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October 8, 2010

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Mr. Kenneth D. Landau, Assistant Executive Officer
Regional Water Quality Control Board,
Central Valley Region
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Rancho Cordova, CA 95670-6114
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Re: Comments on the Tentative Waste Discharge Requirements (NPDES Permit No. CA0077682) and Time Schedule Order for Sacramento Regional County Sanitation District (SRCSD), Sacramento Regional Wastewater Treatment Plant (SRWTP)

Dear Mr. Landau:

The North State Building Industry Association and our over 500 members in the homebuilding, light commercial construction, land development, trade contractors, engineers, and other building-industry professionals with interests in the development of structures that must connect to the SRWTP of the SRCSD. On behalf of our members, we have reviewed the proposed NPDES permit. We are concerned that if the proposed permit is adopted, it will have major economic impacts on our members and the region. Thus, we submit the following comments on the above referenced action.

Specifically, attached to this comment letter is a study by Economic and Planning Systems (EPS #20524 dated October 8, 2010) on the proposed impacts of the draft permit. This study clearly shows the economic impacts of the implementation of the draft permit. The study is hereby incorporated and part of our comments on the draft permit.

Further, the Sacramento Region's economy is in a very deep and prolonged recession. Given the lack of private sector activity and the ongoing state and local government finance problems, we do not anticipate any improvements in our Region's economy in the near term.

We believe that the Regional Water Quality Control Board's contemplation of adherence to a "precautionary principle" would result in the implementation of a permit costing our Region over $2 billion in capitol construction costs. In addition, there would be over $240 million in annual payments from existing

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rate-payers to pay for the operations and upgrades to the SRWTP. These payments would not be available to stimulate economic growth, but would be used instead to service debt and pay for operations of the plant. This transfer from rate-payers to SRCSD would further decrease long term economic activity in the Sacramento Region.

We believe that the EPS study provides compelling evidence that the proposed permit and its requirements do not and cannot be considered to require best practical treatment or control for the SRWTP. To the contrary, the evidence provided here indicates that the economic impact on the Sacramento Region economy is so severe that to require the implementation of equivalent to Title 22 filtration with chlorine or ultraviolet Disinfection, Denitrification and 100% removal of ammonia can in no way be considered practical - especially considering the negligible environmental benefit to be gained.

Under the Porter Cologne Water Quality control Act the Regional Board is required to balance the needs of the environment with social and economic impacts. We contend that the Regional Board has exceeded its discretion and has not made an appropriate balance.

The NSBIA has been keeping records of single family housing permits since the early 1960's. Attached and included as part of this comment letter is a report showing the dramatic decrease in permits in our region. While a significant portion of the decrease is related to the overall economic slowdown, there is an aspect of infeasibility (as outlined in the EPS study) that exists at today's impact fee levels. With an increase in development fees to implement the draft permit, housing projects would move from infeasible to even more infeasible.

I can be reached at 916-751-2750 or dennis@northstatebia.org.

Regards,

Dennis M. Rogers
Senior Vice President
Governmental and Public Affairs

Attachments

Sacramento Regional County Sanitation District Potential Fee Increase Feasibility Analysis, Economic and Planning Systems. October 8, 2010

North State Building Industry Association, Housing Permits, Sacramento Metropolitan Area

Final Report

Sacramento Regional County Sanitation District Potential Fee Increase Feasibility Analysis

The Economics of Land Use

Prepared for:

North State Building Industry Association

Prepared by:

Economic & Planning Systems, Inc.

October 8, 2010

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1. INTRODUCTION AND EXECUTIVE SUMMARY

The North State Building Industry Association (NSBIA) retained Economic & Planning Systems, Inc., (EPS) to complete an analysis of single-family housing, multifamily housing, and commercial development feasibility because of potential development impact fee increases associated with the cost of implementing the Sacramento Regional County Sanitation District (SRCSD)'s new discharge permit.

This report includes the following items:

- An executive summary briefly describing the analysis framework and feasibility analysis results.
- A summary of the increased development impact fees that might be charged by SRCSD.
- A description of the analysis context and framework, including the development prototypes evaluated and a review of assumptions regarding development projects in SRCSD's service area.
- An overview of the evaluation metrics used in this analysis to assess development feasibility—the infrastructure cost burden (Cost Burden) indicator and residual land value indicator.
- Detailed feasibility results for each development prototype analyzed based on application of the evaluation metrics used in this analysis.

Executive Summary and Analysis Findings

Background

The discharge permit for SRCSD's wastewater treatment facility is up for renewal with the Central Valley Regional Water Control Board (Regional Board). In September 2010, the Regional Board issued a Tentative (Draft) Permit that recommends the Sacramento Region pay approximately $2 billion for additional treatment processes at the wastewater treatment facility, as shown in **Table 1**.

In preparing this analysis, EPS relied solely on SRCSD's estimate of the cost to build the additional treatment processes and the resulting estimates of monthly service charges and development impact fees necessary to pay for these improvements. SRCSD provided this information in the "Regional Stakeholder Briefing on the SRCSD Tentative Discharge Permit," dated September 14, 2010.

Table 1
Feasibility Analysis of Average SRCSD Fee Increase
Summary of Proposed Fee Increase

Item	Project Costs	Impact Fee
Additional SRCSD Treatment Processes		
Nitrification	$582,000,000	
Denitrification	$200,000,000	
Microfiltration	$1,160,000,000	
UV Disinfection	$116,000,000	
Total	**$2,058,000,000**	
Development Impact Fees		
New Growth		
Existing		$7,450
Proposed		$35,000
Percent Change		*370%*
Infill		
Existing		$2,800
Proposed		$13,000
Percent Change		*364%*

"proposed_fee"

Source: "Regional Stakeholder Briefing of the SRCSD Tentative Discharge Permit" (9/14/10) prepared by Sacramento Regional County Sanitation District (SRCSD) and EPS.

To fund the $2 billion in treatment processes, SRCSD estimates the additional processing costs require an increase in development impact fees on new development from $7,450 to $35,000 on a typical single-family unit, or equivalent dwelling unit (EDU). This represents a 370-percent increase in fees to fund treatment facilities and interceptors. Similar fee increases would affect all other types of land uses.

Existing development would fund a share of the cost of treatment processes through an increase in monthly charges for wastewater treatment. These monthly charges would triple, from $20 per month to $61.75 per month.

The analysis presented in this report evaluates the potential effect these SRSCD development impact fee increases will have on new development projects in the SRCSD service area and the Sacramento Region. A separate study prepared by the University of Pacific evaluates the economic impact of the monthly user rate increase on the Sacramento economy but is not included or summarized in this report.

Impact of Increased SRCSD Development Impact Fees on the Sacramento Region

The increase in development impacts fees required to pay for new development's share of the costs of advanced wastewater treatment facilities would essentially render all new residential and nonresidential development infeasible, with the exception of very high-end residential units and warehouse distribution buildings.

This action would have disastrous effects on the Sacramento regional economy. The Sacramento Region is just starting to emerge from the great recession of 2007 through 2010. Because of the significant increased regulation of the home financing industry, new home prices will not regain the levels of 2005. Rather, home prices will be tied to the home owner's ability to pay, resulting in a permanent depressing of home prices back to the 2002 to 2003 prices, with some future adjustments for inflation.

Throughout the region, development impact fees and the total infrastructure burden increased from 2001 through 2007 associated with the rising home prices. As **Table 2** shows, all entry-level to mid-range housing is infeasible with the existing infrastructure burdens.

Cities, counties, and developers have been working over the past few years to reset the infrastructure burdens to feasible levels. Elk Grove, Woodland, Roseville, Folsom, West Sacramento, and Sacramento have all acted to reduce the infrastructure burden on new development in an effort to improve feasibility and encourage development.

The potential SRCSD development fee increase from $7,540 to an estimated $35,000 per EDU makes the above fee reduction efforts irrelevant. The $27,500 fee increase for wastewater treatment is greater than the highest fees in the region for any other single infrastructure improvement. The fee would significantly exceed the fees charged for transportation or schools. On average, the revised SRCSD fee would cause an increase of 30 percent to 40 percent to the current infrastructure burdens. With an increase of this magnitude, for the total Cost Burden to be feasible, fees for other improvements would have to be reduced in many areas mandated by public safety or environmental mitigation requirements, including transportation, water, drainage, schools, and public safety.

Table 2
Feasibility Analysis of Average SRCSD Fee Increase
Summary of Feasibility by Housing Prototype

Vineyard Springs
Single-Family
Residential

Item	Source	Vineyard Specific Plan			
		Entry Level	Lower-Range	Mid-Range	Upper-Range
Assumed Home Price	Table 3	$240,000	$290,000	$350,000	$530,000
Feasibility Performance Indicator Results					
I. Infrastructure Cost Burden Test	Table 7		*Percent of Home Price* *TARGET: Maximum of 15% - 20%*		
a. Existing Infrastructure Burden		21.0%	19.9%	19.3%	15.3%
Indicator Result		***Fails***	***Marginal***	***Marginal***	***Passes***
b. Infrastructure Burden w/ Increased SRCSD Fee		32.5%	29.4%	27.2%	20.5%
Indicator Result		***Fails***	***Fails***	***Fails***	***Fails***
II. Residual Land Value Test	Table 8		*Percent of Home Sales Price* *TARGET: Minimum of 10% - 15%*		
a. Existing Residual Land Value		2.2%	1.8%	7.3%	14.3%
Indicator Result		***Fails***	***Fails***	***Fails***	***Passes***
b. Residual Land Value w/ Increased SRCSD Fee		-9.3%	-7.7%	-0.6%	9.1%
Indicator Result		***Fails***	***Fails***	***Fails***	***Fails***

"summ"

Source: U.S. Census Bureau, 2009 American Community Survey, Various Homebuilders, and EPS.

Prepared by EPS 10/8/2010

The following negative economic and social impacts would result from imposing a fee of this magnitude in SRCSD's service area:

- **Construction of most new buildings will cease in Sacramento County and West Sacramento, causing a substantial negative impact on the region's economy.** Nearly all new housing and nonresidential development would become financially infeasible, causing construction on new projects to cease. This reduction in construction activity would have cascading negative impacts through many industries in the region, including construction, retail associated with products for new homes, banking, title insurance, and all professional services tied to development. The magnitude of this impact on the local economy is already in evidence in the region from the current recession.

- **Monthly wastewater service costs for SRCSD customers will increase substantially more than projected.** In estimating the increased monthly costs for existing customers to pay for the advanced wastewater treatment, SRCSD assumed that 30 percent of the cost would be paid by new development through an increase in SRCSD's development impact fee. Because this fee increase makes new development infeasible, SRCSD would have to increase monthly service charges on existing customers as much as 50 percent higher than projected. Instead of a monthly increase from $20 to $61, the increased monthly service cost would likely be around $80 per user. Instead of a 300-percent increase, the monthly service charge would be nearly a 400-percent increase.

- **Many existing wastewater intensive businesses would close or relocate because of the excessively high wastewater monthly rates.** Monthly service cost increases in the 300-percent to 400-percent range would force many existing business, such as restaurants, food processing companies, bottling companies, and manufacturing companies, to close or relocate outside SRCSD's service areas. These closures would cause significant job losses and the ensuing negative impacts on the economy. There would also be substantial negative impacts on property values in areas where businesses have closed.

- **Regional Land Use Planning, Transportation, and Air Quality Goals will not be met.** The Sacramento Region's Blueprint for growth (Sacramento Blueprint) was approved in 2004. The Sacramento Blueprint heavily relies on a structuring growth in the region focusing on infill development in the City of Sacramento, City of West Sacramento, and commercial corridors in unincorporated Sacramento County. The estimated increase in SRCSD fees makes infill development infeasible. The estimated increase will increase the existing burden per multifamily unit approximately 25 to 50 percent in planned infill locations preventing successful implementation of the region's sustainable growth strategy.

