

Collier suspends impact fee relief for affordable housing units

By I.M. STACKEL

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NAPLES — For several years, Collier County government offered incentives to those who built affordable housing.

One of those perks was deferred impact fees, large sums of money that could be paid later. But Collier County officials recently decided that's no longer an option.

At a December meeting, Collier commissioners unanimously agreed to a suspension of the affordable housing impact fee deferral program. The exception is 36 agreements with Habitat for Humanity, covering a 100 percent deferral of impact fees, valued at \$531,498.

An impact fee is a set rate paid to a government to offset the effects of growth and development. For instance, impact fees pay for jails, road construction and parks.

Builders long have lamented that Collier has some of the highest impact fees in the state. A builder could pay \$45,000 in impact fees on a \$250,000 house, builders said, noting that those costs are passed along to the home buyer.

According to a memo by county housing manager Frank Ramsay, if commissioners had continued the deferral program it would have meant losing nearly \$1 million in fees to feed the current budget: \$990,612 to be exact.

Ramsay recently told commissioners that suspension of the program might be advisable "in recognition of the adverse revenue position of current impact fee collections, and a downward adjustment in the local real estate market."

County government has been severely affected by the housing slowdown. The county's Community Development and Environmental Services Department had to cut its staff nearly in half, furlough some employees, and close its doors to the public on Fridays during the summer to save money.

It may look like the county benefits from this, but cessation of the program could backfire, industry leaders said.

"Financially, it benefits the board of county commissioners but politically it hurts them," said Tom Lykos, immediate past president of the Collier Building Industry Association.

The recent decision shouldn't affect the home construction industry because there isn't a lot of affordable housing under development right now, he said. For that reason,

builders don't believe resumed collection of impact fees will make a big dent in county coffers.

"Anyone who is building anything is affordable ... because of the condition of the market," Lykos said.

The Greater Naples Chamber of Commerce isn't thrilled with the policy decision. Developer Bill Spinelli, who is the chamber's vice chairman for public policy, said this:

"I do not believe there is going to be any possibility of building workforce housing without the impact fee deferral program. To some it seems that there is no current need based on the supply of older affordable housing stock. However, from a macro economic perspective this impact fee policy will continue to slow the economy and cost more jobs and create more foreclosures. The more you tax-impact fee something the less of it you will get."

Lykos pointed out that few developers are building because there is such a glut of available resales.

There's a tremendous inventory of houses in the \$100,000 to \$150,000 price range, he said.

Lykos estimates that developers have plans for some 600 homes this year, maybe 10 percent of the amount of construction when the economy was flush. The 600-some houses that are planned or under construction wouldn't necessarily meet county criteria for affordable housing anyhow. But it's the trickle-down effect that could hurt Collier County, building leaders said.

"The solution to absorbing the housing supply is not more taxes and fees which eliminate more jobs, but instead to save and create jobs that allow families to make the mortgage payment and not add to the foreclosure problem," Spinelli said. "It should be clear by now that saving and creating jobs needs to be considered in all of the county's public policy efforts."

Lykos agreed that most of the people affected by the county's decision are families hoping to purchase a home, and will not be able to do so now because of the impact fees, which can run about \$45,000 for a \$250,000 house.

"What we think this is, is a money grab by the local government," Lykos said.



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