

AGENDA
ITEM

17



CITY COUNCIL AGENDA STAFF REPORT

DATE: May 6, 2026

TO: Mayor and City Council

APPROVED BY: Benjamin A. Martinez, City Manager *Bm*

REVIEWED BY: Karla Chaparro, Finance Director *KC*

PREPARED BY: Michael Coyne, Planning & Building Director *MC*

SUBJECT: Adoption of a Resolution Approving a Temporary Development Impact Fee Waiver and Parking Requirement Reduction for Development within the Historic Core of Calexico effective through June 30, 2029

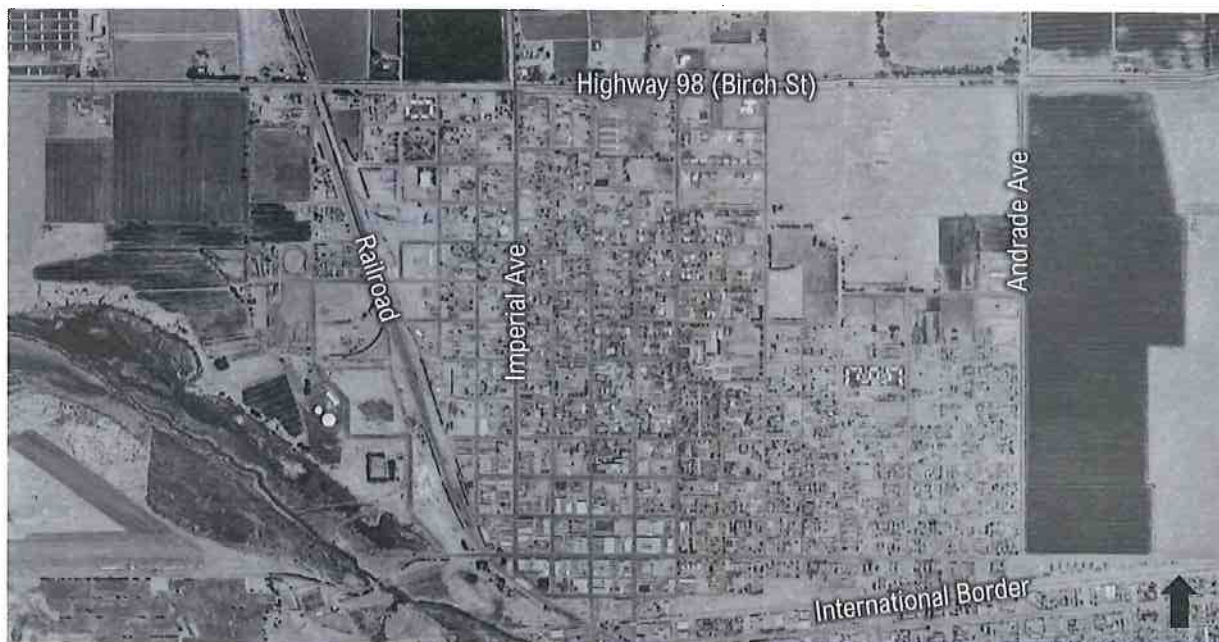
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Recommendation:

Adopt a Resolution Approving a Temporary Development Impact Fee Waiver and Parking Requirement Reduction for Development within the Historic Core of Calexico effective through June 30, 2029.

Background:

The Historic Core of Calexico, which is bounded by Birch Street (Highway 98) to the north, Andrade Avenue to the east, the International Border to the south, and the railroad to the east was primarily developed prior to 1950 as shown in the following aerial photograph from 1953:



The condition of many buildings within this area are showing clear signs of decay; particularly those within or near the Downtown area built at the turn of the 20th century. Many of these properties have become abandoned, with such properties characterized by vacant buildings, dilapidated structures, and empty lots that were once developed but which now sit idle. Most of the City's abandoned properties are located within this area as shown in Attachment No. 1. Almost all open code enforcement cases for derelict properties are located within this area.

The close proximity of these properties from one another have created blighted conditions in this area. Despite the City's best efforts through code enforcement, many of these properties continue to deteriorate, most acutely with commercial properties in the Downtown area and immediate vicinity. Current economic conditions, particularly the rise of e-commerce led by Amazon, have contributed significantly to these blighted conditions. Over the past two decades, consumer behavior has shifted away from brick-and-mortar retail toward online shopping, accelerating the decline of downtown department and retail stores.

