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Highland council votes to extend development impact fee credit

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HIGHLAND - The City Council voted unanimously Tuesday to extend a 25 percent development impact fee credit through 2011 and add another 5 percent.

Council members called the move a good faith effort to be business friendly and hopefully stimulate residential and commercial development in the city.

"I think the city ought to participate in helping this economy recover," said Mayor Larry McCallon, who was appointed to the position at Tuesday's meeting.

The vote stipulates that the credit start Jan. 1 and expire whenever 100 residential units are built in the city, unless the council decides to change its policy in the future, said City Clerk Betty Hughes. The council didn't place a cap on commercial development.

A couple developers with residential and commercial projects planned in the city spoke at the meeting to encourage the council to not only extend the credit, but increase it to 50 percent.

"The current tax burden on construction is just too high and will keep projects from moving forward for many years," said Lance Williams, president of Williams Homes, which plans to build a housing tract along Palm Avenue between Cypress and Norwood streets.

The meeting's agenda stated the council's Finance Subcommittee, comprised of council members Jody Scott and John Timmer, recommended the credit be abolished. This concerned the developers because it would have raised the city's fee to build a single family home from \$17,721 to

\$20,543 and from \$11.24 per square foot for a commercial building to \$12.09 per square foot, a city report said.

Scott said the subcommittee met about an hour before Tuesday's council meeting and was given new information that was enough to change their minds.

Councilwoman Penny Lilburn suggested a compromise with the developers' request and recommended the credit be increased to 30 percent.

Councilman Sam Racadio supported the policy, but stated the public should know it will mean less money for infrastructure projects that are needed with new development.

The cost to build is much less now than it was a few years ago, which should offset a loss in fee money, said Glenn Elssmann, a founding partner

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of Mission Development Company, which has plans to develop land north of Greenspot Road, between Boulder Avenue and the 210 Freeway.

"It's nice that they did that," Elssmann said. "It was very positive."

The council also voted to pay Temecula-based STK Architecture Inc. as much as \$522,650 to design a new fire station that will replace Fire Station No.1.

The station will be large enough to house a ladder truck. The city doesn't have a ladder truck and relies on mutual aid agreements with neighboring jurisdictions if a ladder truck is needed.

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