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Community Voices

MATT TOWERY: We must cut local builders' fees

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I am weary of the spin and the political posturing that has taken place regarding the traffic impact fees on new homes that were doubled 18 months ago.

Homebuilding permits have dropped to their lowest levels since the 1940s. Bakersfield's already high unemployment rate was hit even harder as construction-related jobs (estimated at 35 percent of jobs in Bakersfield) were pushed further out of reach as home prices had to be raised instead of lowered. *The Californian*, with its March 3 editorial "Construction fees vital to city's health," joined those who've weighed in on this subject without fully understanding the scope of the problem.

The Californian suggested that the Bakersfield City Council should not reduce the traffic impact fee (\$12,800 per home) in part because of the need for matching funds for the Thomas Roads Improvement Program. The traffic impact fees were raised in 2009 as we were mired in the deepest and longest recession since the Great Depression. The city and county had prepared a Nexus study, analyzing the need and cost for roads, to determine what the fee should be. The construction pricing used to anticipate the costs were at the 2005-06 "boom" levels, which by 2009 had dropped 40 percent to 50 percent. Aside from the inflated costs, the study had some glaring mistakes, such as the cost to widen Alfred Harrell Highway by one lane for one mile; it should have been \$2 million, not \$20 million. But the city/county wouldn't change the line item. They said that they needed the "buffer." All told, \$800 million was shown as an average in the \$2 billion budget. On this alone, the fee shouldn't have been raised at all.

The great debate focuses, however (and wrongly so), on the matching funds for the Thomas Roads money. If we fail to provide a match for the federal funds, that money for the road construction goes away. An attempt at a one-half-percent sales tax increase failed, so the tack was taken to place the burden on new homes. The city needed \$400 million in matching funds, but by raising the fee, fewer people bought homes and the city made less money. As a result, the city only received about \$8 million in traffic impact fees from homebuilders last year. At this rate, it would take 50 years to raise the money.

Seeing the construction market falling deeper into the hole, I asked then-Councilman Zack Scrivner how the city was getting the matching funds if it wasn't from home sales. He replied that the city would bond against the general fund. Alan Tandy confirmed Scrivner's comments in a later meeting. If the city is getting the money elsewhere, why are they still penalizing the building industry?

Another part of the problem is that the city can and has raised the traffic impact fee on existing completed subdivisions, with the interior and surrounding streets already built and paid for.  We have sold 30 sales until the fee was raised. We have sold four homes since; the home sales are that price sensitive. On the 30 sales, the city collected \$216,000 in traffic impact fees. They've collected \$51,000 since the fee was raised.

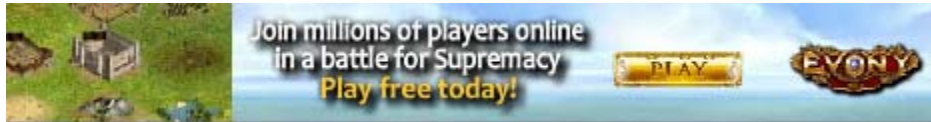
Instead of being proactive in trying to stimulate the local economy, Bakersfield is lagging behind other cities in California. In an effort to stimulate construction in their communities, cities all over our state are reducing their fees. Last month, the city of Irvine lowered its traffic impact fees by 75 percent. The cities of Modesto and Perris have reduced their complete building-permit-fee package by 45 percent and 50 percent. Currently, 67 cities statewide have lowered their fees to help stimulate their construction market.

The question has been raised of builders needing to "pay their fair share." Builders and developers pay for all streets and sidewalks, streetlights, block walls and landscaping in and around the subdivision. And then they give all of that to the city. The second most-asked question concerns builders' profits. If fees are reduced, then we can lower our prices accordingly and new homes will be more competitive with the resale market.

We are a wounded economy. Many would buy homes but are fearful of the future, of their own job stability, etc. We can't do much about the political insanity at the state and national level, but we can do something locally. The city needs to look at every business, not just construction, to see what can be done to free up our economy, not keep it in shackles.

Matt Towery is a homebuilder and a lifelong resident of Bakersfield.

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JohnPolitico 1 hour ago

Matt is correct. If you want more jobs cut the fees. If you want building in the redevelopment area cut the fees to zero for three years and you will see a revitalized downtown without an unnecessary government agency.

Zack raised our PG&E bills with more fees. Zack raised builder fees. Zack wants more bonds to ensure our kids are in debt. Zack supports the RDA which is a waste. Too bad McCarthy can't get the Feds to fund shovel ready projects without the match requirement to truly get the economy going....oh that's right he is too busy doing dirty tricks to Republican volunteers.

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