- **Infrastructure costs for new development located outside SRCSD's service area will also substantially increase.** If new development is infeasible in Sacramento County and West Sacramento, then any growth in the region would be forced to outlying areas in El Dorado, Placer, Sutter, Yuba, and Yolo Counties. This shifting of new development to these more outlying areas is inconsistent to the goals defined in the Sacramento Blueprint and related infrastructure requirements. The Sacramento Blueprint targets Sacramento County for much of the growth, and therefore, uses much of the existing transportation infrastructure and requires less new infrastructure. Serving more remote or geographically separated areas (e.g., Yuba County to El Dorado County) will require significantly more expensive infrastructure than the development planned for the region.

- **Local government funding would be substantially reduced.** Cities and counties will have reduced sales tax and property tax revenues because of the losses identified above in taxable sales and property taxes. Local governments are already experiencing major revenue reductions and the associated reduction in public services because of the present recession. The reduced economic activity from the imposition of unrealistically high monthly service costs and development impact fees will exacerbate the funding challenges presently faced by local government.

- **Many local governments could experience defaults on outstanding land secured debt.** Sacramento County and all the cities in SRCSD's service area have funded infrastructure through Mello-Roos Community Facilities District (CFD) bonds initially secured by a special tax on undeveloped land. If new development estimated in these CFDs becomes infeasible, the land owners will stop paying the special taxes, resulting in defaults on the outstanding debt. For example, the City of West Sacramento just issued $12 million in land secured debt to finance infrastructure in the Bridge District.

The above-listed negative impacts on the Sacramento Region's economy and quality of life are very likely to happen if the estimated SRCSD development fee increase goes into effect. There are many other unintended consequences that will materialize but have not been specifically identified at this time because of the short response time allowed for public response to this issue.

Summary of Feasibility Tests

The analysis evaluated the Cost Burden of single-family residential, multifamily residential, and dine-in restaurant development in several areas served by SRCSD. Each product uses a defined prototype to evaluate the comparative Cost Burden throughout the region. These prototypes reflect product types with the largest amount of demand.

The development feasibility analysis was predicated on the assumption of normalized market conditions—assuming a return to long-term sustainable relations between income levels and home sales prices. The analysis does not focus on the presently depressed market conditions or the unsustainable peak market conditions observed before the current market correction.

Two evaluation metrics were applied to single-family residential development to examine the financial feasibility of development under normalized market conditions:

- The **Infrastructure Cost Burden feasibility indicator test** measures the total costs of backbone infrastructure and public facility improvements as a percentage of the final sales price or finished value of a residential unit. Typically, the maximum Cost Burden a project can bear is 15 to 20 percent of the final home sales price or finished unit value. Of note, development with a Cost Burden at the higher end of the range (i.e., 17 to 20 percent) are only typically feasible coupled with positive trends, such as strong housing markets, financial markets, or job growth.

- The **Residual Land Value feasibility indicator test** offers a more detailed assessment of the entire cost structure of a development project by taking the finished market value of a home and subtracting all costs incurred to achieve that finished value to derive the residual value of the land. The residual land value remaining must be sufficient to fund several

development and entitlement costs beyond land acquisition. A project therefore must typically achieve a minimum residual land value of 10 to 15 percent of the finished home value.

Specific Feasibility Findings by Product Type

As noted earlier, nearly all residential products except at the highest end of the residential market fails these feasibility tests with existing infrastructure burden levels. With the added increase of SRCSD fees, development becomes infeasible regardless of pricing level.

For infill multifamily and restaurant development, this analysis identifies the existing Cost Burdens and determines the relative increase attributable to an increased SRCSD development impact fee. The feasibility of these product types are often constrained by demand. That is, when residential demand is great, infill multifamily development is "more feasible," or when retail growth is high, contract rents are high and restaurant development is "more feasible."

Currently, many local jurisdictions and the building community are working to reduce infrastructure cost burdens to help make all development projects feasible. The size of the estimated SRCSD fee increase will essentially put a stop to all efforts to bring fees in line with accepted feasibility levels.

Below is a list of major analysis findings by product type.

Single-Family Residential

The single-family prototype was defined as a 2,200-square-foot home with a density of five units to the acre. The relative Cost Burdens were analyzed in Elk Grove, Folsom, Rancho Cordova, Sacramento, West Sacramento, and unincorporated Sacramento County.

This development prototype represents homes targeted to middle- to upper middle-income home buyers that represent the majority of potential home buyers in the Sacramento Region. The analysis does not evaluate the narrower portion of the residential market that serves higher income/higher net worth households (i.e., "equity immigrants"). If the greatest proportion of the housing market represented by middle- to upper middle-income buyers is infeasible, then the consequences noted in this document will occur whether or not the upper income market is feasible.

The analysis found that the most feasible area for development is located in unincorporated Sacramento County: the Vineyard Spring Specific Plan Area (Vineyard Springs). Therefore, Vineyard Springs was selected as the reference market to further analyze feasibility of the more rigorous residual land value test for single-family prototypes varying by size and density. By default, if the SRCSD fee increases in Vineyard Springs are infeasible, then the finding would hold true for all other areas.

Table 2 summarizes the feasibility analysis results for the single-family residential development prototype using the two evaluation metrics described above: (I.) Infrastructure Cost Burden Test, and (II.) Residual Land Value Test. The table shows the relative feasibility of single-family residential development (a) with the existing infrastructure burden, and (b) with the increased SRCSD development impact fee estimated to fund the advanced wastewater treatment facilities.

Here are the major findings.

1. ***Existing Cost Burdens for single-family development exceeds feasible ranges.***

   For most development areas, Cost Burdens are marginally beyond the range typically considered feasible. Further, this finding is consistent in all areas of the region with several areas remaining feasible, such as Vineyard Springs. These areas may benefit from small downward adjustment to the total costs. Many regional cities continue to look for ways to reduce total cost burdens to improve feasibility and encourage development.

2. ***The estimated increase in SRCSD development fees makes single-family development infeasible at all price points.***

   Further analysis of potential development of Vineyard Springs indicates the estimated SRCSD development fee increase makes all product prototypes infeasible, regardless of pricing level. The SRCSD fee increase represents an approximately 30- to 40-percent increase in total costs. The adjustments needed to reach levels of feasibility are unlikely to be achieved with the additional burden of increased SRCSD development fees.

3. ***Residual land values for residential developments are below acceptable ranges.***

   Taking into consideration other development cost factors, all development prototypes evaluated in this analysis remain infeasible as indicated by residual land value results. While Cost Burdens contribute to these results, other cost factors, such as on-site infrastructure and limitations on achievable project densities, also influence the residual land values. Adjustments to infrastructure costs and other unit development cost factors are necessary to achieve development feasibility in Sacramento. The level of adjustments necessary in these categories would not be possible with the increased SRCSD fee.

Multifamily Infill Development

The prototype infill multifamily product was a high-density apartment-styled product with a density of 40 units per acre. This prototype was evaluated for the redevelopment areas located in the Cities of Sacramento and West Sacramento. Here is the major finding:

1. ***The estimated increase in SRCSD development fees substantially increases the cost burdens of new infill residential projects.***

   The significant SRCSD fee increases would likely render infill multifamily development projects infeasible in Sacramento County. The fee increase represents an approximately 30- to 40-percent increase in total costs.

Dine-In Restaurant Development

The prototype dine-in restaurant was a 5,500-square-foot restaurant. This restaurant prototype was evaluated in many of the growth areas of the region, including the Cities of Sacramento, Rancho Cordova, Folsom, Elk Grove, and West Sacramento, and in unincorporated Sacramento County. Here is the major finding:

1. ***Cost Burdens and Annual Operating Cost increases would make new restaurant projects infeasible.***

   The significant SRCSD fee increases would likely render restaurant development projects infeasible in Sacramento County. The increased SRCSD fee increases the overall Cost Burden 32 to 66 percent. Although not specifically analyzed, all other nonresidential land uses would likely be infeasible, with the possible exception of warehouse distribution space, which has very low wastewater demand and therefore low fees.

Development Prototypes Evaluated

EPS evaluated the feasibility associated with single-family development prototypes that would be targeted to middle- to upper middle-income home buyers representing the majority of new home buyers. In addition, EPS evaluated infill multifamily housing, an important part of the region's strategies for growth, and dine-in restaurants, which are high-intensive sewer users.

For purposes of this analysis, EPS evaluated development prototypes for the following product types and geographies:

Land Use Category	Location
Single-Family	
Entry Level	Vineyard Springs Specific Plan [1]
Lower Range	Vineyard Springs Specific Plan [1]
Mid Range	Sacramento County: North Vineyard Station, Vineyard Springs Elk Grove: Laguna Ridge, Franklin Crossing Rancho Cordova: Anatolia I, Sun Ridge Park Phase 2 Sacramento: North Natomas West Sacramento: Southport/Bridgeway
Upper Range	Vineyard Springs Specific Plan [1]
Attached Multifamily	Sacramento: River District, Railyards, Downtown West Sacramento: Bridge District, (Tier 1 and Tier 2)
Dine-In Restaurant	Rancho Cordova: Anatolia I Sacramento: North Natomas Elk Grove: Laguna Ridge Folsom: Broadstone Unit 3 Sacramento County: North Vineyard Station West Sacramento: Southport/Bridgeway

[1] Note: Vineyard Springs was selected as the test market for several feasibility tests because Vineyard Springs had the lowest existing Cost Burden. If the estimates SRCSD fee increase development in Vineyard Springs infeasible, then the finding would hold true for all other areas.

Real Estate Market Conditions

Development feasibility is sensitive to real estate market conditions. The ability of a development project to absorb infrastructure costs depends significantly on the finished home sales values achieved. During the 2000s, real estate professionals generally concur that the market experienced the following three periods:

- Normalized market conditions = 2002–03
- Peak market conditions = 2004–06
- Depressed market conditions = 2008–10

While analysts widely acknowledge that deteriorating real estate market conditions have negatively impacted the viability of residential real estate development, this analysis does not focus on development feasibility in the context of presently depressed market conditions. Instead, the analysis seeks to evaluate development feasibility under normalized market conditions, analogous to the conditions observed in 2002–03. The analysis is based on the assumption that long-term sustainable relations between median home sales prices and average income levels should be evaluated, rather than the peaks and troughs of the market.

Figures 1 and **2** illustrate the historical relation between new home prices and median household income in Sacramento County. Under more normalized market conditions before 2004, the average new home price was roughly 4 to 6 times the median household income. During peak market conditions, the ratio increased to 9 to 10 times the median income.

The present market correction reflects a return to more normalized market conditions, with the ratio between new home prices and median incomes projected to decrease to approximately 5:1. This ratio is consistent with the characteristic relation seen between home prices and median income observed in Sacramento County over the past 20 years—the typical range has been 4 to 6 times the median income.

