

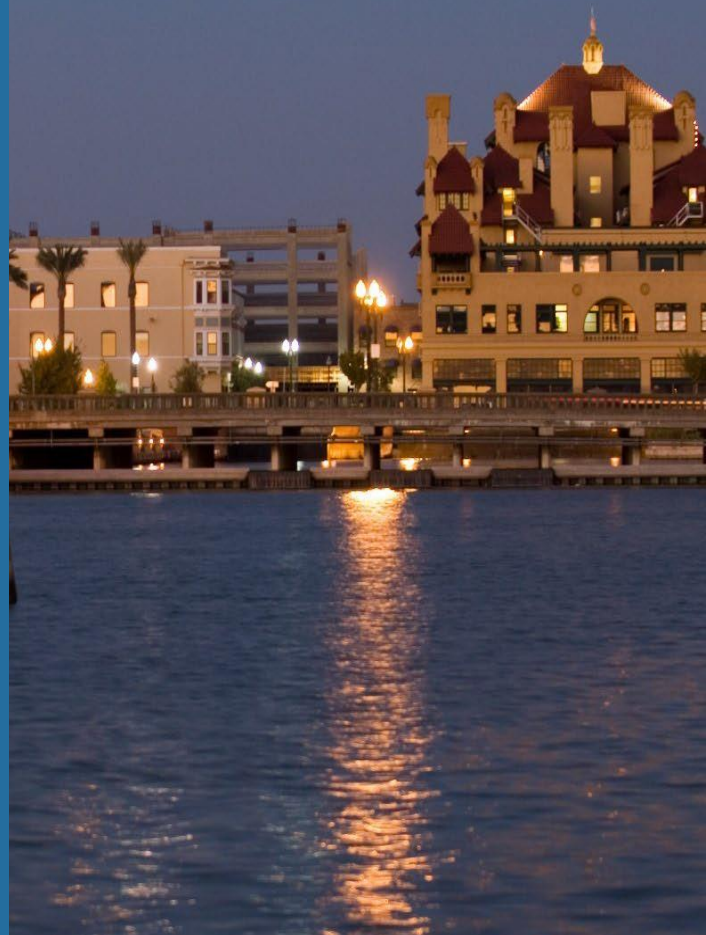
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# ECONOMIC DEVELOPMENT SUBSIDY ANNUAL REPORT 2025

JULY 2026

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CITY OF STOCKTON  
COMMUNITY DEVELOPMENT DEPARTMENT  
ECONOMIC DEVELOPMENT DEPARTMENT



## 2025 ECONOMIC DEVELOPMENT SUBSIDY ANNUAL REPORT

The purpose of the Economic Development Subsidy Report is to fulfill the annual reporting requirements as outlined in California Assembly Bill 562. Effective January 1, 2014, Assembly Bill 562 (Williams), Chapter 740, added Section 53083 to the Government Code, which requires local agencies to annually report subsidies for economic development purposes. Government Code §53083 requires the report to include identifiable information (name and address) of each business entity that is a beneficiary of a subsidy, a description of each program, and the total amount of the expenditure of public funds or of revenue lost as a result of the subsidy, statement of public purpose of the subsidy, net tax revenue as a result of the subsidy, and estimated number of jobs created by the subsidy.

An “economic development subsidy” is defined as any expenditure of public funds or loss of revenue to a local agency in the amount of one hundred thousand dollars (\$100,000) or more, for the purpose of stimulating economic development within the jurisdiction of a local agency, including, but not limited to, bonds, grants, loans, loan guarantees, enterprise zone or empowerment zone incentives, fee waivers, land price subsidies, matching funds, tax abatements, tax exemptions, and tax credits. Furthermore, “economic development subsidy” shall not include expenditures of public funds by, or loss of revenue to, the local agency for the purpose of providing housing affordable to persons and families of low or moderate income, as defined in Section 50093 of the Health and Safety Code. This report provides the necessary information for the qualifying programs to remain in compliance with Assembly Bill 562.

### QUALIFYING CITY PROGRAMS

City Programs that provide “economic development subsidies” as defined by Assembly Bill 562 include:

1. Stockton Economic Stimulus Plan (SESP)
2. Public Facility Fee (PFF) Reduction for Non-residential Projects
3. Greater Downtown Stockton Residential Development Public Facilities Exemption
4. Downtown Infill Infrastructure Program (On May 14, 2024, program funds were reallocated to establish the Redevelopment Fund for property acquisition, demolition, and environmental clearance.)
5. Office and Industrial Sales Tax Incentive Program

