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Builders win delay of Palm Beach County 'impact fee' increase on new homes, businesses

By Andy Reid, Sun Sentinel

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Builders' concerns persuaded the [Palm Beach County](#) Commission Tuesday to delay fee increases on construction of new homes and businesses.

[Palm Beach County](#) hasn't raised "impact fees" since 2006, due to concerns about the drop off in home building. Builders argue that increases now could hurt the still-struggling economy.

These one-time fees on new homes and businesses — which get passed along to consumers — help pay for roads, schools, parks and other infrastructure improvements intended to keep pace with the added strains of growth.

The new proposal calls for raising those fees on new construction as much as 17 percent for homes and up to 74 percent for businesses.

Impact fees now add about \$10,000 to \$11,000 to the price of a new home depending on size, and much more for the construction of new businesses.

Instead of moving ahead with the first impact fee increase in nearly seven years, the County Commission on Tuesday heeded builders' concerns and delayed a decision for at least a month. By then builders intend to present a compromise proposal aimed at lessening the impact of the proposed cost increases.

"We are coming out of a recession," said Scott Worley, president of the Florida Atlantic Building Association. "The concept of raising the impact fees ... is very hard for us to support."

But winning a delay doesn't mean builders will ultimately avoid a fee increase this year.

Holding off on increasing impact fees in recent years cost the county about \$50 million in lost fees, according to the county. Without that money, either existing property taxpayers have to cover more of the costs of infrastructure improvements or they don't get built.

The county can't continue to "give handouts" and "subsidize" builders who made "zillions" during the South Florida housing boom, according to County Commissioner Jess Santamaria, who supports increasing impact fees.

"I just cannot see how we can continue putting burden after burden on the current property owners," Santamaria said. "This is not right. ... This has got to stop."

One proposal that commissioners are considering calls for raising impact fees about 17 percent for some new homes and a 74 percent boost for commercial properties. That could be phased in over two years.

A proposal on the low end calls for actually reducing impact fees on homes about 13 percent over two years while raising fees on businesses about 17 percent.

[Palm Beach County](#) charges about \$10,029 in impact fees for new homes that range from 1,400 to 1,999 square feet. Impact fees on constructing a 10,000-square-foot building for a retail business currently cost nearly \$98,000.

The [Palm Beach County](#) League of Cities opposed any impact fee increase.

"The economy is too fragile," said Richard Radcliffe, the league's executive director. "This was not the time to do it."

Commissioner Steven Abrams said improvements in the construction industry warrant "a reasonable increase" in impact fees.

"Something is justified," he said.

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While open to a potential compromise proposal from builders, new development should help cover more of the costs of roads, schools and other needs, according to Commissioner Shelley Vana.

"There is significant difficulty in neglecting the infrastructure needs," Vana said. "We have significant backlog."

Some fees could be decreased because development has dropped along with the strain on resources that new growth can bring. For example, Fire Rescue fees could get cut because there are no new fire stations planned, and fees for parks could drop because the county doesn't plan to buy new beach park land.

Likewise fees for roads could go up as traffic strains grow, particularly for commercial development.

The county's Impact Fee Review Committee recommended decreasing residential impact fees and capping increases on commercial buildings at 20 percent.

"These fees are getting baked into the sale price," said Commissioner Hal Valeche, who favored the lowest increase proposal. "We are trying to encourage businesses to grow and expand here."

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