

Collier County's fees for new construction hitting modest homes harder

By Alexandra Glorioso and Greg Stanley, May 31st, 2016

As Collier County officials are trying to encourage development of more modest housing for families of nurses, police officers and teachers, they have shifted more of the burden of paying for new roads, schools and other necessities to the very homes those working families can afford, an analysis by the Naples Daily News shows.

A new impact fee structure has made it harder to build a house for under \$200,000 in Collier County, said David Torres, a developer building homes between 1,200 and 1,900 square feet in Immokalee. "The issue is, it's obvious, you can't build a cheap home when fees are 10 percent of the home," Torres said. "Fees don't make any sense. How can a \$5 million home pay the same as a \$70,000 home?"

County commissioners last year began changing the 11 impact fees charged for new development, converting from a sliding-scale to a two-tier system to calculate the fees, which are more than \$20,000. The new system will ensure that families building houses under 1,500 square feet are charged the same amount in impact fees as those building larger homes up to 3,999 square feet. New homes 4,000 square feet or larger pay only slightly more.

As a result, impact fees on a 1,200 to 1,300 square-foot home in Immokalee's Arrowhead subdivision could make up as much as 13 percent of the \$155,900 sale price, while the same fees make up less than 2 percent of the \$1.4 million cost of a 4,600-square-foot home in the Fiddler's Creek subdivision north of Marco Island, a Daily News analysis shows.

"We need to address this," said Collier County Commissioner Penny Taylor. "You can see the inequity in it. Having more than \$20,000 in impact fees for a small house is not what I would call an encouragement to build small houses."

For years, Collier County has charged among the highest impact fees in the state. The fees work like one-time taxes on new construction and are meant to offset the impact a new house, restaurant, store or commercial park has on the roadways, schools, sewer lines and other public infrastructure. The county levies a total of 11 fees on new homebuilders, including one for the school district and two for the county's water and sewer district. New homes hooked up to county water and sewer lines pay between \$24,000 and \$26,000 in total impact fees, not including additional costs the county's various fire districts levy.

Throughout the 1990s, Collier County charged flat fees for new homeowners — everyone who built a house paid the same amount. But in 1999 the county shifted to a tiered model, charging more for new homes that were more than 2,500 square feet, less for those under 1,500 square feet and somewhere in the middle for homes in between. Over the years, hundreds of homeowners renovated, added rooms and turned garages into living space, often bumping their homes up in size that required paying thousands of dollars in impact fees, said Amy Patterson, director of capital project planning, impact fees and program management.

"It could be really burdensome on a lot of families," Patterson said. "People had to pay more if they just wanted to add a bedroom." While the new fee structure would eliminate impact fees for most home remodelers, Patterson said the county didn't develop the new fee system to address those complaints. Instead, they hired outside consultants who developed the tiers based on new housing and transportation statistics. "Just because you have a larger home, doesn't mean you have more people in it," she said.

In 2015, the county raised most of its impact fees and dropped a tier for new homes. The new threshold is 4,000 square feet. Homes above that mark pay \$26,000 and those below it pay about \$24,000. Four of the impact fees are still charged on the old sliding scale by square footage, but will change to a flat fee for all homes under 4,000 square feet. As a result, the fees for people building the smallest homes, below 1,500 square feet, climbed the most, jumping from \$20,247 to \$23,834. Meanwhile, larger homes now actually pay less. Fees for homes between 2,500 and 3,999 square feet dropped from \$24,563 to \$24,140.

Owners of smaller homes are now paying more than twice as much in fees per square foot of living space when compared to these larger homes, the Daily News analysis shows.

In 2012 people building homes under 1,500 square feet, paid an average of \$14.11 in impact fees for every square-foot. Builders of those homes now pay \$16.62 per square-foot. By contrast, the per square-footage fee for homes between 2,500 and 3,999 square feet dropped from an average of \$8.01 in 2012 to \$7.88 today.

Houses between 1,500 square feet and 2,499 square feet benefitted most from the new impact fees, the Daily News analysis shows. In 2012, the fees were 8.01 percent of the average sale price, which was \$284,484, according to data collected by the county property appraiser's office. In 2015, the fees were 6.04 percent of the average sale price, which was \$396,727. These figures are based on adjusted square footage, which is what the county uses to charge tax rates on houses, and is slightly less than actual square footage.

Impact fees, in general, work like regressive taxes that put more of a burden on the least expensive homes, said Steve Kirk, president of a nonprofit called Rural Neighborhoods that provides affordable housing.

"It's so much more substantial for starter homes and rental housing," Kirk said. "It's frustrating to find out that your fees could be more than \$17,000 ... to put up a small rental house in Immokalee and a multimillion home on Vanderbilt Drive is paying \$26,000. I'm paying 15 percent of my cost, they're paying 2 percent."

