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Merced cuts fees to entice developer to start south side housing project

By AMEERA BUTT

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Merced Meadows, a neighborhood in South Merced, is the name of the first major housing construction the city has seen in more than 18 months.

It's also an affordable housing project on the city's neglected South Side.

The groundbreaking ceremony was the culmination of a three-years-plus endeavor to build houses in that area, an effort that was thwarted by the recession and high foreclosure rates.

To get the job done, Merced city officials cut some of the red tape that has discouraged development.

David Gonzalves, the city's development services director, said the neighborhood has been sitting vacant for some time.

The city's temporary public facilities impact fee reduction plan, a citywide program, helped the development get off the ground and make it profitable, he said.

Mike Conway, public information officer for the city, said "impact fees are part of the idea that growth pays for growth."

"They cover the infrastructure needs -- the bridges, the roadways -- that new growth would need to keep the standard of living and quality of life good," he explained.

Gonzalves said the city temporarily cut the impact fees for infrastructure projects that don't cost much.

The development is eligible for the fee reductions because it's located in a service district, he said.

"Because in those areas, when people build there, they help pay for additional services such as landscaping maintenance, more fire and police," he said. "Citizens pay an additional tax to help pay for that service."

Reducing fees gives a developer financial stability in a bad market, Conway said.

"It doesn't pencil out for a lot of housing to be built. By lowering the fees," he said, "that can make the difference between being affordable for a builder to construct and sell homes."

The neighborhood will have 59 houses to buy at prices that will range from \$137,000 to \$155,000.

Merced-based David G. Alexander Inc. is slated to build the houses.

"We are just trying to see what appetite exists for new homes, said John Sessions, chairman of South Merced Development Co., which owns the lots. "We think it's pretty good. Even though there are so many empty homes and foreclosures, there's nothing like a new home with a warranty and where everything works."

"We're still talking very good pricing, marvelous mortgage rates," he added.

The city would benefit from fee income adding to the city budget as well as a complete neighborhood, Sessions said.

From construction to move-in would take about three months, he said.

The houses will offer good value and quality construction, Sessions said.

"We have gone as green as we can in terms of materials and appliances," he explained. "There is also a bay window option in the living room and overhang in the front."

Sessions said the process began a year ago with preliminary discussions with city staff and City Council members about revisiting the fee reductions.

"It was a huge element of the total cost, and they could accelerate the date when houses would be built again if they could reduce those fees," he said.

Anyone interested in more information about the houses or prices can call Della Velasquez, a Realtor at Coldwell Banker Gonella Realty, at (209) 631-8898 or visit www.mercedmeadows.com.

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SUN-STAR PHOTO BY BRANDON BOWERS Mayor Bill Spriggs turns over dirt for Merced Meadows, the first new housing project in Merced in 18 months.