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DEFERRALS SOUGHT ON IMPACT FEES; City Council: Hemet Is Set To Affirm A Commitment Giving Home Builders Flexibility In Paying The Levies.

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Challenged by the declining real estate market, home builders are asking Inland municipalities for flexibility in paying development impact fees for new homes in order to improve their cash flow.

Building industry representatives have been asking local cities to defer collection of development impact fees on new homes until a home is ready to be occupied. Developers currently pay when obtaining construction permits.

Impact fees are collected by local cities on new development to pay for such things as roads, storm drains and parks.

Hemet is among the Inland cities that have been approached by developers with the request, and the Hemet City Council is poised today to affirm a commitment to give developers flexibility in paying the fees.

Tommy Thompson, director of governmental affairs for the Riverside County chapter of the Building Industry Association, said the request would benefit everyone who has a stake in the home building industry - from builders to potential home buyers.

"It can make the project more viable," Thompson said. He said improved cash flow for the builders could make the difference between getting the project going or putting it on the shelf.

Getting projects off the ground would help ensure there would be enough homes for home buyers in the future, he said.

He said about \$40,000 in development impact fees is collected on each new home, with \$10,000 for transportation impact alone.

With the deferral of the fees, he said, builders would be better able to weather the

current housing slump and housing projects would be in a better position to get started faster as demand eventually picks up.

Thompson said San Jacinto, Moreno Valley, Corona, Riverside, Perris, Lake Elsinore and Riverside County are among local jurisdictions that have already adopted ordinances or policies allowing the deferment of impact fees. He said a request made to Banning is still pending.

Hemet Assistant City Manager Duane Baker said Hemet already allows deferring the collection of impact fees until a certificate of occupancy is issued. He said the City Council would now be asked to affirm commitment to that policy.

"Developers now have a choice to pay up front or when a certificate of occupancy is issued," Baker said. He said building industry representatives

contend that keeping the policy was in the best interest of the city.

Baker said Hemet has been hit by the declining housing market, with fewer occupancy permits being issued. In 2006, he said, there were 1,084 residential occupancy permits issued. In 2007, there were 412 permits issued, he said.

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