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Impact fee quandary

Should we alter how we pay for infrastructure?

One person's stimulus for growth is another person's road to ruin.

That's the case with impact fees. The money, collected from developers for residential and commercial construction, pays for infrastructure — roads, parks, schools, utilities and more.

On one side, we have state Sen. Mike Bennett, developer Pat Neal and other proponents of a moratorium on impact fees as an economic stimulus to pump life into the construction and real estate industries.

On the other, we have County Commissioner Joe McClash, county Administrator Ed Hunzeker and other opponents of a temporary suspension over concerns of construction jobs lost due to the lack of funds to pay for infrastructure projects. That's among other considerations.

Our question is this: Are impact fees an equitable way to pay for infrastructure?

Bennett got the ball rolling again on this ongoing and contentious battle two weeks ago by introducing legislation that would block governments from collecting impact fees for three years. The issue promises to heat up in the coming days as the Legislature opens its regular session on Tuesday.

With his bill, Bennett, a Bradenton Republican, aims to spur growth and encourage businesses to locate in Florida and create jobs — certainly a fine and worthy goal in this economic nightmare.

Neal wants to sell homes at a cheaper price — that is, minus impact fees — in order to attract new homebuyers as well as keep the construction, finance and real estate industries employed here in Manatee.

He's currently selling some new homes for $106,900 but that includes $18,800 in impact fees. Subtract that, and the price drops considerably.

On the other hand, what's the downside to a waiver on impact fees?

In a December memo to county commissioners, Hunzeker outlined the "unintended consequences" of the revenue loss. The county's Capital Improvement Program expects to collect more than $50 million in impact fees over the next five years, which will pay for the infrastructure vital to meet the needs of that growth.

With $38 million already in the bank from fees, the county plans to spend $78 million over the five years, leaving a balance of some $2 million.

If Manatee eliminates a significant number of the planned capital improvements with the loss of millions in impact fees, that would put a severe crimp in the expedited projects program that is central to the county's economic stimulus. That adds up to job losses. Plus, the county would lose the current advantage of lower construction costs.

Homebuyers who paid impact fees won't be pleased, and neither will property sellers at a competitive cost disadvantage against new homes that are cheaper without the fee.

No study shows an impact fee moratorium will jolt the economy, McClash contends, adding that the county must fill empty buildings before putting up more.

But new statistics put that supply-demand argument at peril. Home sales rose in January for the second straight month, particularly at the low end of the market. The supply of homes has been dropping since July.

Neither side is entirely convincing.

The city of Bradenton is far more receptive to the idea of an impact fee moratorium than the county. And for good reason. The city's infrastructure is mostly in place. Bradenton stands to benefit greatly if developers build on the empty lots that dot neighborhoods — by adding to its tax base and eliminating unkempt lots.

We return to our concern: Are impact fees an equitable way to pay for infrastructure?

For residential construction, the assessments are based on the number of bedrooms in a home, at approximately $18,800 for two; $20,300 for three, and $22,400 for four. There is no consideration of the home's overall cost, so a $100,000 home pays the same fee as a $1 million mansion. The burden falls disproportionately on homebuyers who can least afford the cost.

One of the key considerations governing the assessments on commercial development is anticipated vehicle traffic patronizing the business.

The developer of a planned $8 million bowling and entertainment center in Lakewood Ranch got hammered with a fee of some $850,000. The Hubbard family, owners of Sarasota Lanes, figured the center would be open by now, but that assessment put the project on ice.

That's one egregious example of impact fees choking off development. The county should not be in the business of thwarting business.

Statewide, not all counties impose impact fees in the same manner, and that creates an unlevel playing field.

We believe impact fees are inequitable. But we do not believe that a three-year moratorium is the answer.

Florida needs a better system for funding infrastructure, certainly one that does not stifle growth but grows our economy. Businesses looking to relocate or start in the Sunshine State should not be scared off by high and noncompetitive costs.

We'll be looking for answers from the Legislature and the Manatee County Commission. The issue is already on both agendas.
