

We the Taxpayers Need Some Relief

On Tuesday, January 23rd, I had the opportunity of attending the Board of County Commissioner's meeting in Venice. One agenda item that was discussed was the issue of raising impact fees on new projects for developers. Under the Florida Statutes (Section 125.01056), an impact fee is a total or partial reimbursement to a county for the cost of additional facilities of services made necessary as the result of a new development or the expansion of an existing development.

In Sarasota County, the projected infrastructure improvements due to increased development is approximately \$266 M (under the current 5-year Capital Improvements Plan or CIP). Funds generated by current impact fee assessments totals approximately \$160 M. That creates a shortage of \$106 M which will have to be generated from the general public (homeowners) usually in the form of additional surtaxes or higher ad valorem taxes.

Local governments around the country have been struggling to find ways to pay for infrastructure needs associated with new development without raising taxes or angering the public. At the board meeting I heard arguments and testimony from both sides- those who support an impact fee hike and from those who oppose one. The idea of raising fees is not an easy one for developers, residents or elected officials to swallow. But, it is quite apparent that something must be done. On February 1, 2006, the Florida Impact Fee Review Task Force (appointed by the Governor, president of Senate, the speaker of the House of Representatives, and the designee of the Secretary of the Department of Community affairs) submitted the following findings:

- 1) The use and amount impact fees in Florida has risen dramatically in the past decade.
- 2) This is a result of Florida's rapid population growth, the rising cost of land and building infrastructure, along with decreasing state and federal revenues for local infrastructure.
- 3) Consequently, local governments do not have adequate revenue generating resources to keep up with infrastructure demands in Florida.

In light of these findings, it is important for our elected officials to ask and consider these questions:

- 1) Does it make sense to continue development without an adequate tax base present to support the much needed infrastructure improvements that will be required to support such development?
- 2) Can we continue to speculate that increased development will actually bring an adequate increase to the current tax base to support the needed infrastructure improvements?
- 3) Should we stop progress, growth, or development?
- 4) How can we continue development without over-burdening the existing taxpayers with infrastructure improvements which may not benefit them directly?

Common sense and reality tells us that the answer to these questions is NO. But, how can we continue to develop without adequate revenue streams available to support the needed infrastructure improvements due to new development? It is obvious that developers, taxpayers, and elected officials are faced with some serious challenges. It is imperative that we work together to find positive solutions. If we don't act quickly and decisively then we will be faced with infrastructure deficiencies that will adversely impact public safety.

In 1999, the National Association of Homebuilders published a handbook for developers titled, "The Impact Fee Handbook". This publication contains a lot of useful information concerning impact fees. In fact, there are outlined strategies that developers can use to block impact fee

legislation. Certainly, developers have legitimate concerns about impact fees. However, a manual published by the building industry that outlines strategies for developers to block what might be their legitimate responsibility is worrisome.

One ploy that developers use is the threat of a developmental halt. A scare tactic used to make us think that progress and prosperity is going to end for all of us. Their argument is weak. When consumer prices rise, i.e. on gasoline and food, people don't stop buying. They become more creative in their spending habits. Perhaps, with higher impact fees, developer creativity may allow them to streamline their expenditures making their projects more cost effective. Thus, we would be rewarded with more bang for our taxpayer buck.

Another argument used by developers to perpetuate lower impact fees is the myth of affordable housing. Time and time again, we have heard developers moan that they won't be able to build affordable houses if impact fees are too high. Truth be told, there has not been any significant amount of affordable housing built in Sarasota for over a decade. The percentage of affordable housing in relation to the actual number of new homes that have been built by developers is very low. Let's put an end to the affordable housing myth.

The time has come to level the playing field for developers so that Sarasota taxpayers don't have to pick up the \$106 M deficit needed for the current Capital Improvements Plan. For years, developers in Sarasota County have enjoyed the benefits of lower impact fees. Many surrounding counties have higher impact fees on new development and their growth hasn't stopped. The Florida Impact Fee Review Task Force outlines several recommendations that county governments can implement to increase the much needed revenue streams for infrastructure improvements caused by new development. If the impact fees are assessed fairly then everybody benefits. Taxpaying homeowners in Florida need some relief. We have been picking up the tab for infrastructure improvements needed as a result of new development for several years now. The decision to raise impact fees is fair and just. The resolution to raise impact fees was not made on the 23rd—it has been postponed until March 14th. We, the homeowner taxpayer voters, still have time to make an impact. Be courageous. Urge our elected officials to be the same and do the right thing.

Sincerely,
John Krotec
Chair, Fruitville 210 Community Alliance