As economic activity declines within traditional commercial cores, such as Downtown Calexico, secondary effects emerge. Reduced foot traffic discourages new investment, while vacant buildings can become sites of vandalism, illegal dumping, or unsafe conditions. The loss of local jobs tied to retail further exacerbates economic distress in surrounding neighborhoods, particularly in historic core lower-income areas where alternative employment opportunities are limited.

This economic trend has contributed to visible urban blight in Calexico's Historic Core, where once vibrant neighborhoods are now dotted with empty lots, boarded-up buildings and neglected streetscapes. At this pivotal point, to City can intervene with various land use and economic development strategies as brick-and-mortar retail, especially in downtown core areas, is likely to continue on its declining trajectory. A potential strategy for combating blight within the Historic Core is for the City to incentivize redevelopment of properties and repurposing of vacant commercial buildings through a waiver of development impact fees, coupled with a reduction in required parking for new development.

Discussion and Analysis:

Demand for housing in Calexico is strong, with Calexico commanding some of the highest residential rental rates and home prices in the Imperial Valley. With new State law exempting accessory dwelling units (ADUs) under 750 square feet from development impact fees and reducing or eliminating the parking requirement, production of this type of housing within Calexico over the past two years has been strong, with building permits issued for 71 ADUs in 2024 and 68 ADUs in 2025. In speaking with local developers, one of the driving factors behind their decision to build ADUs as opposed to traditional units is the development impact fee exemption and reduced parking requirement. Much of the new development visible within the Historic Core of the City has been the construction of new ADUs, many on properties with multifamily zoning.

Current development impact fees add up to more than \$10,000 per unit and combined with strict parking requirements, may be discouraging local developers from redeveloping properties in the Historic Core or repurposing shuttered commercial buildings to residential or mixed uses in the Downtown area. Despite much of the Historic Core being zoned RC (Residential Condominium) and RA (Residential Apartment) which allow for multifamily development, few properties within these zones have been redeveloped with traditional (i.e. non-ADU) multifamily development. Although Downtown area zoning (CS - Commercial Specialty) allows for the adaptive reuse of commercial buildings into residential or mixed-use buildings, the same factors dampening investment as with multifamily properties may be at play.

In order to incentivize development within the Historic Core, as delineated in Attachment No. 1, it is recommended that the City Council adopt a resolution which would temporarily implement the following:

- Waive development impact fees for any sort of development within the Historic Core (the area of the City bounded by Highway 98 to the north, Andrade Avenue to the east, the International Border to the south and the railroad to the west).
- Waive the parking requirement for development within the Commercial Specialty (CS) Zone.
- Reduce the parking requirement for non-ADU residential units to a flat off-street parking requirement of 0.75 spaces (covered or uncovered) per unit regardless of unit size (rounded to the nearest whole number) within the Historic Core.

Much of the demand for new housing within multifamily developments is that of senior citizens, who often do not own a vehicle and, therefore, do not need a dedicated parking space. Tenants also self sort, with those who do not own a vehicle opting to rent a unit without a dedicated parking space. For example, students who attend the Calexico campus of San Diego State University. It is also difficult to accommodate required parking, which can be as high as two spaces per unit, on most lots within the Historic Core, which average approximately 7,000 square feet in area. Prioritization of parking also leads to unintended outcomes, such as the de-prioritization of landscaped areas and the planting of trees, which are shown to reduce the urban heat island effect and support more walkable sidewalks by providing shade.

With these measures in place, it is expected that many property owners, particularly those holding on to abandoned properties, will be incentivized to redevelop their properties or repurpose their vacant buildings. The strongest impact expected with these measures would be to housing production within the Historic Core, where infill development particularly of multifamily housing is most suitable, as this area has easy access to existing public transit, parks, schools, libraries, shopping, services, and the port of entry. Additional residents in this area, would translate into additional demand for eateries, grocery stores, and other commercial outlets in the area, which could support existing and new businesses in the area.

