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Sunday, Jul 6, 2

Posted on Sun, Jul. 06, 2008

Developers fear county could impose ever higher impact rates

By NICHOLAS AZZARA
nazzara@bradenton.com

Dick Hubbard and his family are just about ready to start building an $8 million, 40-lane bowling center in Lakewood Ranch.

But the first thought that ran through his mind after learning the center's impact fee bill will top $850,000:

"I can't afford this."

For planning purposes, Manatee County considers the 52,000-square-foot center a mid-sized commercial building. Since 2007, builders in that category must pay the county $16,402 per 1,000 square feet to compensate for the added stress on roads, police and utilities. That hefty price could steer plans for the bowling alley into the gutter.

"We really want to be out there. A bowling center and recreation need to be out there," Hubbard said. "But with those type of impact fees, it's not going to happen. If they put well over half a million on my facility, I don't know what I'm going to do. I'm right at the max right now."

Impact fees - a one-time tax placed on new development - have become a hot topic in recent weeks, partly because of a sluggish economy that has the building industry on edge. The fees are sure to be a key talking point this fall when four of seven county commissioners are up for re-election.

Commissioner Joe McClash recently released a report that showed new development has paid $153 million in fees for roads to Manatee over the past 20 years. The county has spent $99 million on new roads over the same period.

For years the private sector has wanted answers and accountability for the fees, often questioning where all the money had gone and where the remaining $53 million is going. McClash's report, compiled using audited county figures, appears to have answered many of those questions, most agree.

But considering Manatee's road needs over the next three decades, $153 million is just the tip of the iceberg.

A recent study indicated Manatee will need an estimated $1.6 billion in new and improved roads over the next 30 years. McClash thinks it could be double that after inflation and construction increases are factored in.

A higher set of fees?

County leaders in March contracted a Redmond, Wash.-based firm to do a $109,805 nine-month review of impact fee rates and the county's system for collecting them.

It's a broad-based review of a collection system that may be outdated. Impact fees today are based on a measure of present-day traffic versus the extra needs of new development.

That approach will be considered against a more long-range view where an area's future road needs are mapped out, budgeted for and distributed among the new homes, stores and offices that will one day go there.

"This is making it more that the new roads required by development are paid for by the development," said deputy county administrator Dan Schlandt. "It's making it more likely that you'll have the funds necessary to build for growth."

But new home and business builders like Hubbard fear the study will suggest another impact fee hike - less than two years after most fees were raised substantially to offset growing construction costs.

"The thought of impact fees increasing is a disappointment not only for the Ranch, but for the entire county," said Brian Kennelly, president of Lakewood Ranch Commercial Realty. "If they are increased, it will limit the ability for new projects to move forward."

More than $545 million - one-third of the $1.6 billion countywide total - is needed for planned roads and improvements east of Interstate 75 and south of the Manatee River, county officials estimate.

Industry leaders say an increase in impact fees would dampen an already-bleak economy and discourage new businesses from building not only there but around Manatee. A leader with agrees.

"The industry cannot take another hit," said Mary Dougherty-Slapp, executive vice president of the Home Builders Association of Manatee County. "I'm not sure how they would justify an increase. I'm optimistic it will be a prudent, rational study that will not recommend an increase during the current economic conditions."

And while the county administrator's office says it's too early to assume the current study will call for a hike in fees, even Commissioner Carol Whitmore assumes it will.

"In this economy, I couldn't see raising fees," she said. "It's devastating. I hear some of the hardship. It's terrible."

Whitmore said there are several "inequities" in the current rates, adopted in 2007 after the recommendations of a $85,200 study in 2006. Those fees were enough to put Manatee at a "competitive disadvantage" with surrounding counties, in Kennelly's opinion.

"I'd be the first to say we are high compared to other areas," said Neil Spirtas, of the Manatee Chamber of Commerce. "We've always been concerned about the levels of impact fees and whether they will impact jobs in our area."

'How do you pay for it?'

McClash says he sees the study not as justification for higher impact fees, but as a tool to open a community's eyes to the massive infrastructure costs facing the county. Ideally, McClash said, the new study will spur the development community to come up with creative solutions for new roads.

The new study "should be the starting point of developing the business plan for building infrastructure for growth," McClash said. "It should say, 'These are the real impacts of growth, these are the real costs.' "

McClash agrees that impact fees can become too much for a community to bear, and said he wouldn't consider voting for higher rates until there's a discussion on a new business plan with a fresh set of ideas for transportation needs.

"My commitment is not to raise impact fees until we fully explore the total impacts of raising a fee, as well as finding a formula to pay for the infrastructure needed for growth," he said. "Most people are interested in maintaining a quality community, and understand that the development community needs to pay its fair share."

Schlandt said the county has every intention of inviting private business owners, commercial leaders and development executives into the discussion for new roads in coming months. The more people to exchange ideas, the better.

"The bottom line is, if they don't pay for infrastructure through impact fees, how do you pay for it?" Schlandt said. "There will be meetings where we invite the development community to understand what we're doing and what we've done."

It's the type of cooperative spirit that Dick Hubbard hopes might whittle down the cost of his bowling center.

He has hired a traffic consultant in hopes of showing the county that bowling/recreation centers don't put as much strain on the road as the shopping centers they're grouped with.

He points out that most trips to the bowling center are taken in the evening and on weekends, when road traffic is minimal. What's more, bowlers often arrive in the form of families in minivans, meaning fewer cars on the street.

And he thinks the county is willing to listen.

"I understand someone's got to pay for the road improvements, but I don't draw near the traffic a commercial center does," Hubbard said. "We want to build, that's the bottom line. I'm hoping that there can be something worked out that we can continue on with the project."

Nicholas Azzara, county reporter, can be reached at 745-7081.