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State Rep. Aubuchon wants to slash impact fees by 25 percent

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A rash of foreclosures and a virtual shutdown of the construction industry are hobbling the region's economy, said State Rep. Gary Aubuchon, R-Cape Coral.

And while most agree with his assessment of the problems, Aubuchon's proposed solution faces mixed reaction from Cape officials.

Aubuchon, president of Aubuchon Homes Inc., spoke Monday to the City Council about his plan to offer first-time homebuyer incentives to municipalities that lower impact fees by at least 25 percent for 18 months. In order to pay for the services growth requires, the city assesses impact fees on each home built.

Aubuchon doesn't believe the legislation is a conflict or gives him an advantage. He said his business deals in high-end real estate and impact fees are only nominal.

Though generous in their praise of Aubuchon's performance during an especially difficult session in Tallahassee, The Council offered little support for lowering the fees.

"I would hate to give up 25 percent of impact fees and then have to try to raise it 25 percent," councilwoman Dolores Bertolini said.

Mayor Eric Feichthaler did offer support, but said more research would need to be done to understand the financial impact of cutting fees.

"At this point the impact fees are just not in line with the costs," Feichthaler said. "It appears to me there's going to be very little impact whether impact fees come down or not. The question I ask is how can the residents of Cape Coral potentially benefit (from the incentives)."

Feichthaler said he would bring forth a proposal in the next few weeks that would reduce the \$6,750 impact fee for those hooking up to the city's utility system. The mayor wants it knocked down 35 percent to about \$4,300. The reduction would affect property owners in the Southwest 5 and Southwest 6-7 assessment areas, that could see utilities installed in those neighborhoods over the next two years.

Feichthaler said city staff needs to reduce the cost of expanding its water and sewage treatment facilities to offset the reduction in impact fees.

Under Aubuchon's plan, only municipalities that cut all of their impact fees (including fire, police, school and roads) by at least 25 percent for at least 18 months would have access to a statewide \$20 million pot. The money, available July 1, would go to first-time homebuyers in the form of down payment assistance. Aubuchon says the plan addresses two issues in "a limited budget year."

"In order to affect both of these issues, we provide down-payment assistance to help with the existing inventory of distressed homes," Aubuchon said, "while at the same time create an incentive for others to start building new homes."

Councilman Jim Burch said cutting impact fees across the board seems like a reckless move considering Cape Coral's fiscal straits. The city could have \$20 million less to work with in next year's budget as property values continue to plummet. The following year could see even more of a decline.

Burch guessed that the mayor's plan to cut utility impact fees would probably pass at the June 9 meeting.

"But I think we need to go to the drawing board with the finance director and the city manager and figure out how we're going to pay for it first," Burch said.

In describing the plan to Council, Aubuchon pointed out, the city is taking in very little in impact fees. The city went from issuing 7,700 single-family building permits three years ago to about 170 permits, the number projected for this year. If each new home brings in, on average, \$10,000 in impact fees, that means the city has gone from \$77 million in 2005 to \$1.7 million this year.

The city now has 315 active commercial permits and 107 permits still under review.

Charlotte County opted to lower its impact fees well beyond 25 percent, rolling the rates back to 1998 levels, said Jeff Ruggieri, director for growth management in Charlotte County. The change had little affect on residential construction, but left the county with millions less in commercial impact fees. The county, he said, ended up scaling back the infrastructure improvements on two commercial projects that would have been paid for by impact fees.

"There are a lot of ramifications to it," Ruggieri said.

"I would implore any commission that's going down that road to look carefully at developments coming down the line."
