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Building industry balks at city's fee proposal

by [Kathleen Haley](#), published on **March 1, 2010** at **10:53PM**Storyline: [Development](#)Community Tags: [business](#) [city of sacramento](#) [development](#) [sacramento](#)

Representatives from the building sector are fighting a proposal from the city to charge developers fees for transportation-related construction.

City staffers said that Sacramento must address how the city's transportation infrastructure will be affected by population growth. The fees would partly pay for upgrades to infrastructure, according to the plan created by city staffers and consultants.

But developers voiced their opposition to the idea at a Monday meeting of the city's Development Oversight Commission. The commission examines development in Sacramento and presents its views to the City Council.

"We cannot afford this right now," said Matt Hedges, public affairs director for the Sacramento Builders' Exchange. "There's absolutely no way. We're going out of business left and right."

Dennis Rogers, senior vice president of governmental and public affairs for the North State Building Industry Association, said he hoped for a discussion of all cost structures associated with all kinds of development. The transportation fee proposal is being made in a "vacuum," he said.

Meanwhile, a consultant for the city said the fees proposal is an investment program. Transportation infrastructure supports future economic development, said Robert Spencer, the consultant from the firm Urban Economics. "This is not about stifling growth," he said.

Developers of single-family homes, apartment buildings and retail stores would pay the fees.

Hotels and motels, offices, industrial buildings, schools and churches would also be covered under the proposed fee plan.

"The purpose of an impact fee is to fund new development's fair share of additional infrastructure and public facilities," according to a March 1 report from the city's Department of Transportation.

City representatives presented a breakdown of how the fees would be calculated for development in many parts of the city, with some exceptions.

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The fee for a single-family home would be \$6,251, according to the presentation from Willdan Financial Services, which is consulting with the city on the fee program.

The fee for each multi-family residence under 10 stories in height would be \$3,572.

For retail buildings, developers would pay \$8,427 per 1,000 square feet. Constructing an office building would involve a transportation fee of \$10,213 per 1,000 square feet.

All parts of the city are covered by these figures with the exceptions of North Natomas, Delta Shores and the River District, the railyards and Downtown, according to the presentation.

A different fee schedule is proposed for North Natomas, Delta Shores and the River District, the railyards and Downtown, Spencer said at the meeting.

Projects built close to light rail stations and affordable housing will qualify for discounted fees, according to the report.

An option that city staffers are placing before the City Council is to increase the fees over a period of three or four years.

Kathleen Haley is a staff reporter for The Sacramento Press.

Conversation

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edited on March 2, 2010 | 06:56 AM

This is going to take a lot of stakeholder discussion before it can go forward. Issues such as the actual projects the funds are earmarked for i.e. there are HOV lanes in there, new interchanges etc. (highway projects traditionally not funded by city funds) Additionally, there will need to be a phasing in of the new fees as there aren't any projects being built as there is no money to build anything. Other cities whose fees on paper are higher yet they are scrambling to lower them and add incentives to assist in economic recovery. I heard of attempting to find a matrix or economic indicator to tie the fees to. (as the economy slowly recovers the fees could be slowly phased in) Additionally the some of comments from the BIA were valid. Shouldn't we look at all the fees to determine if they are appropriate as some of the fees were established pre economic melt down and some are outdated. I personally would like to see the percentages adjusted. With less money going to highway funds and more to transit. I asked the question and from DOT got a "they can't be any lower, we are already pushing the percentages now". But during the presentation there was mention of San Francisco looking to implement such a plan where the percentages were almost reversed nearly 75% going to transit and the balance to highways

just wanted to start the flurry this morning (the full report is on the city site (sorry for not attaching it))

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