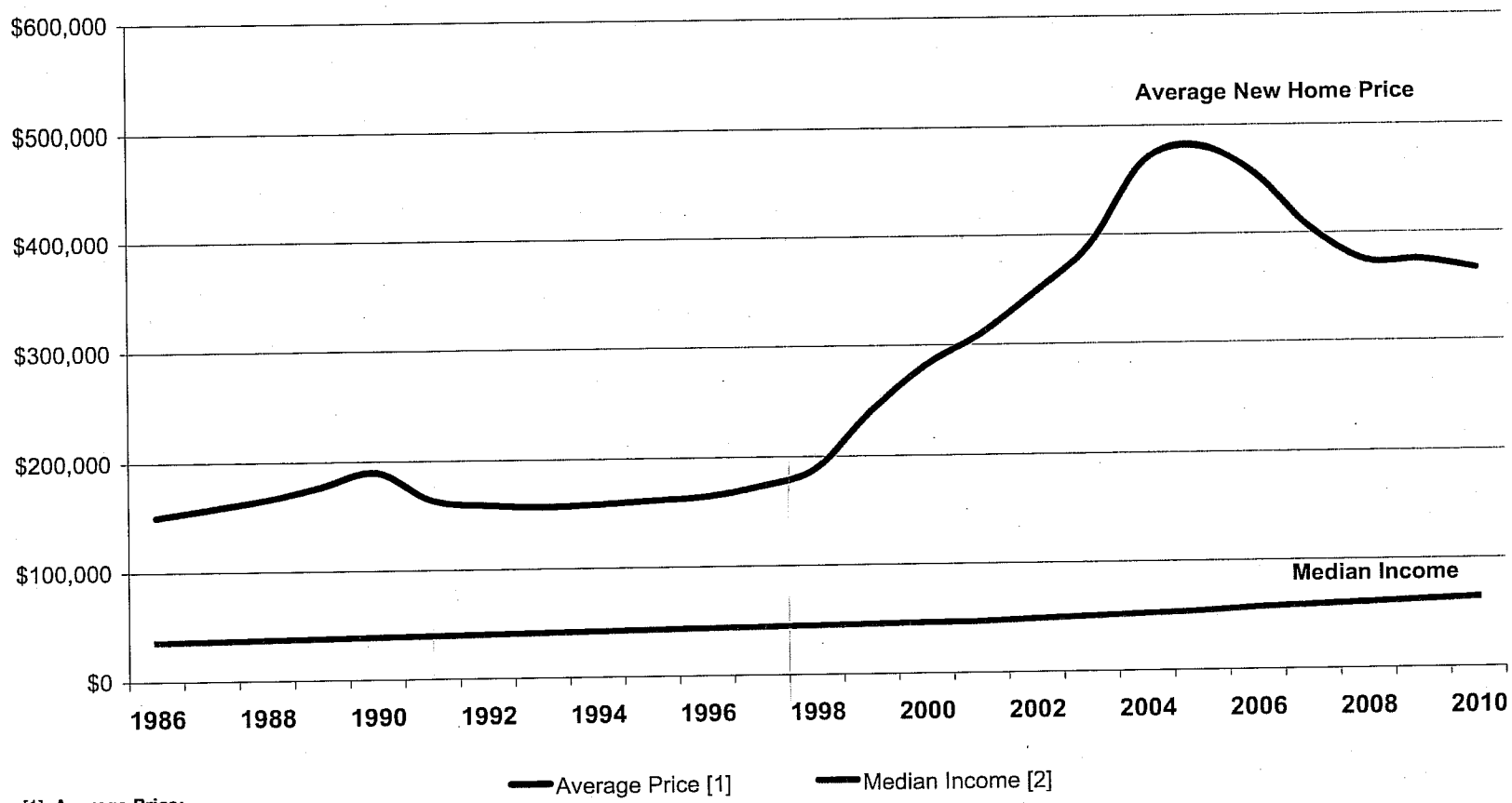
Development Feasibility Indicators

The price of a home reflects multiple components, including land acquisition, home construction, infrastructure, site development, soft costs, sales commission, and builder profit. All cost components are necessary but must be within a reasonable range for a project to feasibly develop. This analysis evaluates the viability of development by applying two tests of development feasibility—the Cost Burden indicator and the residual land value indicator.

These evaluation metrics are used as performance indicators to evaluate the potential financial feasibility of a development project. Because these financial feasibility tools are based on several reasonable assumptions regarding infrastructure costs and market pricing for housing, they are not intended to provide an absolute yes or no answer regarding a project's likely financial feasibility. Rather, the indicators provide guidance to property owners, land use regulators, and public service providers about the likelihood that a project can be successfully implemented, given the cost structure of that project, including the backbone infrastructure requirements and other public facilities identified for the development project.

For Illustrative Purposes Only

Figure 1.
Estimated Average New Home Price and Median Household Income in the Sacramento Region



[1] **Average Price:**
1985 - 1995 are for illustrative purposes only. **1996 - 2010** from The Gregory Group.

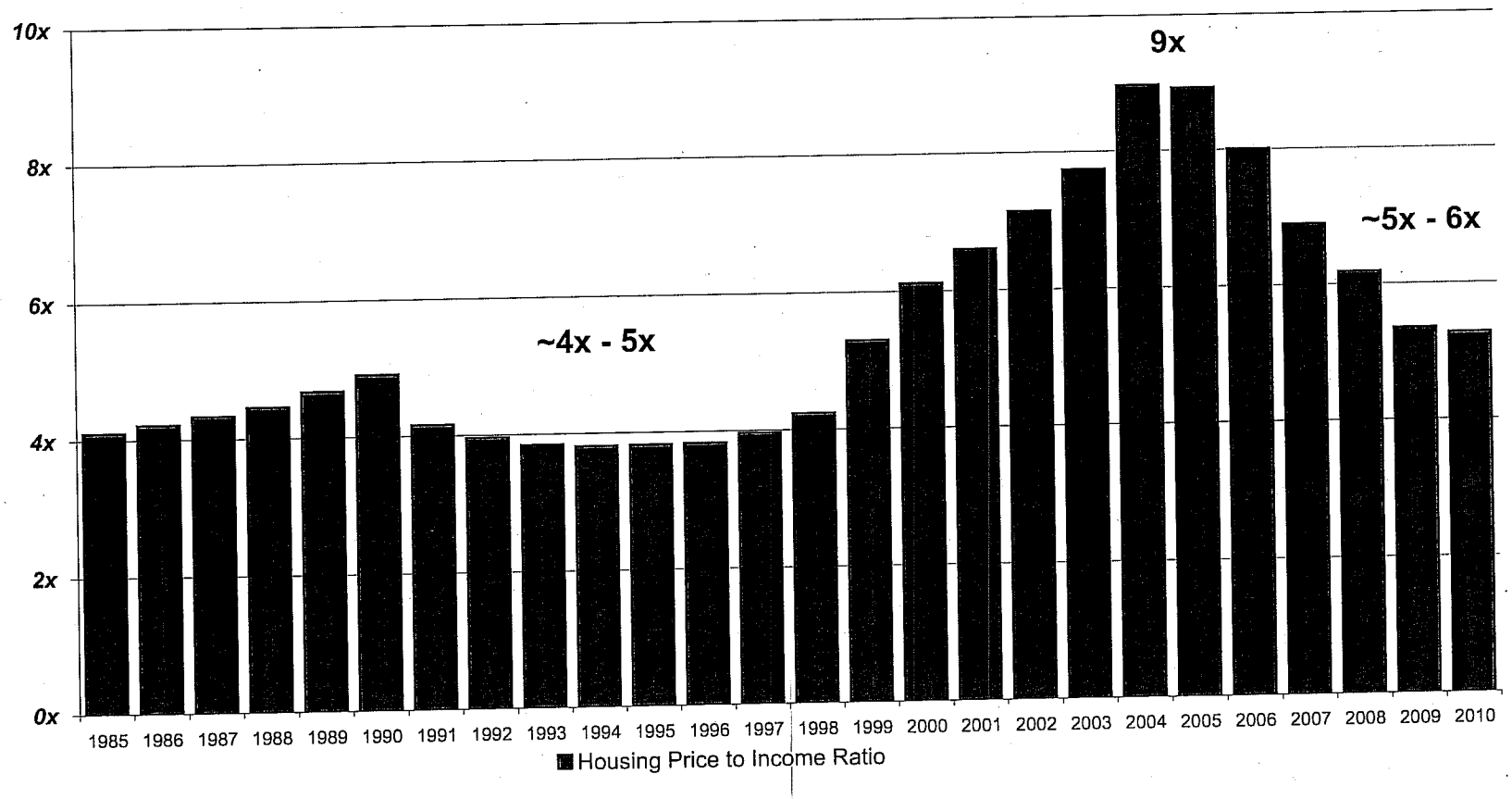
[2] **Median Income -**
1985-2005 based on the growth rate between 1990 and 2000 Census. **2006-2010** based on the growth between 2000 Census and 2006 American Housing Survey (US Census).

Prepared by EPS 10/8/2010

Avg Pricing to Median Income.xls 10/8/2010

For Illustrative Purposes Only

Figure 2.
Estimated Average New Housing Multipliers in the Sacramento Region



Source: Source: The Gregory Group, US Cesus (1990 and 2000 Census, and 2006 American Housing Survey), RELU, SRRI, and EPS.

Prepared by EPS 10/8/2010

R:\Development Impact Fees\2. EPS Documents\Feasibility 2009\Pricing to Income Multipliers.xls

Infrastructure Cost Burden Feasibility Indicator Test

In general, new development can support a certain level of infrastructure, the cost of which is ultimately integrated into the home price. EPS's Cost Burden feasibility test, based on pro forma experience, is used as a performance indicator. This test measures the total cost of backbone infrastructure and public facility improvements as a percentage of the final sales price of a property (e.g., residential unit or nonresidential building).[1] The total Cost Burden consists of all backbone infrastructure and public facility costs (e.g., developer funding plus any non-overlapping bond debt related to special taxes and assessments for infrastructure) plus all applicable development fees (e.g., development impact fees or school mitigation fees).

Typically, these total infrastructure costs comprise up to a maximum of 15 to 20 percent of a home's final total sales price. Based on pro forma analyses of dozens of Specific Plans in California over the past 2 decades, the Cost Burden feasibility performance test yields the following general conclusions:

- Burdens below 15 percent are generally considered financially feasible.
- Burdens between 15 and 20 percent may be feasible depending on the specific circumstances of the project.
- Burdens above 20 percent suggest that a project may not be financially feasible unless other components of the project pro forma are particularly advantageous to the developer, thus allowing the project to bear unusually high infrastructure costs.

It is important to note that the Cost Burden feasibility indicator does not account for extraordinary project circumstances or conditions, such as these:

- Unique on-site development costs.
- Infrastructure phasing requirements.
- Development absorption rates.
- Demolition or toxic contamination remediation.
- Changing market conditions.
- Litigation or other extraordinary project entitlement/development delays.

If the Cost Burden analysis indicates that a project may be financially challenged, additional detailed analysis is warranted. One approach to a more comprehensive evaluation of development feasibility is the residual land value analysis, described in further detail below.

Residual Land Value Feasibility Indicator Test

The residual land value indicator offers a more detailed appraisal of the entire cost structure of a development project and takes into account specific project circumstances, such as those cited above.

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[1] Subdivision frontage costs and in-tract subdivision development costs are included in the site development component and not counted as backbone infrastructure costs.

The price that a developer will pay for land generally relies on a land valuation method called a land residual analysis. The formula simply takes the finished market value of a home and subtracts all costs incurred to achieve that finished value to derive the residual value of the land. The value of land is subject to changes in market conditions that influence both the revenue and cost factors that are used to derive residual land values. If revenues from the sales of finished homes increase with no changes in costs, the residual land value would increase. Conversely, if development and other costs increase and there is no increase in expected finished home sales revenues, the residual land value would decrease.

Figure 3 shows components of the residual land value calculation from the point of view of a home builder. The static residual land value calculations are derived using the following major assumptions:

- Finished market values (e.g., final home sales prices).
- Finished lot development costs.
- Vertical development costs (e.g., home construction).
- Development impact fees.
- Backbone infrastructure costs not funded through fees.

Figure 4 shows the components of residual value from the point of view of land value. The residual land value remaining after taking account of the above factors must fund a variety of costs beyond the price of land acquisition. Generally, the residual land value must be sufficient to fund the following development and entitlement costs:

- Land Acquisition.
- Entitlement Costs.
- Environmental Impact Report.
- Planning Documents.
- Infrastructure Master Plan.
- Environmental Mitigation.
- Developer Overhead.
- Land Developer Profit.

Generally, a project must achieve a minimum residual land value ranging from 10 to 15 percent of the finished home value to be considered financially feasible and fund the items cited above. Significant departure from the typical costs observed for development and entitlement would create variation in the feasible residual land value range and merit additional analysis of project viability.

