

# STAFF REPORT

## City of Lancaster

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MVB

Date: June 11, 2013

To: Mayor Parris and City Council Members

From: Robert C. Neal, Director of Public Works

Subject: **Building Incentive Stimulus Program for 2013-2014**

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### **Recommendation:**

Adopt **Resolution No. 13-25**, a resolution of the City Council of the City of Lancaster, California, approving the continuation of the Building Incentive Stimulus Program for existing recorded tracts and new commercial development.

### **Fiscal Impact:**

Should developers take advantage of this program, up to 225 new homes are anticipated to be built. This would result in up to \$2.46 million in building fees collected during the program. At the same time, the value of new construction could exceed \$52 million and over 175 local construction jobs would be created. There is no fiscal impact for the deferral of commercial and industrial impact fees other than the time of collection.

### **Background:**

Fiscal Year 2007-2008 saw the current recession hitting the building industry in the Antelope Valley hard with just a third of the number of new building permits issued compared to the previous year. By 2009, the number of new home permits had dropped to just 188, less than 7 percent of the record 2,799 permits issued in 2005. By now, most developers had left the Antelope Valley, leaving partially completed homes and tracts behind.

In an effort to encourage new construction and alleviate the blight of abandoned tracts, the City Council approved a Building Stimulus Program in February, 2010. This program was largely successful, with 114 new home permits issued in the first two months. The fiscal year saw an increase of 81 new home permits compared to Fiscal Year 2008-2009. New commercial construction, however, saw no improvement as the lack of available financing negated the effect of the fee discounts offered.

The original program was extended through the end of Fiscal Year 2010-2011. For Fiscal Year 2011-2012, the program was modified to provide a twenty-five percent (25%) discount of development impact fees within tracts only, and to defer the payment of non-discounted impact fees for commercial construction to the issuance of the Certificate of Occupancy. This program was continued for Fiscal Year 2012-2013. These programs have managed to maintain a steady rate of new home construction in a market that has continued to decline in other communities. It is for this reason staff believes it is still in the best interest of the City to support the building industry by continuing the existing program through June 30, 2014.

Currently, the development impact fees for a new single family dwelling are approximately \$11,413.00. This program would allow residential tract developers to receive a twenty-five percent (25%), approximately \$2,853.00, development impact fee incentive per dwelling. In addition, we will continue to waive the requirement for landscaping to be installed in rear and side yards, resulting in possible additional savings of up to \$10,000.00 per dwelling. There will be no change in the amount of fees received from commercial development.

Reducing the development impact fees for existing tracts and deferring them for commercial and industrial developments represents the most direct and substantial way the City has at its disposal to immediately improve the feasibility of current development activity.

For existing recorded tracts, twenty-five percent (25%) of the development impact fees will be waived, and landscaping will not be required in the rear or side yards when not visible from the street. The discount will apply to all new homes permitted within these tracts between July 1, 2013 and June 30, 2014, provided that at least one permit is issued prior to December 31, 2013. For new commercial and industrial development, development impact fees will be deferred from building permit issuance to the Certificate of Occupancy. This program will be in effect from July 1, 2013 through June 30, 2014, in order to help stimulate the local job market, eliminate blight and attractive nuisances, increase property values, and encourage developers to continue to build in the City of Lancaster.

**Attachment:**

Resolution No. 13-25

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