

Higher city park impact fees approved by Folsom council

Developers, builders express incredulity at steep increase

BY CHRIS GILBERT

FOR THE TELEGRAPH

After years of recession-related stagnation, fees charged to developers to help fund parks are on the rise. The city council approved a more than doubling of the fees at a council meeting March 24.

At around \$6,500 for a new single family home, the new fee is actually a significant drop from the original proposal of \$7,874. The lowered fee came about after the council received flak from builders at their previous meeting.

Yani Kazanis, with the North State Building Industry Association, admitted an increase was due, but he says it's too much too soon.

"Right now, our industry is still in recovery mode," he said. "Granted, the city worked with

us throughout the process, so we certainly appreciate that. And we negotiated down from the original proposal. And they did give us a little bit of lead time in the implementation."

The increase is set to take effect July 1.

City Councilmember Ernie Sheldon agreed that the increases shouldn't have been put off so long and could have been more incremental. He said the original fee was \$1,700 in 1990, which has only increased \$1,200 dollars since then to \$2,900.

"The same builders here were paying two and three times as much in Rancho Cordova and Elk Grove," Sheldon said. "You just had a gravy train in Folsom. They're wanting to bring in more people, and people are going to want more recreation. So we've got to finish the undeveloped parks."

Before the recent increase,

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the fees had dropped below what other cities in the Sacramento region had been charging. Fees are also going up for commercial development and multifamily housing.

In a statement, Michael Strech, North State Building president and CEO, said "increased fees not only hurt our industry but prospective homebuyers, as well. That's because fees are ultimately passed on to consumers in the form of more expensive housing. It's important to keep fees at a reasonable level, not only to sustain economic growth, but also to prevent any barriers to home ownership."

Sheldon scoffed at the notion that builders think buyers will be scared off.

"They're talking about \$300 to \$400,000 and, in other cases, \$700 to \$800,000 homes," Sheldon said. "And you're talking about a \$3,000 increase. Are you kidding me?"

According to Kazanis, it shouldn't be long before it's known how signifi-



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cant an impact there will be on the industry.

"Having seen our housing sales increase steadily, it's something we are definitely concerned about. But I don't think we'll know the full impact until a few months have gone by," he said.

Sheldon said the city has always had a good relationship with developers and understands their concerns, but the day of reckoning has come.

"If you don't want to give us money to build the parks, then don't build the houses," Shel-

don said. "Because if we don't build the houses, the people won't come. But if they come, we need recreation for them."

According to a staff survey, the fee increase now places Folsom near the average, and other fees charged to developers are also in the middle range.

The fees are expected to raise about \$17.5 million. But that will still be well below the

\$36 million needed to build 12 new parks and upgrade 11 others in the area of the city that's north of Highway 50.