As this would be a temporary three-year pilot program adopted by Council Resolution, program results would be reported to the City Council on an annual basis, with reporting on number of new units developed within the Historic Core and the cumulative sum of impact fees waived. The Council can rescind this program at any time, however, at the end of the three year period (ending June 30, 2029) the City Council could extend the fee waiver by resolution and/or permanently adopt the reduced parking requirement by Ordinance (through an amendment of the Zoning Ordinance).

Fiscal Impact:

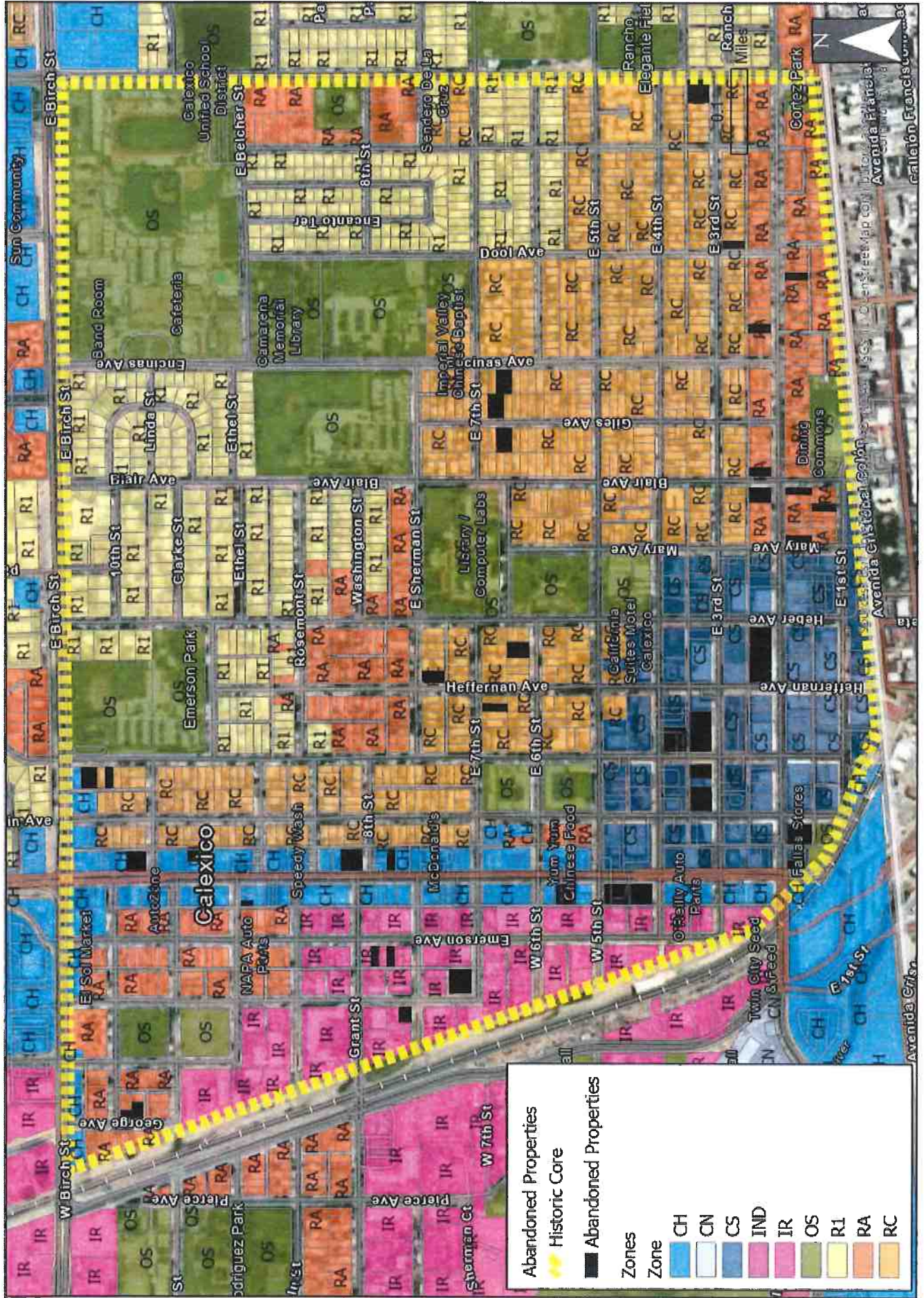
The direct fiscal impact would be nominal as within the past two fiscal years the City has only collected approximately \$34,130 in development impact fees for development within the Historic Core. Potential indirect fiscal impacts would be an increase in property taxes for redeveloped properties and increase sales tax revenue from an increase in local shopping due to additional residents. As such, presently, the full financial impact of the fee waiver is unknown. Program results, including the cumulative sum of fees waived would be reported to the Council on an annual basis. If at any time a significant detrimental impact to the budget is determined as a result of this temporary waiver in fees, the waiver could be rescinded by resolution of the City Council. In such a scenario, impact fees would be re-imposed and collected with any new development.

Attachment(s):

1. Abandoned Properties Map
2. Resolution

ATTACHMENT NO. 1

Abandoned Properties



ATTACHMENT NO. 2

RESOLUTION NO. 2026-_____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALEXICO, CALIFORNIA,
APPROVING A TEMPORARY DEVELOPMENT IMPACT FEE WAIVER AND PARKING
REQUIREMENT REDUCTION FOR DEVELOPMENT WITHIN THE HISTORIC CORE OF
CALEXICO EFFECTIVE THROUGH JUNE 30, 2029**

WHEREAS, the Historic Core of Calexico, which is bounded by Birch Street (Highway 98) to the north, Andrade Avenue to the east, the International Border to the south, and the railroad to the east was primarily developed prior to 1950s; and

WHEREAS, many properties within the Historic Core have become abandoned, with such properties characterized by vacant buildings, dilapidated structures, and empty lots that were once developed, leading to urban decay and blighted neighborhood conditions; and

WHEREAS, current economic trends, particularly the rise of e-commerce led by Amazon, have contributed significantly to these blighted conditions, as consumer behavior has shifted away from brick-and-mortar retail toward online shopping resulting in numerous vacant commercial buildings within the Historic Core; and

WHEREAS, it is in the interest of the public health, safety, and welfare for the City Council to introduce strategies that can help revitalize the Historic Core and eliminate blighted conditions within the area; and

WHEREAS, development impact fees combined with strict parking requirements may be deterring infill development in the Historic Core; and

WHEREAS, the temporary waiver of development impact fees and reduction of parking requirements are strategies that can incentivize redevelopment of properties and repurposing of vacant buildings within the Historic Core, supporting economic development within the area, which is a strategic goal of the City Council; and

WHEREAS, this resolution shall become effective immediately upon adoption by the City Council and end or be extended or superseded by June 30, 2029; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Calexico as follows:

1. The foregoing recitals are true, correct, and incorporated fully herein as findings.
2. Development impact fees for any sort of development within the Historic Core (the area of the City bounded by Highway 98 to the north, Andrade Avenue to the east, the International Border to the south and the railroad to the west) shall be waived through June 30, 2029.
3. The parking requirement for development within the Commercial Specialty (CS) Zone shall be waived through June 30, 2029.
4. The parking requirement for non-ADU residential units shall be reduced to a flat off-street parking requirement of 0.75 spaces (covered or uncovered) per unit

regardless of unit size (rounded to the nearest whole number) within the Historic Core through June 30, 2029.

5. The adoption and implementation of a development impact fee waiver is not retroactive and does not entitle any person who has already paid fees prior to adoption of the fee waiver to receive a refund, credit or reimbursement of such payment.
6. The adoption of the subject fee waiver and parking reduction is not a project under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b) and is, therefore, not subject to CEQA.

PASSED, ADOPTED, AND APPROVED at a regular meeting of the City Council of the City of Calexico, California on the 6th day of May 2026, by the following vote:

Victor Legaspi, Mayor

ATTEST:

Veronica Luna-Alvarado, City Clerk

APPROVED AS TO FORM:

Laura Estrada, City Attorney

STATE OF CALIFORNIA)
COUNTY OF IMPERIAL) ss
CITY OF CALEXICO)

I, Veronica Luna-Alvarado, City Clerk of the City of Calexico, California, do hereby certify that the foregoing resolution was adopted at a regular meeting of the City Council of the City of Calexico held on the 6th day of April 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Veronica Luna-Alvarado, City Clerk