



School Impact Fees

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Florida's school boards are increasingly turning to impact fees to help them fund new schools. Recently, Osceola County enacted the highest school impact fees in the state, imposing a charge of \$9,708 per new single-family home.

Impact fees are one-time charges made by local governments to pay for capital infrastructure, such as schools, roads, parks, and the like, that are required to serve the needs created by new growth. The rationale is simple and politically compelling: growth should pay for growth and not impose cost burdens on existing residents. On the surface this seems fair enough. Furthermore, no matter whether impact fees are deemed fair, or efficient, or the best alternative, Florida courts have found them to be legal in almost all cases.

Most recently, a group of homebuyers and homebuilders in Lee County brought suit against the county for imposing impact fees of about \$3,000 per home. They argued that there is very limited correlation between new home construction and the need for new schools. Many new homes are sold to existing residents, they argued, and many new homes are sold to retirees who do not have children. But the court did find that there is a logical connection in general between the construction of new homes and the increase in the number of school age children who must have schools to go to.

From a purely economic perspective, impact fees are not the most efficient way to fund schools, or any other facility. The basic problem is that impact fees are not bondable, so that government has to collect the fees, allowing the facilities to become overcrowded in the interim, until enough fee money built up to actually build a new school. A system based on sales taxes or special assessments would be much more efficient. However, such alternatives are generally not politically acceptable.

Unfortunately, impact fees of \$9,708 for schools alone make a significant impact on the total cost of new housing in Osceola County, which is a market that is dominated by working families who need affordable housing. Total impact fees, including roads and schools, along with connection charges for water and for sewer, increase the total cost of a new home in Osceola County by over \$15,000, which on the typical new home in Osceola County represents an increase of about 10 percent. This will price some families out of the market.

Unfortunately, local governments are increasingly using and raising their impact fees all across Florida.

This is Hank Fishkind for 90.7 FM, WMFE News.

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