

MORENO VALLEY: Council to consider reducing developer fees

Moreno Valley has higher rates than many other Inland cities, some of which have reduced fees

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The Moreno Valley City Council will consider lowering the fees it charges developers, which officials say are higher than those in many Inland communities.

Barry Foster, the city's community and economic development director, said that by reducing the financial barriers to growth, Moreno Valley can entice builders to return and fulfill the initiatives of its two-year economic plan.

"Given the state of the fragile economy, it doesn't make much sense to increase the DIF (development impact fee) program," he told council members at a recent meeting.

Unchanged since 2008, the city's development impact fee policy needs an overhaul to stay competitive, Foster said. Based on recommendations from a consultant and two workshops with developers, city staff members from different departments will amend the 11-year-old program.

The team will re-evaluate improvement costs and review the fairness of the policy's credits and reimbursements. The staff will present the final report for council's approval early next year.

Beginning in 2009, many local governments, including Menifee and Perris, adopted temporary measures with renewal options to jump-start construction by slashing development impact fees. Other cities in the region, including Beaumont, Banning and Corona, also lowered or deferred the increase of building permit fees.

Regionally, the Western Riverside Council of Governments reduced a development fee that pays for big-ticket projects such as highway construction.

Beaumont adopted its own stimulus plan in 1993, which cut development fees until 2012.

Beaumont's program produced almost immediate results: it issued a total of 679 new home building permits in 2009 and 2010, an average annual increase of 13.2 percent compared to 2008. During the same two-year period, Riverside County's new home building permits declined by an average of 9.4 percent annually.

Mark Knorringa, CEO of the California Building Industry Association's Riverside County chapter, said that while lower fees won't make builders build, reductions could help them decide where to put their next project and make the difference between losing money or breaking even.

BIG DIFFERENCES

Foster said in the commercial category, Moreno Valley's rates range from 15 to 91 percent higher than those in Corona, Riverside and Perris. In the large industrial category for buildings more than 500,000 square feet, Moreno Valley's rates range from 55 to 88 percent higher than those in Riverside and Corona, but match those in Perris, he said.

In Moreno Valley, citywide nonresidential development impact fee rates range from \$1.7 per square foot to \$6.2 per square foot, depending on the type of commercial, office or industrial development.

