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IMPACT FEES STIR

Impact fees stir a hot debate

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Area developers say that if local governments temporarily waive impact fees on construction, they could jump-start the sagging housing market by taking thousands of dollars off the price of a new home.

In appeals before the Manatee County Commission and Bradenton City Council, and in e-mails to the Sarasota County Commission, the developers promise that they could get people to start buying houses again.

"It's something that has to be done" until the economy regains some level of normalcy, home builder Carlos Beruff said.

Their claims are being met with skepticism by government officials, who say adding more homes to an already saturated market could deepen the economic slump.

And, they say, eliminating the fees entirely could financially cripple governments that rely on the income to pay off debt or finance projects that support new growth.

Backers of the fees say that putting more homes on the market could just make things worse.

"It's the old question of supply and demand," said Ernest Marshall, president of the Federation of Manatee County Community Associations. "If you've got more supply than demand, you stop supplying."

In January, Realtors sold 499 of the 17,142 homes on their listings in Manatee and Sarasota counties.

More than 14,000 homes in both counties are in some stage of foreclosure. An abundance of retail and office space is not being sold or leased either.

Home construction continues to slow down. Last month, Manatee County issued 30 residential building permits, down from 45 in January 2008 and 147 in January 2007.

Developer Pat Neal said buyers are out there, but he contends that existing homes on the market don't meet consumer demand.

Today's buyers, he said, want smaller homes at more affordable prices than what was being built during the real estate boom.

Waiving impact fees would allow him to provide that product, reducing prices on some of his models by nearly 20 percent, Neal said.

Manatee County Commissioner Donna Hayes is not buying the argument that waiving impact fees would add more product to a market that already has a surplus.

"We have some very astute developers," Hayes said. "They do their own market studies and know what the market is demanding."

But Hayes and other elected officials express concerns that cutting off the flow of impact fees would delay public works projects that also put people back to work.

Manatee County Administrator Ed Hunzeker warns of other "unintended consequences."

For example, Manatee uses impact fees to make debt payments on facilities such as the water and sewer systems and the new Judicial Center.

"We have debt issues; we have credit rating issues," Hunzeker said.

And government officials worry that dropping the fees, even temporarily, would shift the costs of roads and other public projects associated with growth from new residents to longtime taxpayers.

"It's just totally wrong," Manatee County Commissioner Joe McClash said. "And it's not fair to those who have already paid."

Added Sarasota County Commissioner Jon Thaxton: "It calls into question the legal ability to do it without compromising the entire impact fees ordinance."

Thaxton and McClash favor reducing or waiving impact fees not for homes, but for targeted industries that offer jobs.

That would require the Legislature's consent, Thaxton said.

Developers contend that, if counties and cities will not waive impact fees, they

should at least reduce the charges. In some jurisdictions, the fees now in place were adopted when the costs of buying land and building roads were higher.

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