido, Calif.

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