



# Building Industry Association of the Greater Valley

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August 8, 2025

VIA E-MAIL

Mayor Fugazi  
City of Stockton  
425 N. El Dorado St.  
Stockton, CA 95202

Mayor Fugazi and City Council:

On behalf of the members of BIA we appreciate the efforts of city staff to work with the Stockton Industry Working Group on winding down the SESP in an orderly and well-reasoned manner. Although the ordinance calls for the SESP to remain in full effect until new nexus studies are adopted to replace all of the impact fees, this approach would result in a very abrupt end to the SESP at a point in the future that is very difficult for both the city and the development industry to adequately plan for.

Adopting a plan to create certainty as to which projects are subject to which fees and when, will allow the businesses that have already taken a risk, and have made an investment in Stockton, to finish their projects as planned. Therefore, we fully embrace and support **Option #2 "Amend SESP-Grandfathered & Phased"** as the best approach for the city and the business operating in Stockton.

To put this matter in context we gathered data of home sales in Stockton and our neighboring cities of Manteca and Lodi so you can see how the SESP kept Stockton competitive with these cities. In the attached graph you will see from 2007 through 2014 all three cities saw a significant drop in home production. Manteca rebounded first due to its proximity to the Altamont corridor. From 2015 through 2017 Lodi surpassed Stockton in the number of new housing units built, something that had never before occurred. From 2017 through 2022 with the SESP fully operational Stockton home production boomed. The last few years saw mortgage interest rates rise very quickly and new home builders have had to adjust and start offering incentives and interest rate buy-downs. That leads us to where we are today with Lodi production going back down but due to the SESP Stockton is still seeing strong home production and nearly keeping pace with Manteca. This data shows the SESP did what it was intended to do.

The second attachment we have for you is a look inside the operational costs of producing a home. The first section shows the costs of taking a raw piece of land and transforming it into a finished lot. This is a very lengthy and time-consuming process involving many public hearings, environmental reviews, multiple meetings

Mayor Christina Fugazi  
August 8, 2025  
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with city staff and in many cases threats of litigation from outside organizations. Due to the length of time and the uncertainty this is the riskiest part of home building.

Once the developer has a finished lot ready for sale the home building company purchases the lots and begins the process of getting their proposed building plans approved and working on construction, and finally sale of the new home.

Each developer and home builder has their own unique operation with many ways, methods and approaches to getting to the same end goal. Due to these varieties, we have created a spreadsheet showing the lowest and highest costs within each of the categories on the spreadsheet. The vast majority of homes fall close to the average of the highs and lows. The market in Stockton offers a very narrow window for companies to make a profit in the home building sector. The SESP has been the difference between homes actually getting built because a profit was able to be had, versus developers and builders simply not doing projects because the risk was too high and the opportunity for profit was too low.

We offer this information to demonstrate again the success of the SESP and to reinforce our request to see Option #2 adopted. The businesses that relied on the language within the SESP should be allowed to finish what they started. Any other change to the SESP would result in some projects and some investments in the community to be lost due to the high risk and uncertainty.

