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Big impact fees eyed for new homes in Palm Beach County

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While existing home prices throughout South Florida continue to drop, the cost of buying a newly constructed house in Palm Beach County would substantially increase if commissioners adopt a consultant's recommendation to increase impact fees.

Impact fees are charges tacked onto the price of a new home to pay for costs associated with growth, such as new roads, parks, libraries, police, fire-rescue and schools.

Though a consultant found merit in fee increases, several county advisers determined Monday that any such fee hike would be imprudent now.

With the housing market slow and the overall economy jittery, an advisory panel that studied the consultants' report Monday unanimously agreed to urge commissioners to freeze the fees at existing levels.

Otherwise, should commissioners adopt the recommendations of consultant James Nicholas, fees on a typical single-family home in the county would jump this year by 80 percent, and impact fees on many businesses would increase by an average of 113 percent. The proposal would take impact fees on a single-family residence between 1,400 to 1,999 square feet from an existing \$9,890 to \$17,829.

Such an increase would make Palm Beach County's impact fees the third highest in the state, behind only Collier and Osceola counties.

The potential for fee hikes comes at a time when the county government is sitting on tens of millions of dollars in impact fees collected since 2004 and beyond that are set aside for a host of capital-improvement projects. Most of the money is for roads, such as the county's plans to build a bridge on Hypoluxo Road over Florida's Turnpike for \$23 million. "To impose on [a housing industry] increases of this sort are shocking," said Nancy Hogan, a real estate agent and Ocean Ridge commissioner who serves on the county's Impact Fee Review Committee, which studied the consultant's report.

The committee is composed of several members from the housing, construction and real estate industries, and they approved many of the methodologies that Nicholas used in suggesting a fee hike. But they were emphatic in saying that the building industry — and new home buyers — can't bear any



hikes this year.

Commissioners are expected to look at the proposed new rates in March or April, according to Willie Swoope, the county's impact fee manager. Commissioners last approved an impact fee increase in 2005. Swoope said it's not unusual for commissioners to differ from consultant's recommendations, noting that they have previously approved fees that were lower than recommended.

The Nicholas report attributes much of the need for impact fee hikes to the rising cost of road construction materials, which, the report says, has risen 44 percent since 2003.

Though it may be a politically difficult decision, commissioners may want to approve fee hikes to contend with projections of slow growth that will likely cause big drops over the next few years in the amount of money the county collects to pay for new roads. The decline in impact fee revenues also coincides with expected decreases in gasoline taxes that also are used to pay for new roads, bridges and other improvements.

Impact fees are paid when building permits are issued and they typically are passed down into the cost of a new home. The fees differ depending on the size and value of a new home or business, and vary depending on where it's built. Different types of businesses also pay different levels of impact fees and would be impacted differently if increases were to be approved. For instance, a car-sales business could see increases of 110 percent while a day care might see a 75 percent fee hike.

Mark Hill, executive vice president of the Gold Coast Builders Association, said that while the association has not formally taken a stance on the fee hike proposal, it is strongly urging that commissioners at least delay implementing new costs.

"We are very, very concerned about any increases, given the slowdown in the housing market," Hill said. "The extent of increases that are being considered are enormous. We believe there should be an at least two-year moratorium [before imposing additional impact fees]."

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