

Stalled projects move forward City adjusts developer fees, lifts obligations

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September 24, 2012 12:00 AMLODI - Two major west Lodi housing developments appear to be back on track, but without millions in previously agreed to benefits for the city that were outlined in the home builder's original development agreement that was signed prior to the housing collapse.

FCB Homes has delayed for five years its Westside and Southwest Gateway Projects that plan for a combined 1,700 homes on 408 acres on the city's west side. Both projects had been approved since March 2007 but were derailed in recent years as the nation's housing collapse hit Lodi and San Joaquin County extremely hard and sent home prices plummeting.

Growth in Lodi has been stagnant since the housing bubble burst. Hundreds of building permits were pulled annually during the boom, but the tally fell below 100 for the first time in more than a decade in 2008. Only 21 permits were pulled from 2008 through 2010.

In an effort to attract new growth, Lodi is adjusting its developer impact fees across the board - from \$15,000 to \$5,000 per unit - creating a more stable market for builders, according to John Beckman, CEO of the Building Industry Association of the Delta.

The city also rescinded its development agreements that it had forged with the FCB Homes projects. The original agreements required the developer to pay \$8 million to help design and build DeBenedetti park, \$1.3 million for upgrades to 25 eastside properties, and \$2.3 million for a new fire station.

Those obligations have been lifted.

"The home market has improved, but not enough that (FCB Homes) could go forward on a project like this without that kind of reduction," Beckman said.

FCB Homes President Tom Doucette said he is optimistic enough at this point that he can foresee final approvals for the projects coming sometime in 2013 and ground breaking on parts of the master-planned communities in 2014.

The Westside Project is a 151-acre development of 475 homes west of Lower Sacramento Road, between the Woodbridge Irrigation District canal and Vine Street.

The larger Southwest Gateway project is planned on 257 acres, also west of Lower Sacramento Road, and more than 1,200 homes.

"We're optimistic. Growth in the Valley was three times its normal growth pattern from 2003 to 2006. Now growth is much more normal," Doucette said, adding that he could see building about 100 homes a year. That would equate to a 1 percent annual growth for Lodi, which has a 2 percent growth cap.

Reducing developer fees might bring business, but it might also stir emotions in some community members who already think the city caters to developer interest, City Councilman Bob Johnson said.

Johnson said the council is simply being realistic, however. Home builders could afford to pay millions in fees and take on the extra obligations to build parks in exchange for building homes during the housing boom, because back then, housing prices were artificially inflated by sub-prime and interest-only loans, Johnson said.

Now, Johnson and his colleagues on the City Council are willing to reduce fees to attract builders.

"We're trying to stimulate the economy, and residential development is one way to do that," Johnson said. "Our fee structure needs to be introduced in a way that makes us competitive."

Doucette said the new fee structure - a pay-as-you-go approach - is also more favorable for builders. During the boom, the certainty of development agreements that locked in rates and commitments were more desirable.

Johnson said he is optimistic the city can attract development. But he remains cautious.

"If we have a double-dip recession, we could be back at square one," he said.

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