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OUR OPINION

Playing it safe on new impact fees

If the School Board tonight approves Marion County's first-ever education impact fees on new housing, as is expected, there should be few complaints from the builders and homeowners who will have to pay up. Sure, school impact fees will be one more tax being assessed to help pay for the costs of growth - in this case, to help pay for new schools and busses. And, yes, it will further increase the cost of new housing in a community that has seen such costs rise about 30 percent each of the past two years.

Despite all that, the proposed fees are a bargain. The proposed school impact fees, which under law can only be assessed on new housing, will be \$3,515 on single-family residences, \$1,919 on multi-family dwellings and \$3,067 on mobile homes. They will be in addition to county transportation impact fees.

So how can a \$3,516 be a bargain? A little history.

When the School Board began pursuing impact fees last summer, it originally enlisted its own staff to come up with a fair and "legally defensible" fee schedule. Using Orange County's court-tested formula, the staff calculated that a reasonable fee for a single-family residence would be close to \$8,000.

That figure was met with sticker shock by board members - three of whom are up for re-election this year - who promptly ordered the hiring of a consultant with experience in impact fees. Henderson, Young and Co. of Orlando was contracted because of its history of successful impact fee studies - successful meaning none were ever overturned by a legal challenge.

The reason the firm has been so successful, in part, is because it calculates impact fees based on conservative estimates. And conservative estimates, not surprisingly, lead to conservative impact fees.

In its report to the Marion County School Board, in which it examines everything from enrollment growth and classroom counts to growth rates and building costs, two sets of figures used to determine future outlays for school construction stand out, giving credence to Henderson, Young's reputation for playing it conservative.

First, the consultants used \$28,500 an acre as the average land cost being incurred by the School Board for new sites. Now we're not land appraisers, but there are few, if any, open parcels on main roads in Marion County's high growth areas that will sell that cheaply.

Second, when calculating the long-term impact of construction inflation, Henderson, Young used Florida Department of Education inflation rates, which the FDOE set at anywhere from 1-1.63 percent a year. Again, we're not contractors, but as we mentioned earlier, construction costs hereabouts have risen nearly 30 percent per year for each of the past two years.

"The inflation adjustment factors were calculated from the School Cost Index maintained by the FDOE," a footnote in the consultants' report states. "The FDOE index is conservative. It used a smaller rate of inflation than the Engineering News Record for every one of the nine years covered by the analysis." Indeed.

The bottom line is the calculations used by Henderson, Young to determine the new school impact fees were purposely low to ensure they could withstand any initial challenge in court.

When we asked School Board Chairman Sue Mosley what she and other district officials believe the proposed impact fees would have been had more current and accurate figures been applied, she said the district staff's original \$8,000 figure probably wasn't far off the mark.

So take heart developers, builders and new homeowners. There is likely a new tax that will drive up the cost of new housing in Marion County even more. It's a needed tax, sadly, because, according the Henderson Young, Marion County has 1,800 more students than it has space to accommodate. The county also needs to add more than 100 school buses to its fleet. And, again, those figures are based on "conservative" estimates.

That Henderson, Young is playing it safe with conservative figures is prudent in these all-too-litigious times. The School Board can increase the impact fees later, and it has indicated it will revisit them each Oct. 1. In the meantime, we encourage the School Board to put the impact fees into place to help new growth pay more of its own way, because while the new fees may be underpriced, they are overdue.
