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REPORT TO COUNCIL
City of Sacramento

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STAFF REPORT
April 18, 2006

Honorable Mayor and
Members of the City Council

Subject: Housing Trust Fund Nexus Study (M05-007)

Location/Council District: Citywide/All Districts

Recommendation:

City staff recommends that the City Council direct staff to:

1. Make the necessary minor technical fixes as described in this report and to return to Council within six months to present those changes to the Housing Trust Fund ordinance (Chapter 17.188 of the City Municipal Code);
2. Evaluate the Housing Trust Fund program in the context of the City's affordable housing strategy and make changes to the program as part of the City's Housing Element update;
3. Work with housing advocates, the Downtown Partnership, and the development community prior to any changes in the structure of the fee program or any increases in the fee levels;
4. Work with SACOG, Sacramento County, and other local jurisdictions to share the results of the Housing Trust Fund nexus study and to encourage increases in their housing trust fund fee levels commensurate with recent City increases; and
5. In conjunction with SACOG and member jurisdictions, research the development of a region-wide housing trust fund program.

Contact: Jim McDonald, AICP, Senior Planner, (916) 808-5723; Desmond Parrington, Associate Planner, (916) 808-5044, and Cindy Cavanaugh, Assistant Director, SHRA, (916) 440-1399 x 1403

Presenters: Kate Funk, Principal, Keyser Marston Associates, (415) 398-3050; and Desmond Parrington, Associate Planner, (916) 808-5044; Cindy Cavanaugh, Assistant Director, SHRA, (916) 440-1399 x 1403

Department: Development Services

Division: Planning

Organization No: 4827

Summary:

The purpose of this workshop is to share the findings from the Housing Trust Fund Nexus Study and to identify the next steps related to the Housing Trust Fund Fee Program.

City staff is not recommending any fee increases at this time. However, staff would like to get some initial input from the Council on the strategies identified in Section V of the Housing Trust Fund Nexus Study, specifically, whether the City should alter the existing fee structure or make other changes to the way fees are charged, such as the use of graduated fees, variations in fee level by geographic area (i.e., infill target areas versus other areas), minimum size thresholds, or exemptions for certain uses (e.g., small projects or non-profit uses, etc.). Based on Council direction staff will return within six months with proposed amendments to the ordinance.

Committee/Commission Action:

A workshop on the results of the nexus study was held for the Planning Commission and the Development Oversight Commission (DOC). While no formal action was taken, both groups provided comments on the results of the Housing Trust Fund Nexus Study. Both commissions were very supportive of evaluating the City's housing programs in a comprehensive manner in order to develop an overall affordable housing strategy prior to adjusting the fee. While some of the Planning Commission members liked the concept of a lower Housing Trust Fund fee level for infill target areas, the DOC was concerned that by doing this the City would only be making City fees more complex and confusing. There was some consideration by the Planning Commission of exempting non-profit uses from the Housing Trust Fund fee since many serve the community, especially low-income persons. Concern was expressed by both commissions regarding the differences in fee levels between jurisdictions in the region. The DOC expressed the need to assess all our fees to see whether they encourage or discourage the type of infill development that the City is planning for prior to raising fees or changing the structure of the Housing Trust Fund fees.

Staff also presented this item to the Sacramento Housing & Redevelopment Commission (SHRC) on April 5th. With respect to the Housing Trust Fund fee structure, some members expressed opposing viewpoints as to whether infill and redevelopment areas should be treated differently. However, no other major opinions were expressed on the nexus study.

Background Information:

The Housing Trust Fund Fee Program was originally developed and enacted in the late 1980s. The program is designed to address the housing impact associated with the creation of new low-wage jobs by non-residential businesses in Sacramento. The nexus study established an economic linkage between low-wage jobs and the need for affordable housing for those workers in Sacramento. To date, the Housing Trust Fund Fee Program has generated almost $20 million and led to the construction of over 2,300

affordable housing units since its inception. This new nexus study updates the information and findings from the last nexus study that was prepared in 1987.

On December 7, 2004, City Council approved interim increases in Housing Trust Fund fees for the citywide and North Natomas funds. The fee increases, the first in 13 years, were based on a review and confirmation of the demand for affordable housing created by lower income workers employed in a wide range of new commercial buildings. The update also included current housing costs and incomes, showing that the housing affordability gap had doubled since 1990. The Council voted to increase fees in stages, including a 44 percent increase effective in December 2004, rising to a full 81.3 percent increase over the original fee effective on July 1, 2005. Furthermore, Council also approved an annual automatic adjustment to the fee levels based on increases in the San Francisco Construction Cost Index, an index used for several other City fees.

Since so many economic factors had changed since the original 1987 nexus analysis, the Council conditioned its approval of future one-time fee increases (not the automatic annual adjustments) upon the commissioning of a new, comprehensive nexus study. This study would quantify the linkage between the construction of new commercial buildings and the demand for affordable housing. The new study would also analyze a variety of different fee options that could be utilized to lessen the impact on redevelopment, infill, and smaller scale projects, where development is a challenge. Lastly, the new nexus study would serve as the foundation for the City and County to consider future adjustments to their Housing Trust Fund fees.

The Sacramento Housing and Redevelopment Agency issued a Request for Proposals for the new nexus analysis in March 2005, and in concert with the City Development Services Department, chose Keyser Marston Associates, Inc. (KMA). KMA had prepared the original nexus analysis for the housing trust funds for the City and County of Sacramento. An executive summary that describes the methodology of the analysis is included in Attachment 1, while the full nexus study is included in Attachment 3.

Fee Increases:
The purpose of this report is to present the new nexus analysis for public discussion, and follow the City Council workshop with meetings with interested parties, including commercial developers, developers engaged in mixed-use projects, housing advocates, and affordable housing developers. Upon Council direction, the study may also be part of the larger effort to develop a comprehensive affordable housing strategy that will be developed in concert with an update to the City's Housing Element. Staff will then report back to the Council with any recommendations for adjustments to the Housing Trust Fund fees. As a result of the need to develop a comprehensive City affordable housing strategy, this staff report does not recommend a new fee structure for the City's Housing Trust Fund at this juncture.

Technical Fixes/Updates:
City Planning and SHRA staff are also working on amendments to the original Housing Trust Fund ordinance (Chapter 17.188 of the City of Sacramento Zoning Code). The North Natomas Housing Trust Fund as a separate fund can be eliminated with the

Council's acceptance of the new nexus study, which uses one building and occupational analysis for the entire city. In 2003, the Council approved using the revenue from the North Natomas Housing Trust Fund for the same purposes as the citywide fund. However, its fee structure, based on land use rather than building types, could not be eliminated without a new nexus analysis. Staff anticipates that the ordinance's amendments will be brought before City Council within six months.

In addition, other planned technical updates include replacing the 1993 Housing Trust Fund Program Regulations with the Multifamily Housing and Homeownership Guidelines, which incorporate the requirements of the Housing Trust Fund Program. These Guidelines, with the inclusion of the Housing Trust Fund program, were approved by City Council in March and April 2005 respectively, but the earlier regulations were not rescinded at that time.

Additional updates to the Housing Trust Fund Fee Ordinance will include changes to: 1) provide clarity for how the fee is assessed on mixed-use developments; 2) remove language related to the fee and tenant improvements; and 3) to update the administrative fee given the amount of staff time involved. It is anticipated that the ordinance revisions will return to the City Council within six months.

Housing Trust Fund & Citywide Housing Strategy:
The Housing Trust Fund Fee Program will also be evaluated as part of a review of City affordable housing programs if Council decides to allocate funding to begin the Housing Element update early, which would include the development of a comprehensive affordable housing strategy. Since the Housing Trust Fund program is one in a number of City programs that encourage affordable housing, staff believes that an overall strategy would help identify successful programs and those that may need adjustment.

A Regional Approach:
City staff will share the results of the nexus study with SACOG, Sacramento County and other local jurisdictions with existing housing trust fund fee programs and will encourage them to adjust their fees to assist with the need for affordable workforce housing in the region. Currently, City Housing Trust Fund fees are 81.3 percent higher than those of other jurisdictions in Sacramento County (refer to Table V-3 on p. 99 in the Housing Trust Fund Nexus Study).

Furthermore, as Carl Guardino of the Silicon Valley Leadership Group identified in his presentation to Council on February 28, 2006, a regional housing trust can be an effective tool to provide support for the development of affordable housing throughout the larger Sacramento area. Attachment 2 provides an overview of regional housing trust fund programs that could be used to promote affordable housing development.

Financial Considerations:

City staff is not proposing an increase to the Housing Trust Fund fee at this time. Staffing and funding for this work is identified as part of the Housing Element update request.

Environmental Considerations:

Not a project under Section 21065 of CEQA and CEQA Guidelines Section 15378 (b)(4).

Policy Considerations:

The Housing Trust Fund nexus study workshop advances Council's Strategic Plan, specifically by addressing the goal to increase opportunities for all Sacramento residents to live in safe and affordable housing. In addition, the Housing Trust Fund workshop and the recommended actions associated with it are consistent with the recently adopted 2030 General Plan Vision and Guiding Principles, the City's 2002-2007 Housing Element, and the City's Smart Growth Principles, especially principle # 3, which encourages the creation of a range of housing opportunities and choices, and principle # 5, which discourages urban sprawl, promotes infill development and the concentration of development in the urban core of the region, and promotes the equitable distribution of affordable housing and social services. Furthermore, this presentation is consistent with the aim of the SACOG Regional Compact, which is designed to foster the production of affordable housing throughout the six-county region.

Emerging Small Business Development (ESBD):

No goods or services are being purchased under this report.

Approved by: _____
Carol Shearly
Director of Planning

Recommendation Approved:

_____
for RAY KERRIDGE
City Manager

Table of Contents:

Attachment 1
New Housing Trust Fund Nexus Study

Nexus Study Methodology
Executive Summary

The full Housing Trust Fund Nexus Analysis, which was prepared by Keyser Marston Associates (KMA), may be found in Attachment 3. The nexus study was prepared by KMA with input from a staff technical advisory committee comprised of representatives from SHRA and representatives from City departments, including Development Services, Economic Development and the City Attorney's Office.

Following is a brief overview of the methodology used in the nexus study.

Total New Employees: The nexus analysis begins with six building types: office, retail, hotel, medical, manufacturing/industrial, and warehousing. Assuming a prototypical 100,000 square foot building, it then estimates the total number of employees working in each building type, based on average employment density. For example, warehouses have a low ratio of employees per square foot of building space while offices, retail, and medical facilities have a much higher density of employees.

Breakdown of Occupations: The study then determines the distribution of occupations for each building type, using data from the Bureau of Labor Statistics. Occupations cut across many different building or industry types. For example, retail establishments include car dealers, apparel and home furnishings stores, grocery stores, restaurants, dry cleaners, etc. Despite the diversity, three main occupation groups dominate retail employment: sales; food preparation and serving; and office and administrative support, accounting for 75 percent of all retail employment. Similar occupations characterize the hotel industry, where 77 percent of hotel-related employment is in service-related jobs - building and grounds services including maid service, food preparation and serving, and office and administrative support.

Compensation: Sacramento County wage and salary data were linked to these occupations, allowing the study to calculate the number of jobs paying compensation at very low-income and low-income levels in Sacramento County at each building type.

Employees To Employee Households: This step in the analysis recognizes that there is generally more than one worker per household, a calculation that reduces the number of housing units in demand for new workers. The Sacramento County average is 1.57 workers per worker household, varying by household size. (The census data used for this factor excludes retired persons, full time student households and unemployed households on public assistance.)

With the number of worker households and wage and salary information, the study can now calculate the number of worker households who fall into each income category for

each building type, shown in Table 1 below. ("Worker households" and "employee households" are used interchangeably.)

"Very low-income" is defined as income below 50 percent of the Sacramento area median income, determined annually by the U. S. Department of Housing and Urban Development. "Low-income" is defined as income from 50 to 80 percent of the area median income.

Table 1
Worker Households by Income Category

Income (% AMI)[1]	Office	Hotel	Retail	Ware-house	Manuf-acturing	Hospital/ Medical
< 50% Median	3%	39%	36%	11%	6%	5%
50-80% Median	22%	43%	42%	30%	27%	25%
Total	25%	82%	78%	41%	33%	30%

Notes: 1) AMI = Area Median Income. In 2005, the Area Median Income in Sacramento County for a household of four was $64,100.

Housing Units: Returning to the building types, the study now determines the number of households by income level that are associated with the building type. Dividing by the prototypical 100,000 square foot space, it can arrive at coefficients of housing units per square foot of building area. That coefficient, multiplied by the affordability gap described below, will ultimately determine the "total nexus cost" or maximum housing trust fund fee justifiable. As shown above in Table 1, retail and hotel have the highest number of low-wage workers compared to other commercial building types.

Table 2
Number of Worker Households by Building Type in 100,000 Square Foot Building

Households	Office	Hotel	Retail	Ware-house	Manuf-acturing	Hospital/ Medical
< 50% Median	5.363	37.766	49.954	2.586	6.105	8.948
50-80% Median	42.315	41.734	57.494	7.317	26.243	39.970
Total	47.678	79.500	107.447	9.902	32.347	48.918

Table 3
Number of Housing Units (or Households) per Square Foot of Building Area

Income	Office	Hotel	Retail	Ware-house	Manuf-acturing	Hospital/ Medical
< 50% Median	.00005363	.00037766	.00049954	.00002586	.00006105	.00008948
50-80% Median	.00042315	.00041734	.00057494	.00007317	.00026243	.00039970
Total	.00047678	.00079500	.00107447	.00009902	.00032347	.00048918

Because not all worker households will live in Sacramento County, the study adjusts the number of worker households downward by 19.9 percent, using the 2000 census information that 80.1 percent of those who work in Sacramento County also live in Sacramento County. The figures in Table 3 above represent these lower "commute adjustments."

Affordability Gap: Before the last step in the study's methodology, the study determines the affordability gaps for rental and ownership units, using data from recent affordable housing developments in Sacramento. Forty and 70 percent of area median income (AMI) represent the very low-income and low-income categories, respectively, to reflect more closely the actual incomes of tenants residing in housing affordable to those income groups.

The affordability gap for a rental unit is the difference between its development cost and the value (or price) that can be supported by the net operating income of a unit affordable to a very low-income or low-income tenant (rent minus operation cost divided by a capitalization factor).

For an ownership unit, the affordability gap is the difference between the development cost of a condominium unit and the sales price that a low-income household can afford within 30 percent of its income, considering principal, interest, taxes, and insurance payments. Both rental and ownership affordability calculations do not include the potential use of other housing subsidies.

The resulting affordability gaps are as follows:

Table 4
Affordability Gap: Rental Units

Income Category	Development Cost	Affordable Unit Value	Affordability Gap
Very low-income (40% AMI)	$143,000	$35,700	$107,300
Low Income (70% AMI)	$143,000	$110,500	$32,500

Table 5
Affordability Gap: Ownership Units

Income Category	Development Cost	Affordable Unit Value/Price	Affordability Gap
Low Income (70% AMI)	$183,000	$100,700	$82,300

Total Nexus Costs (Maximum Justifiable Linkage Fee): In the last step, the study multiplies the number of households by income level per square foot of building area by the affordability gap. The result is the maximum justifiable linkage fee (Table 6). Despite the study's conservative assumptions, described below, the fee is high because of the high cost of housing relative to wages and salaries. Nevertheless, the study recognizes that "the total nexus cost for each building type is far in excess of any reasonable fee amount likely to be considered."

Table 6
Total Nexus Costs for Six Building Types (in Dollars)

Building Type	Very Low-Income[1]	Very Low- & Low-Income (All Rental)	Very Low- & Low-Income (Rental & Condo)
Office	$5.75	$19.51	$40.58
Hotel	$40.52	$54.09	$74.87
Retail/Entertainment	$53.60	$72.29	$100.92
Warehousing	$2.77	$5.15	$8.80
Manufacturing/Industrial	$6.55	$15.08	$28.15
Hospital/Medical	$9.60	$22.59	$42.50

Note:
1. The "Very Low-Income" column is shown because the housing trust fund in the county is restricted to housing very low-income persons. The city's trust fund benefits both very low-income and low-income persons.

The nexus costs in Table 6 can be calculated by multiplying the housing units per square foot of building area by the affordability gap. For example, the housing unit coefficients for very low- and low-income retail space are .00049954 and .00057494, respectively. Those numbers multiplied by the very low-income and low-income affordability gaps for rental housing ($107,300 + $32,500) equal a total nexus cost per square foot of $53.60 for a very low-income unit and $18.69 for a low-income unit, the total equaling $72.29 per square foot.

Conservative Assumptions: The study contains a number of conservative assumptions. Significant among them is the decision to count only "direct" employees within a workspace. Many indirect employees serve that workspace, such as janitors, landscape maintenance people, building security personnel and others whose services are performed through contracts. Many of these workers receive lower income compensation. Construction workers are also not counted. Nor does the analysis count building multipliers (workers buying food, supplies, gas – using their income to create other jobs in the economy).

Setting the Fee: KMA concluded the nexus analysis with alternatives decision makers could consider in updating a housing trust fund fee. They include setting fees as a percent of the nexus amount or as a percent of a building's total development cost, and setting fees independently for each building type.

While a fee set as a percentage of the nexus cost is straightforward, it can disproportionately burden one building type (usually retail) because of the high density of jobs and high incidence of low-wage workers. Fees set independently for each building type are often employed to arrive at one fee for all commercial buildings, or to reduce a fee for retail buildings because of their contribution to sales tax revenues.

Other local governments have also opted to exempt small projects, areas difficult to develop (such as redevelopment areas), non-profit uses, and certain special uses as child care centers.

KMA recommended considering the different fee-setting approaches and then narrowing the possibilities. However, the housing trust fees are ultimately tailored to the community's conditions; KMA cautions that they should always stand up to the tests of being policy-based and fair.

Tables following the study's final chapter show the development costs for different types of prototypical buildings in Sacramento and provide information on the housing trust fund programs of other jurisdictions. The final chapter also includes a comparison of fee programs, including jobs-housing linkage fees, in other jurisdictions with which Sacramento competes to attract jobs and services.

Attachment 2
Regional Housing Trust Funds

As Sacramento's experience shows, housing trust funds can operate within and between many different jurisdictions. Within Sacramento County, for example, the cities of Sacramento, Citrus Heights, Elk Grove and Folsom, and the unincorporated County all operate housing trust funds based on nexus studies demonstrating the linkages between new employment and the demand for affordable housing. However, since growth is occurring rapidly throughout the Sacramento metropolitan region – an increasingly integrated economic unit - the development of a regional (versus city-by-city) housing trust fund may be worth exploring. Staff prepared this short summary in response to questions raised in the first affordable housing workshop before City Council on February 28, 2006.

Although an over-simplification, two types of regional housing trust funds can be described by differences in their administration and type of control. (There are many variations within each type.)

The first is the Local Control/Central Administration model. Here the various jurisdictions throughout the region collect HTF revenues and approve projects, but the program is administered centrally by an entity with the technical capacity in affordable housing finance and development. The administrator carries out loan-making functions, issues tax-exempt mortgage revenue bonds, and maintains compliance activities.

The second type of regional fund is the Integrated Model. Here localities pledge funds to a common pool and have final approval authority over projects. However, a regional association comprised of participating jurisdictions decides on priorities, issues requests for proposals, evaluates projects for the local jurisdiction, and ensures the distribution of affordable housing over time to the localities that have contributed to the regional housing trust fund.

Important to both types of regional housing trust funds are basic agreements on the source of the regional fund's revenues and the uses of the funds. For example, one would expect in the Sacramento metropolitan region that the major source of revenues would be an impact fee on commercial development, although other sources could and should be added. Similarly, one would expect that beneficiaries would be very low-income and low-income households, typically those in the workforce needing affordable housing.

The purposes for regional housing trust funds are no different from those serving single jurisdictions:

- Building workforce housing near new employment centers in a county or metropolitan area;

- Ensuring that new growth areas in the region include a diversity in housing, thereby promoting economic integration; and

- Promoting "fair share" or "housing choice" plans to locate housing affordable to different income groups throughout the county or region, helping to avoid concentrations of poverty.

Staff is presenting this information in response to questions raised in the first affordable housing workshop before City Council on February 28, 2006. More detailed analyses can be provided at the Council's direction.

Attachment 3

HOUSING TRUST FUND NEXUS ANALYSIS

CITY OF SACRAMENTO

Prepared for:
Sacramento Housing and Redevelopment Agency

Prepared by:
Keyser Marston Associates, Inc.

March 2006

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INTRODUCTION

The following report is a nexus analysis in support of the Housing Trust Fund in the City and County of Sacramento. The report has been prepared by Keyser Marston Associates, Inc. (KMA) for the Sacramento Housing and Redevelopment Agency, pursuant to a contract to prepare an analysis and assist in updating the Housing Trust Fund impact fee program in both the City and County.

Background

The City and County of Sacramento both adopted Housing Trust Fund ordinances, the City in 1989 and the County in 1990. These ordinances enacted a fee on all non-residential development to mitigate the impacts on affordable housing associated with the new jobs in new buildings. Fee revenues, deposited into a Housing Trust Fund, are utilized to increase the supply of affordable housing in Sacramento City and County. The fee programs are supported by a nexus analysis prepared in 1987 that demonstrated the linkages between new construction of workspace buildings and demand for housing affordable to lower income households. The fees originally ranged from $0.18 per square foot for warehouse space to $0.95 per square foot for office space, with other building types at various levels in between.

Fee amounts were adjusted slightly in 1992. In September 2004, per request of the City of Sacramento, the Sacramento Housing and Redevelopment Commission and the City Planning Commission held hearings on proposed fee increases, based on an interim analysis of affordability gap escalations and other factors that have changed since the original adoption. In November the City Council adopted a resolution to increase fees in two stages, a 44% increase effective in December 2004 and an 81.3% increase effective in July 2005. County fees have not been similarly adjusted and remain at the original levels.

The Sacramento Housing and Redevelopment Agency (SHRA) commissioned a comprehensive update to the original nexus analysis to reflect changes in the economy, changes in local housing policies and to insure compliance with any new legal requirements since the original documentation of the late 1980s. This report provides an updated nexus analysis for the City and the County and serves as a foundation for both jurisdictions to consider further increases in fee levels and other possible adjustments to their programs in the years ahead.

Keyser Marston Associates (KMA) prepared the original nexus analyses and provided assistance in the design of the programs for the City and County. Since that time KMA has provided services to approximately twenty other jurisdictions for their jobs housing linkage or nexus programs. This update maintains the same conceptual framework as the original analysis, but utilizes far superior data and a proprietary computer model to perform the analysis that was developed by KMA expressly for the purpose.

Purpose

The purpose of a nexus analysis is to quantify the linkages between construction of new workplace buildings (such as office, retail, industrial), the employees that work in them, and the demand for affordable housing. Since jobs in all types of buildings cover a range of compensation levels, the new worker households associated with workplace buildings demand housing at a range of affordability levels. The analysis quantifies demand at each affordability level for each type of building.

The analysis is conducted to meet the requirements of AB 1600, as contained in the California Government Code §§ 66000 to 66025. Such analyses are called linkage or nexus analyses, or AB 1600 reports.

Process

In the course of preparing this analysis, KMA met with a staff technical advisory group comprised of representatives from SHRA development services, housing finance, and finance departments, City of Sacramento planning and County of Sacramento planning. The staff technical advisory group participated in the selection of analysis parameters, such as the building types, affordability levels, prototype buildings used in the analysis and other inputs.

In addition to meeting with staff, the consultant team will meet with housing advocacy groups and representatives from the development community to review the analysis and discuss options for adjusting the fee program.

Building Types

The staff advisory group selected six building types for the updated nexus analysis. The building types are:

- Office
- Retail
- Hotel
- Medical
- Manufacturing/Industrial
- Warehousing

The building types are the same as in the original analysis with a few adjustments. The prior Research and Development building type has been discontinued because it is not consistent with code classifications used elsewhere. Medical buildings, inclusive of hospitals and small, specialized facilities were added to reflect current industry trends and the availability of good data for performing the analysis.

Affordability Levels

The staff advisory group directed KMA to analyze the demand for housing affordable to the following income classifications:

Very Low income – or up to 50% of Area Median Income
Low Income – or between 50% and 80% of Area Median Income

The analysis for each classification is presented in a manner to allow the City and County to design their program differently in the income levels served by the Housing Trust Fund, as is the case at this time.

Report Organization

The Housing Trust Fund Nexus Report has been written to support in program in both the City and the County of Sacramento. The Nexus Report is organized into five sections as follows:

- **Section I** – presents a summary of the nexus concept and some of the key issues surrounding nexus analyses for jobs and housing.
- **Section II** – provides a "macro-economic" analysis or evaluation of jobs and housing relationships in Sacramento city and county, and some of the key conditions affecting the nexus analysis.
- **Section III** – contains the analysis of the jobs and housing relationships associated with the six prototype-workplace buildings. It is a "micro economic" analysis that concludes with a quantification of the number of households at each income affordability level associated with each of the six building types.
- **Section IV** – summarizes the cost of delivering housing units affordable to the households at the lower income levels, allocated to each square foot of the six work place buildings.
- **Section V** – contains materials to assist the City of Sacramento in updating the fee program and adapting the program to local policy objectives. Several approaches to fee setting are described; information on other jobs housing fees in California is provided as well as information on all fees charged to commercial and industrial development in the City of Sacramento.

The first four sections comprise the nexus analysis. The conclusions expressed in dollars per square foot to mitigate affordable housing impacts, represent the ceiling levels under which policy makers may enact fees. The material in Section V is information to assist policy makers and is not part of the nexus analysis. A different version of Section V will be prepared for the County of Sacramento.

Data Sources and Qualifiers

The analyses in this report have been prepared using the best and most recent data available. Local data was used wherever possible. The major sources were the U.S. Census 2000 and the California Employment Development Department. While we believe all sources utilized are sufficiently accurate for the purposes of the analysis, we cannot guarantee their accuracy. Keyser Marston Associates, Inc. assumes no liability for information from these and other sources.

