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County weighs proposed hike in impact fees

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WEST PALM BEACH — Existing-home prices continue to drop, but buyers of new homes in Palm Beach County may soon see prices jump.

The reason: a proposed increase in impact fees, which are tacked onto the price of a new home to pay for costs associated with growth, such as new roads, schools and parks, and police and fire service.

Suggested increases

A county advisory committee is scheduled to meet Jan. 28 and make a recommendation to county commissioners on how much impact fees should be raised. Commissioners are expected to vote on new rates in March or April and also must decide whether to include a new solid waste impact fee.

Fees paid by buyers of new homes in cities vary, depending on the county services they receive. City and unincorporated residents of the Glades do not pay impact fees.

The amount of impact fees charged depends on the size and type of home, and businesses pay different amounts. Below is an example of the impact fees for a new single-family home between 1,400 and 1,999 square feet.

Fee Proposed Current

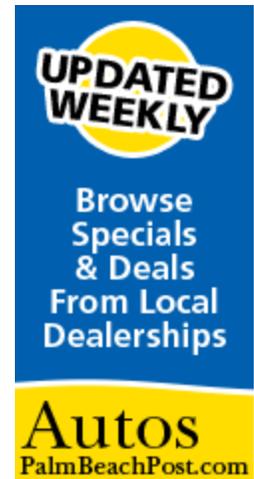
Parks \$1,668.26 \$1,417.25

Public buildings \$701.05 \$135.85

Law enforcement \$178.54 \$179.56

Fire-rescue \$698.07 \$556.26

Libraries \$176.54 \$148.03



Roads \$11,335.40 \$5,067.32

Schools \$3,046.00 \$3,046.00

Solid waste \$94.43 n/a

Total \$17,898.29 \$10,550.27

Source: Palm Beach County

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type and size of home and the type of business.

That increase would make Palm Beach County's impact fees the third-highest in the state, just behind Collier and Osceola counties, according to a report prepared by Nicholas.

The local builders association has expressed concerns that, with the housing market in the doldrums and affordable housing still lacking, any fee increase would hamper the housing industry's recovery and ability to construct lower-cost houses.

But the proposed fee increase has fluctuated over the last several months, and the Gold Coast Builders Association has yet to take a stand, said Chris Roog, the association's director of governmental affairs.

"They are still developing some sort of idea of what they think of the new numbers," he said.

The cost of building new roads is the main reason for the proposed new impact fee rates. The price of construction of one road mile soared from \$1.86 million in 2005 to \$3.61 million in early 2007, according to the county's engineering department, brought on by rising costs of materials such as steel, concrete and asphalt.

At the same time, with growth slowing, the department's projection of money generated from road impact fees has plummeted. Coupled with less gas tax revenue coming in, the county has postponed road projects and reduced the funding for a number of projects over the next five years.

County commissioners could decide to lower the proposed impact fee rates or spread the increases over several years.

"It's going to be a very interesting policy discussion for them," County Engineer George Webb said. "If I were to take a position, I would say the historical thing has been to help growth pay for itself," as impact fees are used to do.

It's difficult to strike a balance between raising money for road construction and trying to address residents' needs in a struggling housing industry, Deputy County Administrator Verdenia Baker said. "We're all sensitive to the (housing) market and the downturn of the market," she said.

charge as they seek business, simply so they can stay in business.

A proposal to build a bridge on Hypoluxo Road over Florida's Turnpike, expected to cost \$23 million, recently drew bids of \$16 million, Webb said. "A lot of things are going on that are really dynamic," he said.

A new impact fee covering solid waste projects is being introduced this year to provide money for a new western landfill and expansion of the county's waste-to-energy plant. The new fee would require commission approval.

Impact fee payments are due when building permits are issued, but the fees are typically added to the price of a new home.

Impact fees for buyers of new homes within municipalities differ. For example, a resident of a city won't pay the county's fire-rescue or law enforcement impact fee if the city provides those services.

County commissioners last approved changes in impact fee rates in 2005. They followed an advisory committee's recommendation to raise them from about \$8,520 to about \$10,550 for a home between 1,400 and 1,999 square feet.

Commissioners in the past have approved lower impact fees than recommended, county impact fee coordinator Willie Swoope said.

The Gold Coast Builders Association lobbied hard against the rate boost in 2005, establishing a phone bank the day before the final commission vote that resulted in dozens of phone calls coming into commissioners' offices.

But that tactic backfired. Commissioners were angered that the callers apparently had been given misinformation, and many were unaware that impact fees are not charged on existing homes. Commissioner Burt Aaronson called the association's move at the time "a slap in the face" that was "out of line, out of order and out of touch."

The Florida Home Builders Association tried last year to have annual caps placed on impact fee increases, contending "there is no other way to protect affordable homes from the consequences of impact fees."

When that failed, the association's president said its political action committee would withhold contributions to incumbent candidates unless they backed 2008 legislation to set impact fee caps.

Some state legislators responded by returning campaign contributions to the association.

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