

STAFF REPORT
City of Lancaster

NB 2
02/09/10
MVB

Date: February 9, 2010
To: Mayor Parris and City Council Members
From: Robert C. Neal, Director of Public Works
Subject: **Building Incentive Stimulus Program**

Recommendation:

Adopt **Resolution No. 10-08**, establishing a Building Incentive Stimulus Program relating to a percentage reduction of development impact fees for building permits issued from February 10, 2010, through December 31, 2010, in order to help stimulate the local job market and encourage developers to continue to build homes in the City of Lancaster.

Fiscal Impact:

\$400,000.00 - \$600,000.00 potential loss in collected impact fees for City Capital projects.

Background:

Since fall 2008, continuing foreclosures, bank failures, job losses, and a falling stock market have accelerated a nationwide recession. Residential, and increasingly, commercial developers have lost their financing and have been forced to reassess project feasibility.

As of January 1, 2010, the development impact fees are approximately \$11,412.00 for a new single family residence. This program reduces these development impact fees by 30% per structure for development occurring within the Lancaster Boulevard Downtown (LBD) District; which area is bounded by 10th Street West to the west, Sierra Highway to the east, Kettering Street to the north, Milling Street to the southwest and Newgrove to the southeast, and by 20% per structure for development occurring outside the Lancaster Boulevard Downtown (LBD) District; with all fees being paid at the time of permit issuance. Developers may prepay development impact fees for an entire project at the reduced rates, provided that all impact fees are paid at the issuance of the first permit, and that a minimum of 10% of the buildings are completed within twelve (12) months of the approval by City Council. This would result in an incentive of approximately \$2,000.00 for each new single family residence. A commercial project with \$200,000.00 of development impact fees would receive an incentive of \$40,000.00 throughout the City or \$60,000.00 within the LBD.

Reducing the development impact fees represents the most direct and substantial way that the City has at its disposal to immediately improve the feasibility of current development activity.

AK:ddd

Attachment:

Resolution No. 10-08