SECTION I – THE NEXUS CONCEPT AND MAJOR ISSUES

Introduction

This section outlines the nexus concept and some of the key issues surrounding linking new commercial and industrial development to the demand for new residential units in Sacramento. The nexus analysis and discussion focus on the relationships among development, growth, employment, income of workers and demand for housing. The analysis yields a connection between new construction of buildings in which there are workers and the need for additional affordable housing, a connection that is quantified both in terms of number of units and in terms of subsidy assistance needs to make units affordable or cost of mitigation of the housing demand impacts.

The Legal Basis and Context

The first housing linkage programs were adopted in the cities of San Francisco and Boston in the mid-1980s. To support the linkage, the City of San Francisco commissioned a short analysis to show the relationships, or what might now be characterized as an early version of a nexus analysis. Since that time there have been several court cases and new California statutes that affect what local jurisdictions must demonstrate when imposing impact fees on development projects. The most important U.S. Supreme Court cases are *Nollan v. California Coastal Commission* and *Dolan v. City of Tigard* (Oregon). The rulings on these cases, and others, help clarify what governments must find in the way of the nature of the relationship between the problem to be mitigated and the action contributing to the problem. Here, the problem is the lack of affordable housing and the action contributing to the problem is building workspaces that mean more jobs and worker households needing more affordable housing.

Following the *Nollan* decision in 1987, the California legislature enacted AB 1600, incorporated into the California Government Code Section 66000. The Code requires local agencies proposing an impact fee on a development project to identify the purpose of the fee; the use of the fee, and to determine that there is a reasonable relationship between the fee's use and the development project on which the fee is imposed. The local agency must also demonstrate that there is a reasonable relationship between the fee amount and the cost of mitigating the problem that the fee addresses. Studies by local governments undertaken to fulfill the requirements of AB 1600 are often referred to as AB 1600 or "nexus" studies.

The City of Sacramento's Housing Trust Fund ordinance was the first housing nexus fee to be adopted following the passage of AB 1600. The adoption was challenged in the case *Commercial Builders of Northern California v. City of Sacramento*. Both the U.S. District Court and the Ninth Circuit Court of Appeals upheld the City of Sacramento and rejected the builders' petition. The U.S. Supreme Court denied a petition to hear the case, letting stand the lower court's opinion. The authors of this nexus study were the authors of the Sacramento study.

The Nexus Methodology

An overview of the basic nexus concept and methodology is helpful to understanding the discussion and concepts presented in this section. This overview consists of a quick "walk through" of the major steps of the analysis. The nexus analysis links new commercial buildings (or other workplaces) with new workers in Sacramento; these workers demand additional housing, a portion of which needs to be affordable to the workers in lower and middle income households.

The methodology utilized in this analysis is "micro" analysis that examines individual buildings. The micro nexus readily lends itself to quantification that serves as a basis for quantifying the nexus cost, or basis for the fee amount.

To illustrate the micro nexus, very simply, we can walk through the major calculations of a building. We begin by assuming a prototypical 100,000 sq. ft. building and then make the calculations as follows:

- We estimate the total number of employees working in the building based on average employment density experience.
- We use occupation and income information for typical job types in the building to calculate how many of those jobs pay compensation at the levels addressed in the analysis.
- We know from the Census that most employees are members of households where more than one person is employed; we use various factors to calculate the number of households represented in each income category.
- Then, we conclude how many of the households (divided into several subsets by income level) are associated with the building and divide by 100,000 square feet to arrive at coefficients of housing units per square foot of building area.
- In the last step, we multiply the number of households per square foot by the costs of delivering housing units affordable to these income groups.

The factors and relationships utilized in the analysis reflect long-term average conditions. Short-term conditions, such as a recession or a vigorous boom period, are not an appropriate basis for estimating impacts over the life of the building.

The Relationship Between Job Growth and Population Growth

The social issue driving this analysis is growth in lower income households, or households unable to afford housing. New population growth in most U.S. regions occurs primarily as a result of job growth. Over the long term, the vast majority of growth in the State of California and its sub-regions is job driven. The arrival of new population creates "secondary" demand for jobs in retail outlets and services that follow. Growth in Northern California and the greater

Sacramento region is predominantly job driven. Most people coming to the region would not come if they could not expect to find a job. Over the long term, people born in the local area would not stay without jobs. In the short-term, economic cycles and other factors can result in population growth without jobs or job growth without adequate housing growth. If an economic region in the U.S. does not maintain job growth, the result is an out-migration to regions where job growth is occurring. Many cities in the Midwest during the 70s and 80s served as good examples.

The Relationship Between Construction and Job Growth

If population growth, especially lower income population, is predominantly job driven in the greater Sacramento area, the question arises as to the source or "cause" of employment growth itself.

Simplistically it can be said that employment growth does not have "one cause". Many factors underlie the reasons for growth in employment in a given region; these factors are complex, interrelated, and often associated with forces at the national or even international level. One of the factors is the delivery of new workspace buildings. The nexus argument does not make the case that the construction of new buildings is solely responsible for growth. However, especially in the Sacramento area, new construction is uniquely important, first, as one of a number of parallel factors contributing to growth, and second, as a unique and essential condition precedent to growth.

As to the first, construction itself encourages growth. When the state economy is growing, the most rapidly growing areas in the state are those where new construction is vigorous and is a key industry. In regions such as the Sacramento area where multiple forces of growth exist, the political and regulatory environment join forces with the development industry to attract growth by providing new work spaces, particularly those of a speculative nature. The development industry frequently serves as a proactive force inducing growth to occur or attracting activity to specific geographic areas or locations.

Second, workplace buildings bear a special relationship to growth, different from other parallel causes, in that buildings are a *condition precedent* to growth. Job growth does not occur in modern service economies without buildings to house new workers. Unlike other factors that are responsible for growth, buildings play the additional unique role that growth cannot occur without them. Conversely, it is well established that the inability to construct new workplace buildings will constrain or even halt job growth.

Addressing the Housing Needs of a New Population vs. the Existing Population

The Housing Elements of the City and County of Sacramento and other materials clearly document that the housing needs of the existing lower and middle-income households are not being met. This existing housing shortage, especially at the lowest income levels, is manifested in numerous ways such as payment of far more than 30% of income for rent as set forth in federal and state guidelines, overcrowding and other factors which are extensively documented by the Census and the Housing Element reports.

This nexus study does not address the housing needs of the existing population. Rather, the study focuses exclusively on documenting and quantifying the housing needs of new households associated with new jobs in new workplace buildings, such as office buildings. The Housing Elements and other analyses have found that new housing affordable to lower income households is not being added to the supply in sufficient quantity to meet the needs of new employee households. If sufficient housing affordable to lower income households were being added to the supply, or if residential units in Sacramento were experiencing significant vacancy levels, particularly in affordable units, then the need for new units would be questionable.

Substitution Factor

Any given new building in Sacramento may be occupied partly, or even perhaps totally, by employees relocating from elsewhere in Sacramento city or county. Buildings are often leased entirely to firms relocating from other buildings within the same jurisdiction. However, when firms relocate from one building to another within the same region, space in existing buildings is vacated and released to another firm. That building in turn may be filled by some combination of newcomers to the area and existing workers. Somewhere in the chain there are jobs new to the region. The net effect is that new buildings accommodate new employees, although not necessarily inside of the new buildings themselves.

Indirect Employment and Multipliers

The Micro Economic Nexus Analysis, which examines prototype buildings, addresses direct "inside" employment only. In the case of the office building, for example, direct employment covers the various managerial, professional and clerical people that work in the building; it does not include the janitorial workers, the window washers, the security guards, the delivery services, the landscape maintenance workers, and many others that are associated with the normal functioning of an office building. These indirect employees tend to be the many service workers at the lower end of the pay scale.

No good data sources were located that deal with indirect employees in various type buildings. If one thinks about who the lowest income workers are, one can observe that lower income workers include a whole host of service workers who do not work in any type of building as

regular employees but whose jobs are associated with such structures. In other words, any analysis that ties lower-income housing impacts to the number of workers inside buildings will continue to understate the demand. Thus, confining the analysis to the direct employees does not address all the lower income workers associated with each type of building and significantly understates the impacts.

If the concept of indirect employees were introduced into the analysis, one might ask about multipliers. Multipliers refer to the concept that the income generated by certain types of jobs recycles through the economy resulting in additional jobs. This study omits such multiplier effects and thus conservatively counts only direct impacts.

Special Adjustments in Sacramento Analysis

There are several special adjustments in the analysis specific to Sacramento and the time at which the analysis has been prepared.

Changes in Labor Force Participation

In the 1960s through the 1980s there were significant increases in labor force participation, primarily among women. As a result, some of the new workers were reentering the labor force and already had local housing, thus reducing demand for housing associated with job growth. Since the 1990s, however, labor force participation rates have slowed to the point they are nearly stabilized. As such, an adjustment for increase in labor force participation is no longer warranted in a nexus analysis.

Discount for Changing Industries

It is general practice in the preparation of a nexus analysis to examine the major sectors of the local economy and determine if there are long term trends in employment suggesting either decline or restructuring. In the case of long-term decline of one or more industries or sectors, it is appropriate to recognize that all new jobs may not be net new jobs. In some regions, for example, there were periods when aerospace and defense spending was in decline resulting in job losses. In San Francisco, by way of another example, there has been major long-term economic decline in the industrial land use activity sectors, as evidenced by the decline of the Port and its related activities. During the 1980s in San Francisco, for every job gained in an office building, there was more than half a job lost in the industrial sector. Short-term upheavals such as the closing of a military base or single large manufacturing plant may also warrant an adjustment in the analysis.

All the industrial sectors of the Sacramento region were reviewed to determine if there were any long-term declines or other conditions that might warrant a special adjustment. Since no declining sectors were identified, no special adjustments are included in the analysis. A minimum 5% adjustment was used to recognize minor internal shifts within the economy that might occur over the timeframe of the analysis, or 10 to 15 years.

Other Sacramento Affordable Housing Programs

The City and County of Sacramento are both committed to creating new opportunities for affordable housing as well as preserving the existing affordable housing stock. The Sacramento Housing and Redevelopment Agency (SHRA) is the entity charged with implementing the housing goals, objectives and programs of the City and the County.

SHRA has comprehensive and multi-faceted programs that tackle the affordable housing shortage from many approaches. The recently adopted inclusionary program makes all residential construction in new growth areas contribute land or units suitable for housing lower income households. The Housing Trust Fund nexus fee program is but one of many programs in that raise funds to increase the supply of affordable housing.

SECTION II: MACRO ANALYSIS OF JOBS AND HOUSING RELATIONSHIPS

This section provides an overview of the relationships that underlie the jobs housing nexus in the Sacramento area. First, the relationship between construction and employment growth is analyzed to confirm that nexus. Then, employment history and trends, and characteristics of Sacramento workers are reviewed and evaluated. Housing production and conditions are presented. Finally employment growth and housing demand generated by new worker households are compared to housing production, particularly affordable housing production.

In addition to historical data, this section contains a projection of jobs and dwelling units, as provided by local and statewide planning agencies, such as the Sacramento Area Council of Governments (SACOG). It must be emphasized, however, that the nexus relationships as established in this analysis are not contingent upon a specific projected level of employment growth being realized. The relationships linking construction, employment, and affordable housing are critical to the nexus, but the specific projected levels of growth are not. If employment growth occurs more slowly than projected, construction and housing demand will also be less than projected.

Commercial and Industrial Construction and Associated Employment

The relationship between non-residential construction and employment growth is a fundamental linkage to a program that enacts a fee on construction to pay for housing impacts. The historical production of new workspace buildings should demonstrate a reasonable relationship to employment growth experienced over the same time period. In Sacramento, an examination of this relationship is possible for the City of Sacramento because data is available. For the County of Sacramento, suitable data was not readily available to conduct a parallel analysis. (Building permit data indicating square feet of construction is not uniformly maintained or published.)

The City of Sacramento Building Division provided historical data on new non-residential construction by building type. KMA selected the building types associated with new employment and separated them into two categories: commercial and industrial. KMA excluded building types not typically associated with significant new employment such as parking garages and churches. Between 1999 and 2004, almost 15 million square feet of new commercial and industrial construction occurred in the City.

Using standard employment-density assumptions, KMA converted the square footage into estimated number of new employees. For industrial buildings and warehouses, an employment density of 1,500 sq.ft. per employee was assumed, a density, which reflects a blend of warehouse space at 2,000 sq.ft. per employee and manufacturing space at 500 sq.ft. per employee. For commercial buildings, an employment density of 350 sq.ft per employee, was used to cover a blend of office, retail, hotel, and other commercial buildings. Using these densities, the new non-residential construction activity in the City of Sacramento can be linked to the creation of almost 30,000 new jobs in the city.

Estimated New Employment City of Sacramento 1999-2004			
	New Construction	Average SF /Employee	Estimated New Employees
Industrial Buildings & Warehouses	5,738,022 SF	1,500 SF	3,825
Other Commercial Buildings [1]	8,907,968 SF	350 SF	25,450
Total	14,645,990 SF		29,275

[1] Excludes apartment buildings, churches, public parking garages, and private garages and carports. Source: City of Sacramento, KMA

This estimate of expected new employment was then compared to estimates of new jobs in the City over the time period prepared by and for various governmental agencies. The City' General Plan Technical Background Report was recently completed; this report contains an extensive analysis of various employment data series, and concludes that the City of Sacramento gained 35,000 new jobs between 2000 and 2005. (Table II-1). The estimate of 35,000 new jobs is approximately 20% more jobs than the new non-residential construction would suggest, a reasonable relationship because not all employment growth occurs in commercial and non-residential buildings. Construction jobs and many service jobs, such as transportation workers, are not directly associated with buildings, at least in the standard relationships. Other employment not in commercial and industrial buildings, readily accounts for 15% to 25% of all jobs.

Other dynamics also explain why the relationship is never exact. Time period correlation is imprecise. Construction data is recorded at the time of a building permit while occupancy (and jobs) occurs at some time later, often by a year or more. Further, it must be noted that the late 1990s was a period of rapid expansion in the economy, resulting in increased densities in existing buildings as well as filling up newly constructed space. In slower or recessionary economic cycles, density of workers in existing buildings tends to reduce and thin out. The density levels used in any analysis of relationships are long-term averages.

In conclusion, the production of new workspace buildings in the City of Sacramento bears a close relationship to the number of new jobs in the City over the same time period, thus demonstrating the linkage or nexus between new non-residential construction and employment growth.

Employment History and Trends

Employment data and projections are available from several sources. For this study, the "General Plan Technical Background Report," April 2005) prepared for the City of Sacramento as part of its General Plan update again proved to be the best source. In the Technical Report, the authors summarized the various sources of employment data for the County and City and averaged the estimates to establish a baseline set of figures. The sources of employment data

considered include SACOG, the Employment Development Department, and the Bureau of Labor Statistics.

The estimates of employment for the County and City are:

	Total Jobs	
Year	Sacramento County	City of Sacramento
1990	483,000	231,000
2000	566,000	268,000
2005	633,600	303,000
1990-2005	150,600	72,000
1990-2000	83,000	37,000
2000-2005	67,600	35,000

Source: City of Sacramento General Plan Technical Background Report

According to the data, Sacramento County registered a net increase of 150,600 total jobs between 1990 and 2005. On average, the pace of job growth was faster in the first half of the 2000 decade than over the 1990s. The City of Sacramento gained a net of 72,000 total jobs between 1990 and 2005; again, the pace of job growth was faster in the first half of the 2000 decade, with almost half of total job growth occurring in these five years. These time horizons presented in the General Plan Background Report do not capture the slower growth that occurred in the early 1990s compared to the vigorous economy and rapid growth of the late 1990s.

Workers per Worker Household

The workers per household characteristic provides the link between the number of employees and the number of households associated with the employees, recognizing that most households today have more than one worker. The number of workers per household in a given geographic area is a function of household size, labor force participation rate and employment availability.

Workers per worker household and other characteristics are drawn from the larger geographic area, in this case the County, since a large share of workers in the City live in the County and the characteristics of the larger area better describe the workforce.

For the nexus analysis, the characteristic of most interest is the number of workers per worker household. Worker households are defined as those households with wage or salary income, as reported in the 2000 U.S. Census. In other words, worker households are distinguished from total households in that the worker households do not include seniors or other households in which members are retired or do not work for other reasons. Full-time student households and unemployed households on public assistance are also excluded from worker households.

According to the 2000 U.S. Census, the number of workers per worker household in Sacramento County was 1.57, on average. In the analysis of individual building types in Section III, we utilize a more refined data set that varies by household size; for example, a two-person worker household in Sacramento County has 1.54 workers while a four-person worker household has 1.87 workers.

In summary, there are 1.57 workers per worker household in Sacramento on average. This becomes a conversion factor for translating numbers of jobs to numbers of households. A building that has 100 jobs has 63.7 worker households represented (100 divided by 1.57 = 63.7)

Wages and Salaries of Sacramento Workers

The average wage or salary of Sacramento County workers and the income of households formed by the 1.57 workers determines the household's ability to afford housing. The California Employment Development Department (EDD) reports information on average wages and salaries paid to Sacramento County workers, by occupation type.

A summary of the occupations associated with each building was developed from the November 2003 National Industry Specific Occupational Employment Estimates, produced by the Bureau of Labor Statistics (BLS), which cross references occupations by industry. Appendix Tables 2, 4, 6, 8, 10, and 12 present summaries for each building type.

Some building types translate directly to a single employment "industry", to an occupational classification system and compensation levels. Retail, for example, is both a building type and an industry. For the retail industry, the BLS series provides the occupational composition of retail workers, and the California EDD data the compensation level of those occupations. For building types such as office, KMA develops a composite of the "industries' for which the workers are in office buildings – such as finance, real estate, insurance, business, legal and medical services, etc. For Sacramento, we gave extra weighting to the governmental sector to reflect the higher than average proportion of office workers that work for some level of government.

The following is a summary table of average salary levels for some of the major occupation groups by building type. A detailed summary of wages and salaries for occupations in each building type is provided in Appendix Tables 3, 5, 7, 9, 11, and 13.

Compensation by Occupation for Building Type
(Sacramento County)

Building Type	Major Occupation Groups	% of Employment	Average Annual Income
Office			
	Management	7.7%	$89,900
	Business and Financial	10.5	56,400
	Computer and Mathematical	6.7	69,600
	Office and Administrative Support	33.1	32,500
Hotel			
	Management	4.6%	$71,300
	Food Preparation and Serving related	28.2	19,000
	Building and Grounds Cleaning and Maintenance	30.4	21,500
	Office and Administrative Support	18.0	26,000
Retail			
	Management	3.0%	$87,000
	Food Preparation and Serving related	31.1	19,100
	Sales and related	33.5	26,000
	Office and Administrative Support	10.5	20,600
Warehouse			
	Management	6.2%	$96,600
	Sales and related	21.9	48,700
	Office and Administrative Support	23.9	30,500
	Transportation and Material Moving	24.1	26,100
Industrial/Manufacturing			
	Management	7.6%	$94,500
	Office and Administrative Support	10.4	33,000
	Production	42.2	30,500
Medical			
	Healthcare practitioners and Technical	43.6	$62,900
	Healthcare Support	19.1	26,300
	Office and Administrative Support	13.7	31,800

Sources: California Employment Development Department. November 2003 Occupational Employment Statistics Survey, Wages 4th Quarter 2004. Sacramento MSA

Household Income

When workers in these occupations form households, their income, either alone or in combination with other workers, produces the household income. In addition, of course, there may be children and/or other household members who are not employed. According to the California Department of Housing and Community Development (HCD), the annual median income of a four-person household in Sacramento County for the year 2005 is $64,100.

This analysis focuses on two classifications of household income:

- Very Low-Income – less than 50% of Median Income; and
- Low-Income – 50%-80% of Median Income

The income definitions for two, three and four-person households in Sacramento County for 2005 appear in the table below. More complete income data is found in Section IV.

Income Definitions for Two, Three, and Four Person Households in Sacramento County

	2005
Two-Person HH	
50% of Median Income	$25,650
80% of Median Income	$41,000
Median Income	$51,300
Three-Person HH	
50% of Median Income	$28,850
80% of Median Income	$46,150
Median Income	$57,700
Four-Person HH	
50% of Median Income	$32,050
80% of Median Income	$51,300
Median Income	$64,100

Source: California Department of Housing and Community Development, using data from the U.S. Department of Housing and Urban Development

The above income levels are the levels set by HUD and the State and utilized for most housing programs, including the Housing Trust Fund programs of the City and County of Sacramento. At this time, the City's Trust Fund programs are used to increase the supply of housing affordable to Very Low and Low Income Households, while the County Trust Fund program targets the Very Low Income tier. In both the City and County, the Very Low is inclusive of the Extremely Low tier or those at 30% AMI or less.

Housing

The analysis thus far has demonstrated the linkage between construction and job growth and has provided information on past job growth and some key characteristics of workers in Sacramento as relates to their ability to afford housing. Here, housing production is reviewed and compared to demand for housing generated by new worker households.

Housing Production

Housing production refers to the number of units built within the analysis areas. As with employment data, there are several sources of information. For historical data and projections of housing construction in the County, annual permit data published by the Construction Industry Research Board (CIRB) is a useful source (Table II-2). Estimates from SACOG and other sources closely parallel the CIRB source.

In the City of Sacramento, information from building permits as reported to the Construction Industry Research Board indicates that between 1990 and 2004, 30,090 new units were constructed in the city. Information from all sources suggests that growth has been far more vigorous in the period since 2000 than during the 1990s decade.

For the County, an assessment including all jurisdictions within the County is more useful than the Unincorporated Area examined alone for several reasons. First, during the period from 1990 to 2005, there were several annexations that removed some of the unincorporated area units into new cities such as Elk Grove. Second, there was a moratorium during some years. Finally, an evaluation of the relationship to employment generated demand is not possible since good data on employment in the unincorporated area is not available, even under the best of circumstances.

In the combined jurisdictions of Sacramento County, during the period between 1990 and 2004, building permit information indicates that 114,787 new units were built.

Housing Production Compared to Employment Generated Demand

A comparison of housing production indicated above to residential units needed for new worker households presented earlier in this report section reveals interesting relationships.

In the City of Sacramento, employment growth, new worker households, and housing demand is compared to housing production as follows (also see Table II-3).

City of Sacramento Housing Production Comparison	
Employment Growth	
1990	231,000
2005	303,000
Increase	72,000
Worker Households @ 1.57 Workers Per Household/Residential Unit Demand	45,857
Housing Production	
New Units 1990 – 2004	30,090
Relationship of Housing Units to New Worker HHs	0.66
Surplus (Deficit) for 1:1 Ratio	(15,767)

In summary, over the fifteen-year period, the City of Sacramento produced approximately 66% of the units it needed to house new worker households associated with job growth in the City. The City was over 15,000 short of producing enough units to maintain a 1:1 ratio.

In Sacramento County overall, the relationship is as follows:

County of Sacramento Housing Production Comparison	
Employment Growth	
1990	458,000
2005	643,000
Increase	185,000
Worker Households @ 1.57 Workers Per Household/Residential Unit Demand	117,826
Housing Production	
New Units 1990 – 2004	114,749
Relationship of Housing Units to New Worker HHs	0.97
Surplus (Deficit) for 1:1 Ratio	(3,077)

In Sacramento County overall, housing production closely approximated growth in new worker households (Table II-4).

In making the comparison it is important to note that housing demand generated by new employment is not equivalent to total housing demand. Each community experiences demand for housing by people who work in other jurisdictions. Finally, there is a share of total demand attributable to non-working households. Every time a worker leaves the labor market, such as upon retirement, if the worker remains in the same housing unit, that unit is removed from the

pool of units available to worker households, resulting in demand for a new unit even though there is no employment growth.

Production by Affordability Level

The comparison of housing production to employment-generated demand has addressed gross numbers only with no reference to affordability of the new supply.

Most of the new housing affordable to low and very low-income households in Sacramento County has been produced with assistance from the Sacramento Housing and Redevelopment Agency (SHRA). The private market cannot produce new units affordable to these income tiers. Minimal apartment units in the least expensive locations may be affordable to very small households at the very upper end of the Low Income tier, or close to 80% of median income, but by and large, no new supply of housing is being delivered to Very Low and Low Income Households in Sacramento, except with public assistance.

SHRA has assisted large numbers of units over the years. In the most recent ten-year period, SHRA assisted over 10,000 units affordable to Very Low, Low and Moderate Income households, and of these, the vast majority, or 95%, has been for the Very Low and Low tiers.

Of total unit production, SHRA-assisted units have accounted for 12% of all residential unit production in the County, inclusive of all jurisdictions. Excluding the moderate units, SHRA-assisted units compute to 11.4% of total production over the ten-year period (Table II-5). As will be seen in Section III, the share of new worker households at Low and Very Low Income levels combined in virtually all building types is far greater than 11.4%, depending on the building type.

Future Projections

The jobs housing nexus relationship in support of requiring new workspaces to contribute to new housing is based on the assumption that current trends and relationships in the Sacramento area will continue. In this context, projections of employment and households are provided in this section. The methodology for calculating the impact does not, however, rely on any specific set of projections for employment or housing growth (see Section III).

Employment Projections

The General Plan Technical Background Report provides a projection series of employment for the County and City. Employment projections are estimated as follows:

Total Jobs 2005 and 2010		
Year	**Sacramento County**	**City of Sacramento**
2005	633,600	303,000
2010	697,000	336,000
Total Increase	63,400	33,000

Jobs and Housing Projections Relationship

The projections of new jobs can be translated into new worker households using the estimate of workers per worker household (1.57) discussed previously. Dividing the number of new jobs by 1.57, we estimate that between 2005 and 2010, the new jobs in the City of Sacramento will generate demand for approximately 21,000 new housing units and new jobs in Sacramento County overall (all jurisdictions) will generate demand for approximately 58,000 new housing units (see Table II-6).

