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Lower impact fees could continue

Developers back county plan to keep fees low for 2 more years

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MANATEE -- A reduction in the fees levied on builders for new construction is doing its job jolting the Manatee County economy, developers and government officials say.

But they insist that job is far from finished.

Manatee County Administrator Ed Hunzeker will propose to county commissioners Tuesday a measure that would extend transportation and educational impact fee reductions for another two years.

A 50 percent cut in transportation impact fees and 100 percent cut in educational impact fees adopted in May 2009 is set to expire July 26.

Hunzeker's proposal would extend the reductions through July 26, 2013, and create a loss of \$12 million in capital improvement revenue the county would have received.

"We thought two years down the road the economy would improve. We have determined things have not picked up," Hunzeker said last week.

But Alan Anderson, the executive vice president of Homebuilders Association Manatee-Sarasota, said the fee reduction has allowed Manatee to weather Florida's economic downturn better than most areas. He said of the 27 members in the Florida Home Builders Association, only Jacksonville is seeing stronger building indicators.

"We are one of the very few counties that are showing growth in housing permits," Anderson said.

Manatee County and local municipalities issued 1,099 new residential construction permits as of Nov. 30, up from 963 permits issued in 2009.

Sarasota County, which has seen its housing permit numbers stagnate, rejected a proposal to lower its impact fees in 2009, but is reconsidering that move this month, in part to compete with Manatee County.

In December, Manatee issued 68 new residential single-family permits to Sarasota County's 24, according to figures compiled by developer Pat Neal, of Neal Communities. In September, Manatee's permit numbers nearly tripled Sarasota's.

"Sarasota County used to build more homes than Manatee," Neal said. "That's flipped because it's less expensive to build in Manatee."

Impact fees are one-time costs designed to pass on the burden of constructing roads, parks and schools to developers of new homes and businesses.

Neal said the reduction saves him about \$8,000 per home. Transportation impact fees account for about 70 percent of total impact fees, he said.

Manatee County collected its first impact fee in 1986, and the school board began collecting impact fees in 2002.

There are smaller impact fees collected for parks, solid waste and public safety, and those fees have not changed.

School District of Manatee County Superintendent Tim McGonegal said he plans to bring the extension before the school board in early February. He supports it and thinks board members will, too.

"I don't think our community has seen the improvement we hoped it would," McGonegal said.

He was unsure how much the extension would cost the school district in future revenue. In 2009, he said the district would forfeit about \$5 million.

Student enrollment increased by about 1,100 students this year, but there is no need for new school buildings, McGonegal said.

"We built schools in preparation for future growth, and the growth just stopped. We're in pretty good shape," he said.

Anderson said developers will cheer the extension. They normally pass on their costs to home buyers.

He said the savings helps young people and retirees navigate tougher mortgage lending requirements and afford new homes.

"We would support that, and our builder members would support that," Anderson said of the extension. "It would appear, based on the numbers, it has helped put some people back in the market."

Manatee County Commission Chairwoman Carol Whitmore said she supports the extension as she did in 2009.

"I think it's helping a little bit, and I definitely think the business community says it's helping," Whitmore said.

Both Whitmore and Hunzeker pointed to a Thursday presentation by Orlando economist Hank Fishkind as support for the extension. Fishkind said high impact fees are a reason Florida has lost its competitive economic advantage.

Fishkind also predicted slow growth for two more years.

"It just reaffirms what I thought," Hunzeker said. "Fishkind is an optimist, and he doesn't think things will pick up until 2013."

Commissioner Joe McClash cast the lone dissenting vote when the impact fee reduction was approved in 2009. He will oppose the reduction extension as well, saying the county is transferring the onus of building roads and schools from developers to taxpayers.

He called it "infrastructure on credit."

"There's a responsibility that developers should have to pay for infrastructure needed for their developments," McClash said. "There's no free ride. Somebody has to pay for the impact."

McClash said major road projects, like the extension of 44th Avenue from Cortez Road to 45th Street East, will be delayed by a reduction in impact fees.

McClash disputed the notion that impact fee reductions have spurred new home construction. He said record-low interest rates and the move by developers to build more affordable homes are fueling the permitting increase.

"When we raised the impact fees, developers said it would hurt the industry," McClash said. "Then we had the largest building boom in the history of the state."

Hunzeker said the cost of building roads and the demand for new roads has been reduced by about 25 percent since the economic downturn took hold.

Hunzeker said taxpayers will not bear a larger burden of road improvement costs. He plans to prepare a list of projects that could be delayed by the reduction extension for Tuesday's commission meeting.

"We're not transferring any projects," Hunzeker said. "We have no taxpayer money to use."