Figure 3.
Residual Land Value Calculated for Home Builder

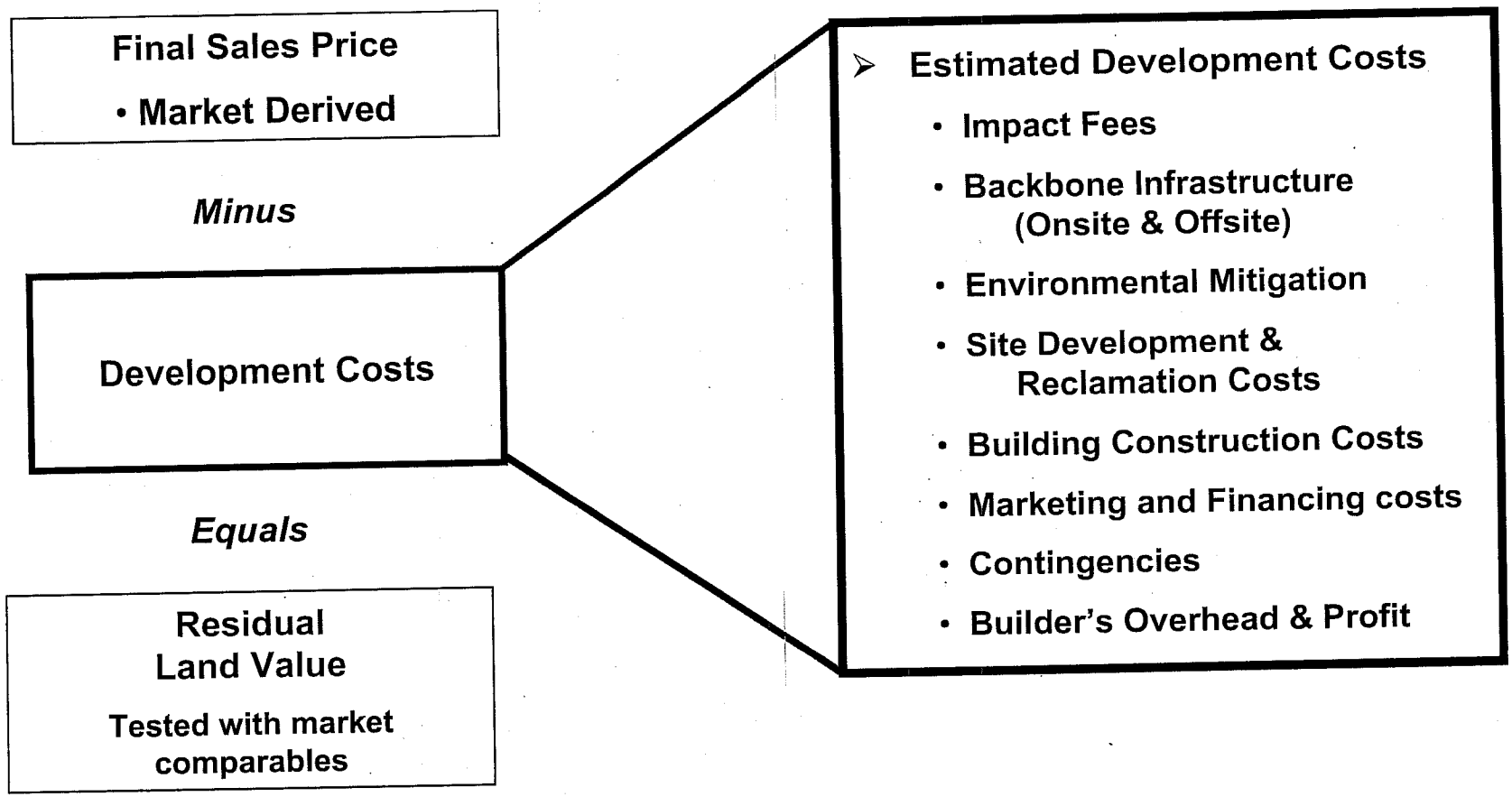
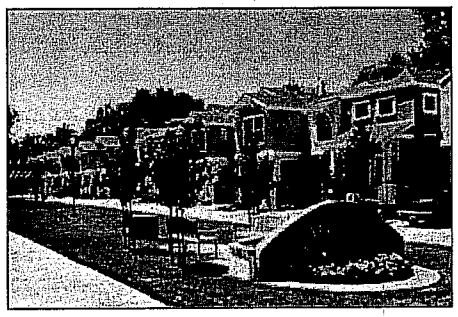
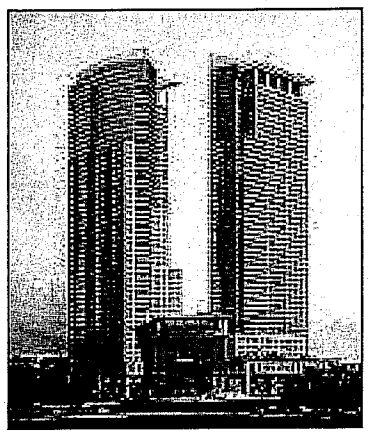


Figure 4.
Land Development Costs Paid by Land Developer



Residual Land Value Paid by Homebuilder Must Fund



- Land Acquisition
- Entitlement Costs
- Environmental Impact Report
- Planning Documents
- Infrastructure Master Plan
- Environmental Mitigation
- Affordable Housing Mitigation
- Developer Overhead
- Financing Costs
- Carry Costs
- Land Developer Profit

3. ASSUMPTIONS AND FEASIBILITY RESULTS

Major Analysis Assumptions

For each area analyzed, the feasibility analysis is based primarily on project pro formas for specific projects in the area. Residential densities, lot size, and standard unit square feet are based on data provided for each prototype project. **Table 3** summarizes the major project assumptions for each development prototype. Major assumptions are discussed briefly below:

- **Home Prices by Single-Family Prototypes.** Unless otherwise noted, the assumed sales price per unit is based on a Gregory Group analysis of home sales prices in 2002 and 2003. Additional research indicates market pricing in 2010 similar to that of the 2002–2003 period. During 2002–2003, The Gregory Group data suggests a Sacramento Region sales price of $126 to $159 per square foot. Quarterly data for 2010 indicate median detached housing pricing of $156 to $162 per square foot. To determine feasibility, this analysis assumed housing prices assuming an average sales price of $160 per square foot, as shown in **Table 3**.

- **Vertical Construction Costs. Table 3** also summarizes the vertical construction costs assumed in the analysis that range from $65 to $75 per building square foot for the for-sale residential products. These unit construction cost estimates were derived from prototype project pro formas provided by the development community.

- **In-Tract Subdivision Infrastructure.** Additional estimated costs include internal collector roadways, lot development costs, utility extensions, and stub outs to each lot and a share of common subdivision-related infrastructure costs (e.g., large collector roads between subdivisions). This analysis assumes $210,000 per acre based on historical averages.

- **Soft Costs.** Soft costs include corporate overhead, home warranty costs, financing costs, selling costs, and other miscellaneous items. This analysis assumes 20 percent of the cost of in-tract improvements and vertical construction.

- **Sacramento County Demographics.** For purposes of this analysis, households are segmented into groups based on potential levels of home affordability. Using American Housing Survey data, **Table 4** summarizes the segments. **Table 5** estimates potential maximum housing prices given the range of household income in the region. Approximately 55 percent of the region's households could potentially purchase a home. Of potential homebuyers, approximately 53 percent can purchase a home less than $400,000.

Feasibility Analysis Results

Tables 6, **7**, and **8** summarize the feasibility analysis results for the single-family prototypes. As discussed above, the Cost Burden and residual land value analysis indicators were evaluated for select project prototypes and land use categories. The results are discussed in further detail below.

Table 3
Feasibility Analysis of Average SRCSD Fee Increase
Single-Family Assumptions

Item (Vineyard Springs)	Single-Family Lot Assumptions			
	Entry Level	Lower-Range	Mid-Range	Upper-Range
Building Type	Detached	Detached	Detached	Detached
Assumptions				
Assumed Density	RD-10	RD-7	RD-5	RD-4
Lot Size (sq. ft.)	3,000	4,250	5,500	10,000
Unit Square Feet	1,500	1,800	2,200	3,300
Net Sales Price Per Square Foot [1]	$160	$160	$160	$160
Construction Cost Per Square Foot	$75	$75	$65	$65
Assumed Home Price (Rounded) [2]	**$240,000**	**$290,000**	**$350,000**	**$530,000**

"sfr_assumptions"

Source: Gregory Group, Various Home Builders, and EPS.

[1] According to The Gregory Group, current 2010 sales data indicates an average price of $153 to $159 per square foot. Historical data in 2002 to 2003 indicate a range of $126 to $156. This analysis assumes $160 per square foot.
[2] Based on estimated affordability and compared to historical selling prices during normalized time periods.

Table 4
Feasibility Analysis of Average SRCSD Fee Increase
Sacramento County Estimated Market Segmentation [1]

Assumed Classification	Household Income Range	Midpoint	Est. Number of Households	Percent of Total	Percent of Buyers
Potential Renters - Other	$0-$49,999	$25,000	240,217	47.3%	-
Potential Homebuyers					
Entry Level Professional	$50,000-$74,999	$62,500	95,319	18.8%	35.7%
Mid-Range Professional	$75,000-$99,999	$87,500	66,315	13.1%	24.8%
Manager	$100,000-$149,999	$125,000	65,786	13.0%	24.6%
Senior Manager	$150,000+	$175,000	39,720	7.8%	14.9%
Total Home Buyers			**267,140**	**52.7%**	**100.0%**
Total Households			**507,357**	**100.0%**	-

"mkt_seg"

Source: U.S. Census Bureau, 2009 American Community Survey and EPS.

[1] Information based on Sacramento County.

Table 5
Feasibility Analysis of Average SRCSD Fee Increase
Estimated Housing Value Based on Annual Salary and Mortgage Calculation

Item	Percent of Home Buyers	Avg. Annual Household Income	Total Annual Housing Cost	Monthly Housing Cost [1]	Monthly Mortgage [2]	Loan Amount [3]	Maximum Affordable House Price [4]
Formula		a	b = a * 33%	c = b / 12	d = c * 85%	e	f = e * 1.25
Household Income Range	*Table 4*						
Entry Level	35.7%	$62,500	$20,625	$1,700	$1,400	$221,000	$276,000
Lower-Range	24.8%	$87,500	$28,875	$2,400	$2,000	$316,000	$395,000
Mid-Range	24.6%	$125,000	$41,250	$3,400	$2,900	$459,000	$574,000
Upper-Range	14.9%	$175,000	$57,750	$4,800	$4,100	$649,000	$811,000
Sac. County Median Household Income (2009$) [5]		**$57,000**	**$18,810**	**$1,600**	**$1,400**	**$221,000**	**$276,000**
Sac. County Mean Household Income (2009$) [5]		**$73,000**	**$24,090**	**$2,000**	**$1,700**	**$269,000**	**$336,000**

"val_calc"

Source: American Fact Finder & EPS.

[1] Includes Principle, Interest, Taxes, and Insurance.
[2] Monthly housing cost less insurance and taxes.
[3] Assumes purchaser takes out loan for 80% of purchase price of the home. Loan amount calculated by computing the present value of a monthly mortgage payment stream assuming 30 year loan with fixed 6.5% interest.
[4] Home price computed based on loan amount plus 20% down payment.
[5] Sacramento County Median and Mean Household Income drawn from American Fact Finder.