### STOCKTON ECONOMIC STIMULUS PLAN (SESP)

In November of 2015, City Council adopted Resolution 2015-11-17-1602 – Stockton Economic Stimulus Program (SESP), superseding existing PFF reduction programs for residential and non-residential projects. The program launched in January 2016 to reduce eligible PFFs on qualifying single-family residential, multi-family residential, commercial, and industrial projects in the City of Stockton. In July 2018, City Council passed Resolution 2018-07-17-1302 to extend SESP for residential & non-residential projects and increase developer permit limitations in non-disadvantaged areas. SESP eliminates/waives the following PFF categories:

PFF Category	Residential	Commercial / Industrial
City Office Space	✓	✓
Libraries	✓	✓
Fire Stations	✓	✓
Parkland	✓	
Community Recreation Centers	✓	✓
Police Stations	✓	✓
Street Improvements	✓	✓

City Office Space, Community Recreation Centers, Libraries, Police Stations, Fire Stations, Street Improvements, and Parks are reduced to a total of \$19,997 or 100%, whichever is less, for single-family residential, \$14,080 per unit for multi-family residential, and 50% reduction for commercial & industrial projects. The 3.5% Administrative Fee charged on all PFF categories is also waived.

For single-family residential, multi-family residential, and non-residential (commercial/industrial) permits issued citywide, builders/developers must comply with the terms of the program. Participation in the single-family residential component of SESP requires a developer to comply with the local hire and disadvantaged individual requirements. Participants must agree to the program conditions to receive the incentives of the program for residential development. Additionally, only units within the existing City limits, as described in the 2008 General Plan Settlement Agreement, are eligible to meet the local hire requirement of the program. The commercial/industrial component, formerly the Public Facilities Fee Reduction Program (established in 2010), was incorporated into the SESP program in 2015; reporting of local hiring is not a requirement.

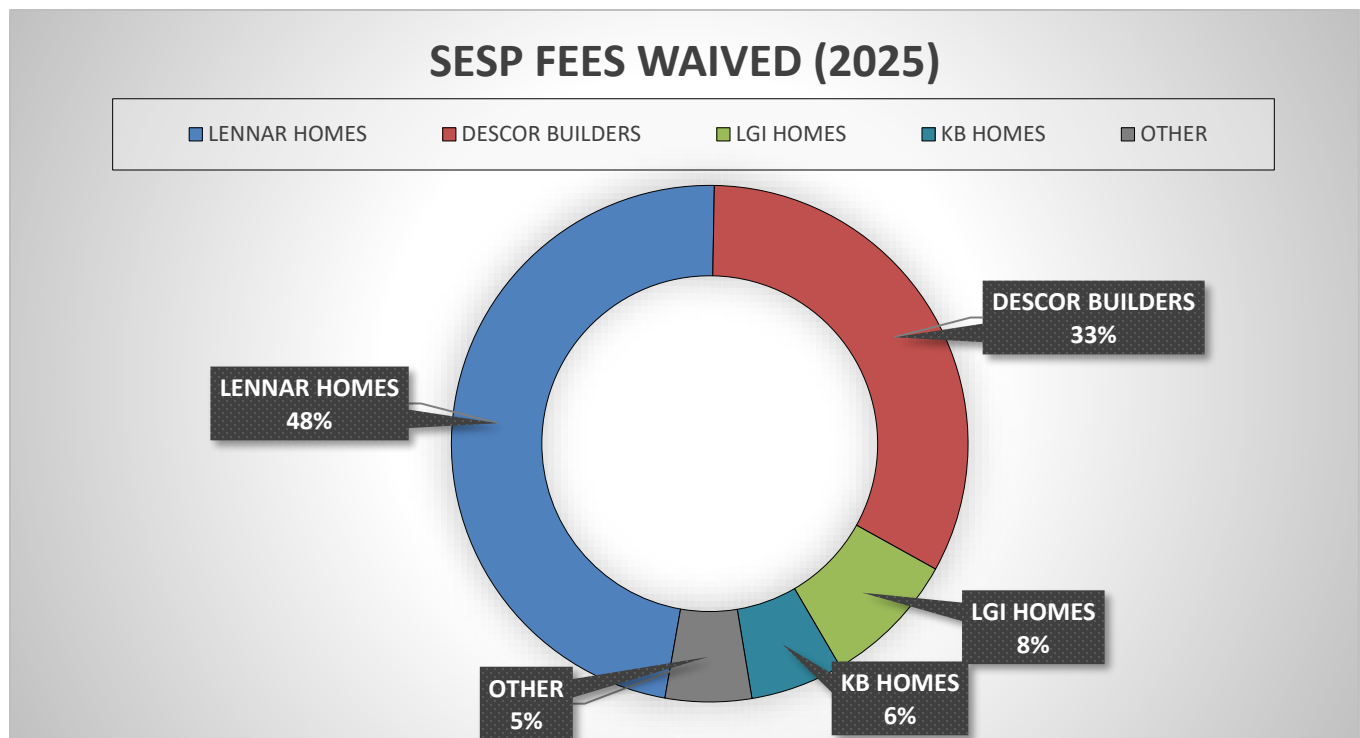
On August 26, 2025, City Council approved Motion 2025-08-26-1501 amending SESP to allow active entitled projects and projects deemed complete at time of Council action to remain eligible for full SESP waivers, and all new (future) projects eligible for gradually reduced SESP waivers, reduced in 6-month increments, over an 18-month period with a sunset of five years applicable to both entitled and new projects. The 18-month reduction is phased as follows:

