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BIA wants Manteca to slash growth fees 50%

The Building Industry Association of the Delta wants Manteca to reduce all growth impact fees for three years in a bid to rev up new housing construction.

That request is part of a six-point plan the BIA has submitted to Manteca. It is in response to the council exploring ways to put more people back to work by finding ways to get housing construction to pick up. The building trades and the ripple effect of home building are seen as the best way Manteca can start cutting into its record 15 percent unemployment.

The other five points are:

- Streamlining the approval process so all new house plan submittals are approved in 30 days or less.
- Provide a building fee discount for multiple applications to reflect the reduction in staff time due to the economy of scale.
- Eliminate all bonus bucks that range from \$7,350 to \$13,340 based on sewer allocation a development agreement guarantees a home builder in a given year.
- Defer 50 percent of all building fees until the close of escrow.
- Defer all impact fees until the close of escrow.

City staff has indicated the 30-day turnaround for building permits is do-able. Staff is also exploring the possibility of recommending impact fees – as well as sewer and water connection fees – be postponed until the time comes to turn on the water. That would be several days before escrow as final inspection to make sure all facets of a home meet the requirements of the buyer's lender must occur before a home can exit escrow.

The other requests are being considered by the council appointed sub-committee of Debby Moorhead and Vince Hernandez for possible recommendation to the full council.

BIA notes others cities have rolled back impact fees

Some of the impact fees such as the county regional transit and county facilities fees as well as the ag and habitat mitigation fees are not under the city's control nor are the school impact fees.

There are at least \$18,317 fees for everything from fire facilities to parks unless the builders also want to include water and sewer as an impact fee. Those fees reflect payments of \$9,564 per home.

BIA Chief Executive Officer John Beckman provided Manteca with details on how some other California cities have rolled back impact fees or else scaled back the scope of amenities that they want such as a library or performing arts center.

The water and sewer fees are problematic for the city to roll back. There are bond payments for major expansions. The city has invested over \$90 million in the past decade in expanded wastewater treatment facilities as well as a surface water treatment plant.

The city just last year won a bruising legal battle with developers over whether it had the right to increase the government facilities fee from \$350 – the amount it was set at in 1989 and unchanged for almost 20 years – to \$3,800 to reflect current day building costs.

During council adoption of the new fee when council members asked what could be done to make up for the money it collected from new development over the years for government facilities, legal counsel made it clear state law prohibits cities from “making up” for past short charges by shifting the burden to newer growth. Growth can’t pay for more than the actual share of the costs it incurs.

By granting the 50 percent reduction, the council essentially would be voting to shift the burden of accommodating growth to the rest of the community.

In his letter, Beckman notes that the typical cost of construction of infrastructure and the actual building of the home along with impact fees brings the price of a typical home built in Manteca to \$277,024 before the bonus bucks are added on.

The median price of existing homes that sold in Manteca during 2009 was \$178,000 based on 1,211 homes exchanging hands. So far this year with 42 closed escrows the median selling price of an existing home is \$207,500. New homes, in comparison, have a median selling price in Manteca currently of \$275,000.

Manteca last fiscal year fared much better than other cities in the Northern San Joaquin Valley where new home construction grinded to a stop. In the fiscal year ending June 30, Manteca had almost 60 percent of all new housing starts throughout San Joaquin County with 237 of the 414 new homes that started construction. The next closest was Stockton with 120 followed by San Joaquin County with 30, Lathrop with 25, and Lodi as well as Escalon with apiece. Tracy and Ripon did not issue a single family building permit during the 2008-09 fiscal year.

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