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Table 6
Feasibility Analysis of Average SRCSD Fee Increase
Summary of Feasibility of Single-Family Home by Location
(Mid-Range Product)

			Sacramento County							Yolo County
			Unincorporated		Elk Grove		Rancho Cordova		City of Sac.	West Sac.
Item	**Source/ Assumption**	**Formula**	N. Vineyard Station	Vineyard Springs	Franklin Crossing	Laguna Ridge	Sun Ridge Anatolia III	Sun Ridge Park (Ph. 2)	N. Natomas Q 2, B 1	Southport Bridgeway
Assumed Density	Table 3		RD-5	RD-5	RD-5	RD-5	RD-5	RD-5	RD-5	RD-5
Assumed Unit Size	Table 3		2,200	$2,200	$2,200	$2,200	$2,200	$2,200	$2,200	$2,200
Assumed Home Price	Table 3	*a*	$350,000	$350,000	$350,000	$350,000	$350,000	$350,000	$350,000	$350,000
Infrastructure Cost Burden Feasibility Range per Unit										
High	20.0%	*b = a x 20%*	$70,000	$70,000	$70,000	$70,000	$70,000	$70,000	$70,000	$70,000
Low	15.0%	*c = a x 15%*	$53,000	$53,000	$53,000	$53,000	$53,000	$53,000	$53,000	$53,000
Target	**17.5%**	*d = a x 17.5%*	**$61,000**	**$61,000**	**$61,000**	**$61,000**	**$61,000**	**$61,000**	**$61,000**	**$61,000**
a. Total Existing Infrastructure Burden										
City/County Fee Burden		*e*	$37,700	$38,900	$49,900	$49,900	$54,900	$48,600	$40,000	$58,200
Plan Area Fees		*f*	$18,700	$17,300	$11,300	$12,700	$6,300	$13,500	$17,000	$400
School Mitigation		*g*	$11,400	$11,400	$11,400	$11,400	$11,400	$11,400	$6,500	$6,500
Infrastructure Bond Debt		*h*	$15,700	$0	$12,600	$18,800	$14,700	$15,900	$11,100	$16,800
Total Infrastructure Cost Burden		*i = e + f + g + h*	**$83,500**	**$67,600**	**$85,200**	**$92,800**	**$87,300**	**$89,400**	**$74,600**	**$81,900**
Share of Selling Price		*j = i / a*	23.9%	19.3%	24.3%	26.5%	24.9%	25.5%	21.3%	23.4%
Total Surplus/(Shortfall)		*k = d - i*	**($22,500)**	**($6,600)**	**($24,200)**	**($31,800)**	**($26,300)**	**($28,400)**	**($13,600)**	**($20,900)**
% Change Needed to Reach 17.5% Target		*l = k / i*	*-26.9%*	*-9.8%*	*-28.4%*	*-34.3%*	*-30.1%*	*-31.8%*	*-18.2%*	*-25.5%*
b. Infrastructure Burden w/ Increased SRCSD Fee										
Existing Total Infrastructure Burden		*m = j*	$83,500	$67,600	$85,200	$92,800	$87,300	$89,400	$74,600	$81,900
Plus: Estimated SRCSD Fee Increase		*n*	$27,550	$27,550	$27,550	$27,550	$27,550	$27,550	$27,550	$27,550
Total Infrastructure Cost Burden w/ Incr. SRCSD Fee		*o = m + n*	**$111,050**	**$95,150**	**$112,750**	**$120,350**	**$114,850**	**$116,950**	**$102,150**	**$109,450**
Share of Selling Price		*p = o / a*	*31.7%*	*27.2%*	*32.2%*	*34.4%*	*32.8%*	*33.4%*	*29.2%*	*31.3%*
Total Surplus/(Shortfall)		*q = d - n*	**($50,050)**	**($34,150)**	**($51,750)**	**($59,350)**	**($53,850)**	**($55,950)**	**($41,150)**	**($48,450)**
% Change Needed to Reach 17.5% Target		*r = q / o*	*-45.1%*	*-35.9%*	*-45.9%*	*-49.3%*	*-46.9%*	*-47.8%*	*-40.3%*	*-44.3%*

"location_feas"

Source: EPS, SRCSD, Gregory Group, various developers and jurisdictions.

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Table 7
Feasibility Analysis of Average SRCSD Fee Increase
Feasible Infrastructure Cost Burden by Prototype for Vineyard Springs

Item	Source/ Assumptions	Formula	Vineyard Springs Specific Plan [1] Entry Level	Lower-Range	Mid-Range	Upper-Range
Assumed Density	Table 3		RD-10	RD-7	RD-5	RD-4
Assumed Unit Size	Table 3		1,500	1,800	2,200	3,300
Assumed Home Price	Table 3	*a*	$240,000	$290,000	$350,000	$530,000
Infrastructure Cost Burden Feasibility Range per Unit						
High	20.0%	*b = a x 20%*	$48,000	$58,000	$70,000	$106,000
Low	15.0%	*c = a x 15%*	$36,000	$44,000	$53,000	$80,000
Target	**17.5%**	*d = a x 17.5%*	**$42,000**	**$51,000**	**$61,000**	**$93,000**
a. Total Existing Infrastructure Burden						
City/County Fee Burden		*e*	$33,350	$35,720	$38,890	$43,220
Plan Area Fees		*f*	$8,670	$12,380	$17,340	$21,670
School Mitigation		*g*	$8,430	$9,690	$11,370	$15,990
Infrastructure Bond Debt		*h*	$0	$0	$0	$0
Total Infrastructure Cost Burden		*i = e + f + g + h*	**$50,450**	**$57,790**	**$67,600**	**$80,880**
Share of Selling Price		*j = i / a*	*21.0%*	*19.9%*	*19.3%*	*15.3%*
Total Surplus/(Shortfall)		*k = d - i*	**($8,450)**	**($6,790)**	**($6,600)**	**$12,120**
% Change Needed to Reach 17.5% Target		*l = k / i*	*-16.7%*	*-11.7%*	*-9.8%*	*Feasible*
b. Infrastructure Burden w/ Increased SRCSD Fee						
Existing Total Infrastructure Burden		*m = j*	$50,450	$57,790	$67,600	$80,880
Plus: Estimated SRCSD Fee Increase		*n*	$27,550	$27,550	$27,550	$27,550
Total Infrastructure Cost Burden With Incr. SRCSD Fee		*o = m + n*	**$78,000**	**$85,340**	**$95,150**	**$108,430**
Share of Selling Price		*p = o / a*	*32.5%*	*29.4%*	*27.2%*	*20.5%*
Total Surplus/(Shortfall)		*q = d - n*	**($36,000)**	**($34,340)**	**($34,150)**	**($15,430)**
% Change Needed to Reach 17.5% Target		*r = q / o*	*-46.2%*	*-40.2%*	*-35.9%*	*-14.2%*

"feasibility_burden"

Source: EPS, SRCSD, Gregory Group, various developers and jurisdictions.

Table 8
Housing Feasibility Analysis
Residual Land Value Calculation for Single-Family Residential

Vineyard Springs
Single- Family

Item (Vineyard Springs)	Single-Family Residual Land Value: Entry Level Single Family	Entry Level % of Selling Price	Lower-Range Single Family	Lower-Range % of Selling Price	Mid-Range Single Family	Mid-Range % of Selling Price	Upper-Range Single Family	Upper-Range % of Selling Price
Assumptions								
Lot Size (sq. ft.)	3,000		4,250		5,500		10,000	
Unit Square Feet	1,500		1,800		2,200		3,300	
Construction Cost Per Square Foot	$75		$75		$65		$65	
Assumed Home Price [1]	**$240,000**	**100%**	**$290,000**	**100%**	**$350,000**	**100%**	**$530,000**	**100%**
Infrastructure Burden								
City/County, Plan Area, & School Fees [2]	$50,450	21%	$57,790	20%	$67,600	19%	$80,880	15%
Other Backbone Infrastructure Costs			*Included in Fee Program*					
Subtotal Infrastructure Burden	**$50,450**	**21%**	**$57,790**	**20%**	**$67,600**	**19%**	**$80,880**	**15%**
(Target 15%-20% Home Sales Price)								
Unit Development								
Cost of Unit Construction	$112,500	47%	$135,000	47%	$143,000	41%	$214,500	40%
In-tract Subdivision Infrastructure [3]	$21,000	9%	$30,000	10%	$42,000	12%	$52,500	10%
Soft Cost (20% of In-tract and Unit Construction) [4]	$26,700	11%	$33,000	11%	$37,000	11%	$53,400	10%
Builder Profit (10% of Sale Price)	$24,000	10%	$29,000	10%	$35,000	10%	$53,000	10%
Subtotal Unit Development Cost	**$184,200**	**77%**	**$227,000**	**78%**	**$257,000**	**73%**	**$373,400**	**70%**
Total Cost of Unit	**$234,650**	**98%**	**$284,790**	**98%**	**$324,600**	**93%**	**$454,280**	**86%**
Proposed Increase in SRCSD Fee	$27,550	11%	$27,550	10%	$27,550	8%	$27,550	5%
Total Cost of Unit with SRCSD Fee	**$262,200**	**109%**	**$312,340**	**108%**	**$352,150**	**101%**	**$481,830**	**91%**
RESIDUAL LAND VALUE ANALYSIS (Paper Lot) [5]								
Target Residual Land Value Range (10%-15% of Home Sales Price)								
10% of Home Sales Price	$24,000	10%	$29,000	10%	$35,000	10%	$53,000	10%
15% of Home Sales Price	$36,000	15%	$43,500	15%	$52,500	15%	$79,500	15%
Residual Land Value	**$5,350**	**2.2%**	**$5,210**	**1.8%**	**$25,400**	**7.3%**	**$75,720**	**14.3%**
Residual Land Value w/ Proposed SRCSD Fee	**($22,200)**	**-9.3%**	**($22,340)**	**-7.7%**	**($2,150)**	**-0.6%**	**$48,170**	**9.1%**

"sfr_lvf"

Source: Various Home Builders and EPS.

[1] See Table 3.
[2] Includes fees due and payable at improvement plan, final map, or building permit. Plan area fees include only shared infrastructure cost not included in lot costs or city/county fee programs.
[3] Costs include internal collector roadways, lot development costs, utility extensions, and stub outs to each lot and a share of common subdivision related infrastructure costs (e.g., large collector roads between subdivisions). This analysis assumes $210,000 per acre.
[4] Soft costs include corporate overhead, home warranty costs, financing costs, selling costs, and other miscellaneous items.
[5] Paper lot value in this analysis assumes that backbone & in-tract infrastructure costs are passed forward to the buyer of the lots. Residual land value typically funds land acquisition, entitlement costs, environmental impact report, planning documents, infrastructure master plan, environmental mitigation, developer overhead, and land developer profit.

Infrastructure Cost Burden Test

The Cost Burden analysis contained herein compares the total infrastructure burden required of development in different jurisdictions and plan areas throughout the Sacramento Region. Infrastructure costs are funded in various ways, including private developer funding, local and regional development impact fee programs, special taxes, and other assessments.

The majority of development is single-family development, which was included for analysis. However, EPS examined two additional land uses to evaluate the relative impact of an increase in sewer fees: (a) multifamily infill projects, and (b) dine-in restaurants.

For each land use, the infrastructure burden is organized and presented in the following categories:

- **City/County Fees:** Any valuation-based fee or development impact fee charged to development by the City or County will be included in this section. The section includes regional agency fees (e.g., Regional Sanitation impact fees), City fees (e.g., building permit fee or citywide impact fees), and County fees (e.g., countywide traffic fee). For nonresidential land uses, local school district impact fees are included in this section.

- **Plan Area Fees:** Impact fees created to fund infrastructure or public facilities designed to serve a particular plan area (e.g., Specific Plan, Special Planning Area, Planned Unit Development) are included in this section.

- **School Fees for Residential Development:** This section includes school-related funding. Funding of schools may include districtwide development impact fees or special assessments, development agreements, or other financing agreements. For bond funding of school facilities, a present value of outstanding bonds is calculated and included as a cost of infrastructure. All nonresidential school-related development impact fees are included in the preceding "City/County Fees" section. All nonresidential school-related bond funding is included in the "Special Taxes/Assessments" section that follows.

- **Special Taxes and Assessments:** This section estimates the present value of any bond-funded facilities or infrastructure, including local Mello-Roos funding, regional bond issuances, or other special assessments. This analysis excludes bond funding if an overlap exists with development impact fees (e.g., bond proceeds are used to fund fee-funded infrastructure). For nonresidential land uses (retail, office, and industrial), local school district bond funding is included in this section.

Single-Family Residential: Cost Burden by Jurisdiction

As discussed above, the maximum range for a feasible Cost Burden is 15 to 20 percent of the finished home sales value. Development with a Cost Burden at the higher end of the range (i.e., 17 to 20 percent) are typically only feasible coupled with positive trends, such as strong housing markets, financial markets, or job growth. Therefore, EPS targets the midpoint of the range, 17.5 percent, as the target maximum burden. EPS tested infrastructure burdens for a mid-level single-family prototype in various jurisdictions. Results are provided for existing infrastructure and with the estimated increase in SRCSD fees.

