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Builders cry foul over proposed impact fee hike

Lake County may increase impact fees to \$30,000, making them Central Florida's costliest.

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by [Anjali Fluker](#)

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LAKE COUNTY -- Home builder George Glance wants to price homes affordably in Central Florida.

But a Lake County decision expected in the next couple of months could make that a challenge not only for Glance, the president of KB Home Orlando LLC, but for nearly all builders.

Two impact-fee studies, one for transportation and another for schools, propose raising fees to total nearly \$30,000 per new home, making it Central Florida's costliest county for builders.

The transportation plan, under review by a county-appointed committee, could go before the Lake County commission as early as next month.

Meanwhile, the school study was slated for presentation to the commission April 17, but was withdrawn so a consultant could reevaluate the methods used to determine the proposed increase, says Cindy Hall, Lake County manager.

The fees -- charges by local governments on developers to offset the strain of new projects on roads, schools and other infrastructure -- help governments keep up with growth. In some counties, including Lake, the amount charged per new home varies based on factors such as the home's location, size and type -- single-family, multifamily or mobile home.

Unhappy builders

It's unfair to expect builders to provide the quick-fix, says Glance. "It can't come from one source, and you can't solve the problem overnight," he says.

Further, if builders have to pay more to build, increases likely will be passed through to home

Story
Images



buyers. "It's sort of a cascading problem," says Glance. "You're putting affordability out of reach, and that hurts jobs."

High impact fees also hurt builders' bottom line, says Tony Martin, executive vice president of development for the Orlando division of Tarragon Corp. "Because of impact fees and property values going up, we're making less than we ever have," he says.

Hefty hike

Under the proposed study, the transportation impact fee would increase by \$8,800, going from a maximum of nearly \$2,600 per new home to top out at about \$11,400. It would be implemented incrementally over three years, Hall says.

That proposed impact fee will be presented May 9 to the Lake-Sumter Metropolitan Planning Organization, the lead agency for transportation planning in Lake and Sumter counties. The agency's recommendations then will be presented to the Lake County Commission.

A decision to implement the higher fees could be made by June or July, Hall says.

Although raising fees for builders would affect affordability of homes in the county, it's necessary, she says. "From the county's perspective, the costs from the construction of schools and roads also has gone quite high, and the demand for services is high."

The education factor

Meanwhile, the plan to raise Lake County's school impact fees initially looked at a hike of more than \$10,000, going from a maximum of \$7,055 per new home to \$17,513.

But when the county school district got a letter from the Home Builders Association of Lake County asking for the methodology used by the consultant to determine the impact-fee increase, the plan was withdrawn.

The reason? The fear of potential litigation, Hall says. After all, Osceola and Polk counties were sued in recent years by home builders over proposed impact-fee hikes.

Lake County School Superintendent Anna Cowen, meanwhile, sides with the home builders, stating the proposed fee increase is too high to sustain the economy.

"Construction is already at a standstill, and the employment of workers is in jeopardy," Cowen says in a prepared statement through an administrative assistant. "An increase in the impact fees so high at this point will be the death knell to any future economic health in our county.

"Lake County should sustain a steady rate of growth, not stymie it."

School district representatives say the study is being revised, but decline to give specifics on the newest plan.

A happy medium

However, Lake County does need a solution to its growing pains.

Its estimated 2006 population of 286,331 is projected to grow by more than 21 percent to 347,563 by 2011, according to statistics from the Metro Orlando Economic Development Commission.

An alternative to raising impact fees so drastically could be implementing a transfer fee -- a fee

added to a transaction on a resale home, Glance says. "It could be nominal -- something that can be absorbed in the price of a resale home without damaging the affordability," he says.

Meanwhile, the county also wants to study work force housing initiatives, says Hall. "Affordable housing is definitely something they are concerned about."

Central Florida residential impact fees*

Osceola County: Up to \$18,763

Orange County: \$10,500

Lake County: Up to \$9,638 (could increase to \$30,000)

Seminole County: Up to \$2,655

* The fees, charged for new homes, may vary based on location, size and type of home -- such as single-family, multifamily or mobile home.

Source: County governments

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