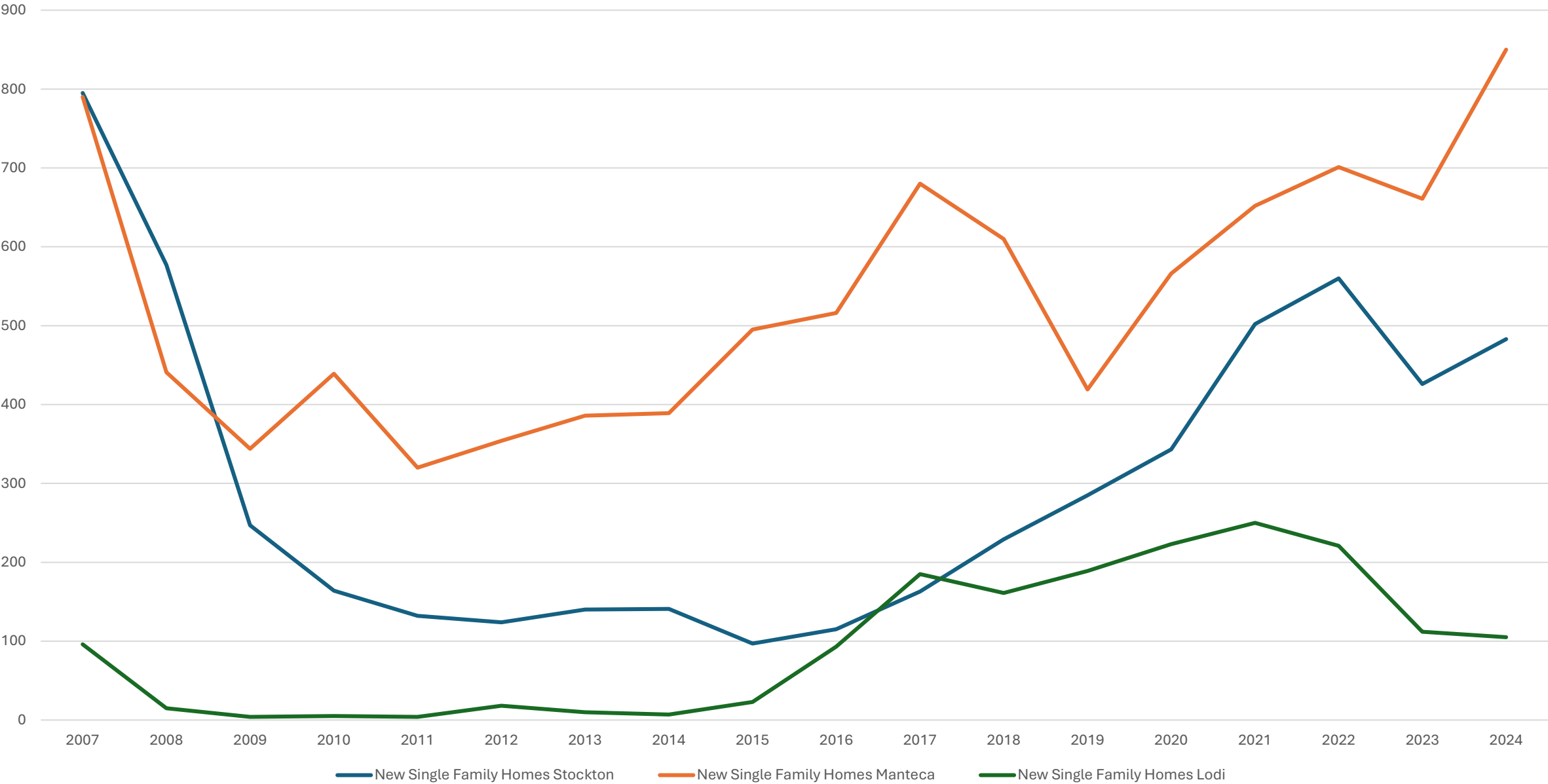
The BIA has had a long and cooperative relationship with the City of Stockton and we look forward to continuing our relationship with you, Mayor Fugazi and the entire City Council.

Very Respectfully,

*John R. Beckman*

John R. Beckman  
Chief Executive Officer

New Single Family Home Production by Year / City



		ATTACHMENT F					
		CURRENT	CURRENT	CURRENT	W/O SESP	W/O SESP	W/O SESP
Stockton Home Production Costs	Range from low to high	Max Low End	Max High End	AVERAGE	Max Low End	Max High End	AVERAGE
Square Foot of House		2,000 sq. ft.	2,000 sq. ft	2,000 sq. ft	2,000 sq. ft.	2,000 sq. ft	2,000 sq. ft
Land cost per lot	20K to 30K	\$20,000	\$30,000	\$25,000	\$20,000	\$30,000	\$25,000
Mapping	9.5K to 45K	\$9,500	\$45,000	\$27,250	\$9,500	\$45,000	\$27,250
Engineering	5K to 9.6K	\$5,000	\$9,600	\$7,300	\$5,000	\$9,600	\$7,300
Utilities Dry and Wet and curb gutter sidewalks	73K to 75K	\$73,000	\$75,000	\$74,000	\$73,000	\$75,000	\$74,000
Roads, streets and connectors	17K to 65K	\$17,000	\$65,000	\$41,000	\$17,000	\$65,000	\$41,000
Inspections and approvals	5K to 14K	\$5,000	\$14,000	\$9,500	\$5,000	\$14,000	\$9,500
Cost of capital / carrying costs	8.5K to 24K	\$8,500	\$24,000	\$16,250	\$8,500	\$24,000	\$16,250
Land Developer Costs		\$138,000	\$262,600	\$200,300	\$138,000	\$262,600	\$200,300
Construction	\$110 to \$154 per Sq. Ft.	\$220,000	\$308,000	\$264,000	\$220,000	\$308,000	\$264,000
Overhead costs	10K to 24K	\$10,000	\$24,000	\$17,000	\$10,000	\$24,000	\$17,000
Fees City and County	42K to 47K	\$42,000	\$47,000	\$44,500	\$62,000	\$67,000	\$64,500
School Fees	\$5.17 per sq. ft	\$10,340	\$10,340	\$10,340	\$10,340	\$10,340	\$10,340
Other agency Fees	9.5K	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500
Mortgage rate buy down and other purchaser incentives	25K to 70K	\$25,000	\$70,000	\$47,500	\$25,000	\$70,000	\$47,500
Home Builder Production Costs		\$316,840	\$468,840	\$392,840	\$336,840	\$488,840	\$412,840
TOTALS		\$454,840	\$731,440	\$593,140	\$474,840	\$751,440	\$613,140
Last 12 months of new homes sales median price		\$599,500	\$599,500	\$599,500	\$599,500	\$599,500	\$599,500
Potential for profit split between developer and builder - EACH		\$72,330	(\$65,970)	\$3,180	\$62,330	(\$75,970)	(\$6,820)