SACOG and City projections of new households estimate that between 2005 and 2010, 49,000 new housing units will be built in the County and 17,500 in the City. If these projections hold true, the City will produce enough to accommodate 84% of the new worker households, or better performance in meeting demand than in the past 15 year. With these projections the County will produce enough units for about 85% of the employment-generated demand.

Again, these figures are without consideration for affordability. The production of affordable units relative to demand is a greater problem. Despite the efforts of SHRA, the County, and the City, there is little to suggest that production of affordable units in the future will in any way be able to keep pace with demand. The affordability structure of demand associated with job growth is the focus of Section III of this report.

Commute Relationships

The relationship of where workers within the City and County live or commute from is of interest, since no jurisdiction in a metropolitan region is self-contained or has all workers and residents in the same jurisdiction. When addressing housing demand, it is generally appropriate to recognize that not all workers will seek housing in the same jurisdiction as the job location, even if housing were affordable. Other factors affect housing location choice as well as work location.

It is common practice in nexus analyses to reduce total demand generated by new worker households by a factor for commuting or by some sort of policy target. A city or county, for example, may have a goal of producing housing that is different from existing commute relationships, often times because existing conditions may be the result of housing (or job) shortages.

From the U.S. Census 2000, Sacramento City and County relationships are as follows (also see Table II-7):

Sacramento City and County Relationships		
City of Sacramento		
	Jobs in Sacramento City	268,038
	Jobs held by Sacramento Residents	100,215
	% Jobs held by Residents	37.4%
Sacramento County (All Jurisdictions)		
	Jobs in Sacramento County	566,000
	Jobs held by County Residents	453,317
	% Jobs held by Residents	80.1%

For nexus analysis purposes, we recommend that both the City and the County use the same commute adjustment to express the fact that not all employment generated demand will be in the same jurisdiction. The 80% figure represents the existing condition and a reasonable target, absent an alternative policy directive.

As might be expected, these percent relationships decline over time with growth in housing units moving to other counties and more intra-metropolitan area commuting in general. The previous nexus analysis for Sacramento used the 1990 Census relationship of 89%.

TABLE II-1
COMMERCIAL AND INDUSTRIAL CONSTRUCTION AND JOB GROWTH
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Employment Growth, 2000 - 2005

	2000	2005	Employment Growth
City of Sacramento Employment	268,000	303,000	35,000

Commercial Construction, 1999 - 2004

	Average SF/Year	Total SF, 1999-2004	Average SF/Employee	Estimated New Employment
Industrial Buildings & Warehouses [1]	956,337 SF	5,738,022 SF	1,500 SF	3,825
Commercial Buildings [2]	1,484,661 SF	8,907,968 SF	350 SF	25,451
Total	**2,440,998 SF**	**14,645,990 SF**	**N/A**	**29,276**

Percent employment growth attributable to new commercial and industrial buildings = 84%

Other employment growth (construction workers, transportation workers, landscapers, people working out of homes, etc.) = 16%

1. Estimated density blending warehouses at 2,000 SF/employee and manufacturing at 500 SF/employee.
2. Estimated density of blending office, retail, hotel and other commercial. Excludes apartment buildings, churches, public parking garages, and private garages and carports.

Sources: Employment data from Table 2.4-4, General Plan Technical Background Report. New construction activity from City of Sacramento.

TABLE II-2
RESIDENTIAL PERMITTING ACTIVITY - UNITS PER YEAR
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Year	City	County
1990	2,181	10,422
1991	1,070	4,862
1992	900	5,781
1993	665	5,065
1994	481	5,129
1995	409	3,863
1996	537	3,870
1997	386	4,339
1998	424	6,842
1999	1,699	7,743
2000	2,862	7,750
2001	3,626	9,434
2002	4,555	12,854
2003	5,973	13,833
2004	4,322	12,962
New Units 1990 - 2004	30,090	114,749
New Units 1995 - 2004	24,793	83,490

TABLE II-3
HISTORICAL EMPLOYMENT GENERATED RESIDENTIAL DEMAND AND SUPPLY
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

	City of Sacramento
Employment Growth [1]	
1990	231,000
2005	303,000
Increase, 1990-2005	72,000
Worker Households @ 1 57 [2]/Residential Unit Demand	45,857
Housing Production [3]	
New Units 1990 - 2004	30,090
Relationship of Housing Units to New Worker Households	0 66 :1
Surplus/(Deficit) for 1:1 Ratio	(15,767)

Note: Housing demand generated by employment growth is not total demand Other sources of demand include residents who work in other jurisdictions, the increasing share of the housing stock occupied by retired persons, etc

1 See Table II-1 General Plan Technical Background Report
2 Workers per worker household from US Census for Sacramento County
3 Construction Industry Research Board

TABLE II-4
HISTORICAL EMPLOYMENT GENERATED RESIDENTIAL DEMAND AND SUPPLY
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

	County of Sacramento
Employment Growth	
1990	458,000
2000	552,000
2005	643,000
Increase, 1990-2005	185,000
Worker Households @ 1.57 Residential Unit Demand	117,826
Housing Production	
1990 - 2004	114,749
Relationship of Housing Units to New Worker Households	0 97 :1
Surplus/(Deficit) for 1:1 Ratio	(3,077)

Note: Housing demand generated by employment growth is not total demand Other sources of demand include residents who work in other jurisdictions, the increasing share of the housing stock occupied by retired persons, etc

Source: Employment - SACOG MTP 2005 as summarized in General Plan Technical Background Report for City of Sacramento. EPS 2005 estimated by KMA based on mid-point between 2000 and 2010
Housing Unit Production: Construction Industry Research Board

TABLE II-5
AFFORDABLE UNIT PRODUCTION AS SHARE OF TOTAL HOUSING PRODUCTION
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

PERMITTED HOUSING UNITS 1990-2004

Year	Total[1]	Assisted Affordable Units[2]						
		Very Low	Low	*Subtotal*	*% of Total Units*	Moderate	*Total Affordable*	*% of Total Units*
1995	3,863	237	205	***442***	***11.4%***	25	**467**	**12.1%**
1996	3,870	558	279	***837***	***21.6%***	66	**903**	**23.3%**
1997	4,339	370	408	***778***	***17.9%***	115	**893**	**20.6%**
1998	6,842	642	998	***1,640***	***24.0%***	17	**1,657**	**24.2%**
1999	7,743	1,027	947	***1,974***	***25.5%***	61	**2,035**	**26.3%**
2000	7,750	36	54	***90***	***1.2%***	37	**127**	**1.6%**
2001	9,434	437	613	***1,050***	***11.1%***	31	**1,081**	**11.5%**
2002	12,854	543	325	***868***	***6.8%***	10	**878**	**6.8%**
2003	13,833	250	268	***518***	***3.7%***	92	**610**	**4.4%**
2004	12,962	705	637	***1,342***	***10.4%***	17	**1,359**	**10.5%**
Total	**83,490**	4,805	4,734	***9,539***	***11.4%***	471	**10,010**	**12.0%**

[1] Permitted housing units. Source: Construction Industry Research Board.

[2] Assisted units in SHRA projects only, including new construction and rehabilitation of existing units.

TABLE II-6
PROJECTION: EMPLOYMENT GROWTH, RESIDENTIAL UNIT DEMAND
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

	City of Sacramento[1]	Sacramento County[2] (All Jurisdictions)
Projected Employment Growth [1]		
2005	303,000	643,000
2010	336,000	734,000
Increase	33,000	91,000
Worker Households @ 1.57 [3]	21,018	57,958
Projected Households/Housing Units[4]		
2005	181,465	518,430
2010	199,016	567,740
Increase	17,551	49,310
Relationship Housing Units to New Worker Households	0.84 :1	0.85 :1
Surplus/(Deficit) for 1:1 Ratio	(3,467)	(8,648)

1 City of Sacramento Population. Housing and Employment Report, December 2004

2 SACOG MTP 2005 Series. as summarized in EPS Report

3 Workers per worker household from US Census for Sacramento County

4 SACOG Projections, 2001 City of Sacramento Population, Housing and Employment Report. December 2004

TABLE II-7
COMMUTE RELATIONSHIPS
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

City of Sacramento (2000)

Jobs in Sacramento City	268,038
Jobs held by City Residents	100,215
% Jobs held by Residents	37.4%

County of Sacramento (All Jurisdictions) - 2000

Jobs in Sacramento County	566,000
Jobs held by County Residents	453,317
% Jobs held by Residents	80.1%

Source: U S Census

SECTION III – MICRO ECONOMIC JOBS HOUSING ANALYSIS

This section presents a summary of the analysis of the linkage between six types of workplace buildings and the estimated number of households in the income categories that will, on average, be employed within those buildings. This section should not be read or reproduced without the narrative discussions presented in the previous sections.

Analysis Approach and Framework

The microanalysis establishes the jobs housing linkages for individual building types or land use activities using the relationships presented and discussed in Section II.

The analysis approach is to examine the employment associated with the development of 100,000 square foot building modules. Then, through a series of linkage steps, the number of employees is converted to households and housing units by affordability level. The findings are expressed in terms of numbers of households related to building area. In the final step, we convert the numbers of households back to the per square foot level.

The building types or land use activities addressed in this analysis are:

- Office/high tech
- Hotel including other lodging types that serve the visitor industry
- Retail/entertainment type uses, which include some of the services that locate in retail type space.
- Warehousing
- Manufacturing/Industrial; and
- Hospital/Medical.

Section II presented information on the income categories addressed in this analysis. For a four-person household, these income levels are:

- Very Low Income – Up to 50% of Area Median Income: Up to $32,050
- Low Income – 50%-80% of AMI: $32,050-$51,300

The analysis is conducted using a computerized model that KMA has developed for application in many jurisdictions for which the firm has conducted similar analyses. The model inputs are all local data to the extent possible and are fully documented.

Analysis Steps

Tables III-1 through III-4 at the end of this section summarize the nexus analysis steps for the six building types. Following is a description of each step of the analysis:

Step 1 – Estimate of Total New Employees

The first step in Table III-1 identifies the total number of direct employees who will work at or in the building type being analyzed.

Employment density factors are used to make the conversion. The density factors used in this analysis are:

- Office – 250 square feet per employee. Average office density is usually found in the range 200 to 300 square feet per employee depending on the character of the office activity (corporate headquarters vs. back office to illustrate extremes). The average is based on gross building area and takes into account the lobby, corridors, restrooms, etc.

- Hotel and other lodging – One employee per room and 500 square feet per hotel room, or 500 square feet per employee. This density covers a cross section of hotel types from lower service hotels where rooms may be smaller than 500 sq. ft. to higher service convention hotels where average room size (inclusive of the meeting space, etc.) is larger but the number of employees per room is higher.

- Retail/entertainment uses – 350 square feet per employee. This category covers a broad range of experience from high service restaurants where densities are far greater to some retail uses such as furniture stores where densities are far lower. Big box retailers also fall within the range. The density range is also applicable to most entertainment uses such as cinema, video rentals, live music venues, etc.

- Warehousing – 2,000 square feet per employee. This category covers a broad range of facility types incorporating higher employment density facilities engaged in wholesale trades to bulk storage facilities that may have very low employment densities.

- Manufacturing/Industrial – 500 square feet per employee. Manufacturing employment densities are variable and depend on the nature of the manufacturing activity. This classification uses an aggregate density scaled to industries and uses that are found in the Sacramento economy, including industrial parks, general light industrial uses, research and development, computer and electronic equipment, biotech manufacturing, and machinery.

- Hospital/Medical – 300 square feet per employee. This building type includes a range of facilities from traditional hospitals to specialized care facilities, where densities may be lower, to outpatient care centers, where hospital beds and living quarters are not present and therefore employment densities are higher. (Note that medical offices are included in the office space category.)

All density factors are averages and individual uses can be expected to be fairly divergent from the average from time to time. An ordinance provision addresses the possibility of a building that is so divergent from the average so as to need special treatment.

For ease of analysis and understanding, KMA conducted the analysis on prototype buildings at 100,000 square feet. We have used this size building in order to count jobs and housing units in whole numbers that can be readily communicated and understood. At the conclusion of the analysis, the findings are divided by building size to express the linkages per square foot, which are very small fractions of housing units.

Based on the density factors outlined above, the numbers of employees in our hypothetical 100,000 square foot buildings are as follows: the office building will house 400 employees, the hotel 200 employees, the retail/entertainment 286 employees, the warehouse 50 employees, the manufacturing buildings 200 employees, and the hospital/medical space 333 employees.

Step 2 – Adjustment for Changing Industries

This step is an adjustment to take into account any declines, changes and shifts within all sectors of the local economy and to recognize that new space is not always 100% equivalent to net new employees requiring housing in the area. For this analysis, a 5% adjustment is utilized to recognize the possibility of internal economic adjustments. An ordinance provision will address demolition of buildings removed when another is built to offset to the impacts of the proposed construction.

In the 100,000 square foot office building, for example, the 5% adjustment reduces the 400 employees to 380 net new employees.

Step 3 – Adjustment from Employees to Employee Households

This step (Table III-1) converts the number of employees to the number of employee households that will work at or in the building type being analyzed. This step recognizes that there is, on average, more than one worker per household, and thus the number of housing units in demand for new workers must be reduced. As noted in Section II, the workers per worker household ratio has eliminated from the equation all non-working households, such as retired persons, students, and those on public assistance. The Sacramento County average is 1.57 workers per worker households but the analysis model recognizes that each household size has a different number of workers.

For the office building, the 380 net new employees translate to 242 net new employee households.

Step 4 – Occupational Distribution of Employees

The occupational breakdown of employees is the first step to arriving at income level. Using the November 2003 National Industry-Specific Occupational Estimates, a cross-matrix of "industries" and occupations produced by the Bureau of Labor Statistics (BLS), we are able to estimate the occupational composition of employees in the various types of buildings. We first select a set of industries for each building type; the set is designed to reflect the mix of activities expected to be accommodated in new buildings in the Sacramento area and are listed in Tables I-A, B, and C. Using this mix of industries, the BLS data allows us to estimate the mix of occupations in each of the building types. The occupations that reflect the expected mix of industries are presented in the Appendix and summarized below.

- For office buildings, we selected a broad set of high tech and professional service activities, including software and telecommunications, business and financial operations, insurance, architecture and engineering, computer and mathematical, legal, management, and healthcare, as well as state government occupations. We double-weighted state government occupations (excluding protective services) to account for the disproportionate presence of these occupations in Sacramento. Office and administrative support occupations are the most common occupations for these industries, at 33% of all office related employment.

- Hotels employ workers primarily from three main occupation categories: building and grounds (including maid service), food preparation and serving related, and office and administrative support. Together, these occupations account for 77% of all hotel related employment.

- For retail establishments, we selected a wide range of types of retailers, including car dealerships, apparel and home furnishings stores, grocery stores, restaurants, personal care services, dry cleaners, etc. Three main occupation groups dominate retail employment: sales, food preparation and serving related, and office and administrative support. Together, these occupations account for 75% of all retail related employment.

- For warehousing and storage buildings, we selected both wholesalers and pure storage/warehouse activities. Primary occupations include transportation and material moving (24%), office and administrative support (24%), and sales and related occupations (22%). The remaining occupations are primarily a mix of management, maintenance and production workers, among others.

- For manufacturing/industrial buildings, the "industrial" mix was tailored to the types of firms active in the Sacramento region. To account for their significant presence in the region, we double-weighted computer and equipment manufacturing, semiconductor and other electrical manufacturing, aerospace product and parts manufacturing, and medical equipment and supplies manufacturing. Employment in these industries is a mix of production occupations (42%), professional occupations (36%), and other occupations that support the manufacturing activities, such as office and administration staff.

- For hospital/medical buildings, we include outpatient care center, medical and diagnostic laboratory space and nursing care facilities in addition to traditional hospital space. Employment is concentrated in healthcare practitioner and technical occupations (44%), healthcare support occupations (19%), and office and administrative support (14%).

The numbers in Step 4 (Table III-1) indicate both the percentage of total employee households and the number of employee households in our hypothetical 100,000 square foot buildings.

Step 5 -Estimates of Employee Households Meeting the Lower Income Definitions

In this step, we translate occupation to income based on recent Sacramento County wage and salary information for the occupations associated with each building type. The wage and salary information indicated in Appendix Tables provide the income inputs to the model. Service workers in office buildings, for example, have different average income levels than service workers in hotels. This step in the analysis calculates the number of employee households who fall into each income category for each size household.

Individual employee income data was used to calculate the number of households that fall into these income categories by assuming that multiple earner households are, on average, formed of individuals with similar incomes. Employee households not falling into one of the major occupation categories, "All Other Occupations" were assumed to have the same income distribution as the major occupation categories.

See Appendix for more information on Steps 5, 6, and 7.

Step 6 -Estimate of Household Size Distribution

In this step, household size distribution is input into the model in order to estimate the income and household size combinations that meet the income definitions established by HUD, as used by the State (HCD) (presented in Section II). The household size distribution utilized in the analysis is that of Sacramento County.

Step 7 -Estimate of Households That Meets HUD Size and Income Criteria

For this step the model contains a matrix of household size and income with probability factors for the two criteria in combination. For each occupational group a probability factor was

calculated for each of HUD's income and household size levels. This step is performed for each occupational category and multiplied by the number of households.

Table III-1A shows the result after completing Steps 5, 6, and 7. The calculated numbers of households that meet HUD size and income criteria shown in Table III-1A are for the Very Low Income, or under 50% of Area Median Income, category. The methodology is repeated for the Low Income tier (see Table III-2).

Summary by Income Level

Table III-2 indicates the results of the analysis for both income categories for the six prototypical 100,000 square foot buildings. The upper half of the table is the number of households in each affordability category and the total number of households in each income tier.

The table below summarizes the percentage of total new worker households that fall into each income category. As indicated, approximately 80% of retail and hotel worker households qualify as Low Income or Very Low. Office worker households have the highest income with only 3% of worker households below 50% of median and the great majority earning greater than 80% of median. Hospital, manufacturing, and warehouse worker households fall in the middle, with between 30% and 40% of households earning below 80% of median income.

Worker Households by Income Category

	Office	Hotel	Retail	Warehousing	Mfg.	Medical
Under 50%	3%	39%	36%	11%	6%	5%
50% to 80%	22%	43%	42%	30%	27%	25%
Total	25%	82%	78%	41%	33%	30%

Adjustment for Commute Relationship

Table III-3 indicates the results of the analysis both before and after an adjustment for commute relationship. As discussed in Section II, residents of the County, including all the jurisdictions, hold more than 80% of the jobs in Sacramento County. The estimates of households for each income category in a prototypical 100,000 square foot building are adjusted downwards by this commute factor.

Summary by Square Foot Building Area

The analysis thus far has worked with prototypical buildings of 100,000 square feet. In this step, the conclusions are translated to the per-square-foot level and expressed as coefficients. These coefficients state the portion of a household, or housing unit, by affordability level with which each square foot of building area is associated. (See Table III-4.)

This is the summary of the housing nexus analysis, or the linkage from buildings to employees to housing demand by income level. We believe that it is a conservative approximation (understates the low end) of the households by income/affordability level associated with these building types. See end of Section IV for a list of conservative assumptions.

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TABLE III-1
NET NEW HOUSEHOLDS AND OCCUPATION DISTRIBUTION BY BUILDING TYPE
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Prototypical 100,000 Sq.Ft. Buildings

	OFFICE	HOTEL	RETAIL	WAREHOUSE	MANUFACTURING	HOSPITAL/ MEDICAL
Step 1 - Estimate of Employees per 100,000 Sq.Ft.						
Employee Density Factor (SF/Employee)	250	500	350	2,000	500	300
Number of Employees	400	200	286	50	200	333
Step 2 - Adjustment for Changing Industries Replacement Factor (5%)	380	190	271	48	190	317
Step 3 - Adjustment for Number of Households (1.57)	242	121	173	30	121	202
Step 4 - Occupation Distribution [1]						
Management Occupations	7.5%	4.6%	3.0%	6.2%	7.6%	3.5%
Business and Financial Operations	10.9%	1.3%	0.7%	3.1%	5.5%	1.4%
Computer and Mathematical	3.4%	0.1%	0.2%	2.4%	6.0%	0.7%
Architecture and Engineering	4.0%	0.0%	0.0%	1.1%	14.3%	0.1%
Life, Physical, and Social Science	1.8%	0.0%	0.0%	0.4%	1.7%	0.6%
Community and Social Services	3.2%	0.0%	0.0%	0.0%	0.0%	3.2%
Legal	3.6%	0.0%	0.0%	0.0%	0.1%	0.0%
Education, Training, and Library	1.0%	0.0%	0.0%	0.0%	0.0%	0.5%
Arts, Design, Entertainment, Sports, and Media	1.4%	0.3%	0.5%	0.7%	0.7%	0.1%
Healthcare Practitioners and Technical	7.0%	0.0%	1.3%	0.3%	0.2%	43.6%
Healthcare Support	3.6%	0.2%	0.3%	0.0%	0.0%	19.1%
Protective Service	0.2%	2.1%	0.3%	0.1%	0.2%	0.7%
Food Preparation and Serving Related	0.7%	28.2%	31.1%	0.1%	0.0%	4.6%
Building and Grounds Cleaning and Maint.	2.2%	30.4%	0.9%	0.6%	0.5%	4.3%
Personal Care and Service	1.5%	4.1%	2.1%	0.0%	0.0%	1.0%

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	OFFICE	HOTEL	RETAIL	WAREHOUSE	MANUFACTURING	HOSPITAL/ MEDICAL
Sales and Related	4.6%	2.4%	33.5%	21.9%	2.5%	0.2%
Office and Administrative Support	34.7%	18.0%	10.5%	23.9%	10.4%	13.7%
Farming, Fishing, and Forestry	0.2%	0.0%	0.1%	0.9%	0.0%	0.0%
Construction and Extraction	2.5%	0.2%	0.2%	0.4%	0.7%	0.2%
Installation, Maintenance, and Repair	2.6%	4.1%	5.3%	6.7%	4.0%	1.1%
Production	1.2%	2.4%	3.1%	7.0%	42.2%	0.9%
Transportation and Material Moving	2.1%	1.5%	6.6%	24.1%	3.3%	0.4%
Totals	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Management Occupations	18.1	5.5	5.2	1.9	9.2	7.1
Business and Financial Operations	26.5	1.5	1.2	0.9	6.7	2.9
Computer and Mathematical	8.2	0.2	0.4	0.7	7.2	1.4
Architecture and Engineering	9.7	0.0	0.1	0.3	17.3	0.1
Life, Physical, and Social Science	4.3	0.0	0.0	0.1	2.0	1.2
Community and Social Services	7.7	0.0	0.0		0.0	6.4
Legal	8.8	0.0	0.0	0.0	0.1	0.0
Education, Training, and Library	2.5	0.0	0.1	0.0	0.0	0.9
Arts, Design, Entertainment, Sports, and Media	3.5	0.4	0.9	0.2	0.8	0.3
Healthcare Practitioners and Technical	16.9	0.0	2.3	0.1	0.3	88.0
Healthcare Support	8.7	0.3	0.5	0.0	0.1	38.6
Protective Service	0.6	2.6	0.6	0.0	0.3	1.4
Food Preparation and Serving Related	1.6	34.1	53.8	0.0	0.0	9.3
Building and Grounds Cleaning and Maint.	5.3	36.7	1.6	0.2	0.6	8.7
Personal Care and Service	3.5	5.0	3.5	0.0	0.0	2.1
Sales and Related	11.0	3.0	58.0	6.6	3.1	0.5
Office and Administrative Support	84.1	21.8	18.1	7.2	12.6	27.6
Farming, Fishing, and Forestry	0.4	0.0	0.2	0.3	0.0	0.0
Construction and Extraction	6.2	0.3	0.4	0.1	0.8	0.4
Installation, Maintenance, and Repair	6.4	5.0	9.2	2.0	4.8	2.1
Production	2.9	2.9	5.3	2.1	51.1	1.8
Transportation and Material Moving	5.1	1.9	11.5	7.3	4.0	0.8
Totals	**242**	**121**	**173**	**30**	**121**	**202**

* 1 employee per room @ 500 sq.ft./room

[i] See Appendix Tables 1 through 13 for additional information from which the percentage distributions were derived.

TABLE III-1A
ESTIMATE OF QUALIFYING HOUSEHOLDS BY INCOME LEVEL
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Prototypical 100,000 Sq.Ft. Buildings
Analysis for Households Earning Less Than 50% of Median

	OFFICE	HOTEL	RETAIL	WAREHOUSE	MANUFACTURING	HOSPITAL/ MEDICAL
Step 5, 6, & 7 - Households in Major Occupation Categories Earning Less Than 50% of Median [1]						
Management	0.32	0.00	0.00	0.00	0.00	0.00
Business and Financial Operations	0.00	0.00	0.00	0.00	0.00	0.00
Computer and Mathematical	0.00	0.00	0.00	0.00	0.00	0.00
Architecture and Engineering	0.00	0.00	0.00	0.00	0.00	0.00
Life, Physical and Social Science	0.00	0.00	0.00	0.00	0.00	0.00
Community and Social Services	0.03	0.00	0.00	0.00	0.00	0.02
Legal	0.00	0.00	0.00	0.00	0.00	0.00
Education Training and Library	0.00	0.00	0.00	0.00	0.00	0.00
Arts, Design, Entertainment, Sports, and Media	0.00	0.00	0.00	0.00	0.00	0.00
Healthcare Practitioners and Technical	0.03	0.00	0.00	0.00	0.00	0.00
Healthcare Support	0.56	0.00	0.00	0.00	0.00	1.88
Protective Service	0.00	0.00	0.00	0.00	0.00	0.00
Food Preparation and Serving Related	0.00	20.14	31.25	0.00	0.00	3.81
Building Grounds and Maintenance	0.00	15.86	0.00	0.00	0.00	3.56
Personal Care and Service	0.00	1.64	0.00	0.00	0.00	0.00
Sales and Related	1.37	0.00	19.62	0.39	0.00	0.00
Office and Admin	3.22	4.24	2.08	0.62	0.70	1.02
Farm, Fishing, and Forestry	0.00	0.00	0.00	0.00	0.00	0.00
Construction and Extraction	0.00	0.00	0.00	0.00	0.00	0.00
Installation Maintenance and Repair	0.00	0.21	0.21	0.04	0.10	0.00
Production	0.00	0.00	0.93	0.18	5.10	0.00
Transportation and Material Moving	0.00	0.00	4.05	1.78	1.22	0.00
Total HH earning less than 50% Median - Major Occupations	5.52	42.10	58.13	3.00	7.11	10.29
HH earning less than 50% Median - "all other" occupations	1.17	5.06	4.24	0.23	0.51	0.89
Total Households Earning Less Than 50% of Median	**6.7**	**47.2**	**62.4**	**3.2**	**7.6**	**11.2**

[1] See Appendix Tables 1 through 13 for additional information on Major Occupation Categories

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TABLE III-2
WORKER HOUSEHOLDS BY AFFORDABILITY LEVEL
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Analysis for Households Before Commute Adjustmen

' Per 100,000 sq. ft. of building area. Before commute adjustment.

