

STAFF REPORT
City of Lancaster

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10/25/11
MVB

Date: October 25, 2011

To: Mayor Parris and City Council Members

From: Robert C. Neal, Director of Public Works

Subject: **Amendment to the Building Stimulus Program for 2011-2012**

Recommendation:

Adopt **Resolution No. 11-69**, approving an amendment to the Building Stimulus Program for 2011-2012, as it applies to new home construction within a Community Facilities District (CFD), which provides for payment of City development impact fees. Under the current program, developers building new homes within such CFDs do not receive the same economic incentive provided in other tracts. This amendment will provide an economic incentive within these CFDs by replacing the waiver of 25% of the development impact fees with a waiver of the building permit fees. The full amount of development impact fees will be charged. All other provisions of the current Building Stimulus Program will apply, including program end date and pre-payment provisions.

Fiscal Impact:

Should developers take advantage of this program, there will be little or no fiscal impact to the City, as the amount of building permit fees waived will be less than the 25% waiver of development impact fees under the current program.

Background:

Since February 2010, staff has sought to provide development incentives to stimulate new construction in the City of Lancaster. On July 26, 2011, Council approved Resolution No. 11-61 adopting the current Building Stimulus Program, which provides a waiver of 25% of City development impact fees within existing tracts and a deferment of impact fees for commercial projects.

It has been brought to our attention that certain existing tracts are within CFDs that provide for payment of City development impact fees, as well as the construction of other community improvements, through taxes levied on the parcels within the CFD. In this case, a developer does not pay those fees and would therefore not realize the same financial incentive that a developer outside such CFD would. To provide these developers an equivalent financial incentive, staff is proposing to waive the building permit fees for new home construction on these lots. At the same time, the full amount of current development impact fees will be charged, which will be paid through the CFD.

As of January 1, 2011, the development impact fees are approximately \$11,413.00, and the building permit fee for a 2,000 square foot dwelling is \$1,290.00. The current program allows a 25% (approximately \$2,853.00) development impact fee incentive per dwelling.

This means that the City will receive more than \$1,000.00 in additional fees per dwelling in such CFDs than in other tracts.

CE:lcs

Attachment:

Resolution No. 11-69