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News

Timing of impact fees elicits skepticism

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Builders say fees should wait until market recovers.

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In an effort to keep up with the demand for services resulting from an influx of new residents that had homes built in Columbia County during the recent real estate boom that turned bust, a comprehensive Impact Fee ordinance and an educational facilities impact fee was recently adopted by the Columbia County Board of County Commissioners.

Beginning Feb. 1, every building permit issued in Columbia County will cost builders an extra few thousand dollars, depending on whether the

project is residential or commercial, industrial or institutional.

Many in the community feel that the impact fees are long overdue, and some builders agree that the county needs funds to provide

services, but what they differ on is the timing of the fee's implementation.

"The position of the board (of realtors) is that we understand the need for impact fees, unfortunately, the construction industry is suffering right now and this is not the time to implement

new fees," said Dan Gherna, president of the Lake City Board of Realtors.

"We hope the commissioners understand the problem that passing the cost of the fees to the consumer will cause."

Charlie's backing

Gov. Charlie Crist weighed in on the very subject last year.

"Delaying new or increased impact fees is a good idea," Crist was quoted as saying during an interview published in Builders Edge magazine. "Local governments should take appropriate steps to reduce costs so more citizens can achieve the American dream of home ownership."

The educational facilities impact fee will impose a \$1,500 upfront added cost to the builder when he pulls a permit for a home.



Foreman Chris Millican (foreground) of Division 9 Construction Inc., of Rome, Ga., oversees construction of the 45,000-square-foot Publix Supermarket located in the new Lake City Commons shopping center. JASON MATTHEW WALKER/Lake City Reporter

Impact fees will also be collected for fire protection, road building, correctional facilities and emergency medical services.

"In 1991, we suffered one of the worst housing slowdowns in Allentown Pa., and this housing market resembles that one," said Matthew Erkinger of Erkinger Home Builders Inc.

"Basically it's very bad timing on the county's part. If it was done a few years ago it would have been a good idea."

Added value

According to the Web site www.impactfees.com, the price of new housing actually rises because of impact fees, then the value of existing housing will follow suit because it is an integral part of the local real estate market.

Current home buyers who move up to more home will be able to use their "windfall profits" to pay for the increased costs of the new home.

That would coincide with the saying that a rising tide lifts all boats.

According to the Web site, when Broward County witnessed extraordinary growth and rapidly-declining service levels in the early 1970s, County Commissioners Anne Kolb, Ken Jenne and Howard Forman adopted a new charter, mandated land use planning, passed a major capital bond issue, drafted a new land development code and adopted a new financing tool called an "impact fee."

Basically, it was South Florida which helped to reshape the way American cities and counties now pay for public infrastructure.

"If we had implemented this thing when Florida was in a construction boom, it would be easier to justify," said Mike Todd of Todd Construction. "The last six months we've started three new homes.

"During the construction boom, we started one or two new homes every month."

Open for debate

Ron Williams, Dist. 1 County Commissioner, believes that adoption of impact fees reduces pressure on local residents to raise taxes and fees.

"This is something we've been working on for five years," Williams said.

"I think at the every least, it should be delayed for at least six months to a year and wait for the housing market to come back," Erkinger countered. "Customers are looking for

bargains, but now we have to increase our costs because of the fees."

According to Williams, there will be no advantage or disadvantage to be gained or lost by the builders.

"If the same impact fee applies to everyone, the playing field is level, so there is no advantage from one builder

to another," Williams said. "Somebody has got to pay for additional services that we need and the impact should be on the people who are causing the impact."

Stunting growth?

Others raise the issue that the fees stifle growth.

"Why did Target come here? Because the county gave them incentives, so why is that such a radical idea for housing?" developer Charlie Sparks questioned. "One of the biggest industries in this area is new construction, so why not provide incentives?"

Even with impact fees taking effect Feb. 1, the housing market has its upside.

"I would say that it's a great time to buy; good prices and inexpensive mortgage money is available," Sparks said.

The debate seems to hinge on one's point of view. Developers and builders see the glass as half empty, the county sees it half full.

The educational facilities impact fee for 2008 starts at \$1,500 and is collected for all new construction of single family, site-built homes and for newly purchased mobile homes.

The educational facilities impact fee collected for new construction of multi-family units, such as apartment buildings, start at \$705 per unit.

In 2009, the multi-family fee will increase \$235 and each year thereafter until it reaches a total of \$1,645. The single family, site-built/mobile home fee will increase \$500 per year until it reaches \$3,500.

"I would rather see them put this thing off until 2009 until the housing market can stabilize," builder Jody DuPree said. "Local governments do need some help paying for services, however, anything that we as builders don't have to pass along to the consumer helps us."

Others agree.

"I would suggest that the implementation of impact fees be delayed until the state and new construction has a chance for recovery," Todd said. "Perhaps look at other temporary ways of generating income to help in those needy areas."

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