

Suburban Journals

Wentzville may offer incentives to home buyers Officials consider offering incentives

By **Joe Scott**

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Wentzville might create its own economic stimulus plan.

During a Board of Aldermen work session Wednesday, officials discussed ways to entice home buyers to buy new houses in the city.

One possible method is to rebate part or all of the city's building permit fees to new home buyers. That could mean a windfall of \$2,500 to \$3,900 for home buyers.

Board members asked city staff to draft a proposal that would include rebating permit fees for consideration at their July 28 meeting. The incentives would be for any new home purchased, including attached villas and single family homes.

Mayor Paul Lambi said the city has 3,715 lots that have sewer, water and streets but no homes built on them.

The city often ends up cutting grass on the lots, as some developers have gone out of business, went bankrupt or otherwise walked away from the development, he said. The vacant lots drag down property values, the mayor said.

"It's in everyone's interest to get these lots sold," Lambi said.

City Administrator Dianna Wright said cities in other states have begun rebating permit fees to home buyers. Wentzville could be the first in this area to do so, she said.

Wright gave the example of a 1,200-square-foot home, for which the fee for a building permit would be \$3,900. She said the city set its 2010 budget by projecting it would issue 360 building permits. If the incentive program is approved, Wentzville's budget would be 112 permits short.

Lambi said home buyers could use the rebate, which would be given at the closing on the property, as a down payment or to buy down the interest rate. "It acts like the (federal) tax credit that was out there," Lambi said. He said the \$8,000 federal tax credit did stimulate the new home industry until it expired April 31.

"This is better," said Alderman Rick Stokes, Ward 3. "You didn't get the tax credit until later. You get this right away."

Alderman Leon Tow, Ward 1, said he wants to see what the city plans to cut out of its budget. He noted that 112 permits at \$3,900 each would mean having to cut the budget by \$471,000.

Tow said he is concerned about having to reduce city services such as street repair or police protection as a result of the incentives.

Wright suggested limiting the rebate to \$2,500. With 112 building permits, that would mean a city budget reduction of \$280,000.

Lambi said the city would not have to stick with 112 new homes. It could specify the first 50 or 100 new homes built in Wentzville, he said.

Wright said estimated annual revenue generated by a 1,200-square foot home ordinarily would be \$568, including real estate, personal property and estimated sales tax receipts.

Lambi said there would be other benefits to stimulating home building. He said an economist told him that every home built employs 10 people for three months.

Board members also discussed giving new home buyers free one-year passes to city pool and recreation facilities or free trash service for a year. The idea of a free facility pass drew more support from aldermen because it would not involve additional expense to the city.