Number of Worker Households		OFFICE	HOTEL	RETAIL	WAREHOUSE	MANUFACTURING	HOSPITAL/ MEDICAL
Under 50% Median Income		6.70	47.15	62.37	3.23	7.62	11.17
50% to 80% Median Income		52.83	52.11	71.79	9.14	32.77	49.91
	Total	**59.53**	**99.26**	**134.16**	**12.36**	**40.39**	**61.08**
Total New Worker Households		242	121	173	30	121	202
Under 50% Median Income		2.8%	39.0%	36.1%	10.7%	6.3%	5.5%
50% to 80% Median Income		21.8%	43.1%	41.5%	30.2%	27.1%	24.7%
	Total	**25%**	**82%**	**78%**	**41%**	**33%**	**30%**

TABLE III-3
WORKER HOUSEHOLDS BY AFFORDABILITY LEVEL, WITH COMMUTE ADJUSTMENT
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

PROTOTYPICAL 100,000 SQ. FT. BUILDING
BEFORE COMMUTE ADJUSTMENT

NUMBER OF WORKER HOUSEHOL

Household Income Level	OFFICE	HOTEL	RETAIL	WAREHOUSE	MANUFACTURING	HOSPITAL/ MEDICAL
Under 50% Median Income	6.70	47.15	62.37	3.23	7.62	11.17
50% to 80% Median Income	52.83	52.11	71.79	9.14	32.77	49.91
Total	**59.53**	**99.26**	**134.16**	**12.36**	**40.39**	**61.08**

AFTER 80.10% Commute Adjustment

NUMBER OF WORKER HOUSEHOL

	OFFICE	HOTEL	RETAIL	WAREHOUSE	MANUFACTURING	HOSPITAL/ MEDICAL
Under 50% Median Income	5.36	37.77	49.95	2.59	6.10	8.95
50% to 80% Median Income	42.32	41.73	57.49	7.32	26.24	39.97
Total	**47.68**	**79.50**	**107.45**	**9.90**	**32.35**	**48.92**

TABLE III-4
HOUSING DEMAND NEXUS FACTORS PER SQ.FT. OF BUILDING AREA
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

WITH COMMUTE ADJUSTMENT AT 80.10%

	Number of Housing Units per Sq.Ft. of Building Area[1]					
	OFFICE	HOTEL	RETAIL	WAREHOUSE	MANUFACTURING	HOSPITAL/ MEDICAL
Under 50% Median Income	0.00005363	0.00037766	0.00049954	0.00002586	0.00006105	0.00008948
50% to 80% Median Income	0.00042315	0.00041734	0.00057494	0.00007317	0.00026243	0.00039970
Total	**0.00047678**	**0.00079500**	**0.00107447**	**0.00009902**	**0.00032347**	**0.00048918**

[1]Calculated by dividing number of household in bottom left portion of Table III-3 by 100,000 to convert households per 100,000 sq. ft. building to households per 1 sq. ft. of building.

SECTION IV – TOTAL HOUSING NEXUS COSTS

This section merges the conclusions of the previous section with the cost of assistance to make housing units affordable to the households. The previous section quantified the number of households by affordability level associated with the seven building types in Sacramento. This section puts a cost on each unit at each affordability level to produce the "total nexus cost."

A key component of the analysis is the size of the gap between what households can afford and the cost of producing additional housing in Sacramento. The analysis uses a standard methodology to determine what households can afford and compares it to the cost of developing housing.

The analysis is conducted for the two affordability levels addressed in this assignment: Very Low Income (below 50% Area Median Income or AMI) and Low Income (50% to 80% AMI). The Very Low Income tier is assumed to be housed in rental apartments and the Low Income tier (50% to 80% AMI) is analyzed with both a rental housing assumption and a for-sale condominium housing assumption, allowing the program to fund both types of housing.

Income and Household Size Assumptions

Income definitions for housing programs are established by HUD and issued by the State Department of Housing and Community Development (HCD), for each county (Area Median Income or AMI) for varying household sizes, as presented in Section II, and summarized in Table IV-1.

In order to determine the affordability gap, there is a need to match a household at each income level with a unit size according to governmental regulations and policies. The average three-person household is assumed to be accommodated in a two-bedroom unit.

The prototypical project for both rental and ownership units represent the lower end of the average range for what the Sacramento Housing and Redevelopment Agency is developing in Sacramento at this time. The rental prototype is a garden style apartment project, wood frame construction, built at a density of about 22 units per acre. The two-bedroom unit in the prototype project indicated in Table IV-1 is 975 square feet, but the average unit size at 900 sq. ft. is also suitable for a modest two-bedroom unit. Surface parking is at 1.5 spaces per unit.

The ownership product is a condominium developed at 19 units per acre. The construction is wood frame and the parking is surface, also at 1.5 spaces per unit. Consistent with market averages, this two-bedroom unit is 1,200 square feet.

The income levels used in this analysis represent an average for the households within the tier. For the Low Income tier (50% to 80% AMI) the analysis assumes an income at 70% AMI and for the Very Low Income, the assumption is at 40% AMI.

Development Costs

The cost of developing new residential units in Sacramento, as summarized in Tables IV-1 and IV-2 is based on projects developed by the Sacramento Housing and Redevelopment Agency (SHRA) in recent years. SHRA provided the pro forma financial information on a range of projects and KMA and SHRA together selected a good representative prototype and cost package to reflect costs today, but at the conservative lower end of the experience range.

Total development costs include direct construction costs, a host of indirect costs (such as permits and fees, design and engineering, marketing and leasing or sales costs), financing costs and land costs. Detailed information is provided at the end of this section.

Total development costs per unit for the Garden Apartment prototype are as follows:

Land	$14,000
Direct Construction	81,000
Indirects/Financing/Fees	35,000
Developer Profit/Non-Profit Fees, etc.	13,000
Total (rounded)	$143,000

If Federal Low Income Housing Tax Credit programs, coupled with special financing, were available for every project, these two programs would substantially reduce the affordability gap by providing an equity source from the tax credits and lower cost financing. Use of these programs would, however, mandate that the construction conform to Prevailing Wage requirements, thus adding cost. In addition there are some added indirect costs such as tax credit syndication costs. With these additions, total development costs per unit are higher but the affordability gap is reduced by the federal subsidy. Use of these programs is not assumed for the prototype project.

Total development costs per unit for the condominium prototype are as follows:

Land	$14,000
Direct Construction	106,000
Indirects/Financing/Fees	39,000
Developer Profit/Cost of Sales	24,000
Total	$183,000

See Tables IV-1 and IV-2 for more information.

Affordable Rents, Unit Values, and Sales Prices

The next step to determining the affordability gap is to identify the maximum rent level or sales price affordable to each of the two income categories. This step is basically done via formula per federal and state standards and local policies. The key elements of the analysis are:

A three-person household in a two-bedroom unit (therefore using the income definition for a three person household).

For rental units, 30% of monthly income is assumed available for rent and utilities. The monthly utility allowance is established by the local housing authority, or in this case SHRA Commission.

- For ownership units, per local policy, 30% of monthly income is assumed available for mortgage, utilities, property taxes, insurance and homeowners association.

For ownership units, the mortgage assumption is 5% down payment, and 6.5% mortgage rate, on a 30-year fixed mortgage.

Rental Units

The affordable rent calculations for the very low and low-income households are provided in Table IV-4. The three-person household at Very Low Income can afford $510 per month rent and the same size household at Low Income, $940 per month rent.

Rental income must be converted to a value supported per unit for affordability gap purposes. The first step is to establish net operating income per unit, or income after other miscellaneous income (laundry, etc.) and adjustment for normal vacancy and operating expenses. In the Very Low Income unit, the income stream covers the operating costs with $2,320 remaining, or Net Operating Income. In the Low Income unit, the Net Operating Income is $7,180 per unit.

The second step in the analysis to establish value requires capitalizing the Net Operating Income, or valuing the income stream to an investor. The capitalization rate used is 6.5%. (See Table IV-5.) The resulting values are $35,700 for the Very Low Income Unit and $110,500 per unit for the Low Income Unit.

The affordability gap is the difference between the value supported and the cost of development. The calculations for the two income levels are as follows:

Affordability Gap: Rental Units			
Income Category	**Development Cost**	**Affordable Unit Value**	**Affordability Gap**
Very Low Income (40% AMI)	$143,000	$35,700	$107,300
Low Income (70% AMI)	$143,000	$110,500	$32,500

Ownership Units

An alternative affordability gap is provided assuming purchase of an ownership unit for the Low Income Household. The value supported, or sales price affordable, is based on a 30% share of income and assumptions with respect to the financing available. The assumptions used in this analysis are 5% down payment, 6.5% interest on a 30-year fixed rate mortgage. In addition, annual homeowners association dues, insurance and utilities as well as property taxes are deducted before the supportable mortgage amount is computed. Table IV-7 summarizes the analysis.

The affordability gap is the differences between the sales price afforded and the costs of development (Table IV-8), as follows:

Affordability Gap: Ownership Units			
Income Category	**Development Cost**	**Affordable Unit Value/Price**	**Affordability Gap**
Low Income (70% AMI)	$183,000	$100,700	$82,300

Total Nexus Costs

The last step in the nexus analysis marries the findings on the numbers of household for each income category associated with each of the six building types, per the end of Section III, with the affordability gaps.

Tables IV-9 and IV-10 summarize the analysis. The numbers of households associated with each building type by income category, indicated on the left side of the table assume 100,000 square foot buildings. The "Nexus Cost per Square Foot" is the result of the calculation: number of units times the affordability gap, divided by 100,000 sq. ft. to bring the conclusion back to the per square foot level.

Table IV-9 provides the analysis assuming using the affordability gaps for rental units for both income tiers. Table IV-10 is the analysis using the affordability gap for an ownership unit for the Low-Income tier only.

Commute Adjustment

The total nexus costs are calculated for the total impact as indicated in the upper portion of the Tables IV–9 and IV-10. To recognize that not all worker households will seek housing within Sacramento County, an adjustment is made, as discussed in Section II. The 2000 Census found that 80.1% of those who work in Sacramento County also live in the Sacramento County. With an 80% share, a lower nexus cost is determined from the analysis, as shown in the lower portion of the table.

The total nexus costs for the six building types, after the commute adjustment, are presented in three alternative summaries. The first column is Very Low Income only, per the current policy of Sacramento County, the second two tiers address both Very Low and Low Income categories per the current policy of the City of Sacramento, one column the figures for the all rental assumption and the other column assuming an ownership unit for the Low Income tier.

Total Nexus Costs for Six Building Types
(In Dollars)

	Very Low Income	Very Low & Low (All rental)	Very Low & Low Rental & Condo
Office	$ 5.75	$19.51	$40.58
Hotel	40.52	54.09	74.87
Retail/Entertainment	53.60	72.29	100.92
Warehousing	2.77	5.15	8.80
Manufacturing/Industrial	6.55	15.08	28.15
Hospital/Medical	9.60	22.59	42.50

With or without the commute relationship adjustment, the total nexus cost for each building type is far in excess of any reasonable fee amount likely to be considered.

Conservative Assumptions

The nexus costs are high due to a combination of factors, the principal one being the high cost of developing housing in Sacramento relative to the income levels.

However, many conservative assumptions were employed in the analysis that result in a total nexus cost that is probably understated. These conservative assumptions include:

- The commute adjustment, or target, assumes that 80% of all new employee households are targeted to be accommodated in Sacramento. This is the existing condition.

Sacramento City and County could readily adopt a policy to house more than 80% of its new worker households.

- No Census or other hard data was available enabling a differentiation between the household size composition of office workers, hotel workers and retail sales people. Anecdotally one can observe that there are probably some significant differences.

- Only direct employees are counted in the analysis. Many indirect employees are also associated with each new workspace. Indirect employees in an office building, for example, include janitors, window washers, landscape maintenance people, delivery personnel, and a whole range of others. Hotels do have many of these workers on staff, but hotels also "contract out" a number of services that are not taken into account in the analysis. The analysis does not employ multipliers. Also construction workers are not included in the analysis.

In summary, many less conservative assumptions could be made that would result in higher linkage costs. The total nexus cost represents the ceiling, supported by this analysis, for any requirement to be placed on new construction for affordable housing. They represent only maximums and, in no way, should be construed as recommended fee amounts.

TABLE IV-1
APARTMENT UNIT DEVELOPMENT COSTS
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Development Program

Number of Units	200		
Number of Stories	2-3 Stories		
Total Bldg. Sq. Ft.	180,000	sq ft	
Site Size	9.00	acres	
Dwelling Units/Acre	22		
Construction Type	Type V Wood		
Parking:			
Type	Surface		
Spaces	300		
Spaces/Unit	1.50		
Unit Mix & Size			
One Bedroom	20%	40	600 sq ft
Two-Bedroom	80%	160	975 sq ft
Average Unit Size:			900 sq ft

Development Cost

Land ($7.00 psf or $305,000/Acre)	$14,000
Total Direct Construction	$81,000
Indirects/Financing	$20,000
City & Impact Fees	$15,000
Total Indirects/Financing	$35,000
Total Development Cost Before Profit	$130,000
Total per Sq. Ft.	$144
Plus: Developer Profit/Fees & Other*	$13,000
Total Development Cost	$143,000
Total per Sq. Ft.	$159

* Developer profit or alternately, developer fees additional financing costs in the case of a non-profit developer

Prototype adapted from SHRA-assisted projects.

TABLE IV-2
CONDOMINIUM UNIT DEVELOPMENT COSTS
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Development Program

Number of Units	175			
Number of Stories	2-3 Stories			
Total Bldg Sq. Ft.	206,500	sq ft		
Site Size	9.00	acres		
Dwelling Units/Acre	19			
Construction Type	Type V Wood			
Parking:				
Type	Surface			
Spaces	262.5			
Spaces/Unit	1.50			
Unit Mix & Size				
One Bedroom	10%		18	800 sq ft
Two-Bedroom	80%		140	1,200 sq ft
Three- Bedroom	10%		17	1,400 sq ft
Avg Unit Size			175	1,180 sq ft

Development Cost

Land ($6.25 psf or $272,000/Acre)	$14,000
Total Direct Construction	$106,000
Indirects/Financing	$24,000
City & Impact Fees	$15,000
Total Indirects/Financing	$39,000
Total Development Cost Before Profit	$159,000
Total per Sq. Ft	$135
Plus: Developer Profit/Cost of Sales	$24,000
Total Development Cost With Profit/Sales Price	$183,000
Total per Sq. Ft	$155

Prototype adapted from SHRA-assisted projects.

TABLE IV-3
INCOME RANGES AT VARYING HOUSEHOLD SIZES
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

		Very-Low Income		Lower Income		Moderate Income	
	Median	0%-50% of Median		51%-80% of Median		81%-120% of Median	
Household Size							
1 Person	$44,900	$0	$22,450	$22,450	$35,900	$35,900	$53,880
2 Person	51,300	0	25,650	32,050	41,000	$41,000	61,560
3 Person	57,700	0	28,850	28,850	46,150	$46,150	69,240
4 Person	64,100	0	32,050	32,050	51,300	$51,300	76,920
5 Person	69,200	0	34,600	34,600	55,400	$55,400	83,040
6 Person	74,400	0	37,200	37,200	59,500	$59,500	89,280
7 Person	79,500	0	39,750	39,750	63,600	$63,600	95,400
8 Person	84,600	0	43,600	43,600	67,700	$67,700	101,520

Source: 2/25/2005 Income Standards Distributed by HCD/HUD.

TABLE IV-4
ESTIMATED MAXIMUM AFFORDABLE RENTS
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Apartment Unit - Two Bedroom Unit, Three Person Household	2-Bdrm
Very-Low Income (@ 40% AMI)	
Income @ 40% County Median	$23,080
% of Income Allotted to Housing	30.00%
Monthly Housing Expenses	$577
(Less) Utilities Expenses [1]	(70)
Monthly Rent	$510
Low Income (@ 70% AMI)	
Income @ 70% County Median	$40,390
% of Income Allotted to Housing	30.00%
Monthly Housing Expenses	$1,010
(Less) Utilities Expenses [1]	(70)
Monthly Rent	$940

[1] Utility expenses based on the Sacramento Housing Authority estimate for tenant furnished utilities and other services (Dec. 2004). Expenses will vary by project and type of utilities.

TABLE IV-5
UNIT VALUE SUPPORTED BY RENT
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Two-Bedroom Unit; Three-Person Household

APARTMENT UNIT	Rent		Less Vacany	Less Op Exp[1]	Net Operating Income	Unit Value Supported[2]
	Month	Year	5.0%			
Affordable						
Very-Low Income (@ 40% AMI)	$510	$6,120	($300)	($3,500)	$2,320	$35,700
Low Income (@ 70% AMI)	$940	$11,280	($600)	($3,500)	$7,180	$110,500

1 General operating expenses based on average operating expenses from similar size apartment projects. Property taxes are based on unit value - property tax exemption is NOT assumed in this analysis. Operating expenses include common area maintenance and utilities, water and refuse collection, management, and capital reserves.

2 Net operating income capitalized at 6.5%. Rounded to nearest 100.

TABLE IV-6
AFFORDABILITY GAP PER APARTMENT UNIT
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Two-Bedroom Unit; Three-Person Household

APARTMENT UNIT	Value Supported	Development Cost	Affordability Gap
Very-Low Income (@ 40% AMI)	$35,700	$143,000	$107,300
Low Income (@ 70% AMI)	$110,500	$143,000	$32,500

TABLE IV-7
ESTIMATED MAXIMUM AFFORDABLE CONDOMINIUM UNIT PRICE
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Two-Bedroom Condo; Three-Person Household

	2-Bdrm
Low-Income (@ 70% AMI)	
Income @ 70% County Median	$40,390
Income Allotted to Housing @ 30% of Income	12,117
(Less) Ongoing Expenses[1]	(4,860)
Income Available for Mortgage	$7,257
Mortgage Supported	$95,700
Maximum Purchase Price[2]	$100,700

[1] Includes homeowner association dues and property taxes based on unit value.

[2] Debt @ 6.50 % interest (7.58% mortgage constant) & down payment @ 5.00% of affordable price.

TABLE IV-8
AFFORDABILITY GAP PER CONDOMINIUM UNIT
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Two-Bedroom Condo; Three-Person Household

Target Income Level	Sales Price Affordable	Development Cost	Affordability Gap
Low Income (@ 70% AMI)	$100,700	$183,000	$82,300

TABLE IV-9
TOTAL HOUSING NEXUS COST - BASED ON RENTAL AFFORDABILITY GAP
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

BEFORE COMMUTE ADJUSTMENT

INCOME CATEGORY		Nexus Cost Per Sq. Ft.					
Household Income Level	Affordability Gap	OFFICE	HOTEL	RETAIL	WAREHOUSE	MANUFACTURING	HOSPITAL/ MEDICAL
Under 50% Median Income [1]	$107,300	$7.18	$50.60	$66.92	$3.46	$8.18	$11.99
50% to 80% Median Income [1]	$32,500	$17.17	$16.93	$23.33	$2.97	$10.65	$16.22
Total		**$24.36**	**$67.53**	**$90.25**	**$6.43**	**$18.83**	**$28.21**

AFTER 80.10% Commute Adjustment

INCOME CATEGORY		Nexus Cost Per Sq. Ft.					
	Affordability Gap	OFFICE	HOTEL	RETAIL	WAREHOUSE	MANUFACTURING	HOSPITAL/ MEDICAL
Under 50% Median Income [1]	$107,300	$5.75	$40.52	$53.60	$2.77	$6.55	$9.60
50% to 80% Median Income [1]	$32,500	$13.75	$13.56	$18.69	$2.38	$8.53	$12.99
Total		**$19.51**	**$54.09**	**$72.29**	**$5.15**	**$15.08**	**$22.59**

[1] Assumes households are housed in rental units

TABLE IV-10
TOTAL HOUSING NEXUS COST - BASED ON CONDO AFFORDABILITY GAP FOR UPPER TIER
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

BEFORE COMMUTE ADJUSTMENT

INCOME CATEGORY		Nexus Cost Per Sq. Ft.					
Household Income Level	Affordability Gap	OFFICE	HOTEL	RETAIL	WAREHOUSE	MANUFACTURING	HOSPITAL/ MEDICAL
Under 50% Median Income [1]	$107,300	$7.18	$50.60	$66.92	$3.46	$8.18	$11.99
50% to 80% Median Income [2]	$82,300	$43.48	$42.88	$59.08	$7.52	$26.97	$41.07
Total		**$50.67**	**$93.48**	**$126.00**	**$10.98**	**$35.14**	**$53.06**

AFTER 80.10% Commute Adjustment

INCOME CATEGORY		Nexus Cost Per Sq. Ft.					
	Affordability Gap	OFFICE	HOTEL	RETAIL	WAREHOUSE	MANUFACTURING	HOSPITAL/ MEDICAL
Under 50% Median Income [1]	$107,300	$5.75	$40.52	$53.60	$2.77	$6.55	$9.60
50% to 80% Median Income [2]	$82,300	$34.83	$34.35	$47.32	$6.02	$21.60	$32.90
Total		**$40.58**	**$74.87**	**$100.92**	**$8.80**	**$28.15**	**$42.50**

[1] Assumes households are housed in rental units
[2] Assumes households are housed in ownership units.

SECTION V – MATERIALS TO ASSIST IN UPDATING THE FEE PROGRAM

The purpose of this section is to provide information to assist policy makers in updating the Housing Trust Fund Fee for the City of Sacramento. (An alternative version is being prepared for the County of Sacramento.) As indicated at the end of the previous section, the nexus analysis establishes maximum fee levels supported by the analysis. Recognizing a variety of City objectives, policymakers may set the fees or other obligations at any level below the maximum and may design other program features to meet local goals and objectives.

The materials in this section have nothing to do with establishing the nexus. Instead this section provides an assembly of materials that helps answer questions frequently asked when designing a fee program: How can a fee level be selected? How do we evaluate when a fee will slow development? How can we treat one area of the city differently from another area? What do other cities do in their programs?

Existing Fee Levels and the Update Analysis

Before presenting alternative approaches to fee revisions, it is useful to briefly review fee levels since the original program was adopted. The initial ordinance and fees were adopted in 1989. Office buildings were assessed the highest fees at $0.95 per square foot. Despite an ordinance provision that fees could be adjusted annually with an index, the fees were only adjusted once during the first fifteen years, and that was in 1992 when a 4% increase was enacted.

In 2004 the City initiated a program to update the Housing Trust Fund fee and consider other changes in the program overall. As an interim measure an analysis was completed that demonstrated the continued gap between market rate housing and affordable housing and that despite this program and the many other programs the City and SHRA have, only a share of the need for affordable housing in Sacramento is being met. The City adopted fee increases in two phases. The first step was a 44% increase in fees in December 2004 and an 81.3% increase (81.3% over the 1992 fees) became effective in July 2005. As a result, fee levels at this time, fall 2005, are as follows.

	Original Fees	Fees in Fall 2005
Office	$0.95	$1.79
Hotel	$0.90	$1.70
Retail/Commercial	$0.75	$1.43
Warehousing	$0.25	$0.49
Manufacturing/Industrial	$0.60	$1.12
Research and Development	$0.80	$1.52

As part of the increase that was approved by City Council in December 2004, the Housing Trust Fund fee levels will be adjusted automatically on an annual basis across all categories using the

San Francisco Construction Cost Index. The San Francisco Construction Cost Index is already used by the City for annual adjustments to other fees. This adjustment mechanism was implemented in order to ensure that the Housing Trust Fund fee levels keep pace with increases in the cost to construct affordable workforce housing.

Building Type Changes: The City has been using a blended fee for a warehouse and office use, when office space is no more than 25% of the gross area. The updated analysis contained in Sections I through IV evaluates the same building types with some adjustments. The Research and Development (R&D) building type has been eliminated as a separate building type, in conformance with codes. Depending on the industry or activity, R&D buildings are either akin to office buildings (as with software development) or manufacturing as with much biotech and other. The updated analysis has added the medical/hospital category since good information now exists to analyze it as a discreet category and because there is more application frequency as the health care industry evolves.

All building types are subject to the fee in the Sacramento program. A chart in the Code aids the Development Services Department in identifying the fee for a comprehensive list of building types. A variance provision allows applicants who believe the jobs housing nexus as quantified in the analysis does not apply to their projects, to pursue a process with the City for a reduced fee or exemption.

The foregoing jobs housing nexus analysis as summarized in Sections I through IV of this report is an analysis that reexamines all the inputs and aspects of the analysis using recent data and incorporating current conditions and trends. The analysis, as summarized in this report, is expected to serve as a basis for future updates and for modifying the program to meet more recent policy objectives. As such, a "fresh" approach to fee setting and program modifications is presented for the City's consideration in deliberating future updates and revisions to the program.

