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Housing slump may ax millions for schools

Districts weigh what they can afford as impact fees shrink.

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Central Florida's anemic housing market has produced another financial casualty.

School-impact-fee collections from new homes are plummeting, which has administrators in some districts predicting they'll end up with millions less than what they originally projected.

In Osceola County, administrators who thought they would collect \$43 million from impact fees in the current fiscal year have lowered that number to \$19 million. In Orange County, finance officials recently adjusted impact-fee projections downward from \$65 million to \$30 million.



The revised estimates have school-district administrators putting off plans for new schools and postponing land purchases.

Those are the two primary uses of impact fees, which are paid by new-home buyers to offset the costs of population growth.

Administrators across the region, however, said the consequences of less money are not as bad as it might seem, in part because student populations are stable or even dropping in some places.

"I think school districts are getting a good handle on the situation, so I think we're in pretty good shape," said Wayne Blanton, executive director of the Florida School Boards Association. "[With] the combination of the slowdown in housing and the number of students, we think impact fees are going to allow us to meet current needs.

"I think it's pretty much a wash," he said.

Nevertheless, officials in Osceola say a high school scheduled to open in August 2012 will be postponed for two years. In addition, a middle school and two elementaries face two- or three-year delays.

The construction delays could mean some overcrowded schools will have to wait for relief, while land-

buying delays could result in school districts paying higher prices in the future.

"What could happen is if growth stays as flat as it is currently projected, it may not have an overall effect," said Eric Houston, assistant superintendent of maintenance and facilities in Osceola. "But if growth spikes up, or if it spikes in certain [areas], those kinds of locations where growth continues, we may not have the revenues in a timely fashion."

In Orange County, the \$35 million drop in projections is expected to delay land purchases and possibly lead to other financial adjustments. Rick Collins, the school district's chief financial officer, said those "have not been determined." Officials also were unable to say last week which land purchases might be delayed.

Officials in Volusia projected \$28 million in impact-fee collections this year but recently reduced those estimates to about \$17 million based on reductions in new building permits issued by the county. At the same time, however, Volusia is predicting 3,000 fewer students will enroll during the next three years.

Robert Moll, the county's deputy superintendent for financial and business services, said the district hasn't decided what to do.

"We're still grappling with this," Moll said. "It's a moving target."

MetroStudy, a Texas-based real-estate-research company, reported recently that new-home starts in the Orlando area plunged 47 percent in the third quarter, compared with the same period a year ago.

A survey of subdivisions showed that the number of homes sold and occupied in the third quarter was down nearly 30 percent from the same period in 2006.

But the housing slowdown hasn't translated into less money everywhere.

"We have recently adopted new impact fees, and even with a decline in permits, we anticipate a moderate increase in revenues," said George Kosmac, Seminole County's deputy superintendent of operations. "It's an estimate; it's not scientific. But it will compensate for the lower housing volume."

Kosmac said the district would take in somewhere between \$2 million and \$2.5 million in school-impact fees this year, but that number is expected to climb to \$5 million in the next fiscal year. Effective Feb. 1, Seminole's school-impact fee on a single-family home will increase from \$1,384 to about \$5,000.

Brevard officials said an expected \$2 million reduction in impact-fee money this year prompted them to remove one elementary school from the five-year construction plan.

"It doesn't affect any current projects," said Dane Theodore, Brevard's director of planning and project management for the school district. "It'll just extend the time we need to collect the money we needed to start . . . projects."

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