As indicated in **Table 6**, the Cost Burdens for a mid-range single-family prototype is estimated to be well beyond the maximum 15- to 20-percent infrastructure burden range. As discussed previously, infrastructure burdens above 17.5 percent suggest that a project may not be financially feasible unless other project costs are unusually low and allow the project to bear the higher infrastructure burden costs. Looking at the existing infrastructure burdens, the analysis indicates results ranging from 19.2 percent (marginally feasible) to 26.4 percent (infeasible) of estimated finished home sales prices. Only Vineyard Springs indicates possible feasibility.

The inclusion of an increased SRCSD fee significantly exacerbates the problem. The Cost Burden for all areas increases to a highly infeasible range of 27.0 percent to 34.2 percent of housing price.

Figure 5 compares the cost burdens by jurisdiction for a mid-level single-family home. See **Appendix A** for tables detailing calculations of single-family Cost Burdens.

Single-Family Residential: Cost Burden by Price Levels

EPS further tested infrastructure burdens for various price levels using sample single-family prototypes planned for the most feasible jurisdiction tested: Vineyard Springs. For each price point, unit size and assumed density are based on historical norms and supported by market data. Results are provided for existing infrastructure and with the estimated increase in SRCSD fees.

Results are shown in **Table 7**. Except for the most expensive units, the Cost Burdens for single-family development is estimated to be well beyond the targeted 17.5-percent infrastructure burden range. Upper level single-family development (priced more than $530,000) appears feasible with an infrastructure burden of 15.3 percent. All other existing infrastructure burdens indicate a burden greater than 19.0 percent of home price.

The inclusion of an increased SRCSD fee results a highly infeasible range of 20 to 33 percent of housing price for all single-family development, regardless of pricing level.

Multifamily Residential: Cost Burden by Jurisdiction

As described previously, the Sacramento Blueprint for growth heavily relies on a structuring growth in the region focusing on infill development in the City of Sacramento, City of West Sacramento, and commercial corridors in unincorporated Sacramento County. Infill development has a particularly unique set of financial hurdles to achieve feasibility. One redevelopment strategy is to help offset a portion of infill development's Cost Burden to help provide incentives to develop.

EPS evaluated the impact the estimated SRCSD fee increase would have on feasibility of infill multifamily development if located in several of these areas.

In general, this analysis determined the increase of SRCSD fees results in additional cost burden of $7,650 [$10,200 x 0.75 EDU] and results in significant increases in the overall cost burden for this type of infill development. In most cases, the increased fee resulted in an increase of the Cost Burden of nearly one-third, the increase ranging from 26 percent to 49 percent. **Figure 6** compares the Cost Burdens by jurisdiction for a multifamily infill unit. **Appendix B** contains detailed tables identifying these impacts.

Figure 5.
Impact of Estimated SRCSD Fee Increase on the Infrastructure Burden for Single-Family Development (per Unit)

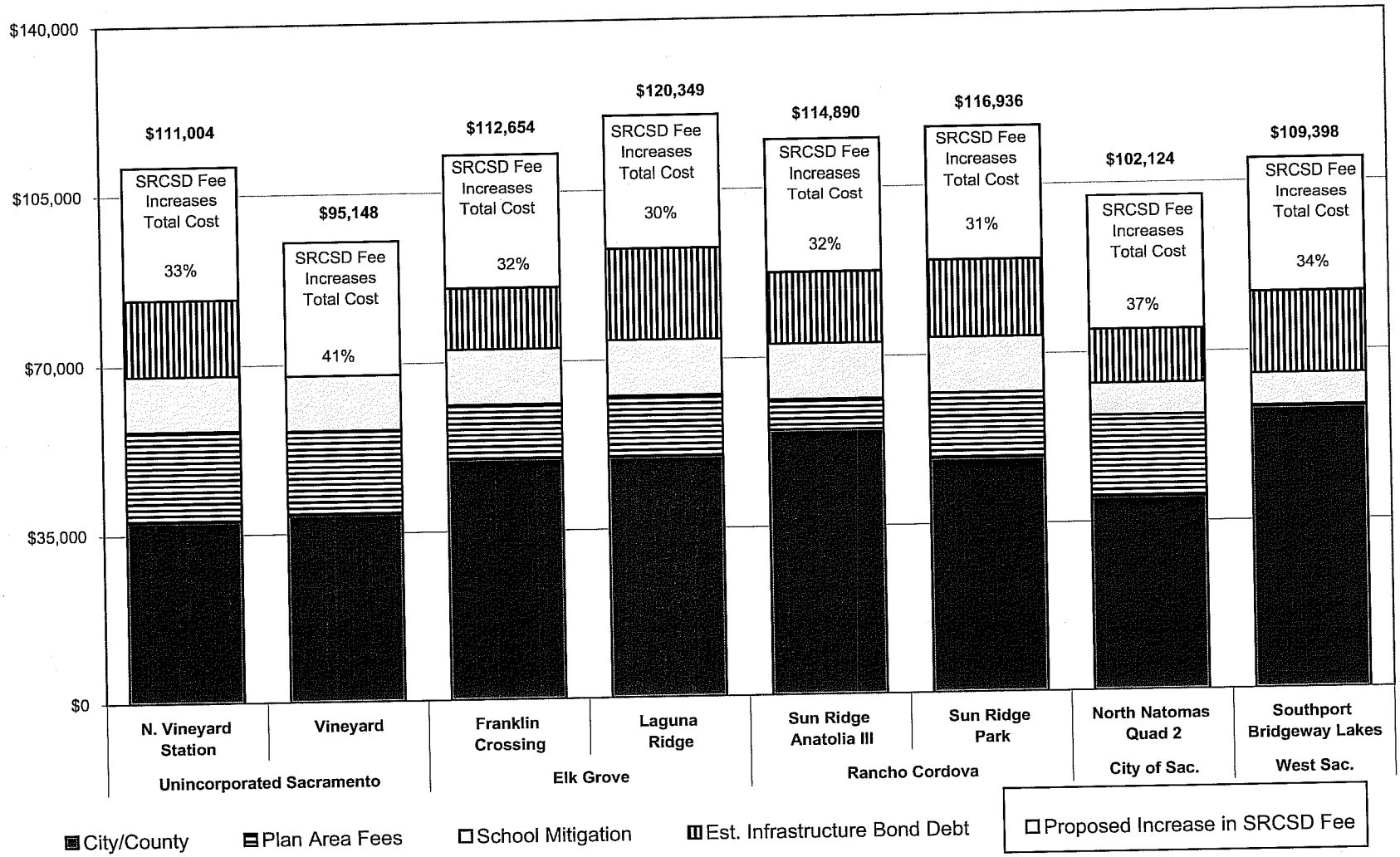

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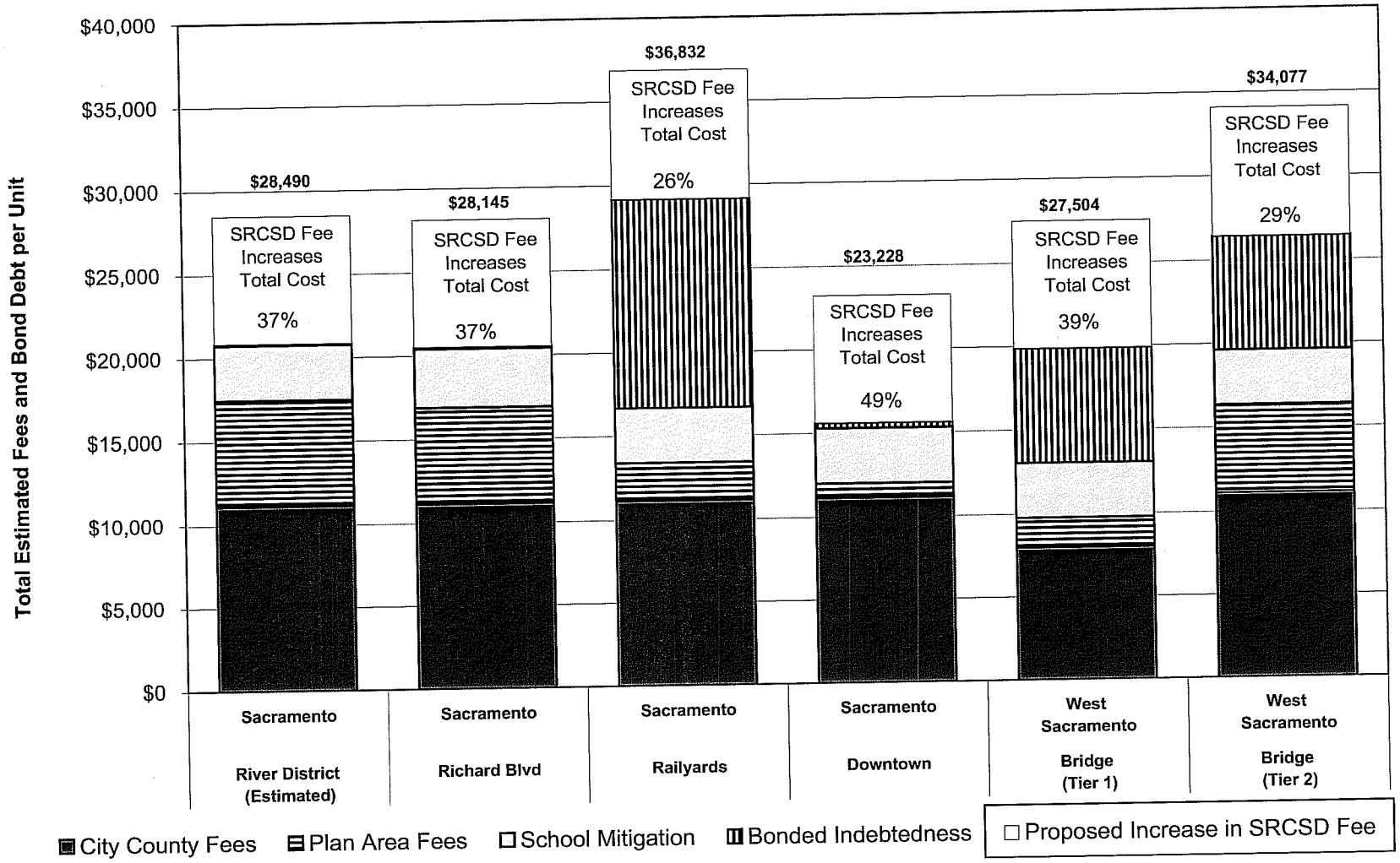
Figure 6.
Impact of Estimated SRCSD Fee Increase on the Infrastructure Burden for Infill Multifamily Development (per Unit)

Infill Multifamily Development



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Dine-In Restaurant: Cost Burden by Jurisdiction

Restaurants are a particularly common and desirable development type. Unfortunately, restaurants, specifically dine-in restaurants, are a high-intensive user of wastewater. Significant increases in sewer fees will likely result in total infeasibility. Therefore, EPS evaluated the impact of the estimated SRCSD fee increase on the feasibility of restaurant development in several areas in the region.

In general, the increase of SRCSD fees results in additional cost burden of $55,100 per 1,000 square feet [$27,550 x 2.00 EDU]. This increase results in significant increases in the overall cost burden for this type of development. The increased fee resulted in a 32- to 66- percent increase in Cost Burdens. **Figure 7** compares the cost burdens by jurisdiction for a dine-in restaurant. **Appendix C** contains detailed tables identifying these impacts.

Residual Land Value Test

The residual land value indicator extends the feasibility analysis to take into account additional cost items, including the cost of unit construction, in-tract subdivision infrastructure, soft costs, and builder profit. The result of the residual land value analysis is the value of the land, called the paper lot value. That is, the results of the analysis indicate how much the land is worth. The minimum target range for the residual land value is approximately 10 to 15 percent of the finished home sales value.

Paper lot value in this analysis assumes that backbone and in-tract infrastructure costs are passed forward to the buyers of the lots. As discussed previously, the residual land value must be sufficient to fund several development and entitlement costs beyond land acquisition, including entitlement costs, environmental impact report, planning documents, infrastructure master plan, environmental mitigation, developer overhead, and land developer profit.