- |   |  |
|---|--|
| 75% Waiver – Aug. 26, 2025 to Feb. 26, 2026 | 25% Waiver – Aug. 28, 2026 to Mar. 2, 2027 |
| 50% Waiver – Feb. 27, 2026 to Aug. 27, 2026 | No Waiver – Mar. 3, 2027 onward            |

For entitled projects to obtain SESP waivers by the 5-year sunset date, Building Permits must be issued by Monday, August 26, 2030. Building Permit issuance entails the application to be submitted, reviewed, approved, all fees paid, and the permit picked up by said date.

SESP Recipients that received fee waivers of \$100,000 or greater:

BUSINESS NAME	AMOUNT (2025)
LENNAR HOMES 1025 CREEKSIDE RIDGE DR., STE 240 ROSEVILLE, CA 95678	\$ 4,561,590.69
DESCOR BUILDERS 1000 ENTERPRISE WY., STE 100 ROSEVILLE, CA 95678	\$ 3,147,724.80
LGI HOMES 1450 LAKE ROBBINS DR., SUITE 430 THE WOODLANDS, TX 77380	\$ 816,704.01
KB HOME 4830 BUSINESS CENTER DR., SUITE 150 FAIRFIELD, CA 94534	\$ 557,749.08
BENCHMARK COMMUNITIES, LLC 6700 KOLL CENTER PKWY., SUITE 210 PLEASANTON, CA 94566	\$ 199,196.10
FLORSHEIM HOMES 1701 W MARCH LN., SUITE D STOCKTON, CA 95207	\$ 179,276.49
TRINITY DEVELOPMENT & CONSTRUCTION 119 E. WEBER AVE STOCKTON, CA 95202	\$ 139,437.27
<b>TOTAL</b>	<b>\$ 9,601,678.44</b>



A Multi-family SESP participant was identified during the reporting period. DESCOR BUILDERS received fee waivers exceeding the \$100,000 reporting threshold of \$3,147,724.80 and is therefore included in this report in accordance with AB 562.

Net Tax Revenue Accrued as a Result of Subsidy – Not applicable.  
 Total Number of Jobs Created by Subsidy: 836

**PUBLIC FACILITY FEE (PFF) REDUCTION FOR NON-RESIDENTIAL PROJECTS**

On September 14, 2010, the City Council adopted Resolution No. 10-0308, which authorized the reduction of fees for residential and non-residential projects. The program was extended and evolved with the adoption and extension of the SESP program in 2019. The PFF Reduction to Non-Residential Projects program will remain in place until the City conducts a nexus study for the Public Facility Fees (Development Impact Fee) program and adopts new fees.

For new non-residential development, the following Public Facilities Fees shall be reduced by fifty percent (50%) citywide. The following fee categories apply:

- City Office Space
- Community Recreation Centers
- Libraries
- Fire Stations
- Police Stations
- Street Improvements

The 3.5% Administrative Fee charged on all PFF categories is also waived.

Recipients that received \$100,000 or greater:

Recipients	Amount (2025)
Elite Home Projects, LLC 475 N Sutter St. Planada, CA 95365	<b>\$ 178,830.00</b>
<b>TOTAL</b>	<b>\$ 178,830.00</b>

Net Tax Revenue Accrued as a Result of Subsidy: Not applicable.  
 Number of Jobs Created by Subsidy: Not applicable.

**GREATER DOWNTOWN STOCKTON RESIDENTIAL DEVELOPMENT PUBLIC FACILITIES EXEMPTION PROGRAM**

The Greater Downtown Stockton Residential Development Public Facilities Fees Exemption Program provides fee exemptions for qualifying residential developments within the greater downtown area to encourage housing production. The PFF Exemption Program will remain in place until the City conducts a nexus study for the Public Facility Fees (Development Impact Fee) program and adopts new fees.

Fees (PFF) categories:

- City Office Space
- Libraries
- Fire Stations
- Parkland
- Community Recreation Centers
- Police Stations
- Street Improvements

There were no eligible subsidies to report in 2025.

