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Palm Beach County considers boosting new home fees

By Andy Reid, Sun Sentinel

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[Palm Beach County](#)'s new-home fees that help pay for schools, roads and other community needs could go up for the first time in six years.

When the South Florida housing bubble burst, [Palm Beach County](#) put the brakes on "impact fee" increases in the hopes of helping builders and developers ride out the slump. Impact fees are intended to be a one-time charge for new development to help pay for public facilities to accommodate new residents.

Now, the county is taking another look at its fees — which can add more than \$11,000 to the cost of a home depending on size.

Builders and developers oppose an increase, arguing that adding any costs to home buying will further stymie a still-struggling real estate market.

But developers and builders that "raked it in" during the building boom can't keep "pleading poverty," according to County Commissioner Jess Santamaria. He has pushed for an increase, saying that without it, existing taxpayers end up paying for the infrastructure strain that new development brings.

"It's very hard to feel sorry for developers and builders. Developers and builders have done very well for themselves," said Santamaria, a long-time developer. "You are helping developers and builders at the expense of the general public."

County building officials are awaiting construction projections from the School District, expected in September, before deciding whether to pursue an increase.

Builders say it's still too soon to increase fees. In fact, the county should be considering rolling back some of its fees for parks and other public facilities because development has lessened, said Skeet Jernigan, of the Community and Economic Development Council, which represents South Florida builders.

"Impact fees are a cost to construction, the same as concrete, wood and steel," Jernigan said. "Our goal is always to keep those prices as low as we can."

The amounts and types of impact fees can vary county to county.

[Palm Beach County](#) charges about \$11,300 in impact fees for homes that are at least 2,000 square feet. [Broward County](#) at the higher end can charge about \$10,700 in impact fees depending on location, and similarly Miami-Dade County can charge about \$9,000 per home.

In [Palm Beach County](#), the fees help pay for parks, libraries, roads, fire-rescue, law enforcement, schools and other public buildings.

During the height of the building boom in 2005, [Palm Beach County](#) received \$99 million from impact fees. Last year the county collected nearly \$13 million in impact fees, Impact Fee Coordinator Willie Swoope said.

The county considers changes to impact fee costs every two years, but they haven't gone up since 2006 in order to avoid adding to home prices.

With home construction picking back up, that eventually means added infrastructure demands, Swoope said.

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"There is new demand," Swoope said.

Construction started on 440 new homes from April to June in [Palm Beach County](#), which was a nearly 19 percent increase from the previous three months, according to the research and consulting firm Metrostudy.

The county now has about 1,600 new homes built a year, still a far cry from about 5,000 a year during the building boom, said Brad Hunter, a real estate analyst for MetroStudy.

Typical new home prices in [Palm Beach County](#) these days hover around \$300,000, Hunter said.

While increased impact fees may not mean much to high-end new home buyers, it could be "make or break" a deal for those on the fence about buying a new house, Hunter said.

"It does matter. The builder has to pass that cost along to the consumer," Hunter said.

[Palm Beach County](#) needs to at least "hold the line" on impact fees, said Truly Burton, executive vice president of the Florida Atlantic Building Association —representing builders from [Palm Beach County](#) to the Keys.

New home buyers are more "price sensitive" these days because it's harder to get financing to build a home and increased impact fees won't help, Burton said.

Impact fees are only supposed to pay for new schools and road improvements prompted by new development, not to fix existing problems, Burton said. Development hasn't picked up enough to drive the need for new capacity or higher impact fees, she said.

"We would like to sell a few houses first," Burton said.

The County Commission was supposed to decide this summer whether to increase impact fees. Now that decision may not come until January.

"Impact fees are always a balancing act," County Commissioner Steven Abrams said. "You want home buyers to start buying again, but it's revenue that the county uses to pay for the services [home buyers] use."

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