Vineyard Springs was used as a proposed development site because it represented the most feasible development area evaluated in the Cost Burden test. Similar to the Cost Burden Analysis described previously, the existing Vineyard Springs Cost Burden contributes to infeasible results for all but the most expensive homes. For entry-level through mid-level housing, current market conditions make development infeasible.

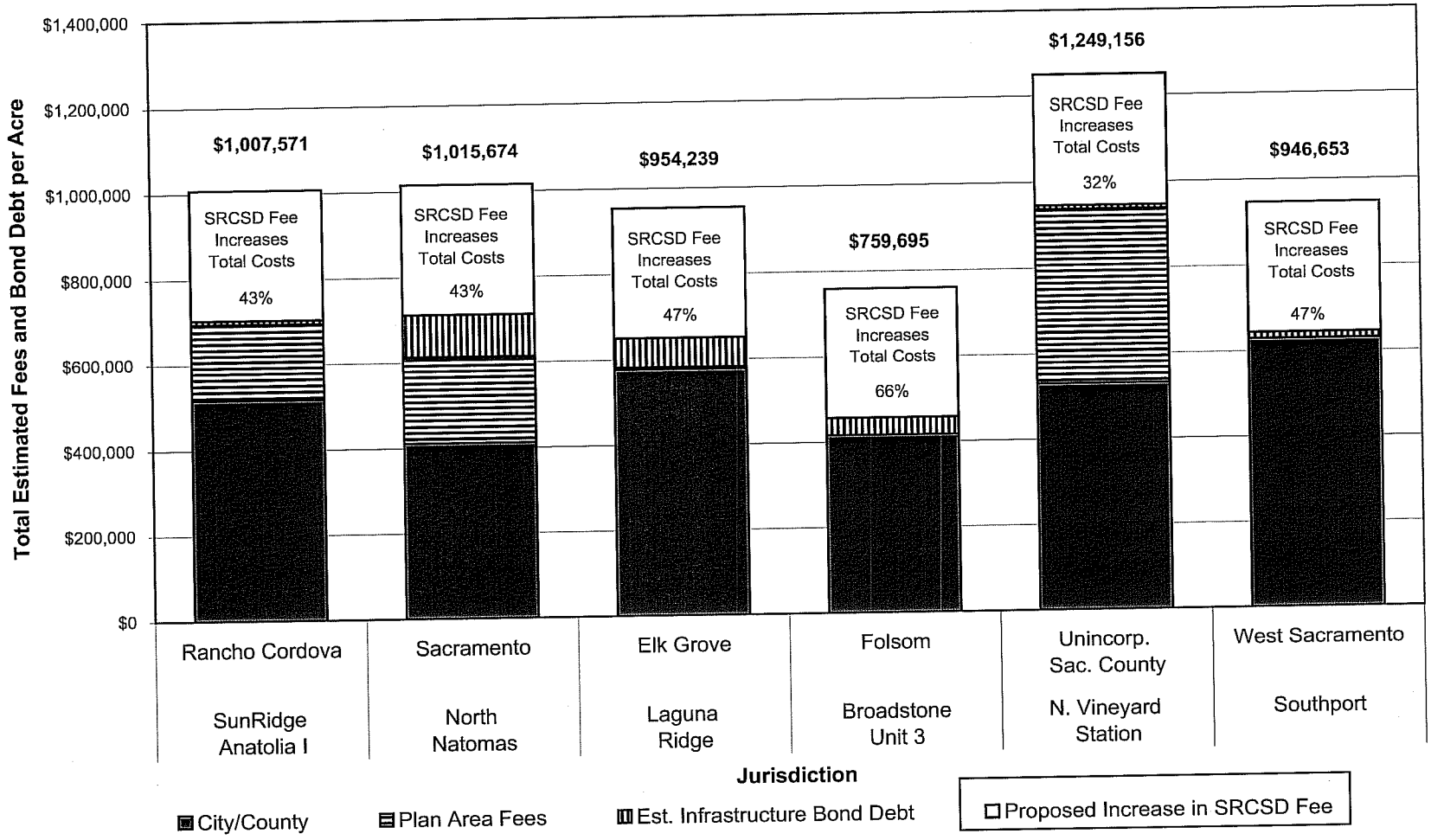
Shown on **Table 8**, the residual land value indicator shows that nearly all single-family project prototypes evaluated (entry level through upper level) fall outside the target residual land value range, ranging from negative 29 percent to positive 14 percent of the estimated finished home values.

The addition of the estimated increased SRCSD fees makes nearly all single-family prototypes infeasible. In all cases except the largest lots, development of the parcel would result in a loss to the landowner.

For instance, the analysis indicates the lot on which a mid-level house will be constructed in Vineyard Springs has an estimated paper lot value of $25,000, approximately 50 percent what it should be worth. With the estimated SRCSD increase, the analysis indicates the lot value decreases to negative $2,000. This suggests the owner will not sell or develop until the Cost Burden goes down and the ultimate housing price increases to allow for a $35,000 to $50,000 lot value.

Figure 7.
Impact of Estimated SRCSD Fee Increase on the Infrastructure Burden for Dine-In Restaurant Development (per Acre)

Dine-In Restaurant Development per Acre



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APPENDICES:

Appendix A: Single-Family Development

Appendix B: Multifamily Infill Development

Appendix C: Dine-In Restaurant Development

APPENDIX A:

Single-Family Development

Table A-1
SINGLE-FAMILY HOMES
Summary of Infrastructure Costs Per Unit
2,200 Sq. Ft. Home, 450 Sq. Ft. Garage, 3 Bedrooms

Reader Note: Excludes Estimated Increase in SRCSD Fees

	Sacramento County							Yolo County
	Unincorporated		Elk Grove		Rancho Cordova		City of Sacramento	West Sacramento
Summary of Infrastructure Costs Per Unit	N. Vineyard Station	Vineyard	Franklin Crossing	Laguna Ridge	Sun Ridge Anatolia III	Sun Ridge Park (Ph. 2)	North Natomas Quad 2, Basin 1	Southport Bridgeway Lakes
Current as of	*Aug-10*	*Aug-10*	*Aug-10*	*Aug-10*	*Aug-10*	*Aug-10*	*Aug-10*	*Aug-10*
Total City/County-Wide Development Impact Fees (from Table A-2)	$37,695	$38,890	$49,878	$49,879	$54,947	$48,567	$39,985	$58,168
Plan Area Fees (from Table A-3)	$18,696	$17,336	$11,274	$12,723	$6,329	$13,544	$16,983	$359
Total School Mitigation (from Table A-4)	$11,372	$11,372	$11,372	$11,372	$11,372	$11,372	$6,534	$6,534
Estimated Bond Debt Of Special Taxes and Assessments (from Table A-5)	$15,691	$0	$12,579	$18,824	$14,692	$15,903	$11,072	$16,787
Total Infrastructure Cost Per Unit	**$83,454**	**$67,598**	**$85,104**	**$92,799**	**$87,340**	**$89,386**	**$74,574**	**$81,848**
Total Fees (City, County, Schools, and Plan Area)	**$65,631**	**$65,465**	**$70,392**	**$71,842**	**$70,516**	**$71,351**	**$63,502**	**$65,061**
Total Annual Taxes	**$1,715**	**$200**	**$1,165**	**$1,792**	**$1,426**	**$1,527**	**$976**	**$1,317**

"summary"

Prepared by EPS 10/8/2010

Table A-2
SINGLE-FAMILY HOMES
City/County Development Impact Fees Per Unit
2,200 Sq. Ft. Home, 450 Sq. Ft. Garage, 3 Bedrooms
2 Bathrooms, 5 Units Per Net Acre

Reader Note: Excludes Estimated Increase in SRCSD Fees

	Sacramento County							Yolo County
	Unincorporated		Elk Grove		Rancho Cordova		City of Sacramento	West Sacramento
City/County Development Impact Fees Per Unit: These are fees charged by the City or County and do not include fees for a special plan area.	N. Vineyard Station	Vineyard	Franklin Crossing	Laguna Ridge	Sun Ridge Anatolia III	Sun Ridge Park (Ph. 2)	North Natomas Quad 2, Basin 1	Southport Bridgeway Lakes
Current as of	*Aug-10*	*Aug-10*	*Aug-10*	*Aug-10*	*Aug-10*	*Aug-10*	*Aug-10*	*Aug-10*
CITY/COUNTY FEES PER UNIT								
Processing Fees Per Unit [1]								
Building Permit	$2,610	$2,610	$1,135	$1,135	$1,769	$1,769	$1,853	$2,225
Plan Check	$1,740	$1,740	$756	$756	$1,180	$1,180	$778	$1,821
Energy Fee	-	-	-	-	-	-	-	$85
Technology Surcharge	$169	$169	$86	$86	-	-	$211	$324
Seismic / Strong Motion	$30	$30	$22	$22	$27	$27	$21	$24
CBSC Fee	$12	$12	$9	$9	$11	$11	$9	$9
Fire Review Fee	$366	$366	-	-	$366	$366	-	$228
Other Building Permit or Processing Fees	$878	$878	$308	$308	$545	$545	$428	-
Total Processing Fees Per Unit	**$5,804**	**$5,804**	**$2,315**	**$2,315**	**$3,898**	**$3,898**	**$3,300**	**$4,715**
Development Impact Fees Per Unit								
Sewer	$10,450	$10,450	$10,450	$10,450	$10,450	$10,450	$10,450	$10,346
Water	$13,542	$13,542	$13,542	$13,542	$13,542	$13,542	$5,032	$7,018
Zone 40 Special Services Area A Fee	-	-	$770	$770	-	-	-	-
Traffic	$485	$1,679	$6,346	$6,346	$17,478	$10,308	$1,714	$9,361
Transit	-	-	-	-	$175	$175	-	-
Sacramento Transportation Authority Fee	$1,013	$1,013	$1,013	$1,013	$1,013	$1,013	$1,013	-
Drainage	$2,959	$2,959	$2,959	$2,959	$2,959	$2,959	-	$4,781
Parks - Neighborhood	-	-	-	-	-	-	-	$3,672
Parks - City-wide	-	-	-	-	$842	$1,632	$5,191	$7,026
Fire/Police	$1,232	$1,232	$1,766	$1,767	$1,232	$1,232	-	$1,974
In-Lieu Flood Protection Fees	-	-	-	-	-	-	-	$2,016
SAFCA DIF Fee	-	-	-	-	-	-	$4,004	-
Habitat / Greenbelt Preservation	$2,210	$2,210	$3,870	$3,870	-	-	$8,810	$1,732
Affordable Housing [2]	-	-	$4,299	$4,299	-	-	-	-
Capital Improvements/Public Facilities	-	-	$2,343	$2,343	$3,358	$3,358	-	-
Other General Fees/One-Time Taxes	-	-	$205	$205	-	-	$471	$1,802
County-Wide Fees	-	-	-	-	-	-	-	$3,725
Total Development Impact Fees Per Unit	**$31,891**	**$33,086**	**$47,563**	**$47,564**	**$51,049**	**$44,669**	**$36,684**	**$53,453**
TOTAL CITY/COUNTY FEES PER UNIT	**$37,695**	**$38,890**	**$49,878**	**$49,879**	**$54,947**	**$48,567**	**$39,985**	**$58,168**

"city/county"

[1] Processing fees exclude mechanical, electrical, plumbing and other similar review fees.
[2] All development in Unincorporated Sacramento County will be subject to the County's affordable housing ordinance. Depending on the size and other characteristics of the development project, options to meet the requirements of the ordinance include constructing affordable units, providing land for affordable developments, and/or paying a fee. This analysis does not include the estimated affordable housing cost.

