

Brent Batten: No easy answer to home affordability

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(Photo: Naples Daily News)

Sure to come up in this week's intense look at affordable housing in Collier County is the topic of impact fees.

The fees, assessed on new construction to pay for things like roads, parks and libraries made necessary by growth, add to the cost of housing.

Collier County, one of the fastest growing areas of the country for the past 30 years, is known for its high impact fees, which add to the cost of a home.

But impact fees are only one factor in the cost of a home, and lowering them, as is frequently advocated whenever the discussion of housing affordability comes up, carries a price tag as well, one that is paid through the quality of life of residents and visitors alike.

Recent figures from Lee County, where county commissioners have made the conscious decision to keep impact fees low show that shortfalls in funding arise when the cost of growth is not fully paid for by the new arrivals.

In 2013, as the county was trying to recover from the recession, commissioners agreed to assess only 20 percent of the allowable impact fees, which are set by studies identifying the costs new development impose on a community.

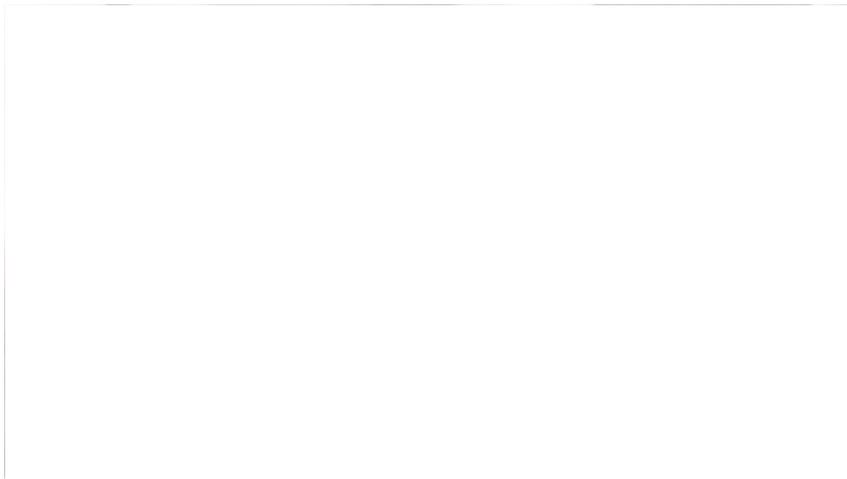
In 2015, with the economy improving, they bumped the collection rate up to 45 percent. Still, since 2013, Lee County has taken in only a fraction of the money needed to pay for the roads, schools and other items needed to keep up with the growth.

A study of county figures put together for the watchdog group Lee Public Voice puts the uncollected figure at more than \$64 million.

To make up for the lower impact fees, Lee commissioners have cobbled together a variety of funding sources. Some, like tapping reserves and using money from the BP oil spill penalties, are one-time opportunities.

Another, something called "growth increment funding," identifies existing property tax revenue in the county budget and sets it aside for infrastructure.

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Through its first two years and into the projected third year, growth increment funding is bringing in about \$11 million a year. All told, including an anticipated state matching grant of \$25 million for the Big Carlos Pass Bridge, the revenue mix adds up to about \$109 million.

Meanwhile, road projects identified as top priorities in the county's five-year plan carry an estimated price tag of more than \$162 million.

Impact fees charged at full level would go a long way toward closing that gap.

Plus, for the next few years at least, all the growth increment funding is earmarked for transportation, leaving other areas, such as parks, with less money to cope with growth.

And that's to say nothing of schools. Lee County's school system would have had an extra \$29 million for school construction had the development that's taken place over the past few years paid impact fees at the full rate.

The new \$71 million high school approved for Bonita Springs would be easier to pay for had that money been collected. All told, the school district faces a \$143 million shortfall for new construction.

Conversely, Collier County has been collecting impact fees at the full rate suggested by studies.

The total for fiscal year 2012, when the economy was still sluggish, was \$32 million. In fiscal year 2016, the figure was more than \$67.5 million. By contrast, Lee County's 2016 impact fee collections were just shy of \$12 million.

While Lee County commissioners like to credit low impact fees with a robust building industry, it's worth noting that construction in Collier County has accelerated at roughly the same pace as that in Lee over the past few years.

By law, impact fees can only be based on the actual impact a home has on the budget. So a 3,000-square-foot house that sells for \$300,000 is assessed the same fee as 3,000-square-foot house that sells for \$3 million.

That incentivizes the sort of high-end construction so prevalent in Collier County.

The experts from the Urban Land Institute studying housing issues in Collier County this week will no doubt be told about the high impact fees and their effect on home prices.

But lowering the fees shifts the cost of growth to those already here — people who in some cases paid the full fee when they came.

There are many components — high demand, the cost of land, stringent environmental regulations, to name some of the most obvious — contributing to the price of housing in Collier County.

Singling out impact fees as the culprit would be a mistake.

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