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Moreno Valley may give developers a break



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By LAURIE LUCAS
The Press-Enterprise

Moreno Valley is ready to follow the lead of other local governments in cutting fees developers pay to build by roughly half for a single-family home.

At the Sept. 8 meeting, the City Council may reduce the fee for that home permit from \$13,744 to \$6,877 per unit. It would be in place for a year, then be reviewed.

Also, the council will consider collecting the fee when a home is occupied, instead of requiring the payment before construction begins.

Local governments charge builders money to offset additional costs of new development, such as transportation, parks and recreation, road, schools, libraries, water and sewer systems. Essentially, this money is assessed to handle the increasing demands on consumer services.

"Reductions will give a break to builders and homeowners, reduce the overall cost of a home, jump start the

housing industry and produce jobs," said Barry Foster, Moreno Valley's director of economic development.

In 2008, the average impact fee in California was \$19,536, according to Duncan Associates, a nationwide consulting firm on development fees.

Foster touted the fee trimming strategy in a report he presented Tuesday night at a council study session. His report concludes:

Building permits from 2005-2008 for single-family residences and multi-family units dropped 91 percent and 90 percent, respectively.

Commercial and industrial construction dipped 20 percent in that period, with the biggest hit occurring this year. The city's unemployment rate was 16.1 percent in June; Riverside County's was 13.7 percent that month.

The city has 4,000 foreclosed residential properties and many others facing default.

The city's average resale prices in June were \$141,400, down from \$206,900 the year before.

Foster pointed out that Riverside County and four of its municipalities that have temporarily lowered developers' fees:

Beaumont dropped its fees for 16 months. Fees will revert to 2009 levels over a 3-year phase-in period ending in 2012. Savings per unit: \$5,230.

Corona dropped its fees 40 percent for two years with an optional third year, trimming the fee for single family homes by \$7,790 per unit.

Menifee dropped its fees 50 percent until June 30, 2010 or after the city issues 500 permits. The cut per unit is \$2,585.

Perris dropped its fees 50 percent for a year with a 25 percent reduction for 6 more months; \$6,335 per unit.

Riverside County dropped its fees 50 percent for a year. Savings per unit: \$2,028.

Adelanto and Victorville, two of the Inland area's most devastated areas from the housing crash, are the only

two cities in San Bernardino County that temporarily slashed their fees -- each 50 percent -- said Jeff Simonetti, a spokesman for the Rancho Cucamonga-based Baldy View Chapter of the Building Industry Association of Southern California.

The lowered fees are working, said Mark Knorringa, a spokesman for the Riverside County Chapter of the Building Industry of Southern California., "They're enabling builders to build a few more home and putting people back to work."

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