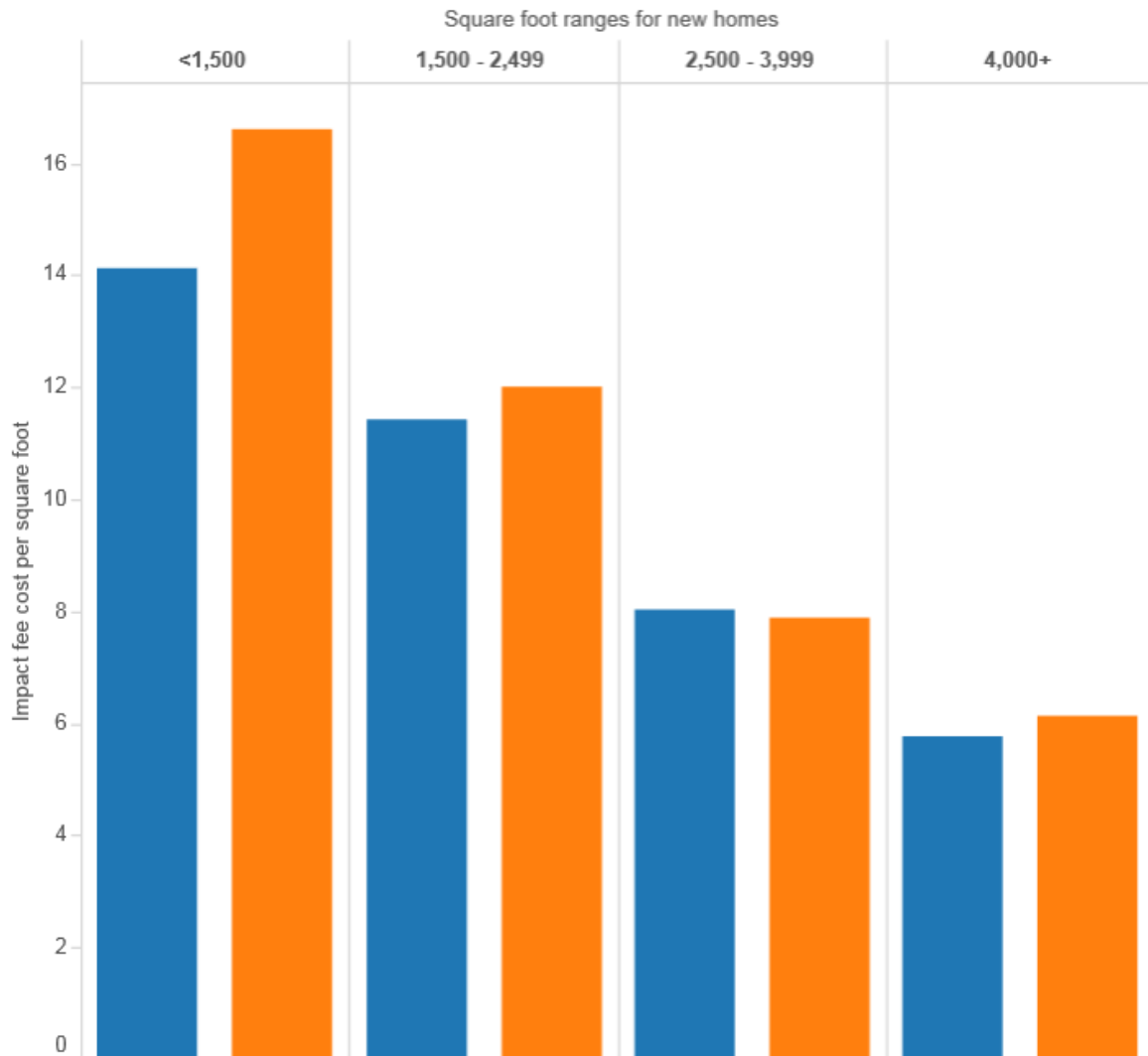
County, school and law enforcement officials agree the area needs more housing that families and young professionals can afford. Commissioners are funding an ongoing study to determine the need and come up with possible solutions.

But it's times like this, when more affordable housing is hard to find for teachers, health care workers and the workforce at large, that commissioners should move toward a square footage-based impact fee system, not away from it, Kirk said.

"The commission is committed to trying to create more workforce housing, but impact fees make that struggle more difficult," he said. "The consequence is the people in our workforce build in Fort Myers and need to commute to Collier. They still use our roadways and often use our parks. But now they don't pay any impact fees."

Change in square foot costs for new home fees in Collier County since 2012

■ Avg. 2012 fee per square foot
■ Avg. 2016 fee per square foot



But Patterson, who oversees the county's impact fee program, said it was understood that the new impact fees would hit smaller homes harder, but those homes make up a small part of the market. When impact fees were being restudied in 2012, 59, or nearly 6 percent, of the 1,034 homes built were less than 1,500 square feet, county records show. In 2015, 110, or about 4 percent, of the 2,545 homes built were less than 1,500 square feet.

However, a small number of more modest homes being built doesn't mean there isn't a demand for them. Habitat for Humanity, which has built the majority of houses in that size range, said more people are trying to qualify for their homes. Habitat fielded an average of 108 inquires for a house each month in 2014. That's climbed to 148 per month so far this year.

"That's an increase of one more person every day, 30 more each month, and 360 more in a year," Giblin wrote in an email. "[W]e are on pace to receive nearly 2,000 inquiries this year while we can only build approximately 100 homes."

If the price of impact fees really prevents someone from building a new home, the county has programs to help, including down payment assistance from state and federal agencies and the county's own impact fee deferral program, Patterson said. The county restarted the deferral program in June 2015. Demand has been strong. After nearly a year, 75 people have signed up and a waiting list has formed, according to the county's community and human services department. The county has almost hit the program's cap, deferring \$1,080,000 in impact fees of the pool of \$1,090,000.