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Commercial would be lower to spur construction

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The St. Johns County Commission voted unanimously Tuesday to support a version of its updated impact fee schedule that lowers commercial fees an average of 27.8 percent but keeps residential impact fees flat.

County officials hope that lowered fees will attract more business and industry and thus increase the part of the tax base from commercial and industrial properties.

Commissioner Jay Morris said St. Johns is the one of best places in the country to live but needs to become more competitive.

"We need an industrial base," he said. "It's the only untapped income source we have. (Financially) we're treading water."

Impact fees for new campgrounds, marinas, pharmacies, fast food restaurants, warehouses and office space all dropped significantly.

Residential fees would have a zero percent change and remain at \$4,863 for houses under 1,800 square feet and \$6,017 for houses larger than that. School impact fees are in addition to county impact fees.

Assistant County Administrator Darrell Locklear warned that if county fees were allowed to go lower than the recommended 25 percent, the administration would be forced to use general fund money to pay debt obligations.

"We can't cut off our own revenue stream at a time when public services are in greater demand," Locklear told the commission.

"There's nothing (in this fee schedule) to prevent you from moving forward."

St. Johns County School Board plans to issue its final decision Feb. 11. After that, the County Commission has scheduled a final public hearing and vote March 1.

The studies

James C. Nicholas of Gainesville, a University of Florida professor emeritus in law, economics and urban and regional planning, was hired by both the School Board and County Commission to update impact fees from 2005.

They are levied only on the new construction of roads, parks, fire protection, law enforcement, public buildings and schools.

Nicholas' study recommended that residential fees be raised 32.3 percent, while recommending that every other category be lowered except hotel rooms, nursing homes, medical offices and commercial buildings over 300,000 square feet.

Edward Paucek of St. Augustine, spokesman for the St. Johns County Builders Council, said, "Impact fees should be reduced (further). There should be some justification, some balance or proportion (to the numbers)."

In a Jan. 30 memo to the commission, Paucek wrote that reductions on non-residential fees "still provide substantial challenges to commercial growth."

The county's eight to 10 single-family home builders pulled 62 permits last month, he said.

"Non-residential permits are an infrequent anomaly," he said. "Do the math. Passing this increase will eliminate an already fragile residential construction sector in this county. They simply cannot survive."

County Administrator Mike Wanchick said the new impact fee schedule would almost certainly bring "complexities. It's going to take cooperation from both sides of the street to make this work."

Public comment Tuesday included alternatives such as expanding the geographical area that qualify for impact fee credits, using some form of tax increment financing to help fund infrastructure and allowing for denser development to help reduce overall infrastructure costs.

Loss of credit

Still unresolved is the \$250 million in impact fee credits that the county owes developers.

These credits are, essentially, exemptions from impact fees given to a developer who has built a road or other infrastructure for the county. When the county cannot pay for these projects, it pays the developers with credits for impact fees they will pay in the future on homes or stores.

Developers believe that lowered fees mean millions of dollars in credits will be worth much less.

Duke Steineman of Steineman Development Florida, the master developer for World Commerce Center, said the county owes him \$10 million in credits.

"We built roads at the request of the county. One of them cost three times its original (estimated) cost. We planned on recouping that money via impact fee agreements," Steineman said.

Beth Breeding, vice president of Silverfield Development Co. of Jacksonville, said her company is also owed millions in credits after it performed work on County Road 2209.

Breeding said that if developers lose money because the county changed the impact fee rules, it could be hard to get developers to do that work in the future.

"They know they will not recoup money spent," she said. "Millions of dollars is a lot for our small company to absorb."

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