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Dropping impact fees still short-sighted idea

Published Wednesday, August 19, 2009

For the third time in a year, Hernando County commissioners are being asked to give home builders a break on impact fees. Commissioners voted down a plan to cut the fees last summer, and Commissioner Jim Adkins correctly withdrew his plan for an ill-conceived moratorium earlier this year. It was a bad idea then and it remains so today.

Suspending impact fees — one-time charges on new construction to help cover the cost of new infrastructure — is being pitched by the private sector as an economic stimulus. The stated goal is to allow home builders to better compete with the prices available in the existing pre-owned market saturated with foreclosure-driven bargains.

In other words, builders are unable to compete in the free market because of the past home construction frenzy fueled by investors and dubious lending practices. Giving new-home buyers a pass on impact fees totaling $9,100 invites renewed abuses and pushes an unfair share of the costs of building roads, schools and other vital public facilities onto those who build homes after the proposed one-year moratorium expires.

Highlands County adopted a similar strategy when it suspended impact fees for one year beginning July 1.

Unfortunately, the proceeding building activity has been less than envisioned, with just 19 commercial and residential permits acquired in July, according to data on the county's Web site. And a Sebring-based newspaper, *Highlands Today,* reported no permit activity in May or June as builders awaited a vote on the moratorium.

It is a paradox of which Hernando commissioners should be leery. Jump-starting the building industry is preceded by a virtual shutdown of activity as builders await the benefit of a freebie. Who benefits then?

Instead of yet another goofy, quick-fix idea, the commission would be better served by investigating the long-term benefit of changing how the fee is collected. Hillsborough County, for instance, uses a capacity assessment fee for utility and transportation impact fees. Hernando has had a similar discussion earlier this year, but its legal staff cautioned against it. It's an idea worth revisiting.

Essentially, it is a payment of an impact over a specified period of time, perhaps 10 years. To participate, individual developers must apply to the county to join. After their projects are enrolled, the impact fees are assigned to individual building lots. The home buyers, instead of absorbing the impact fee cost in the price of the house, pays the fee over time as a separate assessment on annual tax bills.

In other counties, builders have advocated the assessment fee as a matter of convenience. It is comparable to establishing a Community Development District with the infrastructure costs borne by homeowners in annual assessments. And, because it is an assessment, governments could borrow against the future income to do capital improvements immediately. That is prohibited with impact fees.

Pasco County plans to investigate the pros and cons of the assessment plan after giving the idea short shrift earlier this decade, mostly because the building industry offered it only as subterfuge in an unsuccessful attempt to stall a new impact fee. Hernando should consider a similar study.

Likewise, the commission should reaffirm its own long-term goal of moving the Hernando County economy away from an overreliance on the home-building industry and accompanying low-wage service jobs. An impact fee moratorium for home builders perpetuates the stagnation and is counterproductive to developing a more diversified economy.
