



## Council set to reduce fees to help area construction

By Scott Mobley  
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Redding officials will give homebuilders and remodelers a bit of a break on building and impact fees, hoping the incentives breathe some life into the flat-lined construction industry.

The City Council earlier this week unanimously endorsed the idea of offering the incentives for four months. The city attorney still must draft the incentives and the council must vote on them again before they would go into effect.

Under the proposed incentives, the city would cut building fees in half, boost energy-efficiency incentives by 50 percent, postpone the annual impact fee increase from July to January 2009 and allow builders to pay these fees once officials have conducted a final home inspection, among other changes. Currently, builders must pay impact fees when they seek construction permits, which means they carry those costs for weeks or months while the homes are under construction.

Jerry Wagar, Ochoa & Shehan homebuilders president and Shasta Builders' Exchange vice chairman, complimented Redding officials for coming up with a creative response to the homebuilding slump. But he doubts the incentives will spark much activity.

"The actual savings are really minuscule, \$2,000 or in that ballpark," Wagar said in an interview Thursday. "I don't know if that's enough of a carrot to build a spec house if there's no market. That \$2,000 savings would be gone if the house sits more than 28 days."

The incentives could be more effective if the city kept them longer — perhaps through December, Wagar said.

As it stands, cutting builders some slack on fees for four months will cost the city up to \$595,000 in revenue and interest income, according to a council report.

The city plans to make up for these losses by tapping Redevelopment Agency money, proceeds from a recent property sale and dollars already budgeted for energy efficiency rebates. Redding also intends to raise impact fees high enough in January to recoup the income foregone by postponing the increase six months, the council report shows.

The city's March sales tax haul was 25 percent below its budget projections, according to a council report. The city stands to gain sales tax revenue if home buy lumber, drywall and other building material, Wagar noted. And construction workers will have more money to spend if they're earning a paycheck, he said.

“If this stimulates five or six houses that weren’t going to get built otherwise, that’s a good thing,” Wagar said.

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