Net Tax Revenue Accrued as a Result of Subsidy – Not applicable.

Number of Jobs Created by Subsidy – Not applicable.

### DOWNTOWN INFILL INFRASTRUCTURE PROGRAM

The Downtown Infill Infrastructure Program provides a financial incentive to eligible parties interested in developing new market-rate residential, commercial, or mixed-use projects in Downtown Stockton. In Stockton's downtown area, aging infrastructure, such as sewer and water lines, as well as the rehabilitation of older structures, can significantly increase project costs and serve as barriers to infill development.

Under the Downtown Infill Infrastructure Program, eligible development projects may receive a reimbursement for certain public infrastructure improvements. Examples of eligible public infrastructure improvements include sewer and water; storm drain; street improvements, including crosswalks, bike lanes, striping, and medians; traffic signals; streetlights; and landscaping.

To qualify for the program, the developer must meet these criteria:

1. Develop a minimum of 35 new market-rate residential units and/or develop a minimum of 30,000 square feet of new or newly renovated retail or commercial space.
2. Be located within the program boundary, which includes Center Street to the west, Park Street to the north, ACE Rail/Union Pacific Railroad to the east, and Washington Street to the south.
3. Make a capital investment of at least \$500,000.
4. Eligible public infrastructure improvements must equal \$100,000 or more.

Applicants must submit a request for funding to the Economic Development Department for review and consideration. If deemed eligible under the program guidelines, a Reimbursement Agreement requiring Council approval will be executed between the City and the applicant. The City will reimburse the applicant within six (6) months of completion of the public improvements included within the reimbursement agreement of up to \$900,000 annually. The program was approved by City Council on July 7, 2015, and was scheduled to sunset in July 2025.

Downtown Infill Infrastructure Program. The program has since sunset, and no disbursements were made during the reporting period.

Net Tax Revenue Accrued as a Result of Subsidy: Not applicable.

Number of Jobs Created by Subsidy: Not applicable.

### OFFICE AND INDUSTRIAL SALES TAX INCENTIVE PROGRAM

The Office and Industrial Sales Tax Incentive Program provides an annual sales tax rebate to new or expanding office and industrial businesses located within Stockton City limits. Examples of the types of office and industrial businesses that would have been eligible under the program include eCommerce businesses, fuel distributors, high-tech equipment manufacturers or software developers, medical device manufacturers, and business-to-business sales. To qualify for the program, the business must have met the following criteria:

1. Generate net new annual gross taxable sales of \$25 million or more.
2. Generate sales tax to the City corresponding with the gross sales tax amount.
3. Create a minimum of ten full-time equivalent jobs.
4. Make a capital investment of \$50,000 or more.

The sales tax rebate is based on the annual net new sales tax revenue received by the City and is restricted to the Bradley-Burns tax. The rebate amount is based on the following tiers:

Net New Sales Tax Revenue	% of Sales Tax Revenue Rebated to the Business	% of Sales Tax Revenue Retained by the City
Less than \$250,000	0%	100%
\$250,000 - \$500,000	50%	50%
More than \$500,000	65%	35%

Qualifying businesses must have executed an agreement with the City, which required Council approval. The term of the agreement is ten (10) years, with options to extend for up to an additional ten (10) years.

This program was approved by Council on June 24, 2014, and sunset in June 2019 for new applications. During 2025, two companies continued to receive subsidies under prior agreements. The 2025 subsidies for each company are as follows:

Recipients	Amount (2025)
VALLEY PACIFIC PETROLEUM 152 FRANK W CIR, STE 100., STOCKTON, CA 95206	\$1,251,386.00
DIESEL DIRECT WEST 3861 DUCK CREEK DR., STOCKTON, CA 95215	\$969,378.00
<b>TOTAL</b>	<b>\$2,220,764.00</b>

In 2025, the City rebated \$2,220,764 in net new sales tax revenue as a result of the Office

and Industrial Sales Tax Incentive Program. A minimum of 94 full-time equivalent new jobs were created as a result of this program.

### SUMMARY

City Programs that provided “economic development subsidies” in 2025 are as follows:

<b>Program</b>	<b>Eligible Subsidies</b>
Stockton Economic Stimulus Plan (SESP)	<b>\$9,601,678.44</b>
Public Facility Fee (PFF) Reduction for Non-residential Projects	<b>\$178,830.00</b>
Greater Downtown Stockton Residential Development Public Facilities Exemption	-
Downtown Infill Infrastructure Program	-
Office and Industrial Sales Tax Incentive Program	<b>\$2,220,764.00</b>
<b>TOTAL</b>	<b>\$12,001,272.44</b>