orlandosentinel.com/news/local/orl-asecdeveloper-payback-orange-063063009jun30,0,3665391.story

OrlandoSentinel.com

Budget stalls plans for better roads in Orange

By David Damron

Sentinel Staff Writer

June 30, 2009

A steep drop in construction and a weakening of the state's growth laws could drain away $70 million or more in development fees that Orange County elected leaders were counting on to build new or wider roads during the next five years.

At least seven road projects — ranging from Lake Underhill Road on the east to Taft-Vineland on the west — will be delayed by as much as 10 years, county officials say.

At least $20 million of the budget hit is expected to result from developers asking for refunds on road fees they have already paid. Developers whose planned construction has been either postponed or sharply reduced because of the recession can ask for their money back.

The other $50 million is due to a recession-induced free-fall in construction activity and a new state law that does away with a whole category of road charges paid by developers, county officials say.

"No one's building as much anymore," said Randy Singh, Orange's budget chief. "This puts at risk a lot of projects we were planning."

The road-budget news will be delivered to Orange County commissioners today in what's expected to be one of many grim budget briefings this summer as next year's spending plan, which starts Oct. 1, is finalized.

Because roads are so costly, counties and cities plan these projects long in advance. The five-year capital blueprint for Orange County carries a $520 million price tag, and it relies in part on fees that developers are expected to pay.

The fees are intended to offset the expense of growth by charging an amount that reflects what it would cost to build a new road or improve an existing one to handle traffic generated by a development. The more cars that a project generates — whether it be a subdivision, condo or gas station — the higher the fee.

But that's all changing, thanks to the recession and the Florida Legislature.

Because of the depressed housing market and a decline in new projects, "impact fees" charged to developers are projected to drop by $17.5 million over the next five years.

And another fee — one developers pay for access to a road that will be widened sometime in the future, called a "capacity reservation fee" — has been eliminated altogether, effective Wednesday.

Gov. Charlie Crist recently signed SB 360, which exempts developers in counties such as Orange from certain growth rules, such as the capacity fee, county officials say. The fee was part of the state's so-called "concurrency" requirements that supporters said helped pay for the cost of growth but which opponents said encouraged developers to sprawl into rural areas where road capacity wasn't an issue.

Local governments are trying to figure out all of the bill's implications. A spokesman for Orlando Mayor Buddy Dyer said officials there are still going over the details to determine its budget impact.

But County Attorney Tom Drage said that after huddling with his legal staff, he plans to advise county commissioners that they shouldn't count on capacity-reservation fees for future budget planning. Those fees were expected to generate $32.5 million over the next five years.

Commissioners today may face another crucial growth decision: whether to offer a developer a three-year delay on impact fees for a project that bills itself as providing affordable housing for workers.

If commissioners agree, developers behind the Sago Cay project could get a reprieve from paying about $5.3 million in various impact fees and connection charges. The developers want to build a 330-unit apartment complex offering modestly priced housing next to Walt Disney World.

But some county staffers and commissioners fear that offering such a deal to one developer would require offering that same option to others, and could result in millions more in lost impact-fee revenues.

"It's probably got more of an uphill climb," said Commissioner Bill Segal, who supports the project but says it has come amid a horrible budget crunch.

David Damron can be reached at ddamron@orlandosentinel.com or 407-420-5311.