Approaches to Identifying Fee Levels and Tools for Meeting Policy Objectives

The following subsections explore four separate approaches to identifying the range for an appropriate fee level for the various building types. These approaches briefly listed are:

- Fees as a percent of the nexus amount
- Fees as a percent of total development cost
- Fees set independently for each building type based on independent policy objectives for each building type.
- Existing fee structure adjusted by percentage increase

In addition to these four approaches, other potential modifications of a fee program to meet objectives will be explored. These are:

- Geographical variations,
- Variations based on density or building configuration, and
- Minimum thresholds and graduated fees.

Other ideas may emerge during the process that are equally sound as a means of adapting the program to meet specific objectives.

Selecting the Fee Basis and Future Expenditures

It is important to understand at the outset that the fee basis should be linked to revenue expenditures. If the fee basis is for incomes up to 80% of area median income, fee revenues can be spent to assist projects for households up to this level. The same is true for whether rental or ownership units are the foundation of the fee level. If the foundation is only rental units, funds should technically be expended to assist rental projects only. Since the amount of the fee will likely be set independent of whatever the basis, it may be advisable to use the broadest possible basis so that fees may be expended for a wide range of housing types and income levels.

1. Fees as a Percent of the Nexus Amount

This is the approach that was used in Sacramento when the program was first adopted and was used by a number of other jurisdictions in the early 1990's. It is a less frequently used approach in recent years, although it is certainly valid from a nexus perspective.

In this approach, fees for each building type in the analysis — office, hotel, retail/entertainment, hospital/medical, manufacturing/industrial, warehousing/storage — are set in the same proportion to calculated total nexus cost.

When Sacramento City and County adopted Housing Trust Fund Fees initially, fees were set at a 16% to 18% share of the calculated nexus cost, except for retail which was set lower, at closer to 7%. At the time, the supporting analysis addressed only the very low-income tier, or up to 50% of area median income. The current analysis goes up to 80% of median income. In the event the City wishes to continue, setting fees as a share of the nexus amount for the two income tiers together (see end of Section IV or Tables IV-9 and 10) fees at 10% are summarized below.

Building Type	(All Rental) Nexus Cost	@ 10%	(Rental and Condo) Nexus Cost	@10%
Office	$19.51	$1.95	$40.58	$4.06
Hotel	$54.09	$5.41	$74.87	$7.49
Retail/Entertainment	$72.29	$7.23	$100.92	$10.09
Warehousing	$5.15	$0.52	$8.80	$0.88
Manufacturing/Industrial	$15.08	$1.51	$28.15	$2.82
Hospital/Medical	$22.59	$2.26	$42.50	$4.25

As indicated previously, which of the two bases — all rental units for low and very low income households or rental for the very low income and condominium units for the low income tier — should be contingent upon how the City wishes to expend fee revenues to assist projects.

The principal advantage of this approach lies in its simplicity and avoidance of addressing each fee independently. The disadvantage is that there could be a disproportionate burden on one building type. In the Sacramento analysis, retail produces a nexus substantially higher than office and other building types due to high density of jobs combined with the high incidence of low paid workers. Alternatively, there could be a lost opportunity in not charging a higher fee on a building type that could clearly sustain a higher fee level.

2. Fees as a Percent of Total Development Cost

This approach examines the total development cost associated with each building type and looks at fees in the context of the total cost. With this approach each building type can have the impact of a fee level understood in terms of how much it would add to cost, assuming for a moment that all other costs are fixed. This approach informs an evaluation of whether the amount is likely to affect development decisions. Most cities want more revenue for housing but not at the expense of driving desirable development activity outside city limits.

In a city as large as Sacramento, there is a broad range of conditions and development "products" that might be built for the various building types or land uses. For example, office buildings can range from minimal one story structures with surface parking, to multiple story buildings with decked parking, to high rises in the downtown with subterranean parking. To cover the range, we have assembled prototypes for each of the major commercial and industrial building types.

When identifying prototypes for this purpose, a conscious effort has been made to include the least expensive prototype developed (in any meaningful quantity) within the jurisdiction. Projects developed at lower total costs experience a great cost impact for every fee dollar levied than do projects developed at higher total development costs. In the case of Sacramento, an effort was made to include prototypes that cover activity in lower land cost locations where less expensive

buildings are constructed and where surface parking is the only economic option. In addition, a few higher cost development projects were included for comparison.

Table V-1 at the end of this section provides summary descriptions of 11 prototype development projects. Each prototype is based on a real project processed by the Planning Department from which we could use site size and coverage, building size and parking spaces by type. The upper portion of Table V-1 summarizes the information.

The prototypes are:

- Office
  Downtown high-rise office; parking in structure
  Suburban low-rise office; parking surface and structure
  Small office building – all surface parking

- Hotel/Lodging
  Downtown high-rise – parking in structure
  Suburban suites hotel – surface parking

- Retail
  Freestanding retailer
  Fast food retailer

- Industrial
  Small warehouse (1 parking space per 1,000 sq. ft.)
  Small manufacturing (1.8 parking spaces per 1,000 sq. ft.)

- Medical
  2 small medical facilities

Again, the emphasis is on prototypes that have less expensive total development costs, due to surface parking, few stories, less expensive locations, and other factors. High-rise configurations are included to illustrate total development costs for more expensive projects.

Total development cost information has been assembled by KMA and the City of Sacramento. Individual cost items are indicated below. KMA prepared the costs with the assistance of SHRA and the City as noted.

- Land – with City assistance
- Site work/amenities
- Parking construction
- Shell construction
- Tenant improvements/fixtures, etc.

- Indirects and financing
- Permits and Fees – prepared by City

The City of Sacramento prepared a fully itemized schedule of all permit and fees for each building prototype. This detail is provided in the appendix (Appendix Table 14).

Two of the prototype buildings are located in the North Natomas area. The special North Natomas fees are included in the analysis and footnoted in the supporting tables.

The cost summaries also include the Housing Trust Fees at the level that went into effect in July 2005.

From the prototypes we can extract generalized information as follows, and then examine Housing Trust Fund fees at 1% or 2% to illustrate fee levels that would have a minimal impact on total cost:

Building Type	Total Development Cost/Sq.Ft.	Fee @ 1%	Fee @ 2%
Office prototypes	$220 – $280	$2.20 – $2.80	$4.40 – $5.60
Hotel prototypes	$230 – $330	$2.30 – $3.30	$4.60 – $6.60
Retail prototypes	$220 – $600	$2.20 – $6.00	$4.40 – $12.00
Warehouse	$110 – $130	$1.10 – $1.30	$2.20 – $2.60
Manufacturing	$120 – $150	$1.20 – $1.50	$2.40 – $3.00
Medical	$240 – $340	$2.40 – $3.40	$4.80 – $6.00

In summary, the industrial type buildings, warehouse and manufacturing (without custom fixturing and equipment) cost substantially less than the commercial building types. These industrial buildings can be developed in Sacramento for under $150 per square foot. Commercial buildings, on the other hand, all exceed $200 per square foot "all in" or inclusive of land, parking and all indirect costs and financing. While retail appears to have the highest cost (due to the high land and parking costs associated with a fast food building in high traffic/visibility/accessibility location), other building types can also be similarly expensive. Examples include hospitals, customized manufacturing facilities, luxury hotels, and certain types of high-end retail buildings. As noted previously, the main interest is in the lower end of the spectrum.

In KMA's opinion, the total development cost figures should not be used as the sole basis for calculating or selecting fee levels. Rather they should serve as a guide or tool for modifying fee levels to meet the policy objective of not burdening a building type disproportionately. Retail represents the classic example of a building type that has a high nexus due to a high density of employment and high proportion of lower paid jobs as presented previously, but policy makers

may not wish to charge retail building in the same percentage of the nexus cost as other buildings due to the fact that some retail structures have total development costs that are at the lower end of the spectrum for commercial buildings. Furthermore, policy makers may wish to consider other policy objectives concerning retail, such as the sales tax and fiscal benefits of promoting retail, as well as the impacts on affordable housing.

Impact of Fees on Development Decisions

The foregoing discussion about examining fee levels in the context of development cost has been presented because fees are sometimes accused of pushing up development costs and driving projects to other jurisdictions where costs are lower. It has been our experience as an observer and practitioner of housing impact fees for about fifteen years now, that fees at a modest level have virtually no bearing on development decisions. Other factors weigh so much more heavily that the fee component, if moderate, is of relatively little importance in the equation of location selection.

Moderate level housing fees, in our view, are in the range of 2% or less relative to total development costs.

To the developer, the individual fees are not the concern; the total fee package and "value rendered" are what is important. Sacramento City fees, both inside and outside of North Natomas, are comparable to other cities within the region or the areas with which Sacramento most directly competes. To address this concern, information on impact fees in Sacramento City and County and other jurisdictions was assembled and is presented at the end of this section.

Projects requiring subsidy to be feasible and projects that are marginally feasible deserve special attention when considering fee adjustments. Any project requiring a subsidy to be feasible requires more subsidy to cover new fee amounts. This condition translates to the entity paying the subsidy which in Sacramento generally means the City and SHRA, indirectly pay the fees. Some jurisdictions address this condition by exempting projects that receive public subsidy dollars; other jurisdictions make no special provisions and accept the indirect payment of the fees. Projects that are marginally feasible are, needless to say, made less feasible with new costs. Again, there are ways jurisdictions may address this situation by identifying a generic geographic location or other commonality that allows the jurisdiction to treat projects in situations likely to be marginal to receive special treatment. See subsequent sections on thresholds, geographic area exemptions and other mechanisms. These approaches are generally viewed as preferable to evaluating projects on a case-by-case basis, which is burdensome for staff and has other inherent difficulties.

Impact on Land Values

The evaluation of total development costs assumes, for the moment, that all costs are fixed. While most costs of development are relatively fixed, or at least not subject to adjustment as a

result of local policies, land cost is not. Land cost is the variable in the equation that adjusts to reflect the income capacity of the market forces. Rents and values generally act independent of costs. As a result, an increase cost of development due to a local fee will not be directly translated to a higher rent being achievable. The variable that adjusts is land value. If costs are increased as a result of a local fee, land values are theoretically decreased by a corresponding amount.

In a project built at a Floor Area Ratio (FAR) of 1:1, a $1 fee will theoretically reduce land value by $1 per square foot. At a FAR of 0.5:1 or 50% coverage factor, the $1 fee will depress values by $0.50. At a 2:1 FAR, the $1 fee will theoretically depress land values by $2 per square foot.

The word theoretically is dispersed throughout the discussion. In the real world, other forces, most particularly market demand, drive land values far more powerfully than fees do. Between 1995 and 2005, land values increased substantially in Sacramento as a result of market pressures.

3. Fees Set Independently

In some of the more recently adopted Jobs Housing Nexus Fee programs, cities have chosen to set fees independently, using the other measures as rough guides. In some cases, cities have chosen to simplify the program for ease of administration, in other cases, policy objectives have lead to modifying the fee of one building type but not others.

In striving for simplicity, a first step is often to use round numbers such as $2 or $3 per square foot. A bigger step is to make all commercial buildings a single fee level, such as Walnut Creek adopted in 2004 with $5 per square foot for office, hotel and retail. This has the obvious advantage of not having to subdivide multi-use buildings or not having to predetermine the building use (although parking requirements usually differ from one use to the other and require determination in any event). Sunnyvale has a fee of $8 on all commercial and industrial development over a specified density level.

A common modification is to reduce the fee on retail (below the calculated nexus) more than the fee on office, based on the impact on development cost considerations and fiscal impact considerations (the desirable sales tax associated with retail). Conversely, geographic areas with very strong resort and hotel markets have been inclined to place a higher fee (relative to the calculated nexus) on hotel building types than on other commercial, knowing the fee will have virtually no influence on decisions to develop more hotel rooms in the area.

Other tools or ordinance program features to address special circumstances (as opposed to a single building type across the board) may also be used in conjunction with the independent setting of fees. These are described in the section on Other Ordinance or Program Features.

4. Existing Fee Structure Adjustments

The findings of the updated nexus analysis would support adjusting the existing fee program by means of a percent increase or other form of adjustment. As long as the adjusted fees are below the maximum supported by this analysis, the City may adjust the fee program in a manner that meets the City's needs and policy objectives. With the existing fee program in place for approximately 15 years now, it may be preferable to simply raise existing fees across the board. We would, however recommended updating the building types to include medical as a discreet category and eliminate Research and Development.

Other Ordinance or Program Features

Housing linkage fee programs are often crafted with features to address specific policy objectives or concerns. The most common ones with examples of application are provided below:

Minimum Size Threshold

A minimum size threshold sets a building size over which fees are in effect. The Sacramento program has not had a threshold in the past, a feature which is not unusual when the fee structure is low. Jurisdictions with higher fee structures are more likely to have minimum thresholds.

The policy objective fulfilled by the threshold is to exempt small projects from the fee. The rationale is that costs tend to be higher per square foot in very small projects. Another rationale is that many cities want to encourage infill projects by offering all incentives readily available, such as fee modifications, even if the incentives are more symbolic than effective.

The threshold level is generally keyed to the size of major buildings versus infill buildings in the jurisdiction. One of the first programs in the country was in San Francisco; this program had a minimum of 50,000 square feet. (It has since been lowered to 25,000 square feet.) By contrast, some smaller cities use 2000 square feet. Other common levels are 10,000 or 15,000 square feet. If the City Code has a commonly used threshold for another application, for administrative simplicity that same threshold could be considered for the Housing Trust Fund Fee.

Another variation of a threshold uses a density level or Floor Area Ratio (FAR) instead of building size. The Sunnyvale program, for example, exempts all projects below an FAR of 0.35:1. This density effectively exempts industrial and commercial projects that have all surface parking, which effectively exempts most retail. If the policy objective is to encourage density, then a threshold could well be designed to reduce the fee amount on projects over a specified density level.

Graduated Fees

A variation to a threshold is graduated fees or multiple thresholds. Mountain View for example charges 50% of the base fee for buildings under 10,000 or 25,000 square feet, depending on the building type.

Conceivably there could be multiple graduations, or step-ups in fees, if there were a rationale or objective served by such a program design.

Geographic Area Variations

Some cities with linkage fee programs exclude certain areas such as redevelopment areas, enterprise or empowerment zones, or conversely only apply the fee to a designated area. The two early fee programs in San Francisco and Boston applied only to the downtown area, as examples. Both programs were later broadened. The San Francisco program continues to exclude the redevelopment areas and the Port.

Sacramento has not chosen to exempt any areas in the past. Current policy objectives, as embodied in the Inclusionary Housing Program, distinguish between the Infill and New Growth Areas. The Housing Trust Fund fee could be similarly designed to treat Infill vs. New Growth Areas differently. Within the infill area, certain Redevelopment Areas or areas identified as economically challenged, might be exempted entirely or assigned a further reduction in fees to minimize impacts on marginal projects.

In general, it is advisable to use already established geographic designations rather than drawing new lines on a map, given the usual political processing difficulties that accompany such designations.

A variation of the geographic concept could be to reduce fee burdens on designated major street frontages for which commercial and/or industrial development is a goal. In most cases, a fee reduction is more a symbolic move than an effective incentive. Fees set at a reasonable level are not likely to influence development decisions compared to other costs and considerations. However, the total fee level can, in some instances, act as a deterrent to smaller projects, particularly in infill and redevelopment areas, where the overall feasibility of development is a challenge.

Specific Use Exemptions

Specific use designations are often employed for a variety of reasons:

- To minimize the cost impacts of the fee on particularly desirable types of projects such as child care centers. Places of worship also represent a commonly exempted use.
- To minimize administrative time to process unusual institutional uses that are usually non-profit and for which meaningful averages of employment density are difficult to determine. Examples include museums, fraternal halls, etc.

Since Sacramento has been charging Housing Trust Fund fees on virtually all building types with minimal exceptions, it might reevaluate its experience with collections as part of the update program. For example, if certain types of projects entail an extraordinary amount of administrative time yet yield minimum revenue, it might be cost effective to exempt such types of projects in the future program.

Overview Summary

Jurisdictions may tailor their impact fee application programs to meet policy objectives using all manner of tools and adaptations that can stand up to the tests of being policy based and fair. Policies grounded in the General Plan and other policy documents could open the door to other creative approaches not addressed in this report that might be explored in updating Sacramento City's updated program.

Fee Programs in Other Jurisdictions

It is always of interest to policy makers to know what other jurisdictions have in place in the way of similar programs. Within the region there is a usually a particular interest in fee levels and "costs of doing development business" overall. To address these concerns, two separate analyses have been prepared. The first is a compilation of Jobs Housing Fees in California and the second is a look at all impact fees in the City of Sacramento compared to other jurisdictions within the northern California Central Valley region.

Jobs Housing Fees Elsewhere in California

Table V-2 is a three-page chart summarizing jobs housing programs in other California cities and counties. The 26 programs on the chart are the only jobs housing fee programs known (to the Consultant) to exist and certainly cover all the larger cities that have housing impact fees. Relative to inclusionary housing programs or traffic impact fee programs, jobs housing impact fee programs are still relatively few in number. Aside from Sacramento City and County, and a few cities within Sacramento County, none of the other Central Valley cities have similar jobs housing impact fee programs.

Table V-2 is arranged into three tiers by fee amount. The top tier is programs that have a fee on office buildings over $10 per square foot, the middle tier is $4 to $9 per square foot, and the lower tier under $4 per square foot. Most of the cities in the upper and middle tiers of the table are located in the San Francisco Bay Area. Many of the programs in the lower tier are older and many of them are under update consideration. All of the jurisdictions in the greater Sacramento region either have housing trust fund fees lower than those of the City of Sacramento or currently do not have a housing trust fund fee at all.

Impact Fees in Sacramento Compared to Other Jurisdictions in the Region

A list of jurisdictions in the northern Central Valley was developed by Consultant and City staff for an examination of comparative impact fees currently being charged. The following jurisdictions were identified for the purposes of the survey:

Sacramento County
Davis
West Sacramento
Folsom
Roseville
Fairfield
Vacaville
Stockton
Modesto

Information was assembled on the impact fees charged in these jurisdictions. Impact fees are fees for public facilities such as traffic improvements, parks, schools, etc. The survey does not include water and sewer hook up fees which can vary substantially from one jurisdiction to the next. The survey also does not address planning and processing fees and other construction related charges (such as construction taxes) levied by jurisdictions, which can also vary significantly from one jurisdiction to another.

Following are comments on the fee categories, and fee amounts charged by the jurisdictions in the survey:

1. Traffic and Transportation Fees. All jurisdictions charge traffic and/or transportation fees of some sort. These fees tend to be the highest impact fees charged by cities and counties. Some jurisdictions vary the fees by geographical location and all jurisdictions vary the fees by land use. The City of Modesto includes its traffic fees in its general "Capital Facilities Fee."
2. Housing Fees. Of the cities in the comparison survey, only the City and County of Sacramento levy a housing impact fee on non-residential construction. Locally Folsom, Rancho Cordova, Elk Grove, and Citrus Heights also have fees.

3. Parks. Three jurisdictions were identified that charge parks fees for non-residential construction – the City of Sacramento, Davis, and West Sacramento. All three charge less than $1.00 per square foot. In Modesto, Fairfield and Roseville, a parks fee was not among the development fees listed in the cities' fee schedules.
4. School Facilities: State authorized school fees are charged virtually everywhere, usually up to the maximum.
5. Public Facilities: There is a very wide range in terms of what cities and counties charge for impacts on public facilities. Some jurisdictions itemize several fee types, including fire, police, libraries, even air quality and surface water, while others have one catchall fee. The City of Sacramento charges in certain geographical locations. The County charges a very small fee for fire stations. The City of Modesto, on the other hand, charges higher fees called "Capital Facilities Fees."
6. Child Care: The City of West Sacramento is the only city in the region charging a fee for child care impacts.
7. Habitat/Open Space Conservation: The City of Sacramento charges a fee based on the number of acres disturbed. Stockton appears to charge fees based on the type of land to be developed (e.g., wetlands, open space, etc.). Davis is the only jurisdiction that charges a fee for all non-residential construction, regardless of land type.
8. General Plan Maintenance: Only two jurisdictions charge for General Plan Maintenance. The City of Sacramento charges a fee based on the building's valuation, while Fairfield charges per square foot. Fairfield also charges a fee for "Urban Design."
9. Percent for Art program: While not technically a mitigation or impact fee, the City of Fairfield charges new non-residential construction $2.50 per $1,000 (or 0.25%) of building permit valuation for its "Art in Public Places" program.

Estimate of Total Impact Fees Charged

Using an office and a retail prototype project drawn from the prototypes examined earlier in Section V, an estimate of total impact fees by jurisdiction was compiled. The sample office project, Prototype 4, is a 131,000 SF office building with an FAR of 0.50, located in North Natomas. For retail, Prototype 1 was used, a 14,400 SF freestanding retail building with an FAR of 0.33, located in the Infill area. The City of Sacramento staff prepared the City fees on these two prototypes.

For cities in the survey that have fees that vary by location, an average of the fee range was used. Further, it was also assumed that the development did not disturb habitats and therefore, was not subject to special fees for habitats or wetlands.

Conclusion

In general, these totals should be interpreted as rough estimates; actual fee totals for projects could vary significantly from these numbers. However, they do provide an initial indication of how City of Sacramento impact fees compare to those of other cities and counties in the northern Central Valley.

The conclusion from the survey is that the City of Sacramento's new growth areas have fees that are comparable to other jurisdictions in the region. The office prototype in North Natomas is in the middle of the range of the cities in the survey – less than Modesto and West Sacramento, and similar to Roseville. Modesto's fees appear to be significantly higher than all of the other jurisdictions. The impact fee package in Roseville, Stockton, Fairfield, and Vacaville might be termed mid range, while the jurisdictions with the lowest impact fees in combination appear to be Davis and Sacramento County. Outside of New Growth Areas and special assessment areas, Sacramento's fees on non-residential development are the lowest in the region. However, this does not take into account direct costs associated with required infrastructure improvements.

It is again cautioned that this survey examines only impact fees. An analysis of all the charges on new development, residential, commercial and industrial is being conducted for the City of Sacramento, under a separate contract to another firm. That study will be more comprehensive and more focused on comparative costs of all development charges; this study is primarily focused on establishing the nexus and placing the jobs housing fee in the context of total development costs.

Summary

This section of the report has provided materials to assist in deliberating a range of options for revising the fee program design and future updates of the fee levels.

For updating the fee levels, we have suggested three major approaches, which are:

1. Using a percent of the calculated nexus cost
2. Using a percent of total development costs as a modifier
3. Setting fees independently for each building type.
4. Using the existing fees levels and adjusting them by a percentage increase across the board.

If the City wishes to seriously fee increases over the existing schedule , then we suggest use of the tools that would allow reductions for small projects or projects in locations where the City is particularly encouraging development. Differing treatment of the Infill versus the New Growth Area is already grounded in City policy with the inclusionary program and could be similarly applied for the Housing Trust Fund fee program.

TABLE V-1
OTHER JOBS HOUSING LINKAGE PROGRAMS
HOUSING IMPACT FEE NEXUS ANALYSIS
SACRAMENTO HOUSING & REDEVELOPMENT AGENCY

	Prototype 1 Downtown High-Rise Office		Prototype 2 Suburban Low-Rise Office		Prototype 3 Small Office	
Project Description						
Location		Downtown		North Natomas		Remainder of City
Site Size (Acres)		1.00		6.00		0.75
Floor Area Ratio (FAR)		8.50		0.50		0.35
Gross Building Area (GBA)		668,000		131,000		12,400
Number of Stories		26		3 - 4		1- 2
Number of Rooms		N/A		N/A		N/A
Parking Spaces		1,140		470		40
Parking Ratio (per 1,000 SF)		1.7		3.6		3.0
Type		Above Grade Structure		Surface & Structure		Surface
Development Costs						
Land (Per SF Land)	$160 /SF Land	$6,970,000	$10 /SF Land	$2,614,000	$20 /SF Land	$653,000
(Per SF GBA)	$10 /SF GBA		$20 /SF GBA		$53 /SF GBA	
Sitework / Amenities	$10 /SF	$436,000	$5 /SF	$1,307,000	$5 /SF	$163,000
Parking	$25,000 /Space	$28,500,000	$15,000 /Space	$7,050,000	$1,500 /Space	$60,000
Shell Construction	$120 /SF GBA	$80,160,000	$85 /SF GBA	$11,135,000	$80 /SF GBA	$992,000
Tenant Improvements/FF&E	$35 /SF GBA	$23,380,000	$30 /SF GBA	$3,930,000	$25 /SF GBA	$310,000
Subtotal, Direct Costs	$198 /SF GBA	$132,476,000	$179 /SF GBA	$23,422,000	$123 /SF GBA	$1,525,000
Add: Indirects/Financing	30% of Directs	$39,743,000	30% of Directs	$7,027,000	30% of Directs	$458,000
Add: Permits and Fees (Est.) [1]	$6 /SF GBA	$3,699,870	$11 /SF GBA [2]	$1,450,490	$5 /SF GBA	$61,678
Total Development Costs	$274 /SF GBA	$182,888,870	$263 /SF GBA	$34,513,490	$218 /SF GBA	$2,697,678

[1] All fee estimates prepared by the City of Sacramento. Includes Housing Trust Fund fee reflecting July 2005 increases.

[2] Includes N. Natomas Impact Fees: Transit, Public Facilities, Land Acquisition, and Regional Park Fees, estimated at $712,000.

