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Pasco considers benefits of impact fee cuts as commission vote nears

By Lee Logan, Times Staff Writer

As a County Commission vote nears, the debate continues on whether the move will work.

NEW PORT RICHEY - Pasco County commissioners are poised this week to cut special fees on new homes that help pay for schools, after already slashing similar fees for roads and other services. They say the temporary cuts will help revive a moribund home building industry.

But there's a lingering question in the debate over reducing so-called impact fees - will it work?

"The jury is still out as to whether or not we'll be successful," said Commissioner Ted Schrader. "If it proves successful, then good for us."

School district officials plan a last-ditch campaign to persuade commissioners not to cut the school fee with a rally at 6:30 p.m. Monday at the corner of State Road 54 and Little Road. At a meeting in New Port Richey on Tuesday, commissioners plan to formally adopt the cut, with scores of teachers and parents expected to show up.

If commissioners cut the school impact fee in half, as they endorsed earlier this month, they will have slashed overall impact fees on an average new home from \$16,900 to \$8,300. The cuts expire at the end of 2012 when fees revert to current levels.

Pasco isn't alone. Counties across Florida have cut impact fees or are considering the move as a way to breathe life into the economy. Building permit data from counties that did cut fees - and those that didn't - could help show if the cuts actually encouraged more homes.

Critics of the plan point to several other counties that cut impact fees but didn't see much of a benefit. Look at Brevard, which halted transportation fees in March 2009 and recently extended the moratorium until next year. So far the county has waived \$14.4 million in road building money. Building permits took a nose dive after 2006 and have remained mostly flat since.

"We haven't seen an increase in development activity," said Steve Swanke, who oversees Brevard's impact fee program. "It's hard to know based on the information available to us whether it would have been worse if we had not enacted the moratorium. It's one of those things that's hard to measure."

Developers are quick to point to an example that breaks the pattern - Manatee County, where last year's permits eclipsed 2007. Jubilant Manatee commissioners, with support from the county administrator and the school district, recently renewed a deep cut to the fees for another two years.

"Obviously, we're doing something right," Manatee Commissioner Carol Whitmore told the *Bradenton Herald*.

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Pasco County Administrator John Gallagher is skeptical.

"You may see a small spike in single-family homes, a little pent-up demand waiting for the fees to go down," he said. "And then, unless credit becomes more freely available, I don't think you're going to see a lot of homes."

To builders pleading for the cut, he says, "Okay, now the burden's on you folks to see if that works or not."

Lew Friedland, a developer whose company built much of Trinity in southwest Pasco, has been a spokesman of sorts for home builders as they press for lower fees. For counties that cut fees and didn't see higher building activity, he argues the lower fees prevented even worse losses.

Ticking off a half-dozen large builders who operate in multiple counties, Friedland said, "These guys will all tell you that they made sales because of the reduction of fees."

Friedland said success would mean about 1,200 permits in 2011, compared with slightly more than 1,000 last year.

"If we could get that 15 or 20 percent, I think everybody would say, 'Gee, that was worth doing,'" he said.

Home building has long been a key industry in residential-heavy Pasco, and developers are accustomed to being a major political force. They routinely donate money to candidates for the County Commission.

During a joint meeting with the School Board and county commissioners two weeks ago, the school district brought Carson Bise, a Maryland-based impact fee consultant. He said an "over-flooded, over-supplied market" keeps prices low, but people are still skittish about buying in a down economy.

"This is a bigger economic structural problem," Bise said. "It has nothing to do with the amount of impact fees."

The \$4,800-per-home schools fee is projected to raise \$4.5 million this year. By cutting that fee in half, the district is expected to lose about that much over two years. By law, those fees can only be spent on building new schools and cannot be used to pay for teachers. But the cut could still result in layoffs.

The school district is allowed to use the cash to help pay back bonds used to build 11 new schools during boom times. School officials say at least a portion of the impact fees would be used to pay off those bonds. That would have to be replaced with money otherwise used to pay teachers and school operations.

Teacher union members have been increasingly vocal in opposing the lowered fees. "At this point, we can't afford the reduction of revenue in any area of our school budget," said Lynne Webb, president of the United School Employees of Pasco, which is organizing Monday's rally.

Pushback is also coming from more unlikely areas: "I don't think it should be lowered a penny," said Rich Golden, a San Antonio resident active in the county Republican Party. "The only one that's benefiting from it is the builders."

He added: "Even if it's a \$130,000 house, are you going to buy in one development over another for \$5,000? To me, money isn't going to make the decision, it's location. There's other things you're going to consider besides price."

Commission chairwoman Ann Hildebrand concedes impact fee cuts are a gamble to try to stimulate construction jobs. Commissioner Pat Mulieri said she doubts the move will create a line of people waiting to buy homes, but "it will create a buzz, which is important."

The biggest champion of cutting impact fees is Commissioner Jack Mariano. He stresses the Manatee County example, as well as data showing home building spiked during a three-month period when the federal government offered an \$8,000 homebuyer tax break as part of the stimulus package.

"We need to do everything we can to revive this economy," he said at a community meeting last week. "Revving that part of the economy up, it's only a small part of what we're doing."

Commissioners have held multiple votes to cut impact fees since Mariano first introduced the idea in February. Each vote has been unanimous.

Times staff writer Jeffrey S. Solochek contributed to this report. Lee Logan can be reached at llogan@sptimes.com or (727) 869-6236.

>>fast facts

If you go

Teacher rally: The Pasco teachers union is hosting a rally at 6:30 p.m. Monday at the corner of SR 54 and Little Road.

Public meeting: County officials are hosting a public meeting regarding next year's budget at 7 p.m. Monday at the West Pasco Government Center, 7530 Little Road in New Port Richey.

Commission meeting: Commissioners will consider the school impact fee cut at 1:30 p.m. Tuesday at the West Pasco Government Center.

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