Small businesses could get impact fee break

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Published: Tuesday, April 2, 2013 at 7:31 p.m.

TALLAHASSEE — A bill that the local homebuilding industry once hoped would cut out impact fees on new houses is still moving through the state Legislature but in a weakened state — a break on fees for small "mom and pop" businesses, instead.

While the builders still support any reduction in impact fees, they're not as supportive of the legislation as they once were.

"My hopes were dashed," said Volusia Building Industry Association's Sandy Bishop, who followed the bill's shift from sweeping to limited. In Flagler, the Home Builders Association's Jason DeLorenzo called it "severely watered down."

Still: "Any action that reduces the regulatory cost of construction, we would be in favor of," DeLorenzo said. "Because of the large impact construction has on our local economy and on Florida's economy, reducing the cost of construction is always important."

The legislation would suspend road impact fees and so-called "concurrency" charges that developers pay to help cover the cost of new and wider roads, but only for commercial developments smaller than 6,000 square feet. The suspension would last three years.

Supporters cast the bill as a small-business incentive that could encourage infill development in urban areas. "I've used the term real estate clean up," bill sponsor Rep. Mike La Rosa, R-St. Cloud, said Tuesday before the legislation passed the Senate Community Affairs Committee.

Opponents, meanwhile, argued the bill is overstepping on principle. Mary Swiderski, executive director of the Volusia Council of Governments and Volusia League of Cities, said her groups would probably be "dead-set against this bill because it does fiscal harm to local government" with home rule authority.

"Impact fees are one of the few revenue sources local governments can (use to) pay for needed infrastructure created by growth," Swiderski said Tuesday in an email. "Although many local governments have suspended impact fees on their own accord for economic development reasons, they also have the ability to reinstate those fees if necessary."

Volusia County did suspend some impact fees for two years in 2011, and will bring them back gradually over a three-year phase-in. Several local cities have tweaked their own fee structures in recent years: DeLand set aside most of its fees for two years starting in 2011. Deltona has approved one-year moratoriums four years in a row. Port Orange cut out its fire and recreation impact fees last year, but then reinstated them this year. Flagler County and Bunnell each have moratoriums in place; Palm Coast doesn't. Ormond Beach approved a "mobility fee" along its major corridors last year.

Impact fees are one-time charges for new development, designed to help pay for the expansion of roads, utilities and other government facilities needed because of growth. Cities, counties and schools began using the fees widely in the 1980s to help cope with the costs of a rapidly expanding population.

State officials also passed rules intended to make sure the improvements were made as the growth occurred, a concept known as concurrency.

The growth of the past didn't last, and Volusia's impact-fee collections shrunk from $13 million in 2005 to less than $4 million in 2010 as homebuilding slowed.

Some lawmakers worry the new legislation would limit the ability of local governments to pay for new roads and other infrastructure. Volusia's roads are in decline, with more than a third of them rated in critical or poor condition, and gas taxes and impact fees – the two revenue sources – have fallen off sharply.

Bill co-sponsor Rep. Travis Hutson, R-Elkton, said the legislation is designed to help "mom and pop" businesses. Large developments would still be charged fees to help pay for infrastructure.

Supporters of the bill also note that city and county commissions could opt out of the fee moratorium by a two-thirds majority vote.

"There are no mandates in this bill," Hutson said, adding "We're not handcuffing anyone."

Requiring a vote to opt out of the fee moratorium puts political pressure on local governments, said Sarasota attorney and growth control activist Dan Lobeck.

"They'll just blame Tallahassee even though they're going to have to own their votes," Lobeck said, adding "the alternative to impact fees and concurrency are tax hikes and traffic congestion."

Lobbyists for Florida cities and counties have strongly opposed the legislation. Their opposition led the sponsors to strip language from the bill Tuesday that would also have applied the fee moratorium to smaller residential developments.

Florida League of Cities lobbyist David Cruz said his group continues to have concerns about the bill.

Lawmakers repealed much of Florida's statewide growth management regulation in 2011. Going a step further and limiting what local governments can do to regulate development infringes on their home rule authority, Cruz said.

"Each city is different and every city knows what their infrastructure needs are," Cruz said.

Charles Pattison with the environmental group 1,000 Friends of Florida also spoke against the legislation.

"We just don't think that a one-size-fits-all from Tallahassee is the right way to go," Pattison said.

In Flagler, DeLorenzo said even more than a moratorium, builders would like to see a standardized, uniform system of impact fees that don't vary between governments.