TABLE V-1
OTHER JOBS HOUSING LINKAGE PROGR/
HOUSING IMPACT FEE NEXUS ANALYSIS
SACRAMENTO HOUSING & REDEVELOPM

	Prototype 4 High Rise Hotel		Prototype 5 Suburban Hotel	
Project Description				
Location		Downtown		Remainder of City
Site Size (Acres)		1.00		2.00
Floor Area Ratio (FAR)		4.00		0.70
Gross Building Area (GBA)		174,000		61,000
Number of Stories		14		4
Number of Rooms		232		102
Parking Spaces		140		100
Parking Ratio (per 1,000 SF)	Spaces Per Room	0.6	Spaces Per Room	1.0
Type		Structure		Surface
Development Costs				
Land (Per SF Land)	$135 /SF Land	$5,881,000	$20 /SF Land	$1,742,000
(Per SF GBA)	$34 /SF GBA		$29 /SF GBA	
Sitework / Amenities	$8 /SF	$348,000	$8 /SF	$697,000
Parking	$25,000 /Space	$3,500,000	$1,500 /Space	$150,000
Shell Construction	$160 /SF GBA	$27,840,000	$110 /SF GBA	$6,710,000
Tenant Improvements/FF&E	$20,000 Per Room	$4,640,000	$15,000 Per Room	$1,525,000
Subtotal, Direct Costs	$209 /SF GBA	$36,328,000	$149 /SF GBA	$9,082,000
Add: Indirects/Financing	35% of Directs	$12,715,000	35% of Directs	$3,179,000
Add: Permits and Fees (Est.) [1]	$8 /SF GBA	$1,311,950	$6 /SF GBA	$388,800
Total Development Costs	$323 /SF GBA	$56,235,950	$236 /SF GBA	$14,391,800

TABLE V-1
OTHER JOBS HOUSING LINKAGE PROGR/
HOUSING IMPACT FEE NEXUS ANALYSIS
SACRAMENTO HOUSING & REDEVELOPM

	Prototype 6 Freestanding Retailer		Prototype 7 Fast Food Retailer	
Project Description				
Location		Remainder of City		North Natomas
Site Size (Acres)		1.00		1.00
Floor Area Ratio (FAR)		0.30		0.06
Gross Building Area (GBA)		14,400		2,500
Number of Stories		1		1
Number of Rooms		N/A		N/A
Parking Spaces		40		25
Parking Ratio (per 1,000 SF)		3.0	(1 per 3 Seats)	10.0
Type		Surface		Surface
Development Costs				
Land (Per SF Land)	$30 /SF Land	$1,307,000	$15 /SF Land	$653,000
(Per SF GBA)	$91 /SF GBA		$261 /SF GBA	
Sitework / Amenities	$5 /SF	$218,000	$5 /SF	$218,000
Parking	$1,500 /Space	$60,000	$1,500 /Space	$38,000
Shell Construction	$60 /SF GBA	$864,000	$65 /SF GBA	$163,000
Tenant Improvements/FF&E	$25 /SF GBA	$360,000	$30 /SF GBA	$75,000
Subtotal, Direct Costs	$104 /SF GBA	$1,502,000	$198 /SF GBA	$494,000
Add: Indirects/Financing	30% of Directs	$451,000	30% of Directs	$148,000
Add: Permits and Fees (Est.) [1]	$4 /SF GBA	$64,697	$85 /SF GBA [2]	$211,772
Total Development Costs	$231 /SF GBA	$3,324,697	$603 /SF GBA	$1,506,772

[1] All fee estimates prepared by the City of Sacramento. Includes Housing Trust Fund fee reflecting July 2005 increases.

[2] Includes N. Natomas Impact Fees: Transit, Public Facilities, Land Acquisition, and Regional Park Fees, estimated at $147,000 .

TABLE V-1
OTHER JOBS HOUSING LINKAGE PROGR/
HOUSING IMPACT FEE NEXUS ANALYSIS
SACRAMENTO HOUSING & REDEVELOPM

	Prototype 8 Warehouse		Prototype 9 Manufacturing	
Project Description				
Location		Remainder of City		Remainder of City
Site Size (Acres)		1.50		1.75
Floor Area Ratio (FAR)		0.20		0.25
Gross Building Area (GBA)		12,000		19,000
Number of Stories		1		1
Number of Rooms		N/A		N/A
Parking Spaces		12		30
Parking Ratio (per 1,000 SF)		1.0		1.8
Type		Surface		Surface
Development Costs				
Land (Per SF Land)	$4 /SF Land	$261,000	$4 /SF Land	$305,000
(Per SF GBA)	$22 /SF GBA		$16 /SF GBA	
Sitework / Amenities	$5 /SF	$327,000	$5 /SF	$381,000
Parking	$1,500 /Space	$18,000	$1,500 /Space	$45,000
Shell Construction	$40 /SF GBA	$480,000	$50 /SF GBA	$950,000
Tenant Improvements/FF&E	$10 /SF GBA	$120,000	$20 /SF GBA	$380,000
Subtotal, Direct Costs	$79 /SF GBA	$945,000	$92 /SF GBA	$1,756,000
Add: Indirects/Financing	30% of Directs	$284,000	30% of Directs	$527,000
Add: Permits and Fees (Est.) [1]	$3 /SF GBA	$32,680	$3 /SF GBA	$51,163
Total Development Costs	$127 /SF GBA	$1,522,680	$139 /SF GBA	$2,639,163

[1] All fee estimates prepared by the City of Sacramento. Includes Housing Trust Fund fee reflecting July 2005 increases.

TABLE V-1
OTHER JOBS HOUSING LINKAGE PROGR/
HOUSING IMPACT FEE NEXUS ANALYSIS
SACRAMENTO HOUSING & REDEVELOPM

	Prototype 10 Small Medical Facility		Prototype 11 Small Medical Facility	
Project Description				
Location		Remainder of City		Remainder of City
Site Size (Acres)		2.00		1.00
Floor Area Ratio (FAR)		0.12		0.12
Gross Building Area (GBA)		10,000		8,000
Number of Stories		1		1
Number of Rooms		N/A		N/A
Parking Spaces		50		40
Parking Ratio (per 1,000 SF)		5.0		5.0
Type		Surface		Surface
Development Costs				
Land (Per SF Land)	$10 /SF Land	$871,000	$6 /SF Land	$261,000
(Per SF GBA)	87.1 /SF GBA		$33 /SF GBA	
Sitework / Amenities	$5 /SF	$436,000	$5 /SF	$218,000
Parking	$1,500 /Space	$75,000	$1,500 /Space	$60,000
Shell Construction	$100 /SF GBA	$1,000,000	$85 /SF GBA	$680,000
Tenant Improvements/FF&E	$40 /SF GBA	$400,000	$35 /SF GBA	$280,000
Subtotal, Direct Costs	$191 /SF GBA	$1,911,000	$155 /SF GBA	$1,238,000
Add: Indirects/Financing	30% of Directs	$573,000	30% of Directs	$371,000
Add: Permits and Fees (Est.) [1]	$8 /SF GBA	$79,250	$6 /SF GBA	$50,620
Total Development Costs	$343 /SF GBA	$3,434,250	$240 /SF GBA	$1,920,620

[1] All fee estimates prepared by the City of Sacramento. Includes Housing Trust Fund fee reflecting July 2005 increases.

TABLE V-2
OTHER JOBS HOUSING LINKAGE PROGRAMS
HOUSING IMPACT FEE NEXUS ANALYSIS
SACRAMENTO HOUSING & REDEVELOPMENT AGENCY **DRAFT**

Jurisdiction	Yr. Adopted /Updated	Current Fee Levels per SF	Thresholds & Exemptions	Build Option/ Other	Market Strength	Comments
HIGH FEE CITIES						
City of Palo Alto	1984 Updated in March 2002	• Commercial & Industrial $15.58	No Minimum Threshold. Churches; colleges and universities; comm'l recreation; hospitals, convalescent facilities; private clubs, lodges, fraternal org.'s; private educational facilities; and public facilities are exempt.	Yes	Very Substantial	Fee is adjusted annually based on CPI.
City and County of San Francisco	1981 Updated fees in 2002.	• Office $14.96 • Hotel $11.21 • Retail $13.95	25,000 gross SF threshold. Excludes: redevelopment areas and Port.	Yes, may contribute land for housing.	Very Substantial	$40 million raised
City of Menlo Park	1998	• Commercial & Industrial $10.00. • Warehousing, printing. assembly $5.45.	10.000 gross SF Threshold. Churches. private clubs, lodges, fraternal orgs and public facilities are exempt.	Yes, may provide housing on- or off-site.	Very Substantial	Fee is adjusted annually based on CPI.
MEDIUM FEE CITIES						
City of Santa Monica	1984 Updated fees in 2002.	• Office only • $4.37 per square foot for first 15,000 sf • $9.72 per square foot in excess of 15,000 sf.	15,000 sf exemption for new construction, 10,000 sf exemption for additions	N/A	Very Substantial	Includes fee for open space as well. Fees adjusted quarterly based on CPI. No comprehensive update since adoption.
City of Sunnyvale	1984 Updated in 2003.	• Industrial & Office $8	Applies only to the portion of the project that is in excess of allowable FAR (typically 0.35:1).	NA	Very Substantial	Fee had not changed since the 1980's. until fee was recently raised from $7.19.
County of Marin	2003	• Office/R&D $7.19 • Retail/Rest. $5.40 • Warehouse $1.95 • Hotel/Motel $1,746/room • Manufacturing $3.74	No minimum threshold.	Yes, preferred.	Substantial	
City of Mountain View	2001	• Office/Industrial $6.00 • Hotel $2.00 • Retail $2.00	Fee is 50% less if building meets thresholds: Office <10,000 sf Hotel <25,000 sf Retail <25,000 sf	Yes	Very Substantial	
City of Walnut Creek	2005	• Office, retail, hotel and medical $5.00	First 500 sf no fee applied.	Yes	Very Substantial	
Town of Corte Madera	2001	• Office $4.79 • R&D lab $3.20 • Light Industrial $2.79 • Warehouse $0.40 • Retail $8.38 • Com Services $1.20 • Restaurant $4.39 • Hotel $1.20	No Minimum Threshold.	NA	Substantial	

City of Oakland	2002	• Office/ Warehouse $4.00	25,000 sf exemption	Yes - Can build units equal to total eligible sf times .0004	Moderate	Fee due in 3 installments. Fee adjusted with an annual escalator tied to residential construction cost increases.
City of Berkeley	1993	• All Commercial $4.00 • Industrial $2.00	7,500 SF threshold.	Yes.	Substantial.	Fee has not changed since 1993; may negotiate fee downward based on hardship or reduced impact.
City of St. Helena	2004	• Office $3.40 • Comm./Retail $4.30 • Hotel $3.14 • Winery/Industrial $1.05	Small childcare facilities, churches, non-profits, vineyards, and public facilities are exempt	Yes, subject to City Council approval.	Substantial	
LOW FEE CITIES						
Jurisdiction	**Yr. Adopted /Updated**	**Current Fee Levels per SF**	**Thresholds & Exemptions**	**Build Option/ Other**	**Market Strength**	**Comments**
City of Alameda	1989	• Office $3.63 • Retail $1.84 • Warehouse $0.63 • Hotel/Motel $931 per room	No Minimum Threshold.	Yes. Program specifies number of units per 100,000 square feet.	Moderate	Fee may be adjusted by CPI
City of West Hollywood	1986	• Non-residential $2.85	NA	NA	Substantial	Fees adjusted by CPI each year.
City of Pleasanton		• Commercial, Office & Industrial $2.31	No Minimum Threshold	NA	Moderate	Fee increased in 2003.
City of Cupertino	1993	• Office & Industrial $2.25.	No Minimum Threshold.	NA	Very Substantial	Fee is adjusted annually based on CPI. Update in process.
City of Petaluma	2003	• Commercial $2.08 * • Industrial $2.15 * • Retail $3.59 * (See Comments)	Fee is 50% less if located in redevelopment project area	NA	Moderate/ Substantial	* Fee phased-in over 3 years beginning 2005. Fees listed are full fees. starting in 2007.
County of Napa (Also City of Napa)	County – Updated 2004 City 1999	• Office $2.00 • Hotel $3.00 • Retail $2.00 • Industrial $1.00 • Warehouse $0.80	No Minimum Threshold Non-profits are exempt.	Units or land dedication; on a case by case basis.	Moderate/ Substantial	There is a companion fee of 1% of construction costs on all residential construction. Napa City rates not updated to these levels yet.
City of Sacramento	1989 Most recent update, 2005.	• Office $1.79 • Hotel $1.70 • R&D $1.52 • Commercial $1.43 • Manufacturing $1.12 • Warehouse/Office $0.65 • Warehouse $0.49	No Minimum Threshold Service uses operated by non-profits are exempt.	Pay 20% fee plus build at reduced nexus. (Not meaningful given amount of fee).	Moderate	Fees listed in effect as of July 2005. North Natomas area has separate fee structure.
City of San Diego	1990 Fees reduced in mid 90s; have not been readjusted.	• Office $1.06 • Hotel $0.64 • R&D $0.80 • Retail $0.64 • Manufacturing $0.64 • Warehouse $0.27	No Minimum Threshold. No exempted uses. Does exclude some geographic areas.	Can dedicate land or air rights in lieu of fee.	Substantial	Since 1990, $33 million raised. Update in process. Office proposed to go to $1.50 - $1.80 range.

City of Livermore	1999	• Retail $0.81 • Service Retail $0.61 • Office $0.52 • Hotel $397 per room • Manufacturing $0.25 • Warehouse $0.07 • Business Park $0.52 • Heavy Industrial $0.26 • Light Industrial $0.16	No Minimum Threshold. Church; private or public schools.	Yes; negotiated on a case-by-case basis.	Moderate	
City of Folsom	2002	• Office, Retail, Light Industrial, Heavy Industrial, and Manufacturing $1.20 • Up to 200,000 SF, 100% of fee. 200,000-250,000 SF, 75% of fee; 250,000 – 300,000 SF, 50% of fee; 300,000 and up, 25% of fee.	No Minimum Threshold Select nonprofits, small child care centers, churches, mini storage, parking garages, private schools, etc	Yes, provide new or rehab housing affordable to very low and low income households. Also, land dedication.	Moderate/ Substantial	Fee is adjusted annually based on construction cost index
County of Sacramento	1989	• Office $0.97 • Hotel $0.92 • R & D $0.82 • Commercial $0.77 • Manufacturing $0.61 • Indoor Recreational Centers $0.50 • Warehouse $0.26	No Minimum Threshold. Service uses operated by non-profits are exempt	Pay 20% fee plus build at reduced nexus. (Not meaningful given amount of fee)	Moderate	Currently in the process of updating.
City of Elk Grove	1988 (Inherited from County when incorporated)	• $30 flat fee plus: • Office $0.97 • Hotel $0.92 • R & D $0.82 • Commercial $0.77 • Manufacturing $0.61 • Indoor Recreational Centers $0.50 • Warehouse $0.26	No Minimum Threshold Membership organizations (churches, non-profits, etc), mini-storage, car storage, marinas, car washes, private parking garages and agricultural uses exempt.	Pay 20% fee plus build at reduced nexus. (Not meaningful given amount of fee).	Moderate	City may update fee after County of Sacramento updates its fee.
City of Rancho Cordova	1988 (Inherited from County when incorporated)	• $30 - $100 flat fee plus: • Office $0.97 • Hotel $0.92 • R & D $0.82 • Commercial $0.77 • Manufacturing $0.61 • Indoor Recreational Centers $0.50 • Warehouse $0.26	No Minimum Threshold.	No build option, but developer can dedicate land to city in-lieu of fee.	Moderate	
City of Citrus Heights		• Office $0.97 • Hotel $0.92 • R & D $0.82 • Commercial $0.77 • Manufacturing $0.61 • Warehouse $0.26	No Minimum Threshold Agriculture, auto smog inspections, car storage, private parking garage, mini-storage, churches, non-profit membership organizations		Moderate	

NOTE: This table is intended to provide a first-cut overview of the impact fees charged by various jurisdictions. The information contained in the chart is that which is readily available online; it was outside the scope of this task to contact each city/county individually. Therefore, KMA does not represent that the table is necessarily a complete picture of each city's impact fees.

City	City of Sacramento	Sacramento County	City of Davis	City of Vacaville	City of Modesto	City of West Sacramento	City of Fairfield	City of Stockton	City of Roseville
Housing	Office: $1.79 Hotel: $1.70 R&D: $1.52 Commercial: $1.43 Manufacturing: $1.12 Warehouse: $0.49 Warehouse/Office: $0.65	Office: $0.97 Hotel: $0.92 R&D: $0.82 Commercial:$0.77 Manufacturing: $0.61 Warehouse: $0.26	No fee.	Does not appear to have one.	Does not appear to have one.	Does not appear to have one.	Does not appear to have one.	Does not appear to have one.	Does not appear to have one.
Traffic/Transportation	Office: Downtown - $1.43; Richards Blvd - $6.92; Railyard - $6.70 Retail: Downtown - $1.58; Richards Blvd - $7.62; Railyard - $7.49 Hotel: Downtown - $373/room; Richards Blvd - $1,808; Railyard - $1,752 Industrial: Downtown - $0.51; Richards Blvd - $2.51; Railyard - N/A North Natomas Fees: Office: $55,141 - $13,840 /acre Commercial: $11,863 - $26,098/acre Light Industrial: $2,373 - $3,203 /acre	SP Office (Business/Professional): $2.18 - $3.26 Industrial/Office: $1.39 - $2.53 Commercial: $2.39 - $4.33	Office/Business Park: $1.677 psf Core/Auto Retail: $2.728 Other Retail: $6.536 Industrial: $0.155	Office/Hotels: $3.0259 psf Commercial: $3.9854 Manufac.(<50k SF): $2.2141 Indus (<50k SF): $2.6200 Indus (>50K SF): $2.2141 Airport Hangars: $0.5535 Hospitals: $2.2263 Church: $0.9779	Included in Capital Facilities Fee, below.	Office: $1.846 - $12.989 Medical Office: $5.793 - $13.071 Retail: $0.731 - $27.256 Hospital: $1.864 - $4.206 Church: $0.914 -$2.062 Recreational: varies by use Hotel/Motel: $749 - $2,804 per room Industrial: $0.274 - $3.752 psf	Office: $2.88 Retail: $11.85 Commercial: $4.76 Industrial: $1.15	Office/High Density: $3.568 - $5.624 Downtown Office/Commercial: $2.328 Retail/Medium Density: $4.701 - $6.083 Warehouse/Low Density: $1.378 - $2.173	Several different fees, each of which depends significantly on location of project and type of project.
Parks	Office: $0.42 ($0.20 for infill) Retail/Other Commercial: $0.31 ($0.15 for infill) Industrial: $0.13 ($0.06 for infill) North Natomas Fees: $10,850/acre	Not available online.	Office/Business Park: $0.237 psf Core/Auto Retail: $0.237 Other Retail: $0.237 Industrial: $0.062	No fee.	Does not appear to have one.	Commercial: $0.953 Office: $1.540 Industrial: $0.660	Does not appear to have one.	No fee on non-residential.	Does not appear to have one.
School Facilities	Average: $0.29 psf Range: $0.15 to $0.36	Average: $0.31 psf Range: $0.15 to $0.36	$0.34 psf	Vacaville USD: $0.33 psf Travis: $0.36 psf	$0.35 psf for most school districts. (Salida and Empire may differ).	Not available online.	Fairfield/Suisun: $0.33 psf Travis: $0.36 psf	Not available online.	$0.36 - $0.37 psf
Public Facilities	Office: Richards Blvd - $0.18; Railyard - $1.89 Retail: Richards Blvd - $0.18; Railyard - $3.76 Hotel: Richards Blvd - $104/room; Railyard - $2,337 Industrial: Richards Blvd - $0.18; Railyard - N/A North Natomas Fees: Office: $56,750 - $123,327/acre Commercial: $98,608 - $188,727/acre Light Industrial: $33,852 - $40,721/acre	Fire: sprinklered $0.55 non-sprinklered $0.70	Office/Business Park General: $0.358 psf; Public Safety: $0.405 Core/Auto Retail General: $0.358 psf; Public Safety: $0.405 Other Retail General: $0.358 psf; Public Safety: $0.405 Industrial General: $0.093 psf; Public Safety: $0.105 County Fees: Not available online.	Office General: $0.2464 psf; Police: $0.5658; Fire: $1,035/acre; County: $0.889 Commercial General: $0.3198 psf; Police: $1.0703; Fire: $1,035/acre; County: $0.534 Manufac.(<50k SF) General: $0.1720; Police: $0.1599; Fire: $1,035/acre; County: $0.374 Indus.(<50k SF) General: $0.2092; Police: $0.3629; Fire: $1,035/acre; County: $0.112 Indus (>50K SF) General: $0.1720; Police: $0.1599; Fire: $1,035/acre; County: $0.112 - $0.374 Hospital General: $0.1720; Police: $1.2546; County: $0.889 Church General: $0.0761; Police: $0.2703; County: $0.889	Office $9.587 psf Medical Office $21.397 Retail: $10.941 - $16.615 Hospital: $13.485 (or conduct study and pay all mitigation costs) Day Care Center: $7.750 Nursing Home: $2.886 Church: $2.189 Business Park (service): $6.834 Business Park (manuf): $4.237 Manufacturing:$3.745 Warehousing: $2.717 Hotel/Motel: $5,340 per room County Fees: Office: $4.277 Medical Office: $6.105 Retail: $2.423 - $19.812 Industrial: $0.037 - $2.00 Other: $1.32 - 13.56	Office/Industrial Park Fire: $0.871; Police: $0.855; Corporation Yards: $0.652 Retail/Service Fire: $0.523; Police: $0.514 Corporation Yards: $0.392 Industrial Fire: $0.349; Police: $0.342 Corporation Yards: $0.261	Office: $0.55 Retail: $1.29 Commercial: $1.19 Industrial: $0.27 County Fees: Office: $0.889 Retail: $0.534 Industrial: $0.374 Warehouse: $0.112	Office/High Density City office space: $0.072; Fire: $0.196; Libraries $0.156; Police $0.174; Community Rec $0.065; Air Quality: $0.272; Surface Water: $0.145 Retail/Medium Density City office space: $0.037; Fire: $0.100; Libraries: $0.080; Police: $0.089; Community Rec: $0.033; Air Quality: $0.568 ; Surface Water: $0.58 Warehouse/Low Density City office space: $0.042; Fire: $0.089; Libraries: $0.092; Police: $0.102; Community Rec: $0.038; Air Quality: $0.333; Surface Water: $0.233	Fire Service Construction Tax: 0.005 * building valuation Public Facilities: Commercial: $0.43 psf Business/Professional: $0.58 psf Industrial: $0.29 County Fees: Office: $0.40 Retail: $0.25 Industrial: $0.20 Warehouse: $0.05

NOTE: This table is intended to provide a first-cut overview of the impact fees charged by various jurisdictions. The information contained in the chart is that which is readily available online; it was outside the scope of this task to contact each city/county individually. Therefore, KMA does not represent that the table is necessarily a complete picture of each city's impact fees.

City	City of Sacramento	Sacramento County	City of Davis	City of Vacaville	City of Modesto	City of West Sacramento	City of Fairfield	City of Stockton	City of Roseville
Child Care Fee	No fee.	No fee.	No fee.	No fee.	No fee.	Hotel: $0.13 psf Retail: $0.33 Office: $0.44 Industrial: $0.13	No fee.	No fee.	No fee.
Habitat Conservation / Open Space / Other	$24,697 per acre disturbed. North Natomas Fees Land Acquisition Fee: $23,107/acre	Does not appear to have one.	Open Space (Charged on all development) Office/Business Park: $0.041 psf Core/Auto Retail: $0.041 Other Retail: $0.041 Industrial: $0.011	No fee.	Does not appear to have one.	Does not appear to have one.	Does not appear to have one.	Habitat/Open Space (charged by type of land) Office/High Density: $2,218 - $44,367 per net acre Retail/Medium Density: $1,095 - $43,833 per net acre Warehouse/Low Density: $977 - $39,119 per net acre	Does not appear to have one.
General Plan Maintenance	$0.59 per $1,000 valuation.	Does not appear to have one.	Does not appear to have one.	Does not appear to have one.	Does not appear to have one.	Does not appear to have one.	$0.032 psf Also, an "urban design" fee: Retail/Comm'l: $0.02 psf Office: $0.03 Industrial: $0.01	Does not appear to have one.	Does not appear to have one.
Other Charges									
Percent for Art Program (private development)	Does not appear to have one.	Does not appear to have one.	Does not appear to have one.	Does not appear to have one.	Does not appear to have one.	Does not appear to have one.	$2.50 per $1,000 in valuation.	Does not appear to have one.	Does not appear to have one.
Total Fees Per SF									
Note: These are rough estimates only; actual fees may vary significantly based on location, use, etc.									
Low Rise Office in North Natomas[1]	$7.76/SF	$4.47/SF	$3.06/SF	$5.10/SF	$14.17/SF	$8.45/SF	$4.87/SF	$5.89/SF	$7.10/SF
Freestanding Retailer[2]	$1.90/SF	$4.92/SF	$7.92/SF	$6.31/SF	$22.58/SF	$8.56/SF	$14.16/SF	$6.90/SF	$6.40/SF

Note: This chart is not intended to provide a comprehensive list of city fees; it does not include construction process fees, entitlement fees, or sewer/water connection fees.
Note: "No fee" indicates that KMA was able to confirm that the City does not charge a fee. "Does not appear to have one" indicates that KMA found no evidence of the City charging a fee but could not
Sources: City and County websites; local school districts; city and county staff.
1. Estimates based on Prototype 2, in Section V of the report (a 131,000 SF building with a 0.50 FAR and a building permit valuation of $8.1 million). Total fees if not located in North Natomas area are $2.54/SF.
2. Estimates based on Prototype 6, in Section V of the report (a 14,400 SF retail building with a 0.33 FAR and a building permit valuation of $682,000).

