

STAFF REPORT

City of Lancaster

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6/28/11
MVB

Date: June 28, 2010

To: Mayor Parris and City Council Members

From: Robert C. Neal, Director of Public Works

Subject: **Extension of the Building Incentive Stimulus Program**

Recommendation:

Adopt **Resolution No. 11-47**, approving a 30-day extension of the Building Incentive Stimulus Program from July 1, 2011, through July 31, 2011, in order to continue to help stimulate the local job market and encourage developers to continue to build in the City of Lancaster as the City develops a new program focused on incentives to complete abandoned tracts.

Fiscal Impact:

The projected revenue for building fees are anticipated to increase during the extension period, should developers continue to participate in the program. The potential loss in revenue to the City's Capital Program would be minimal during the extension period based on the recommended fee waiver.

Background:

In February 2010, City Council approved the Building Stimulus Program, which successfully generated approximately \$3,300,000.00 in new construction revenue for the City between February 2010 and December 2010. On November 9, 2010, City Council extended the program through June 30, 2011. New construction revenue has continued to show an increase during the extension period over that in our surrounding community.

Furthermore, the job market has not fully recovered from the recession. The extension of this incentive program would continue to encourage local development and thereby help to continue to stimulate the local economy.

As of January 1, 2011, the development impact fees are approximately \$11,413.00. This program has allowed developers to continue to receive a 30% (approximately \$3,424.00) development impact fee incentive per dwelling structure for development occurring within the Lancaster Boulevard Downtown (LBD) District and receive a 20% (approximately \$2,283.00) impact fee incentive per dwelling structure for development occurring outside the LBD District.

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

Staff is presently working on the development of a new incentive program focused on providing incentives to developers to complete abandoned tracts within the City. It is anticipated that the new program will be brought before the City Council for adoption at the July 26, 2011, meeting.

RR:vp

Attachment:

Resolution No. 11-47