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More, higher fees urged

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DAYTONA BEACH -- Building a home here might cost more in the future.

The city is considering more and higher impact fees for new home construction.

City commissioners last week approved spending \$64,505 for the second phase of a study on impact fees -- a prelude to approving the increases.

The first phase of the study by Duncan Associates of Austin, Texas, which cost the city about \$13,820, recommends increasing water and wastewater impact fees as well as adding new impact fees for roads, parks, fire and emergency medical services, police and general government facilities.

Daytona Beach currently charges impact fees of \$4,299 to build a single-family home, less than half of the average cost of impact fees elsewhere in Florida.

At the April 20 meeting, Commissioner Darlene Yordon asked about imposing the increases and new fees without spending the money for the second phase of the study.

"It's apparent from what we've seen here that we're way under everybody else," she said.

City Manager Jim Chisholm said a professional study is needed for any increases in impact fees or new charges to withstand challenges from the construction industry.

"We would like to do them right now, but the volatility of those fees with the construction industry is such that you need the supporting documentation," he said.

The Duncan and Associates study predicts residential construction growth in this city, which has seen its population of about 65,000 grow stagnant since the 1990s.

Bayberry Colony at LPGA Boulevard and International Golf Drive plans to build 150 homes per year, rising to 200 homes annually by 2010. LPGA International plans to build 200 homes per year, rising to 400 homes per year by 2010. Both developments combined are expected to build up to 4,400 homes by the end of the decade.

In addition to those projects, the Duncan Associates study expects significant home construction on 3,000 acres west of Interstate 95 between International Speedway and Granada boulevards, according to the Duncan Associates study.

To serve the 3,000-acre growth area, the city might have to spend \$6.9 million to expand its water plant and \$7.8 million to expand its wastewater plant. Impact fees should be increased to reduce the need to raise water and sewer rates for existing customers to pay for improvements to serve the new growth area, the study suggests.

Impact fees are one of the most direct ways for local governments to get developers to pay a larger portion of the costs that new construction brings to the community.

The fees are one-time, up-front charges usually paid with when the building permit is issued. Standards for the fees include:

- New development must create a need for new facilities.
- The fee must be a fair share of the cost.
- Money from the fees must be spent within a reasonable time and benefit the development.

New growth will increase the need for road construction on the west side of the city, including Tomoka Farms Road, LPGA Boulevard, Dunn Avenue and Hand Avenue. Other road improvements will be needed to accommodate growth and relieve traffic pressure, such as widening Beach Street, Orange Avenue, Bellevue Avenue and the Fairview Avenue/George Engram Boulevard/Dunn Avenue corridor.

Even without a parks impact fee, the city provides more than 7 acres of parkland per 1,000 residents.

But the Duncan Associates study said the city does not have a measure in place to ensure that parkland continues to grow with new construction.

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Current fee; average Florida fee

Water \$585; \$1,375

Wastewater \$773; \$1,875

Roads *\$1,802; \$2,011

Schools *\$1,139; \$2,483

Parks \$0; \$586

Fire/EMS \$0; \$185

Police \$0; \$111

General Government \$0; \$207

Total \$4,299; \$8,833

*Current fees are Volusia County fees

Source: Duncan Associates

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