



Builders May Seek \$1.1 Million Impact Fee Refunds

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SEBRING — Builders are likely to ask Highlands County government for impact fee refunds totaling more than \$1.1 million should the fees be suspended for six months.

That is likely to happen for building projects that are in progress, in case fees are suspended to stimulate home building, Ross Macbeth, the county's attorney, told the county commissioners on Tuesday.

Last Tuesday, the commissioners agreed to schedule a vote on Commissioner Guy Maxcy's proposal to temporarily suspend impact fees.

As soon as that news was out, three builders canceled building permits they had taken out only a few days earlier, in anticipation that commissioners may waive impact fees, Macbeth added.

They also demanded refunds of the impact fees they had paid. Builders pay the fees to cover infrastructure costs caused by growth when they take out a building permit.

The big issue, though, is builders or developers demanding refunds of impact fees for all building projects started within the last year.

Macbeth said some builders had construction jobs in progress and, when the news broke that impact fees might be suspended, they stopped all construction work.

Most or all of them, Macbeth said, want to rescind their building permit or let it expire, stop work on a project that could already be 80 percent complete, and get a full refund of the impact fees they paid.

Then, if the county suspends impact fees in a few weeks, they would pull new building permits and pay no impact fees as they finish the building job they had started months ago.

"At this point, everything has stopped," Macbeth told the county commissioners. He was referring both to new building permits being taken out and work on many pending construction jobs in the county.

The \$1 Million Payback

If the county refunds the impact fees on one project that has been stopped, Macbeth said, it will have to refund all impact fees on all such jobs.

"And there are people interested in doing just that," Macbeth said about developers who could pull the plug on a pending construction job, get all their impact fees refunded, and then re-start work when the commissioners suspend impact fees.

The cost to the county if that happens?

Macbeth had the answer to the penny: \$1,102,998.07.

The county's attorney also said the county's impact fee ordinance does not have "clarity" on whether the builders would be entitled to impact fee refunds by stopping construction, letting their building permits expire, and then re-starting construction if impact fees are suspended temporarily. He told commissioners he has to research that question.

But there were many more questions about the economic impact of suspending impact fees.

Who Will Have To Pay?

Commissioner Barbara Stewart asked how the county would make up the impact fee revenue lost from suspending the fees. If the county doesn't make up those funds in some way, she said, the state could stop the county from issuing building permits.

Stewart said the county would have only two options: either raising the property taxes for all county home and land owners, or raising the impact fees substantially when they are reinstated.

Macbeth said a six-month suspension of impact fees could necessitate either doubling or tripling them when the suspension period ends.

Currently, the eight impact fees total \$7,600 on a 2,000-square-foot new home, which is the typical size of new homes being built in this area.

Tripling that fee to make up for lost impact fee revenue would raise the impact fee on that same home to \$22,800.

Maxcy said it's not true that property taxes will have to be raised to make up for lost impact fee revenue if the impact fees are temporarily suspended. Instead of doing that, Maxcy said, he would vote for charging more expensive impact fees when they are reinstated.

To make the new, higher impact fees more reasonable and less destructive, Maxcy said, the fees could be raised gradually to make up the lost money over a 10-year period, not immediately.

"It's all theoretical," Stewart countered. She said neither the commissioners nor anyone else can know how the county is going to make up lost impact fee revenue in the future.

Answers To Key Questions Due Tuesday

County Administrator Carl Cool said he will research two key questions and provide the answer April 1, at the next county commission meeting, when commissioners will hold a public hearing on suspending impact fees. Those questions are:

If impact fees are suspended for six months, what precise tax-revenue raising options are there for making up the lost revenue?

And, if the lost revenue is made up by higher impact fees, how high will those fees have to be raised? Commissioners will not vote on suspending impact fees after Tuesday's public hearing. Under agreements with Sebring, Avon Park, Lake Placid and the Highlands County Board of Education, the county must give municipalities 30-days notice, and give the school district 60-days notice, before they

can change impact fees.

Also, the 11-member Highlands County Citizens Advisory Committee on Impact Fees has scheduled a special meeting for Friday morning in the engineer's training room in the Highlands County Annex Building.

The committee, appointed by the county commissioners, was supposed to make long-range recommendations on whether the county should raise, lower or eliminate impact fees next year.

Due to the controversy over suspending impact fees for six months immediately, the committee plans to make a recommendation on that issue.

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