



Stockton Economic Stimulus Program (SESP) Update & Consideration of Potential Program Amendments

City Council Meeting
August 26, 2025
Agenda Item 15.1

Overview



Council has requested a program update



Program background and summary of PFF funds waived to-date



SESP Employment Effect



Financial Implications



Potential options available to the Council for consideration

Introduction: Public Facility Fees (PFFs)

Authorized Under AB 1600

Charged to new development to fund infrastructure

Based on the demand created by additional residents and employees

Legally required to show "nexus" between new growth and impacts to City facilities

PFFs Included in SESP:

- City Office Space
- Community Recreation Centers
- Library
- Police Stations
- Street Improvements
- Fire Stations
- Parkland*
- City Administrative

**Parkland fee not charged on Nonresidential Permits*

Background: SESP Program Timeline



2015

Program Established *(CC Resolution 2015-11-17-1602)*

Reduced fees for Residential, Commercial, & Industrial Development

- **Intent:** Stimulate building + incentivize local hiring
- **Limits:**
 - Cap of 1,000 Single Family Residential (SFR) & 500 Multi-Family Residential (MFR) permits
 - Builders cannot receive more than 20 permits per Final Map, and no more than 40 citywide at any given time
 - Program expires December 31, 2018
- **Requires:** 50% local hire + BIA & NAACP to coordinate inclusion of disadvantaged communities; quarterly self-certified reporting by recipients (residential only)
- **Projected Impacts:** UOP Study (presented by BIA in support of program) predicted creation of 3,700 jobs for every 1,000 SFRs in addition to other economic benefits to region

SESP Fee Waiver Amounts Per Land Use Type

Category	Sub-Category	Total Waived
Residential 100% reduction for included fees	Single Family	\$19,919.61 <i>per unit</i>
	Multi-Family	\$14,572.80 <i>per unit</i>
Commercial 50% reduction for included fees	Office	\$2,912 <i>Per 1,000 SF</i>
	Retail	\$3,502 <i>Per 1,000 SF</i>
	Guest Rooms	\$5,626 <i>Per room</i>
Industrial 50% reduction for included fees	n/a	\$1,192.58 <i>Per \$1,000 SF</i>

Background: Program Timeline

2018

Program Extended (*CC Resolution 2018-07-17-1302*)

- Expiration extended 2 years to December 31, 2020
- Increased permit limitations in non-disadvantaged areas to 30 per subdivision & 80 citywide

2019

Program Expansion (*CC Motion 2019-08-20-1405*)

- Removed program expiration date; expiration now triggered by PFF Nexus Study adoption
- Eliminated caps (1,000 single family permits, 500 multi-family permits)
- Removed local hire requirement for multi-family projects
- Removed limits per builder

Residential Fee Amounts Waived By Category

PFF Category	Single-Family	Multi-Family
	3,461 SFR Permits	548 MFR Units
City Office Space	\$1,616,287	\$214,268
Community Recreation Centers	\$1,664,741	\$221,940
Library	\$3,121,822	\$417,028
Police Stations	\$2,045,451	\$272,356
Street Improvements	\$45,775,186	\$5,291,488
Fire Stations	\$2,703,041	\$360,584
Parkland	\$9,683,878	\$938,176
Administrative Fee (3.5%)	\$2,331,365	\$270,053
TOTAL \$ WAIVED	\$68,941,771	\$7,985,893

\$76,927,664
in Waived
Residential
PFFs

All figures are rounded to the nearest whole dollar.

Non-Residential Fees Waived By Category

PFF Category	Commercial (164 Permits)			Industrial (113 Permits)
	Office (74 Permits)	Retail (88 Permits)	Guest Rooms (2 Permits)	
	Total \$ Waived			
City Office Space	\$18,621	\$7,248	\$512,896	\$438,025
Community Recreation Centers	\$12,456	\$6,291	\$ -	\$400,243
Library	\$28,148	\$15,623	\$8,424	\$963,852
Police Stations	\$44,903	\$17,395	\$13,141	\$1,067,122
Street Improvements	\$1,129,851	\$920,585	\$252,253	\$9,653,681
Fire Stations	\$37,572	\$19,649	\$6,943	\$929,429
Parkland	\$ -	\$ -	\$ -	Exempt
Administrative Fee (3.5%)	\$44,504	\$34,538	\$27,778	\$470,833
TOTAL \$ WAIVED	\$1,316,055	\$1,021,329	\$821,435	\$13,923,185

\$17,082,004 in Waived Non-Residential PFFs

All figures are rounded to the nearest whole dollar.

Employment Projections & Actuals

Single-Family Residential Development Under SESP		
	UOP Study Projections	Actual Annual Averages*
Single-Family Housing Units (SFRs)	1,000	385
Total Construction Jobs	2,138	614
Jobs for Stockton Residents	n/a	320
Total Jobs per Housing Unit Ratio	2.14	1.59

**From 1/1/16 - 12/31/24, 3,461 SFRs were constructed, with 5,525 unduplicated construction jobs reported*

Financial Impacts

Fee	Total Waived Between 1/1/2016 & 12/31/2024
City Office Space	\$2,807,345
Community Recreation Centers	\$2,305,671
Library	\$4,554,897
Police Stations	\$3,460,368
Street Improvements	\$63,023,044
Fire Stations	\$4,057,218
Parkland	\$10,622,054
Administrative Fee (3.5%)	\$3,179,071
TOTAL \$ WAIVED	\$94,009,668

All figures are rounded to the nearest whole dollar

Potential City Council Options

No.	Action	Summary	Product
1	None	Maintain current SESP	Waivers will remain until new PFF fees are adopted.
2	Amend SESP	Grandfathered & Phased	All active entitled projects and projects deemed complete at time of Council action shall receive SESP waivers. New (future) projects shall receive gradually reduced SESP waivers, reduced in 6-month increments, over the next 18 months.
3	Amend SESP	Gradual Phase Out	From effective date onward, SESP waivers will gradually be phased out, reduced in 4-month increments, over the next 24 months.
4	Elimination of SESP	Adoption of an immediate or future SESP sunset date	Waivers will cease immediately or at a specified date.

Recommendation

Staff Recommends that the City Council:

- Receive SESP Program Update
- Consider Information Regarding Program Performance
- Contemplate Potential Amendments
- Provide Direction To Staff