APPENDIX TABLES

APPENDIX TABLES

APPENDIX TABLE 1-A
OCCUPATIONS INCLUDED IN ANALYSIS
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT ANALYSIS

The occupational breakdown of employment by land use is based on the 2003 National Industry-Specific Occupational Employment and Wage Estimates For these Industries/North American Industry Classification System (NAICS) codes:

Office

Specific North American Industry Classification System (NAICS) codes:

522100 - Depository Credit Intermediation
522200 - Nondepository Credit Intermediation
523900 - Other Financial Investment Activities
524100 - Insurance Carriers
524200 - Agencies, Brokerages, and Other Insurance Related Activities

531100 - Lessors of Real Estate
531200 - Offices of Real Estate Agents and Brokers
531300 - Activities related to Real Estate

541100 - Legal Services
541200 - Accounting, Tax Preparation, Bookkeeping, and Payroll Services
541300 - Architectural, Engineering, and Related Services
541400 - Specialized Design Services
541600 - Management, Scientific, and Technical Consulting Services
541800 - Advertising and Related Services
541900 - Other Professional, Scientific, and Technical Services

551100 - Management of Companies and Enterprises

621100 - Offices of Physicians
621200 - Offices of Dentists
621300 - Offices of Other Health Practitioners

999200 - State Government (OES designation) [1]
(Protective Services occupations excluded)
999300 - Local Government (OES designation)
(Protective Services occupations excluded)

Hotel

Specific North American Industry Classification System (NAICS) codes:

721100 - Traveler Accommodation
(gambling related occupations excluded)

[1] Employment in state government occupations was double weighted to account for the concentration of this industry in the Sacramento region in comparison with its percentage of total nationwide employment. Healthcare related occupations were not doubled weighted, due to their likely geographical distribution across the state.

APPENDIX TABLE 1-B
OCCUPATIONS INCLUDED IN ANALYSIS
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT ANALYSIS

The occupational breakdown of employment by land use is based on the 2003 National Industry-Specific Occupational Employment and Wage Estimates For these Industries/North American Industry Classification System (NAICS) codes:

Retail

Specific North American Industry Classification System (NAICS) codes:
441100 - Automobile Dealers
441200 - Other Motor Vehicle Dealers
441300 - Automotive Parts, Accessories, and Tire Stores
442100 - Furniture Stores
442200 - Home Furnishings Stores
443100 - Electronics and Appliance Stores
444100 - Building Material and Supplies Dealers
444200 - Lawn and Garden Equipment and Supplies Stores
445100 - Grocery Stores
445200 - Specialty Food Stores
445300 - Beer, Wine, and Liquor Stores
446100 - Health and Personal Care Stores
447100 - Gasoline Stations
448100 - Clothing Stores
448200 - Shoe Stores
448300 - Jewelry, Luggage, and Leather Goods Stores
451100 - Sporting Goods, Hobby, and Musical Instrument Stores
451200 - Book, Periodical, and Music Stores
452100 - Department Stores
452900 - Other General Merchandise Stores
453100 - Florists
453200 - Office Supplies, Stationery, and Gift Stores
453300 - Used Merchandise Stores
453900 - Other Miscellaneous Store Retailers

532200 - Consumer Goods Rental
532300 - General Rental Centers
722100 - Full-Service Restaurants
722200 - Limited-Service Eating Places
722300 - Special Food Services
722400 - Drinking Places (Alcoholic Beverages)

APPENDIX TABLE 1-B
OCCUPATIONS INCLUDED IN ANALYSIS
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT ANALYSIS

811100 - Automotive Repair and Maintenance
811200 - Electronic and Precision Equipment Repair and Maintenance
811400 - Personal and Household Goods Repair and Maintenance
812100 - Personal Care Services
812200 - Death Care Services
812300 - Drycleaning and Laundry Services
812900 - Other Personal Services

Medical

Specific North American Industry Classification System (NAICS) codes:
621400 - Outpatient Care Centers
621500 - Medical and Diagnostic Laboratories
622100 - General Medical and Surgical Hospitals
622200 - Psychiatric and Substance Abuse Hospitals
622300 - Specialty Hospitals
623100 - Nursing Care Facilities

APPENDIX TABLE 1-C
OCCUPATIONS INCLUDED IN ANALYSIS
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT ANALYSIS

The occupational breakdown of employment by land use is based on the 2003 National Industry-Specific Occupational Employment and Wage Estimates For these Industries/North American Industry Classification System (NAICS) codes:

Manufacturing

Specific North American Industry Classification System (NAICS) codes:
325400 - Pharmaceutical and Medicine Manufacturing
331200 - Steel Product Manufacturing from Purchased Steel
332500 - Hardware Manufacturing
332700 - Machine Shops; Turned Product; and Screw, Nut, and Bolt Manufacturing
332800 - Coating, Engraving, Heat Treating, and Allied Activities
332900 - Other Fabricated Metal Product Manufacturing
333500 - Metalworking Machinery Manufacturing
333600 - Engine, Turbine, and Power Transmission Equipment Manufacturing
334100 - Computer and Peripheral Equipment Manufacturing [1]
334300 - Audio and Video Equipment Manufacturing
334200 - Communications Equipment Manufacturing
334400 - Semiconductor and Other Electronic Component Manufacturing [1]
334500 - Navigational, Measuring, Electromedical, and Control Instruments Manufacturing
334600 - Manufacturing and Reproducing Magnetic and Optical Media
335300 - Electrical Equipment Manufacturing
335900 - Other Electrical Equipment and Component Manufacturing
336400 - Aerospace Product and Parts Manufacturing [1]
339100 - Medical Equipment and Supplies Manufacturing [1]

[1] Employment in this industry was double weighted to account for the concentration of this industry in the Sacramento region in comparison with its percentage of total nationwide employment for the selected manufacturing / industrial industries.

APPENDIX TABLE 1-C
OCCUPATIONS INCLUDED IN ANALYSIS
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT ANALYSIS

Warehousing and Storage

Specific North American Industry Classification System (NAICS) codes:

423100 - Motor Vehicle and Motor Vehicle Parts and Supplies Merchant Wholesalers
423200 - Furniture and Home Furnishing Merchant Wholesalers
423300 - Lumber and Other Construction Materials Merchant Wholesalers
423400 - Professional and Commercial Equipment and Supplies Merchant Wholesalers
423600 - Electrical and Electronic Goods Merchant Wholesalers
423700 - Hardware, and Plumbing and Heating Equipment and Supplies Merchant Wholesalers
423800 - Machinery, Equipment, and Supplies Merchant Wholesalers
423900 - Miscellaneous Durable Goods Merchant Wholesalers
424100 - Paper and Paper Product Merchant Wholesalers
424200 - Drugs and Druggists' Sundries Merchant Wholesalers
424300 - Apparel, Piece Goods, and Notions Merchant Wholesalers
424400 - Grocery and Related Product Wholesalers
424800 - Beer, Wine, and Distilled Alcoholic Beverage Merchant Wholesalers
424900 - Miscellaneous Nondurable Goods Merchant Wholesalers

493100 - Warehousing and Storage

APPENDIX TABLE 2
2003 NATIONAL OFFICE WORKER DISTRIBUTION BY OCCUPATION
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Major Occupations (3% or more)	2003 National Office Industry Occupation Distribution	
Management occupations	2,096,400	7.7%
Business and financial operations occupations	2,844,720	10.5%
Computer and mathematical occupations	1,823,820	6.7%
Architecture and engineering occupations	1,133,330	4.2%
Legal occupations	874,980	3.2%
Healthcare practitioners and technical occupations	1,678,850	6.2%
Healthcare support occupations	863,970	3.2%
Sales and related occupations	1,367,150	5.0%
Office and administrative support occupations	8,967,460	33.1%
Installation, maintenance, and repair occupations	846,380	3.1%
All Other Office Related Occupations	4,588,120	16.9%
INDUSTRY TOTAL	27,085,180	100.0%

Source: Bureau of Labor Statistics

APPENDIX TABLE 3
AVERAGE ANNUAL COMPENSATION 2004
OFFICE WORKER OCCUPATIONS
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Occupation [3]	2004 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Office Workers
Management occupations			
Chief executives	$132,500	6 7%	0 5%
General and operations managers	$98,100	22 3%	1 7%
Administrative services managers	$71,800	5 7%	0 4%
Computer and information systems managers	$110,900	7 2%	0 6%
Financial managers	$80,800	12 5%	1 0%
Property, real estate, and community association managers	$33,500	6 5%	0 5%
All Other Management Occupations (avg all categories)	$88,900	39 1%	3.0%
Weighted Mean Annual Wage	***$89,900***	**100.0%**	**7.7%**
Business and financial operations occupations			
Claims adjusters, examiners, and investigators	$51,000	8 0%	0 8%
Compliance officers, except agriculture, construction, health and safety, and transportation	$52,500	4 1%	0 4%
Management analysts	$65,200	11 3%	1 2%
Accountants and auditors	$57,700	19 8%	2 1%
Loan officers	$61,200	7 4%	0 8%
All Other Business and Financial Operations Occupations (avg all categories)	$54,400	49.4%	5.2%
Weighted Mean Annual Wage	***$56,400***	**100.0%**	**10.5%**
Computer and mathematical occupations			
Computer programmers	$65,900	14 5%	1 0%
Computer software engineers, applications	$85,100	16 0%	1 1%
Computer software engineers, systems software	$91,100	10 9%	0 7%
Computer support specialists	$43,900	14 2%	1 0%
Computer systems analysts	$69,700	17 2%	1 2%
Network and computer systems administrators	$64,100	7 9%	0 5%
Network systems and data communications analysts	$65,700	5 8%	0 4%
All Other Computer and Mathematical Occupations (avg all categories)	$69,300	13.5%	0.9%
Weighted Mean Annual Wage	***$69,600***	**100.0%**	**6.7%**
Architecture and engineering occupations			
Architects, except landscape and naval	$71,600	7 4%	0 3%
Surveyors	$70,300	4 2%	0 2%
Civil engineers	$72,700	17 9%	0 7%
Electrical engineers	$80,100	5 0%	0 2%

Occupation [3]	2004 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Office Workers
Electronics engineers, except computer	$72,100	4.5%	0.2%
Mechanical engineers	$75,500	5.2%	0.2%
Architectural and civil drafters	$44,000	7.0%	0.3%
Civil engineering technicians	$48,700	9.3%	0.4%
Electrical and electronic engineering technicians	$43,500	4.1%	0.2%
Surveying and mapping technicians	$50,700	4.6%	0.2%
All Other Architecture and Engineering Occupations (avg all categories)	$66,000	30.7%	1.3%
Weighted Mean Annual Wage	***$64,500***	**100.0%**	**4.2%**
Legal occupations			
Lawyers	$99,400	56.2%	1.8%
Judges, magistrate judges, and magistrates	$145,900	4.3%	0.1%
Paralegals and legal assistants	$47,400	22.7%	0.7%
Title examiners, abstractors, and searchers	$56,200	5.2%	0.2%
All Other Legal Occupations (avg all categories)	$84,600	11.6%	0.4%
Weighted Mean Annual Wage	***$85,700***	**100.0%**	**3.2%**
Healthcare practitioners and technical occupations			
Dentists	$156,800	5.6%	0.3%
Family and general practitioners [4]	$136,900	4.7%	0.3%
Registered nurses	$64,100	19.8%	1.2%
Dental hygienists	$72,100	8.4%	0.5%
Licensed practical and licensed vocational nurses	$42,900	7.6%	0.5%
All Other Healthcare Practitioners / Technical Occupations (avg all categories)	$67,600	53.9%	3.3%
Weighted Mean Annual Wage	***$73,600***	**100.0%**	**6.2%**
Healthcare support occupations			
Nursing aides, orderlies, and attendants	$25,900	10.4%	0.3%
Dental assistants	$29,000	30.2%	1.0%
Medical assistants	$28,900	31.1%	1.0%
Medical transcriptionists	$34,500	4.2%	0.1%
Veterinary assistants and laboratory animal caretakers	$19,400	7.1%	0.2%
All Other Health Care Support Occupations (avg all categories)	$26,700	17.0%	0.5%
Weighted Mean Annual Wage	***$27,800***	**100.0%**	**3.2%**
Sales and related occupations			
First-line supervisors/managers of non-retail sales workers	$58,800	5.0%	0.3%
Cashiers	$20,800	4.8%	0.2%
Retail salespersons	$25,300	5.4%	0.3%
Insurance sales agents	$65,400	20.5%	1.0%

Occupation [3]	2004 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Office Workers
Securities, commodities, and financial services sales agents	$68,400	6 7%	0 3%
Sales representatives, wholesale and manufacturing, technical and scientific products	$64,800	4 8%	0 2%
Sales representatives, wholesale and manufacturing, except technical and scientific products	$50,700	6 6%	0 3%
Real estate sales agents	$59,100	7 5%	0 4%
Telemarketers	$24,300	7 3%	0 4%
All Other Sales and Related Occupations (avg all categories)	$33,300	31 4%	1 6%
Weighted Mean Annual Wage	***$46,400***	**100 0%**	**5 0%**
Office and administrative support occupations			
First-line supervisors/managers of office and administrative support workers	$50,500	7 2%	2 4%
Bookkeeping, accounting, and auditing clerks	$33,300	7 1%	2 4%
Tellers	$22,300	5 6%	1 9%
Customer service representatives	$32,500	9 2%	3 0%
Receptionists and information clerks	$24,500	5 6%	1 8%
Executive secretaries and administrative assistants	$40,400	7 9%	2 6%
Secretaries, except legal, medical, and executive	$29,000	7 6%	2 5%
Office clerks, general	$27,300	13 4%	4 4%
All Other Office and Admin Support Occupations (avg all categories)	$32,500	36 5%	12 1%
Weighted Mean Annual Wage	***$32,500***	**100 0%**	**33 1%**
Installation, maintenance, and repair occupations			
First-line supervisors/managers of mechanics, installers, and repairers	$58,100	9 9%	0 3%
Telecommunications equipment installers and repairers, except line installers	$46,100	13 9%	0 4%
Automotive service technicians and mechanics	$37,900	4 3%	0 1%
Maintenance and repair workers, general	$32,700	43 5%	1 4%
Telecommunications line installers and repairers	$40,900	7 0%	0 2%
All Other Installation, Maintenance, and Repair Occupations (avg all categories)	$38,900	21 4%	0 7%
Weighted Mean Annual Wage	***$39,200***	**100 0%**	**3 1%**
			83 1%

[1] The methodology utilized by the California Employment Development Department (EDD) assumes that hourly paid employees are employed full-time

[2] Occupation percentages are based on the 2003 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics Wages have been updated to 3rd Quarter 2004 OES 2003 - Sacramento MSA

[3] Including Occupations representing 4% or more of the major occupation group

[4] Wages for family and general practitioners not available; substituted general internists wages

APPENDIX TABLE 4
2003 NATIONAL HOTEL WORKER DISTRIBUTION BY OCCUPATION
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Major Occupations (3% or more)	2003 National Hotel Industry Occupation Distribution	
Management occupations	74,340	4.6%
Food preparation and serving related occupations	458,910	28.2%
Building and grounds cleaning and maintenance occupations	494,640	30.4%
Personal care and service occupations	67,070	4.1%
Office and administrative support occupations	292,950	18.0%
Installation, maintenance, and repair occupations	67,020	4.1%
All Other Hotel Related Occupations	174,790	10.7%
INDUSTRY TOTAL	1,629,720	100.0%

Source: Bureau of Labor Statistics

APPENDIX TABLE 5
AVERAGE ANNUAL COMPENSATION 2004
HOTEL WORKER OCCUPATIONS
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Occupation [3]	2004 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Hotel Workers
Management occupations			
General and operations managers	$98,100	18 5%	0 8%
Sales managers	$104,800	9 9%	0 5%
Financial managers	$80,800	5 4%	0 2%
Food service managers	$44,900	13 9%	0 6%
Lodging managers	$50,800	36 1%	1 6%
All Other Management Occupations	$85,500	16.2%	0.7%
Weighted Mean Annual Wage	***$71,300***	**100.0%**	**4.6%**
Food preparation and serving related occupations			
First-line supervisors/managers of food preparation and serving workers	$28,400	4 5%	1 3%
Cooks, restaurant	$22,500	11 9%	3 3%
Food preparation workers	$18,900	4 4%	1 3%
Bartenders	$17,800	8 3%	2 3%
Waiters and waitresses	$18,200	28 9%	8 1%
Food servers, nonrestaurant	$18,900	7 9%	2 2%
Dining room and cafeteria attendants and bartender helpers	$17,200	9 3%	2 6%
Dishwashers	$16,300	8 2%	2 3%
Hosts and hostesses, restaurant, lounge, and coffee shop	$17,500	4 6%	1 3%
Food Preparation and Serving Related Workers, All Other	$18,600	12.0%	3.4%
Weighted Mean Annual Wage	***$19,000***	**100.0%**	**28.2%**
Building and grounds cleaning and maintenance occupations			
First-line supervisors/managers of housekeeping and janitorial workers	$39,200	6 6%	2 0%
Janitors and cleaners, except maids and housekeeping cleaners	$23,000	9 6%	2 9%
Maids and housekeeping cleaners	$19,500	79 3%	24 1%
All Other Building and Grounds Cleaning and Maintenance Workers	$27,300	4.4%	1.3%
Weighted Mean Annual Wage	***$21,500***	**100.0%**	**30.4%**

See next page for footnotes

Occupation [3]	2004 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Hotel Workers
Personal care and service occupations			
First-line supervisors/managers of personal service workers	$36,800	4 4%	0 2%
Amusement and recreation attendants	$19,300	13 7%	0 6%
Baggage porters and bellhops	$17,500	35 6%	1 5%
Concierges	$24,600	11 0%	0 5%
Recreation workers	$18,700	5 1%	0 2%
Personal Care and Service Workers, All Other	$34,100	30.1%	1.2%
Weighted Mean Annual Wage	***$24,400***	**100.0%**	**4.1%**
Office and administrative support occupations			
First-line supervisors/managers of office and administrative support workers	$50,500	6.7%	1.2%
Bookkeeping, accounting, and auditing clerks	$33,300	7 5%	1 3%
Hotel, motel, and resort desk clerks	$19,800	59 1%	10 6%
Reservation and transportation ticket agents and travel clerks	$26,000	4 8%	0 9%
All Other Office and Admin. Support Occupations (avg all categories)	$32,500	22.0%	4.0%
Weighted Mean Annual Wage	***$26,000***	**100.0%**	**18.0%**
Installation, maintenance, and repair occupations			
First-line supervisors/managers of mechanics, installers, and repairers	$58,100	6 7%	0 3%
Maintenance and repair workers, general	$32,700	84 8%	3 5%
Installation, Maintenance, and Repair Workers, All Other	$33,000	8.5%	0.3%
Weighted Mean Annual Wage	***$34,400***	**100.0%**	**4.1%**
			89 3%

[1] The methodology utilized by the California Employment Development Department (EDD) assumes that hourly paid employees are employed full-time

[2] Occupation percentages are based on the 2003 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics

[3] Including Occupations representing 4% or more of the major occupation group

APPENDIX TABLE 6
2003 NATIONAL RETAIL WORKER DISTRIBUTION BY OCCUPATION
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Major Occupations (3% or more)	2003 National Retail Industry Occupation Distribution	
Management occupations	779,780	3.0%
Food preparation and serving related occupations	8,068,260	*31.1%*
Sales and related occupations	8,691,210	*33.5%*
Office and administrative support occupations	2,713,210	*10.5%*
Installation, maintenance, and repair occupations	1,382,450	*5.3%*
Production occupations	800,050	*3.1%*
Transportation and material moving occupations	1,717,070	*6.6%*
All Other Retail Related Occupations	1,763,350	*6.8%*
INDUSTRY TOTAL	25,915,380	100.0%

APPENDIX TABLE 7
AVERAGE ANNUAL COMPENSATION 2003
RETAIL WORKER OCCUPATIONS
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Occupation [3]	2003 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Retail Workers
Management occupations			
Chief executives	$132,500	4.4%	0.1%
General and operations managers	$98,100	50.0%	1.5%
Sales managers	$104,800	8.1%	0.2%
Food service managers	$44,900	22.1%	0.7%
All Other Management Occupations (avg. all categories)	$88,900	15.4%	0.5%
Weighted Mean Annual Wage	***$87,000***	**100.0%**	**3.0%**
Food preparation and serving related occupations			
First-line supervisors/managers of food preparation and serving workers	$28,400	6.9%	2.1%
Cooks, fast food	$16,900	7.5%	2.3%
Cooks, restaurant	$22,500	8.0%	2.5%
Food preparation workers	$18,900	6.9%	2.1%
Bartenders	$17,800	4.3%	1.4%
Combined food preparation and serving workers, including fast food	$17,600	22.6%	7.0%
Waiters and waitresses	$18,200	22.9%	7.1%
Dishwashers	$16,300	4.7%	1.5%
All Other Food Preparation and Serving Related Occupations (avg all categories)	$19,100	16.1%	5.0%
Weighted Mean Annual Wage	***$19,100***	**100.0%**	**31.1%**
Sales and related occupations			
First-line supervisors/managers of retail sales workers	$39,200	11.4%	3.8%
Cashiers	$20,800	35.9%	12.0%
Retail salespersons	$25,300	43.6%	14.6%
All Other Sales and Related Occupations (avg all categories)	$33,300	9.2%	3.1%
Weighted Mean Annual Wage	***$26,000***	**100.0%**	**33.5%**
Office and administrative support occupations			
First-line supervisors/managers of office and administrative support workers	$50,500	6.1%	0.6%
Bookkeeping, accounting, and auditing clerks	$33,300	9.5%	1.0%
Customer service representatives	$32,500	8.1%	0.8%
Shipping, receiving, and traffic clerks	$27,000	7.1%	0.7%
Stock clerks and order fillers	$24,000	36.9%	3.9%
Office clerks, general	$27,300	9.7%	1.0%
All Other Office and Administrative Support Occupations (avg all categories)	$32,500	22.7%	2.4%
Weighted Mean Annual Wage	***$29,600***	**100.0%**	**10.5%**

See next page for footnotes

Occupation [3]	2003 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Retail Workers
Installation, maintenance, and repair occupations			
First-line supervisors/managers of mechanics, installers, and repairers	$58,100	9.2%	0.5%
Automotive body and related repairers	$42,700	11.2%	0.6%
Automotive service technicians and mechanics	$37,900	40.3%	2.2%
Tire repairers and changers	$20,000	5.4%	0.3%
Maintenance and repair workers, general	$32,700	4.7%	0.3%
All Other Installation, Maintenance, and Repair Occupations (avg all categories)	$38,900	29.3%	1.6%
Weighted Mean Annual Wage	***$39,400***	**100.0%**	**5.3%**
Production occupations			
Team assemblers	$25,200	2.7%	0.1%
Bakers	$26,900	12.5%	0.4%
Butchers and meat cutters	$34,800	13.4%	0.4%
Laundry and dry-cleaning workers	$18,900	13.4%	0.4%
Pressers, textile, garment, and related materials	$18,400	8.2%	0.3%
All Other Production Occupations (avg all categories)	$29,700	49.8%	1.5%
Weighted Mean Annual Wage	***$27,500***	**100.0%**	**3.1%**
Transportation and material moving occupations			
Driver/sales workers	$22,000	11.7%	0.8%
Truck drivers, light or delivery services	$25,100	15.4%	1.0%
Service station attendants	$23,200	4.7%	0.3%
Cleaners of vehicles and equipment	$19,800	12.8%	0.8%
Laborers and freight, stock, and material movers, hand	$22,300	15.3%	1.0%
Packers and packagers, hand	$18,900	15.5%	1.0%
All Other Transportation and Material Moving Occupations	$28,000	24.6%	1.6%
Weighted Mean Annual Wage	***$23,300***	**100.0%**	**6.6%**
			93.2%

[1] The methodology utilized by the California Employment Development Department (EDD) assumes that hourly paid employees are employed full-time.

[2] Occupation percentages are based on the 2003 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics. Wages have been updated to 3rd Quarter 2004. OES 2003 - Sacramento MSA.

