

Posted on Wed, Jul. 20, 2005

Share the burden

Impact fees can't pay full cost of growth

Manatee County commissioners will doubtless try to justify an earlier increase in impact fees by citing the inflation in building costs and land values.

That's what's behind plans recently announced to advance by eight months a scheduled increase in the fees charged to new construction. Instead of the increases going into effect next June, commissioners are considering raising them Oct. 1. On top of that, members of the Manatee School Board also are considering recommending the county move up the school impact fee increase by eight months, to Oct. 1.

Whenever commissioners begin fiddling with impact fees, we worry that they may be killing the goose that lays the golden eggs. Manatee County is enjoying an unprecedented economic boom in recent months, primarily driven by new home and commercial construction, which impact fees target. There is a delicate balance between fee levels that are fair and those that are excessive. Manatee must be careful that it does not reach the tipping point where its impact fees lose their competitive advantage over those of neighboring counties. At that point, look for developers to shift their sights to DeSoto, Hardee and Charlotte counties.

We supported the move by commission to raise impact fees last year in a three-step phase and to impose a cost-of-living escalator. It had been several years since the fees were touched, and they were overdue for an increase. At the time, commissioners said the fees would be reviewed annually to avoid a steep one-time catch-up increase as was necessary at the time.

But there was no talk of retroactive application of 2006 fee levels in 2005, which the commission is now considering. It represents a double whammy to the construction industry and to prospective homebuyers, who are being increasingly priced out of the new home market.

Resistance to impact fee hikes inevitably brings out the mantra that growth must pay for itself. That is an unrealistic assertion; impact fees can never pay the full cost of growth. To try to do that would price any new home or store out of the marketplace. All segments of the community benefit from growth and the improvements it brings; all share in paying for the prosperity it generates.

Indeed, one way to level that burden would be to impose a modest fee on every real estate transaction, whether for new or existing construction. Builders tout that as a more fair way to generate revenue needed for new roads, parks, ambulances and sheriff's deputies that a growing community needs. Every home sold represents an opportunity for a new resident to move here; why should it be only residents of new homes who are billed extra for those amenities?

With costs escalating so rapidly, the county will never be able to keep up by relying solely on impact fees for needed infrastructure expansion. Only millionaires could afford the fees that would necessitate. A transfer fee on every resale would be an equitable way to spread the costs of improvements that will benefit all.

It would be a controversial move, but unless commissioners show the political courage to take such action the county will be overrun by the growth wave that's heading this way.

© 2005 Bradenton Herald and wire service sources. All Rights Reserved.
<http://www.bradenton.com>