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Kirk Sorenson: Impact fee calculations should be correct

By Kirk Sorenson: Guest columnist

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In response to Commissioner Sarah Heard's opinion of the proposed Martin County impact fee calculations ("Impact fee calculations need to be forward-looking," Jan. 30), many of her statements are inaccurate and misleading. Heard's assertion that new development does not pay its fair share lacks a basic understanding of the legal and economic principles prescribed in the study of municipal extractions and impact fees.

In general, impact fees are one-time payments that may be assessed by a jurisdiction to offset costs to the county associated with providing necessary public infrastructure. The county's impact fee methodology should also identify the extent to which newly developed properties are entitled to various types of revenue credits to avoid potential double payment of capital costs. This is because new development will not only pay impact fees but will also pay future taxes dedicated to the same purpose as the impact fee assessment.

Heard erroneously believes that new developments are not entitled to any future revenue credits. Applying this perspective would grossly overstate new developments' fair-share assessment. Developers and non-developers alike support the prudent use of impact fees to meet the future demands of development on public infrastructure. This is not a growth-vs.-no-growth issue — a recognized professional in the field should calculate the fee in a fair and unbiased manner.

The county's impact fee consultant, Dr. James Nicholas, is competent to perform these tasks. Unfortunately, many municipalities, including the Martin County School District, in an effort to maximize revenue, legally or not, often require the consultant to use faulty assumptions that are often at the root of many poor recommendations.

The Improvements Methodology, referenced in Heard's editorial, was not implemented because Martin County's recent growth projections are flat. This method requires upfront payments from new development to fund future facility expansion. With near and long-term growth projections flat, there is no need for additional facilities and, hence, no impact fees. This is precisely why the consultant changed to the Consumption Method.

The County Commission established an Impact Fee Review Committee charged with analyzing the methodology, data, and assumptions used by Dr. Nicholas. After a comprehensive and often-agonizing process of detailed examination, the IFRC recommended no increase in impact fees at this time since the annual growth rate is less than 1 percent. The IFRC has also identified extensive data inconsistencies and faulty assumptions included to arbitrarily increase the fees and maximize revenues.

Our government, and the School Board particularly, has failed to control local spending and expects our county residents, both new and existing, to pay higher fees due to their lack of accountability.

Overstated impact fees will eliminate a significant number of Martin County’s families from the housing market. This will force many families to continue renting homes and require many others to remain in unsuitable housing conditions.

Sorenson is financial economist for Government Solutions, a Stuart-based economic consulting firm that represents government and private industry on impact fee issues. One of his clients is the Treasure Coast Builders Association.