[3] Including Occupations representing 4% or more of the major occupation group

APPENDIX TABLE 8
2003 NATIONAL WAREHOUSE WORKER DISTRIBUTION BY OCCUPATION
JOBS HOUSING LINKAGE ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Major Occupations (3% or more)	2003 National Warehoue Industry Occupation Distribution	
Management occupations	338,180	6.2%
Business and financial operations occupations	171,130	3.1%
Sales and related occupations	1,198,680	21.9%
Office and administrative support occupations	1,303,340	23.9%
Installation, maintenance, and repair occupations	367,710	6.7%
Production occupations	381,040	7.0%
Transportation and material moving occupations	1,315,660	24.1%
All Other Warehouse Related Occupations	385,560	7.1%
INDUSTRY TOTAL	5,461,300	100.0%

Source: Bureau of Labor Statistics

APPENDIX TABLE 9
AVERAGE ANNUAL COMPENSATION 2003
WAREHOUSE WORKER OCCUPATIONS
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Occupation [3]	2003 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Warehouse Workers
Management occupations			
Chief executives	$132,500	6.6%	0.4%
General and operations managers	$98,100	42.9%	2.7%
Sales managers	$104,800	14.1%	0.9%
Computer and information systems managers	$110,900	4.2%	0.3%
Financial managers	$80,800	7.8%	0.5%
Purchasing managers	$71,400	4.1%	0.3%
Transportation, storage, and distribution managers	$69,000	4.8%	0.3%
All Other Management Occupations (avg all categories)	$88,900	15.5%	1.0%
Weighted Mean Annual Wage	***$96,600***	**100.0%**	**6.2%**
Business and financial operations occupations			
Wholesale and retail buyers, except farm products	$47,700	28.1%	0.9%
Purchasing agents, except wholesale, retail, and farm products	$51,400	7.3%	0.2%
Accountants and auditors	$57,700	25.3%	0.8%
All Other Business and Financial Operations Occupations (avg all categories)	$54,400	39.2%	1.2%
Weighted Mean Annual Wage	***$53,100***	**100.0%**	**3.1%**
Sales and related occupations			
First-line supervisors/managers of non-retail sales workers	$58,800	8.0%	1.8%
Parts salespersons	$32,100	4.8%	1.1%
Retail salespersons	$25,300	5.8%	1.3%
Sales representatives, wholesale and manufacturing, technical and scientific pro	$64,800	14.5%	3.2%
Sales representatives, wholesale and manufacturing, except technical and scien	$50,700	53.6%	11.8%
All Other Sales and Related Occupations (avg all categories)	$33,300	13.3%	2.9%
Weighted Mean Annual Wage	***$48,700***	**100.0%**	**21.9%**
Office and administrative support occupations			
First-line supervisors/managers of office and administrative support workers	$50,500	6.1%	1.5%
Bookkeeping, accounting, and auditing clerks	$33,300	9.9%	2.4%
Customer service representatives	$32,500	8.7%	2.1%
Order clerks	$27,900	5.6%	1.3%
Shipping, receiving, and traffic clerks	$27,000	14.1%	3.4%
Stock clerks and order fillers	$24,000	16.7%	4.0%
Secretaries, except legal, medical, and executive	$29,000	4.6%	1.1%
Office clerks, general	$27,300	11.5%	2.7%
All Other Office and Administrative Support Occupations (avg all categories)	$32,500	22.6%	5.4%
Weighted Mean Annual Wage	***$30,500***	**100.0%**	**23.9%**

Footnotes appear at end of next page

Occupation [3]	2003 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Warehouse Workers
Installation, maintenance, and repair occupations			
First-line supervisors/managers of mechanics, installers, and repairers	$58,100	8 3%	0 6%
Computer, automated teller, and office machine repairers	$32,800	14 0%	0 9%
Automotive service technicians and mechanics	$37,900	4 8%	0 3%
Bus and truck mechanics and diesel engine specialists	$44,300	9 7%	0 7%
Farm equipment mechanics	$29,200	6 4%	0 4%
Mobile heavy equipment mechanics, except engines	$47,200	9 9%	0 7%
Maintenance and repair workers, general	$32,700	16 5%	1 1%
All Other Installation, Maintenance, and Repair Occupations (avg all categories)	$38,900	30.4%	2.0%
Weighted Mean Annual Wage	***$39,300***	**100.0%**	**6.7%**
Production occupations			
First-line supervisors/managers of production and operating workers	$49,400	8 5%	0 6%
Team assemblers	$25,200	24 5%	1 7%
Machinists	$37,300	5 7%	0 4%
Welders, cutters, solderers, and brazers	$31,200	5 7%	0 4%
Inspectors, testers, sorters, samplers, and weighers	$30,000	7 2%	0 5%
Packaging and filling machine operators and tenders	$29,000	9 7%	0 7%
All Other Production Occupations (avg all categories)	$29,700	38.7%	2.7%
Weighted Mean Annual Wage	***$30,700***	**100.0%**	**7.0%**
Transportation and material moving occupations			
Driver/sales workers	$22,000	8 4%	2 0%
Truck drivers, heavy and tractor-trailer	$36,200	15 2%	3 7%
Truck drivers, light or delivery services	$25,100	14 0%	3 4%
Industrial truck and tractor operators	$31,000	12 1%	2 9%
Laborers and freight, stock, and material movers, hand	$22,300	33 3%	8 0%
Packers and packagers, hand	$18.900	7 3%	1 8%
All Other Transportation and Material Moving Occupations (avg all categories)	$28,000	9.7%	2.3%
Weighted Mean Annual Wage	***$26,100***	**100.0%**	**24.1%**
			92 9%

Source: Bureau of Labor Statistics

[1] The methodology utilized by the California Employment Development Department (EDD) assumes that hourly paid employees are employed full-time Annual compensation is calculated by EDD by multiplying hourly wages by 40 hours per work week by 52 weeks

[2] Occupation percentages are based on the 2002 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics Wages have been updated to 3rd Quarter 2003 OES 2002 - San Diego MSA (San Diego County)

[3] Including Occupations representing 4% or more of the major occupation group"

APPENDIX TABLE 10
2003 NATIONAL INDUSTRIAL / MANUFACTURING WORKER DISTRIBUTION BY OCCUPATION
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Major Occupations (3% or more)	2003 National Industrial / Manufact. Industry Occupation Distribution	
Management occupations	397,060	7 6%
Business and financial operations occupations	288,240	5 5%
Computer and mathematical occupations	310,870	6 0%
Architecture and engineering occupations	742,510	14 3%
Office and administrative support occupations	539,350	10 4%
Installation, maintenance, and repair occupations	205,930	4 0%
Production occupations	2,195,220	42 2%
Transportation and material moving occupations	170,940	3 3%
All Other Industrial / Manufacturing Related Occupations	347,500	6.7%
INDUSTRY TOTAL	5,197,620	100 0%

Source: Bureau of Labor Statistics

APPENDIX TABLE 11
AVERAGE ANNUAL COMPENSATION 2004
INDUSTRIAL / MANUFACTURING WORKER OCCUPATIONS
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Occupation [5]	2004 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Industrial Workers
Management occupations			
Chief executives	$132,500	4.8%	0.4%
General and operations managers	$98,100	18.5%	1.4%
Marketing managers	$85,300	6.5%	0.5%
Sales managers	$104,800	5.6%	0.4%
Computer and information systems managers	$110,900	6.4%	0.5%
Financial managers	$80,800	7.3%	0.6%
Industrial production managers	$80,000	13.8%	1.1%
Engineering managers	$97,900	17.9%	1.4%
All Other Management Occupations (avg all categories)	$88,900	19.1%	1.5%
Weighted Mean Annual Wage	***$94,500***	**100.0%**	**7.6%**
Business and financial operations occupations			
Purchasing agents, except wholesale, retail, and farm products	$51,400	21.4%	1.2%
Cost estimators	$57,300	4.3%	0.2%
Management analysts	$65,200	10.9%	0.6%
Accountants and auditors	$57,700	14.6%	0.8%
Financial analysts	$59,100	4.2%	0.2%
All Other Business and Financial Operations Occupations (avg all categories)	$54,400	44.6%	2.5%
Weighted Mean Annual Wage	***$55,700***	**100.0%**	**5.5%**
Computer and mathematical occupations			
Computer programmers	$65,900	5.4%	0.3%
Computer software engineers, applications	$85,100	22.9%	1.4%
Computer software engineers, systems software	$91,100	13.7%	0.8%
Computer support specialists	$43,900	11.4%	0.7%
Computer systems analysts	$69,700	12.2%	0.7%
Network and computer systems administrators	$64,100	5.3%	0.3%
All Other Computer and Mathematical Occupations (avg all categories)	$69,300	29.1%	1.7%
Weighted Mean Annual Wage	***$72,600***	**100.0%**	**6.0%**

See last page for footnotes

Occupation [5]	2004 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Industrial Workers
Architecture and engineering occupations			
Aerospace engineers	$79,900	12.5%	1.8%
Computer hardware engineers	$80,100 [3]	7.9%	1.1%
Electrical engineers	$80,100	7.9%	1.1%
Electronics engineers, except computer	$72,100	7.8%	1.1%
Industrial engineers	$67,400	11.0%	1.6%
Mechanical engineers	$75,500	10.7%	1.5%
Electrical and electronic engineering technicians	$43,500	11.3%	1.6%
Industrial engineering technicians	$43,500 [4]	5.3%	0.8%
All Other Architecture and Engineering Occupations (avg all categories)	$66,000	25.6%	3.7%
Weighted Mean Annual Wage	***$67,900***	**100.0%**	**14.3%**
Office and administrative support occupations			
First-line supervisors/managers of office and administrative support workers	$50,500	5.7%	0.6%
Bookkeeping, accounting, and auditing clerks	$33,300	9.1%	0.9%
Customer service representatives	$32,500	8.8%	0.9%
Production, planning, and expediting clerks	$38,200	10.9%	1.1%
Shipping, receiving, and traffic clerks	$27,000	13.0%	1.3%
Stock clerks and order fillers	$24,000	7.2%	0.7%
Executive secretaries and administrative assistants	$40,400	10.9%	1.1%
Secretaries, except legal, medical, and executive	$29,000	5.9%	0.6%
Office clerks, general	$27,300	9.9%	1.0%
All Other Office and Admin. Support Occupations (avg all categories)	$32,500	18.5%	1.9%
Weighted Mean Annual Wage	***$33,000***	**100.0%**	**10.4%**
Installation, maintenance, and repair occupations			
First-line supervisors/managers of mechanics, installers, and repairers	$58,100	7.0%	0.3%
Avionics technicians	$50,400	4.7%	0.2%
Electrical and electronics repairers, commercial and industrial equipment	$37,600	8.7%	0.3%
Aircraft mechanics and service technicians	$43,900	14.3%	0.6%
Industrial machinery mechanics	$42,500	11.7%	0.5%
Maintenance and repair workers, general	$32,700	31.7%	1.3%
All Other Installation, Maintenance, and Repair Occupations (avg all categories)	$38,900	21.9%	0.9%
Weighted Mean Annual Wage	***$39,800***	**100.0%**	**4.0%**

Occupation [5]	2004 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Industrial Workers
Production occupations			
First-line supervisors/managers of production and operating workers	$49,400	6.8%	2.9%
Electrical and electronic equipment assemblers	$24,400	11.5%	4.9%
Team assemblers	$25,200	12.6%	5.3%
Machinists	$37,300	8.4%	3.6%
Inspectors, testers, sorters, samplers, and weighers	$30,000	6.7%	2.8%
All Other Production Occupations (avg all categories)	$29,700	53.9%	22.8%
Weighted Mean Annual Wage	***$30,500***	**100.0%**	**42.2%**
Transportation and material moving occupations			
Truck drivers, light or delivery services	$25,100	9.2%	0.3%
Industrial truck and tractor operators	$31,000	12.6%	0.4%
Laborers and freight, stock, and material movers, hand	$22,300	33.1%	1.1%
Machine feeders and offbearers	$23,200	8.8%	0.3%
Packers and packagers, hand	$18,900	21.7%	0.7%
All Transportation and Material Moving Occupations (avg all categories)	$28,000	14.7%	0.5%
Weighted Mean Annual Wage	***$23,800***	**100.0%**	**3.3%**
			93.3%

[1] The methodology utilized by the California Employment Development Department (EDD) assumes that hourly paid employees are employed full-time.

[2] Occupation percentages are based on the 2003 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics. Wages have been updated to 3rd Quarter 2004 OES 2003 - Sacramento MSA.

[3] Wage data for computer hardware engineers was unavailable, data for electrical engineers was substituted

[4] Wage data for industrial engineering technicians was unavailable, data for electric engineering technicians was substituted

[5] Including Occupations representing "4% or more of the major occupation group"

APPENDIX TABLE 12
2003 NATIONAL MEDICAL WORKER DISTRIBUTION BY OCCUPATION
JOBS HOUSING NEXUS ANALYSIS
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Major Occupations (3% or more)	2003 National Medical Industry Occupation Distribution	
Management occupations	258,740	3.5%
Community and social services occupations	232,850	3.2%
Healthcare practitioners and technical occupations	3,204,870	43.6%
Healthcare support occupations	1,405,780	19.1%
Food preparation and serving related occupations	336,940	4.6%
Building and grounds cleaning and maintenance occupations	316,860	4.3%
Office and administrative support occupations	1,004,480	13.7%
All Other Medical Related Occupations	582,710	7.9%
INDUSTRY TOTAL	7,343,230	100.0%

Source: Bureau of Labor Statistics

APPENDIX TABLE 13
AVERAGE ANNUAL COMPENSATION 2004
MEDICAL WORKER OCCUPATIONS
JOBS HOUSING LINKAGE ANALYSIS
SACRAMENTO HOUSING REDEVELOPMENT AGENCY

Occupation [3]	2003 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Medical Workers
Management occupations			
Chief executives	$132,500	4 1%	0 1%
General and operations managers	$98,100	13 6%	0 5%
Administrative services managers	$71,800	6 6%	0 2%
Financial managers	$80,800	4 9%	0 2%
Medical and health services managers	$88,300	45 7%	1 6%
Social and community service managers	$59,900	4 2%	0 1%
All Other Management Occupations (avg all categories)	$88,900	21.1%	0.7%
Weighted Mean Annual Wage	***$88,900***	100.0%	3.5%
Community and social services occupations			
Substance abuse and behavioral disorder counselors	$38,400	7 9%	0 3%
Mental health counselors	$47,500	12 4%	0 4%
Rehabilitation counselors	$29,800	4 8%	0 2%
Child, family, and school social workers	$38,400	4 9%	0 2%
Medical and public health social workers	$57,900	21 5%	0 7%
Mental health and substance abuse social workers	$31,300	15 2%	0 5%
Health educators	$58,500	5 3%	0 2%
Social and human service assistants	$30,800	14 7%	0 5%
All Other Community and Social Service Occupations (avg all categories)	$43,200	13.2%	0.4%
Weighted Mean Annual Wage	***$42,800***	100.0%	3.2%
Healthcare practitioners and technical occupations			
Registered nurses	$64,100	48 7%	21 3%
Licensed practical and licensed vocational nurses	$42,900	12 0%	5 2%
All Other Healthcare Practitioner and Technical Occupations (avg all categories)	$67,600	39.3%	17.1%
Weighted Mean Annual Wage	***$62,900***	100.0%	43.6%
Healthcare support occupations			
Nursing aides, orderlies, and attendants	$25,900	70 7%	13 5%
Medical assistants	$28,900	5 7%	1 1%
All Other Healthcare Support Occupations (avg all categories)	$26,700	23.6%	4.5%
Weighted Mean Annual Wage	***$26,300***	100.0%	19.1%
Food preparation and serving related occupations			
First-line supervisors/managers of food preparation and serving workers	$28,400	6 8%	0 3%
Cooks, institution and cafeteria	$24,400	24 1%	1 1%
Food preparation workers	$18,900	29 8%	1 4%
Combined food preparation and serving workers, including fast food	$17,600	8 4%	0 4%
Food servers, nonrestaurant	$18,900	17 3%	0 8%
Dishwashers	$16,300	4 1%	0 2%
All Other Food Preparation and Serving Related Occupations (avg all categories)	$19,100	9.4%	0.4%
Weighted Mean Annual Wage	***$20,700***	100.0%	4.6%

See next page for footnotes

Occupation [3]	2003 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Medical Workers
Building and grounds cleaning and maintenance occupations			
First-line supervisors/managers of housekeeping and janitorial workers	$39,200	6 6%	0 3%
Janitors and cleaners, except maids and housekeeping cleaners	$23,000	26 1%	1 1%
Maids and housekeeping cleaners	$19,500	64 3%	2 8%
All Other Building and Grounds Occupations (avg all categories)	$23,700	2.9%	0.1%
Weighted Mean Annual Wage	***$21,800***	**100 0%**	**4.3%**
Office and administrative support occupations			
First-line supervisors/managers of office and administrative support workers	$50,500	6 1%	0 8%
Billing and posting clerks and machine operators	$30,300	5 7%	0 8%
Bookkeeping, accounting, and auditing clerks	$33,300	4 6%	0 6%
Interviewers, except eligibility and loan	$31,700	8 0%	1 1%
Receptionists and information clerks	$24,500	7 2%	1 0%
Executive secretaries and administrative assistants	$40,400	5 8%	0 8%
Medical secretaries	$28,000	10 3%	1 4%
Secretaries, except legal, medical, and executive	$29,000	8 8%	1 2%
Office clerks, general	$27,300	14 8%	2 0%
All Other Office and Admin Support Occupations (avg all categories)	$32,500	28.7%	3.9%
Weighted Mean Annual Wage	***$31,800***	**100 0%**	**13.7%**
			92 1%

[1] The methodology utilized by the California Employment Development Department (EDD) assumes that hourly paid employees are employed full-time Annual compensation is calculated by EDD by multiplying hourly wages by 40 hours per work week by 52 weeks

[2] Occupation percentages are based on the 2003 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics Wages have been updated to 3rd Quarter 2004 OES 2003 - Sacramento MSA

[3] Including occupations representing 4% or more of the major occupation group

APPENDIX TABLE 14
CITY PERMITS AND FEES
SACRAMENTO HOUSING TRUST FUND
CITY OF SACRAMENTO, CA

	Prototype 1 Downtown High-Rise Office		Prototype 2 Suburban Low-Rise Office	Prototype 3 Small Office
City Valuation:	$38,600,000		$8,100,000	$690,000
Selected Permits & Fees Estimates:				
Building Permit (per Valuation)	$204,000		$40,000	$5,100
Plan Check Fee (per Valuation)	$167,000		$32,000	$4,100
Construction Excise Tax	$309,000		$52,400	$6,000
Strong Motion Fee	$8,000		$1,400	$130
Fire Dept. Review Fee ($.038/SF)	$25,400		$5,000	$500
Landscape Review Fee ($50)	$50		$50	$50
Dev. Eng. - Utilties/Pub Works Review	$36,000		$6,450	$1,400
Technology Fee (4% Of Plan Check)	$15,000		$2,800	$350
General Plan Fee ($.59/$1,000 Valuation)	$22,800		$69,620	$400
Business Operations Tax	$5,000		$2,600	$230
School Impact Fee	$227,100		$44,500	$4,200
Park Impact Fee	$133,600		$26,200	$1,750
Transportation Impact (Downtown -varies)	$450,000			
Housing Trust Fund	$1,195,720		$192,570	$22,196
Bldg/Grading - Erosion Control	$1,200		$1,800	$300
SAFCA Fees	$0		$0	$0
Water Development Fee (Pipe size)	$107,000		$62,100	$9,241
Sewer Development Fee (Pipe size)	$293,000		$0	$231
CSD-1 Impact Fee*	$0		$45,000	$0
SRCSD Impact Fee** (Fee*(ESD/1,000 sf))	$500,000		$154,000	$5,500
Other/Special Fees		N. Natomas Imp. Fee	$712,000	
Estimated Permits & Fees	**$3,699,870**		**$1,450,490**	**$61,678**

*CSD-1 Impact Fee =$9,000/$11,118 per net acre
**SRCSD Impact Fee = $2,500/ESD-Infill; $6,500/ESD-New Growth

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APPENDIX TABLE 14
CITY PERMITS AND FEES
SACRAMENTO HOUSING TRUST FUND
CITY OF SACRAMENTO, CA

	Prototype 4 High Rise Hotel	Prototype 5 Suburban Hotel
City Valuation:	$14,500,000	$4,000,000
Selected Permits & Fees Estimates:		
Building Permit (per Valuation)	$80,000	$27,000
Plan Check Fee (per Valuation)	$65,000	$22,000
Construction Excise Tax	$160,000	$32,000
Strong Motion Fee	$30,000	$850
Fire Dept. Review Fee ($.038/SF)	$8,000	$2,300
Landscape Review Fee ($50)	$50	$50
Dev. Eng. - Utilties/Pub Works Review	$5,000	$1,800
Technology Fee (4% Of Plan Check)	$6,000	$2,000
General Plan Fee ($.59/$1,000 Valuation)	$8,600	$2,400
Business Operations Tax	$5,000	$1,700
School Impact Fee	$59,200	$20,700
Park Impact Fee	$26,100	$18,900
Transportation Impact (Downtown -varies)	$70,000	
Housing Trust Fund	$295,800	$103,700
Bldg/Grading - Erosion Control	$1,200	$1,500
SAFCA Fees	$0	$2,800
Water Development Fee (Pipe size)	$96,000	$33,000
Sewer Development Fee (Pipe size)	$129,000	$0
CSD-1 Impact Fee*	$0	$21,100
SRCSD Impact Fee** (Fee*(ESD/1,000 sf))	$267,000	$95,000
Other/Special Fees		
Estimated Permits & Fees	**$1,311,950**	**$388,800**

*CSD-1 Impact Fee =$9,000/$11,118 per net
**SRCSD Impact Fee = $2,500/ESD-Infill; $6,

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APPENDIX TABLE 14
CITY PERMITS AND FEES
SACRAMENTO HOUSING TRUST FUND
CITY OF SACRAMENTO, CA

	Prototype 6 Freestanding Retailer		Prototype 7 Fast Food Retailer
City Valuation:	$682,000		$300,000
Selected Permits & Fees Estimates:			
Building Permit (per Valuation)	$5,400		$2,400
Plan Check Fee (per Valuation)	$4,300		$2,000
Construction Excise Tax	$6,600		$2,400
Strong Motion Fee	$170		$60
Fire Dept. Review Fee ($.038/SF)	$500		$100
Landscape Review Fee ($50)	$50		$50
Dev. Eng. - Utilties/Pub Works Review	$1,500		$700
Technology Fee (4% Of Plan Check)	$200		$170
General Plan Fee ($.59/$1,000 Valuation)	$400		$200
Business Operations Tax	$270		$120
School Impact Fee	$4,900		$900
Park Impact Fee	$2,880		$740
Transportation Impact (Downtown -varies)			
Housing Trust Fund	$20,592		$3,675
Bldg/Grading - Erosion Control	$400		$250
SAFCA Fees	$0		$1,100
Water Development Fee (Pipe size)	$9,241		$9,240
Sewer Development Fee (Pipe size)	$294		$0
CSD-1 Impact Fee*	$0		$10,117
SRCSD Impact Fee** (Fee*(ESD/1,000 sf))	$7,000		$30,550
Other/Special Fees		N. Natomas Imp. Fee	$147,000
Estimated Permits & Fees	**$64,697**		**$211,772**

*CSD-1 Impact Fee =$9,000/$11,118 per net
**SRCSD Impact Fee = $2,500/ESD-Infill; $6,

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APPENDIX TABLE 14
CITY PERMITS AND FEES
SACRAMENTO HOUSING TRUST FUND
CITY OF SACRAMENTO, CA

	Prototype 8 Warehouse	Prototype 9 Manufacturing
City Valuation:	$367,000	$600,000
Selected Permits & Fees Estimates:		
Building Permit (per Valuation)	$3,000	$4,500
Plan Check Fee (per Valuation)	$2,400	$3,700
Construction Excise Tax	$5,800	$5,000
Strong Motion Fee	$130	$130
Fire Dept. Review Fee ($.038/SF)	$500	$700
Landscape Review Fee ($50)	$50	$50
Dev. Eng. - Utilties/Pub Works Review	$300	$1,000
Technology Fee (4% Of Plan Check)	$100	$100
General Plan Fee ($.59/$1,000 Valuation)	$200	$400
Business Operations Tax	$200	$310
School Impact Fee	$1,900	$3,000
Park Impact Fee	$1,600	$1,100
Transportation Impact (Downtown -varies)		
Housing Trust Fund	$5,880	$21,280
Bldg/Grading - Erosion Control	$400	$400
SAFCA Fees	$0	$0
Water Development Fee (Pipe size)	$2,300	$4,465
Sewer Development Fee (Pipe size)	$120	$278
CSD-1 Impact Fee*	$0	$0
SRCSD Impact Fee** (Fee*(ESD/1,000 sf))	$7,800	$4,750
Other/Special Fees		
Estimated Permits & Fees	**$32,680**	**$51,163**

*CSD-1 Impact Fee =$9,000/$11,118 per net
**SRCSD Impact Fee = $2,500/ESD-Infill; $6,

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APPENDIX TABLE 14
CITY PERMITS AND FEES
SACRAMENTO HOUSING TRUST FUND
CITY OF SACRAMENTO, CA

	Prototype 10 Small Medical Facility	Prototype 11 Small Medical Facility
City Valuation:	$900,000	$800,000
Selected Permits & Fees Estimates:		
Building Permit (per Valuation)	$6,400	$6,000
Plan Check Fee (per Valuation)	$5,000	$5,000
Construction Excise Tax	$7,000	$6,500
Strong Motion Fee	$200	$130
Fire Dept. Review Fee ($.038/SF)	$400	$300
Landscape Review Fee ($50)	$50	$50
Dev. Eng. - Utilties/Pub Works Review	$3,000	$300
Technology Fee (4% Of Plan Check)	$450	$200
General Plan Fee ($.59/$1,000 Valuation)	$500	$500
Business Operations Tax	$350	$320
School Impact Fee	$3,000	$2,400
Park Impact Fee	$4,200	$1,600
Transportation Impact (Downtown -varies)		
Housing Trust Fund	$17,900	$14,320
Bldg/Grading - Erosion Control	$700	$200
SAFCA Fees	$0	$0
Water Development Fee (Pipe size)	$9,000	$4,500
Sewer Development Fee (Pipe size)	$0	$300
CSD-1 Impact Fee*	$17,100	$0
SRCSD Impact Fee** (Fee*(ESD/1,000 sf))	$4,000	$8,000
Other/Special Fees		
Estimated Permits & Fees	**$79,250**	**$50,620**

*CSD-1 Impact Fee =$9,000/$11,118 per net
**SRCSD Impact Fee = $2,500/ESD-Infill; $6,

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RESOLUTION NO.

Adopted by the Sacramento City Council

April 18, 2006

HOUSING TRUST FUND NEXUS STUDY (M05-007)

BACKGROUND

A. The cost of housing has risen dramatically over the last few years in Sacramento as well as throughout California, particularly for low-income workers;

B. Providing safe and affordable housing for Sacramento workers and residents is an important goal of the City, identified in the City's Strategic Plan;

C. In order to address this issue, City Council on December 7, 2004, approved a two-step increase to the Housing Trust Fund fee levels that increased fees by 81.3 percent over prior fee levels and approved an automatic annual increase in the fee based on changes to the construction cost index; and

D. In addition, Council directed staff to begin the update of the City's Housing Element early in order to develop a citywide affordable housing strategy, to assess the effectiveness of City programs, and to address the housing needs of low-income households in a comprehensive manner.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. City staff will make minor technical fixes to the Housing Trust Fund ordinance and will return to Council within six months to present those changes;

Section 2. City staff will evaluate the Housing Trust Fund program in the context of the City's Housing Element and make changes to the program as part of an overall City affordable housing strategy;

Section 3. The City will work with housing advocates, the Downtown Partnership, and the development community prior to any changes in the structure of the fee program or any increases in the fee levels;

Section 4. City staff will work with SACOG, Sacramento County, and other local jurisdictions to share the results of the Housing Trust Fund nexus study and to encourage increases in their housing trust fund fee levels commensurate with recent City increases; and

Section 5. In conjunction with SACOG and member jurisdictions, research the development of a region-wide housing trust fund program.

Adopted by the City of Sacramento City Council on date by the following vote: