

Rush on to beat impact fee hike

County staggers under load of building permit requests

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ST. AUGUSTINE BEACH -- Home builder Tom Coates grows philosophical when he thinks about St. Johns County's new higher impact fees and about how builders have been forced to get their paperwork done before the May 2 deadline.

"Right now, it's a good business decision to get things done faster," Coates said. "But we're just little guys, building 12 to 18 houses a year. Big guys like KB Homes are coming in with 700 applications at a time. The system is really being taxed."

Coates is one of hundreds of builders, contractors and construction companies scrambling to file pre-applications for building permits called "clearance sheets" before the county's higher impact fees take effect May 2.

But not making that deadline can hurt. Through this week, the county assesses \$2,630 in impact fees to build a house. On May 2, it will cost \$9,299 for a house larger than 1,800 square feet. A house 1,800 square feet or less will have a fee of \$6,685.

So the four homes Coates hopes to start soon will cost him nearly \$30,000 more if he delays filing his paperwork a week.

Ric Drudy of Covenant Homes said he's also rushed to submit as many clearance sheets as he could before the deadline.

"The County Commission is faced with myriad problems with inadequate infrastructure and they have to come up with the money somehow," Drudy said. "But impact fees are not the answer."

Builders of high-end homes will pass along impact fee hikes to home buyers.

But that can't happen as easily for affordable homes.

He's built 50 over the past two years and said he could sell 100 if he had them. With the higher fees, the affordable home market will take a hit as some buyers can't pay \$6,700 more per house.

"Two years ago, an affordable house cost \$110,000," Drudy said. "This year it's \$135,000 and next year it will be \$155,000 to \$165,000. Retirees will pay cash for their dream homes, but the workforce must find homes in the affordable housing market. There are more people moving into St. Johns County than there are houses to accommodate them."

County officials say the accelerating number of applications is straining their ability to process them.

Mike Griffin, director of development services, said his office processed roughly 50 clearance sheets a day just a few weeks ago. Lately, however, his staff sees 90 a day, and two days last week had 120 submitted.

"We're managing," Griffin said, laughing a little. "The staff is handling things very efficiently and professionally."

H.T. White, deputy building official, said the county is hiring eight new people -- two plans examiners, two permitting technicians and four inspectors -- to handle the load.

"At this point, I don't even know if that's enough," White said. "The number of our inspectors varies from 19 to 23, but on only four days this week, from Monday to Thursday, they performed 3,275 inspections. We have really fine-tuned our inspection process."

Technology and multi-qualified inspectors allow them to accomplish that, he said.

"There's definitely a bubble of activity. We're seeing a much greater work load," he said. "We're in unprecedented times."

Like residential builders, commercial builders also need to beat the deadline. Delay for them means paying three to five times more impact fees than before.

Griffin said his office previously filed five or six applications for Development Review Committee review.

"Now, we've got 144 in the hopper," he said. "We may have to double up on the days we have the Development Review Committee."

Ed Paucek, spokesman for St. Johns County Builders Council, said projects that had previously been planned carefully are now being "rapidly accelerated" so they can be filed under the deadline.

"We could end up with a substantial amount of commercial development that is premature and that might have a negative effect on the marketplace," Paucek said.

Commercial real estate broker A.J. McGuinness of Coldwell Banker Commercial Properties in St. Augustine said one potential client has pulled out of a deal.

"They told us that impact fees were the major contributor," McGuinness said. "On a run-of-the-mill project like a strip mall or a big box store, (higher impact fees) are just the cost of doing business. But with a major project like CitiCorp, where they have to pay a \$7 million impact fee, it will have a definite effect."

McGuinness said he didn't mind higher fees if the money paid went to infrastructure.

"That would be an advantage to everyone," he said.

Ron Barry, a Realtor with offices on U.S. 1 South, has been working on a half-million dollar commercial deal.

"Our big hurry is to get the pre-application in to beat the impact fee," Barry said. "Paying five times more impact fees is a tremendous amount of money. We're all running to get this stuff in."

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