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## Impact fee cuts create uneven playing fields

Starter homes, commercial jobs affected most by fees.

*By Dick Hogan*

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Southwest Florida's topography is flat as a pool table but when it comes to impact fees there's a noticeable tilt from jurisdiction to jurisdiction, builders say.

But it's a complicated issue that weighs more heavily on some types of construction than others.

Most recently, on March 12 the Lee County commission voted for an 80 percent cut in impact fees, which are imposed to pay for municipal infrastructure made necessary by growth.

As a result, the price of building a typical single-family home dropped by \$10,000 in the unincorporated county.

The city of Fort Myers followed suit with a similar reduction, but the Cape and Bonita Springs have not.

That put the Cape – just coming out of the home-building slump – at a disadvantage that's hard to overcome, said Maureen Beneke, executive director of the Cape Coral Construction Industry Association.

"One the one hand, someone who's got a lot here in Cape Coral, maybe they want to retire in a few years," she said. If the Cape had cut its fees, "There'd be a new window of opportunity where they'd say, 'My impact fees would be lower. I'll do it now.'"

Also, she said, for those still shopping for a lot, "It pushes people who might have looked at Cape Coral out of the city."

Bob Knight, vice president and co-owner of Cape-based Paul Homes, said the disparity in fees isn't a good thing, but that there isn't necessarily a direct effect on a home buyer's decision to build.

"Cape Coral's ability to generate this kind of construction is solely because of the canals and the waterways," he said. "What separates Cape Coral from Lehigh? The waterways. And water can also attract a little higher-end home."

But in commercial construction, with much more at stake in each project, impact fees are always a factor, said Mark Stevens of Mark Stevens Construction, a Fort Myers-based builder which specializes in office construction.

"The impact fee thing always sticks out like a sore thumb," he said. "On every single project we do, it becomes an issue."

For example, he said, an impact fee change by the county commission two years ago had a significant effect on the cost of plastic surgeon Dr. Ralph Garramone's new location on U.S. 41 just north of Cypress Lake Drive, which opened last week.

The commission at that time eliminated the impact fees charged when general office space was converted to medical, as was the case with Garramone's building (a former bank).

Like Cape Coral, Bonita Springs didn't reduce fees like Lee and Fort Myers.

But Dennis Cantwell, president of Sand Springs Development in Estero, said that for the high-end homes he builds in Bonita and Estero, the \$10,000 reduction per house isn't important. "Some of the people I build for, their appliances are equal to that."

Still, he said impact fees are a bad idea because the revenue they produce fluctuates wildly with the home-building industry's strength.

Also, Cantwell said, impact fees tend to foster competition among municipalities. "Collier reduced its fees, so we (Lee County) reduced ours."

He said impact fees are a disproportionately high percentage of a starter home's cost, so imposing them can harm the construction of that sector.

He suggested a smaller transfer fee assessed every time a home is sold would be more affordable and a more stable way to fund infrastructure.

Lee Building Industry Association executive director Heather Mazurkiewicz said her group has talked to leaders in both the Cape and Bonita.

"We talk to them about the advantage of doing an impact fee reduction similar to Lee's. We need to do whatever we can to stimulate job growth."

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