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Brent Batten: Impact fees should be reasonable

By Brent Batten

Sunday, January 21, 2007

That rumbling you heard wasn't another F-16 out of Key West.

It was the sound of jaws hitting the floor at the proposed new affordable housing fee trotted out by Collier County on Thursday.

Impact fees are called that because they're supposed to offset impacts, not cause them. But the affordable housing fee, officially called a mitigation fee, hits the building community like a freight train hits a bicycle left on the tracks.

It also would hit county coffers like a ton of gold coins dropped from a Gulfshore Boulevard high rise. Gold extracted mainly from builders and users of commercial real estate.

Consider that in fiscal 2006, the county issued building permits for 3.3 million square feet of commercial space. The affordable housing mitigation fee, as proposed in an ordinance being prepared for county commissioners, ranges from \$32.82 to \$48.86 per square foot.

If the entire 3.3 million square feet had been assessed at the lowest rate, it would have generated more than \$108 million. Had assessments been evenly split between the lowest and highest rates, the fee would generate \$134 million.

Residential construction doesn't escape the fee. It is assessed between 72 cents and \$1.88 per square foot, under the proposed ordinance.

In 2006, construction started on 6,315 new homes in Collier County. Assuming an average of 2,500 square feet per home, that means about 15.8 million square feet, or at least \$11.4 million in affordable housing mitigation fees.

For all the talk of a building slowdown in Collier County, Community Development Services Administrator Joe Schmitt says the pace of building permit applications is up this year compared to last, meaning the fee could bring even more than these rough projections.

It is a staggering sum — the entire county budget for the present fiscal year is just over \$1 billion — that the county is ill-prepared to spend.

The proposed ordinance offers no specifics on how the money is to be used, only that it “shall be used solely to increase and improve the supply of Affordable-Workforce Housing in the county ... including but not limited to all costs associated with planning, subsidizing or developing Affordable-Workforce Housing units in the county.”

Vast amounts of money and vague direction are a dangerous mix.

While nearly everyone agrees that the lack of affordable housing needs to be addressed, the timing of such a radical increase in impact fees could hardly be worse. Home prices are coming down due to market forces.

And indications are that builders, in the face of a challenging real estate market, may finally be willing to cater to customers of moderate income. The same day the story of the proposed mitigation fee hit the front page, another story appeared further back in the news section detailing plans for 190 townhouses on Immokalee Road that will sell in the \$200,000 range.

The impact fee has been a useful tool in providing things like parks, schools and roads in fast-growing Collier County. But that tool has come at a cost to builders and businesses, a cost that is passed along to consumers. It is reasonable to address affordable housing with an impact fee as well but the fee has to be just that — reasonable.

The fees outlined in the ordinance as written aren't.

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