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Raising impact fees bad idea for a hurting housing market

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ISSUE: County consultant advises large impact fee increase on new homes.

You don't stimulate a stagnant housing market by tacking exorbitant fees onto the cost of a new home. In fact, it's very likely you can go from bad to worse.

So if Palm Beach County commissioners are concerned about the slumping real estate industry, and the weight it's throwing around the neck of the entire economy — as builders and homeowners alike are — then they will stay as far away as they can from a consultant's untimely recommendation to substantially raise impact fees.

To be fair, consultant James Nicholas' proposal to an advisory group was not made in a vacuum. Road construction materials have risen in cost 44 percent since 2003, and asphalt won't get any cheaper or easier to lay, especially with expected declines in gas tax revenues.

But his recommendation, coming amid a crippling downturn in the housing market, seems especially shortsighted. After all, it'll be awfully difficult to use big fee increases to raise more revenue if the increases themselves further depress an already catatonic market. And even if the end result is more revenue, the cost — in both real and psychological terms — is too much to risk.

Consider this: Nicholas' plan would raise impact fees — levied to pay for costs associated with growth, like roads, schools, police and libraries — 80 percent on a typical single-family home, and an average of 113 percent for many businesses.

Not the kind of spark that would liven up the real estate market. Instead, it could do just the opposite and put Palm Beach County on track to emerge from the housing slump much later than the rest of the state.

Such a fee increase would also make Palm Beach County's impact fees the third highest in the state, behind Collier and Osceola counties, a dubious distinction indeed.

The county's Impact Fee Review Committee, made up of representatives of the real estate and construction industries, rightly rejected the recommendation, by a unanimous vote. County commissioners, who will take up Nicholas' report in March or April, would be wise to do the same.

BOTTOM LINE: Wrong time for a hike that could further depress an already sluggish real estate



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