

## Fremont development impact fees reduced

by Wes Bowers

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In an effort to attract new developments, Fremont City Council Dec. 13 unanimously approved extending a development impact fee reduction through the end of 2012.

City of Fremont charges impact fees to fund traffic improvements, public buildings, fire stations and public parks related to new development.

In 2009, city staffers presented a local business stimulus package designed to support existing businesses and to provide incentives for establishment of new businesses during the economic downturn.

One of those incentives was reducing development impact fee payments in the city's Central Business District to 75 percent and elsewhere in the city to 90 percent of the full amounts typically collected. The council adopted the reductions in April 2009.

Last November, the council reduced the fees in the Midtown District, or the proposed downtown area, to 50 percent of the full amounts collected.

Those reductions were set to expire Dec. 31. With the council's latest approval, those fees will continue to be collected at 50 percent of the original amount in the downtown area, 75 percent in the Central Business District, and 90 percent everywhere else until Dec. 31, 2012.

As an example, if a developer wanted to build a 200-unit residential project anywhere in the city in 2008, impact fees were about \$5.4 million. Since the temporary reductions, developers now pay \$2.7 million if building in the downtown area and a little more than \$4 million in the Central

Business District.

Developers who build elsewhere in the city pay a reduced rate of \$4.8 million, according to staff reports.

According to the city, the reduction will not affect fee collection through other agencies in the city such as Fremont Unified School District.

According to staff, the new Target and Century Theater developments at Pacific Commons, as well as a new urban housing in the Midtown area were two projects that took advantage of the temporarily reduced fees.

The amount of impact fees foregone since the start of the program in 2009 is about \$5.7 million, according to staff.

Councilman Dominic Dutra asked city staffers if fees not collected in previous years were absorbed by other departments within the city.

Jeff Schwob, the city's economic development director, said it is now Fremont's obligation to find outside funding to recoup the fees not collected.

"This will be through grant funds or other sources like state or federal revenue that will make up for the loss of those funds," Schwob said, "because we cannot spread this loss of collection over developments citywide."

Dutra said the city should be sure it wanted to reduce fees and at the same time not hurt its financial situation.

"I think it sends a message that we like economic development, but not at the long-term detriment of the city's fiscal position," he said.

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