

Redding council grants developer fee holiday, takes forest planning role

By Scott Mobley

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Top Redding officials this evening took steps to revive local home construction and seize a role in national forest planning.

The City Council voted 4-1 to suspend traffic and sewer fees for new homes through mid-2012. The council also voted unanimously to coordinate recreation planning with the U.S. Forest Service.

Council member Patrick Jones cast the dissenting vote against the temporary fee suspension, saying it does not go far enough. Jones called for a permanent reduction of all developer fees.

Lopping \$12,518 in fees off building costs should make new homes more competitive with a foreclosure-flooded real estate market and perhaps put construction workers back to work, a council majority said. Builders said they would pass all of those savings on to buyers.

Four speakers urged the council to grant the impact fee holiday. A couple of speakers spoke against the fee waiver, calling it a subsidy unfair to taxpayers.

"Homes being built that can't be sold are no more viable if the fees are paid by the public who cannot afford to pay them," said John Dixon. "I would rather see the fee waiver go to REU customers struggling to pay their bills."

Vice Mayor Dick Dickerson denied the fee waiver is a subsidy. The city will not devote any general fund dollars to filling the gap, he said.

Redding has deferred impact fees several times since 2008 in an effort to spur home construction. This year, the council froze fees at 2010 levels in a further effort to give builders a break.

But the slump is worse than ever. Builders will likely pull less than 20 permits this year, the lowest in city history. Builders took out 720 permits in 2005, the year the latest building boom peaked.

Redding lost a greater percentage of construction jobs during the past year ending in August than any other metropolitan area in the nation, the Associated General Contractors of America said.

Homes are selling at 2003 levels while construction costs – including impact fees – are about \$60,000 higher than eight years ago, Jerry Wager, Ochoa & Shehan Builders, Inc. president, has said.

Jeb Allen, who owns Palomar Builders, denied the fee suspension is a developer's bailout. He called the fee holiday a jobs program for the 60 to 70 people involved in the building of each new home, from cabinet makers to title officers.

"It's a price adjustment," Allen said. "If we don't create more jobs now more people will leave and the foreclosure market will continue."

Builders in Redding pay roughly \$34,000 in fees for a 2,000 square-foot home, including school fees the city does not levy. The council's decision to cut traffic and sewer fees should shave roughly \$6.26 per square foot off the home's cost, said Bill Nagel, interim development services director.

The fees pay for the new sewer lines, street lanes and signals needed to maintain public health and keep traffic flowing in a growing city, officials have said.

Those fees were set early last decade, when growth was steady and officials expected the city to steadily expand. Next year the city will re-examine all of its development fees to determine whether they are too high, as many builders have said.

Redding will suspend the fees on the first 50 homes permitted next year. The fee holiday will expire at the end of June if builders seek fewer than 50 permits by then.

Lower-than-expected construction costs and federal grants will leave enough money for the city to finance streets and sewers during the six-month fee suspension, Nagel said.

The building fee suspension seeks to revive a once robust industry. Planning coordination with the Forest Service aims to protect a healthy tourism economy while asserting local control against federal government.

"This is a start," council member Rick Bosetti said. "One of the major frustrations is dealing with the bureaucracy of federal and state people. We can now begin battling back some of the bureaucracy that is thrust on us from time to time."

The Forest Service approved off-road restrictions across the Shasta-Trinity last March as part of a nationwide effort to protect sensitive areas from tire treads.

The Forest Service has proposed extending the off-roading bans to certain unpaved roads to protect all-terrain machine riders from colliding with logging trucks or other large rigs also using the routes.

Off-roaders have not objected to restrictions keeping them on designated roads. But they have objected to proposals to close roads long open to them while allowing Jeeps, pickups and SUVs to keep using them.

Council members just learning about the restrictions are afraid they could discourage dirt bikers, hunters, fishing expeditions and other outdoor enthusiasts from launching their expeditions in Redding. Such tourists stay in local hotels, eat in local restaurants and shop in local stores.

Routes slated for closure to off-roading include the popular Fenders Ferry Road north of Lake Shasta. The 36-mile gravel and dirt route runs from Delta to Round Mountain.

Sharon Heywood, Shasta-Trinity National Forest supervisor, told council members Sept. 20 federal officials will reconsider restrictions on Fenders Ferry and other roads.

Volunteers working in advocacy groups such as Anderson-based Recreation Outdoor Coalition will do most of the co-planning work with the Forest Service.

This evening's vote means Redding will be able to coordinate planning with other federal agencies, including the Bureau of Reclamation, the Army Corps of Engineers and the Bureau of Land Management.



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