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Table A-3
SINGLE-FAMILY HOMES
Plan Area Fees Per Unit
2,200 Sq. Ft. Home, 450 Sq. Ft. Garage, 3 Bedrooms

Plan Area Fees: These fees are charged only within a certain area of a County or City to fund facilities to serve a specific development project.	Sacramento County							Yolo County
	Unincorporated		Elk Grove		Rancho Cordova		City of Sacramento	West Sacramento
	N. Vineyard Station	Vineyard	Franklin Crossing	Laguna Ridge [1]	Sun Ridge Anatolia III	Sun Ridge Park (Ph. 2)	North Natomas Quad 2, Basin 1	Southport Bridgeway Lakes
Current as of	*Aug-10*	*Aug-10*	*Aug-10*	*Aug-10*	*Aug-10*	*Aug-10*	*Aug-10*	*Aug-10*
PLAN AREA FEES PER UNIT								
Infrastructure Fee	-	-	-	-	-	-	$8,466	$355
Transit	$750	$815	-	-	$71	$71	$450	-
Roadway	$13,008	$10,912	-	-	$12,890	$12,890	-	-
Park Improvement	$5,153	$3,924	$6,625	$12,723	$1,780	$9,964	-	-
Fire/Police Protection	-	-	-	-	-	-	-	-
Library	$793	$860	-	-	$581	$581		-
Drainage	$8,413	-	$1,565	-	-	-	-	-
Sewer	-	-	-	-	$865	$865	-	-
Water	-	-	-	-	$1,254	$1,254	-	-
Landscape Corridors	$2,044	-	$2,949	-	-	-	-	-
Fee Program Formation/Administration	$1,087	$826	$135	-	$568	$568	-	$4
Public Land and Regional Park Acquisition Fees	-	-	-	-	-	-	$8,067	-
Other General Fees	-	-	-	-	$74	$74	-	-
Less Bond Proceeds	($12,553)	-	-	-	($11,754)	($12,723)	-	-
	$18,696	**$17,336**	**$11,274**	**$12,723**	**$6,329**	**$13,544**	**$16,983**	**$359**

"plan area"

[1] Includes preliminary estimates for proposed LRSP plan area fee programs for infrastructure and parks.
[2] Park Improvement Fees for Rancho Cordova Sun Ridge Anatolia III include $3,445 park fee and $841.70 park renovation fee per the Development Agreement dated December 05, 2003.
[3] Park Improvement Fees for Rancho Cordova Sun Ridge Park include $11,027 park fee and $1,701.64 park renovation fee per the Development Agreement dated February 2006.

Table A-4
SINGLE-FAMILY HOMES
Estimated School Mitigation Per Unit
2,200 Sq. Ft. Home, 450 Sq. Ft. Garage, 3 Bedrooms

	Sacramento County							Yolo County
	Unincorporated		Elk Grove		Rancho Cordova		City of Sacramento	West Sacramento
Estimated School Mitigation Per Unit	N. Vineyard Station	Vineyard	Franklin Crossing	Laguna Ridge	Sun Ridge Anatolia III	Sun Ridge Park (Ph. 2)	North Natomas Quad 2, Basin 1	Southport Bridgeway Lakes
Current as of	*Aug-10*	*Aug-10*	*Aug-10*	*Aug-10*	*Aug-10*	*Aug-10*	*Aug-10*	*Aug-10*
School District	*Elk Grove USD*	*Elk Grove USD*	*Elk Grove USD*	*Elk Grove USD*	*Elk Grove USD*	*Elk Grove USD*	*Natomas USD*	*Washington USD*
A. Annual School Mello-Roos CFD Taxes	$200	$200	$200	$200	$200	$200	-	-
B. Present Value of School CFD Tax	**$2,132**	**$2,132**	**$2,132**	**$2,132**	**$2,132**	**$2,132**	**$0**	**$0**
C. School Fee Per Sq. Ft.:								
Level 1 Fees	-	-	-	-	-	-	-	-
Level 2 (or 3) SB50 Fee	$4.20	$4.20	$4.20	$4.20	$4.20	$4.20	$2.97	$2.97
Mitigation Agreement	-	-	-	-	-	-	-	-
D. Total School Fee:								
Stirling Fee	-	-	-	-	-	-	-	-
Level 2 (or 3) SB50 Fee	$9,240	$9,240	$9,240	$9,240	$9,240	$9,240	$6,534	$6,534
Mitigation Agreement	-	-	-	-	-	-	-	-
E. Total School Mitigation (B+D)	**$11,372**	**$11,372**	**$11,372**	**$11,372**	**$11,372**	**$11,372**	**$6,534**	**$6,534**

"school"

Prepared by EPS 10/8/2010

Table A-5
SINGLE-FAMILY HOMES
Special Taxes and Assessments Per Unit
2,200 Sq. Ft. Home, 450 Sq. Ft. Garage, 3 Bedrooms

	Sacramento County							Yolo County
	Unincorporated		Elk Grove		Rancho Cordova		City of Sacramento	West Sacramento
Special Taxes and Assessments Per Unit for Infrastructure [1]	N. Vineyard Station	Vineyard	Franklin Crossing	Laguna Ridge	Sun Ridge Anatolia III	Sun Ridge Park (Ph. 2)	North Natomas Quad 2, Basin 1	Southport Bridgeway Lakes
Current as of	*Aug-10*	*Aug-10*	*Aug-10*	*Aug-10*	*Aug-10*	*Aug-10*	*Aug-10*	*Aug-10*
Annual Special Taxes and Assessments Per Unit								
Infrastructure CFD	$1,515	-	$965	$1,592	$1,226	$1,327	$862	$1,317
Infrastructure Assessment District	-	-	-	-	-	-	-	-
SAFCA A.D. (Local Project)	-	-	-	-	-	-	$114	-
West Sacramento Area Flood Control [2]	-	-	-	-	-	-	-	$113
Total Annual Taxes and Assessments	**$1,515**	**$0**	**$965**	**$1,592**	**$1,226**	**$1,327**	**$976**	**$1,317**
Estimated Bond Debt of Special Taxes and Assessments								
Infrastructure CFD	$15,691	-	$12,579	$18,824	$14,692	$15,903	$9,709	$16,787
Infrastructure Assessment District	-	-	-	-	-	-	-	-
SAFCA A.D. (Local Project)	-	-	-	-	-	-	$1,363	-
West Sacramento Area Flood Control	-	-	-	-	-	-	-	$1,560
Total Estimated Bond Debt	**$15,691**	**$0**	**$12,579**	**$18,824**	**$14,692**	**$15,903**	**$11,072**	**$16,787**

"taxes"

[1] Taxes and Assessments for schools can be found in Table A-4.
[2] The West Sacramento Area Flood control Agency assessment district will fund levee improvements and operation and maintenance costs. The assessment amount shown above, reflects the improvement portion only. Since the current assessment will be used to fund project costs on a cash basis until bonds will be issued in 2010, this analysis used the current assessment with a present value of 30 years and an interest rate of 5.75% as a placeholder. This analysis assumes flood zone 3.

APPENDIX B:

Multifamily Infill Development

Table B-1
MULTIFAMILY INFILL DEVELOPMENT
Summary of Infrastructure Costs Per Unit
Assumes 200 Unit Complex, 5 Acres; and 1,100 Sq. Ft. per Unit

Reader Note: Excludes Estimated Increase in SRCSD Fees

Multifamily Infill

	Sacramento County				Yolo County	
	City of Sacramento				City of West Sacramento	
Summary of Infrastructure Costs Per Unit	River District (Estimated)	Richards Boulevard	Railyards Area Specific Plan	Downtown	Bridge District Tier 1	Bridge District Tier 2
Current as of	*Jul-10*	*Jul-10*	*Jul-10*	*Jul-10*	*Jul-10*	*Jul-10*
Total City/Countywide Development Impact Fees (from Table B-2)	$11,133	$11,133	$11,133	$11,133	$7,958	$11,104
Plan Area Fees (from Table B-3)	$6,336	$5,760	$2,270	$869	$1,804	$5,231
Total School Mitigation (from Table B-4)	$3,267	$3,498	$3,267	$3,267	$3,267	$3,267
Estimated Bond Debt Of Special Taxes and Assessments (from Table B-4)	$104	$104	$12,513	$310	$6,825	$6,825
Total Infrastructure Cost Per Unit	**$20,840**	**$20,495**	**$29,182**	**$15,578**	**$19,854**	**$26,427**
Total Fees (City, County, Schools and Plan Area)	$20,736	$20,391	$16,669	$15,268	$13,029	$19,602
Total Annual Taxes	$0	$0	$1,000	$0	$550	$550

"summary"

Source: Various cities and plan area fee programs; and EPS.

Table B-2
MULTIFAMILY INFILL DEVELOPMENT
City/County Development Impact Fees per Unit
Assumes 200 Unit Complex, 5 Acres; and 1,100 Sq. Ft. per Unit

Reader Note: Excludes Estimated Increase in SRCSD Fees

Multifamily Infill

City/County Development Impact Fees per Unit: These are fees charged by the City or County and do not include fees for a special plan area.	**Sacramento County**				**Yolo County**	
	City of Sacramento				City of West Sacramento	
	River District (Estimated)	Richards Boulevard	Railyards Area Specific Plan	Downtown	Bridge District Tier 1	Bridge District Tier 2
Current as of	*Jul-10*	*Jul-10*	*Jul-10*	*Jul-10*	*Jul-10*	*Jul-10*
CITY/COUNTY FEES PER UNIT						
Processing Fees per Unit [1]						
Building Permit	$496	$496	$496	$496	$348	$348
Plan Check	$406	$406	$406	$406	$426	$426
Energy Fee	-	-	-	-	$80	$80
Technology Surcharge	$36	$36	$36	$36	$62	$62
Seismic /Strong Motion	$9	$9	$9	$9	$9	$9
Fire Review Fee	$42	$42	$42	$42	$616	$616
Other Processing Fees	$100	$100	$100	$100	-	-
Total Processing Fees per Unit	**$1,089**	**$1,089**	**$1,089**	**$1,089**	**$1,541**	**$1,541**
Development Impact Fees per Unit						
Sewer [2]	$2,120	$2,120	$2,120	$2,120	-	-
SRCSD Sewer	$2,100	$2,100	$2,100	$2,100	$2,100	$2,100
Water [3]	$702	$702	$702	$702	*Note [6]*	*Note [6]*
Traffic	$731	$731	$731	$731	*Note [6]*	*Note [6]*
Sacramento Transportation Authority (STA)	$714	$714	$714	$714	-	-
Sacramento TDIF (proposed)	-	-	-	-	-	-
Drainage	-	-	-	-	-	-
Parks/Open Space [4]	$3,058	$3,058	$3,058	$3,058	*Note [6]*	*Note [6]*
Fire/Police	-	-	-	-	*Note [6]*	*Note [6]*
Habitat / Greenbelt Preservation	-	-	-	-	-	-
SAFCA DIF [5]	$594	$594	$594	$594	-	-
In-Lieu Flood Protection	-	-	-	-	$120	$120
Other General Fees/One-Time Taxes	$25	$25	$25	$25	*Note [6]*	*Note [6]*
Regional One-Time Special Tax [6]	-	-	-		$1,457	$4,603
Countywide Fees	-	-	-	-	$2,740	$2,740
Total Development Impact Fees per Unit	**$10,044**	**$10,044**	**$10,044**	**$10,044**	**$6,417**	**$9,563**
TOTAL CITY/COUNTY FEES PER UNIT	**$11,133**	**$11,133**	**$11,133**	**$11,133**	**$7,958**	**$11,104**

"city county"

Source: Various cities and plan area fee programs; and EPS

[1] Processing fees exclude mechanical, electrical, plumbing, and other similar review fees.
[2] Sacramento - This analysis includes the combined sewer (CSS) fee and excludes a potential EDU reduction to the CSS Fee for existing structures.
West Sacramento City Sewer fee included in Regional One-Time Special Tax (See footnote [7])
[3] City of Sacramento assumes one 4-inch water meter for domestic use and one for irrigation use plus an 8-inch tap for fire.
[4] Larger development projects are subject to the Residential Target Infill Rate of $3,058. Railyards has a separate development agreement; this analys assumes the standard multifamily rate of $3,058 for comparative purposes. Select projects may qualify for a lower rate
[5] Assumes a four story building.
[6] The Regional One-Time Special Tax replaces the Bridge District's citywide fee obligation

Table B-3
MULTIFAMILY INFILL DEVELOPMENT
Plan Area Fees per Unit
Assumes 200 Unit Complex, 5 Acres; and 1,100 Sq. Ft. per Unit

Multifamily Infill

Plan Area Fees: These fees are charged only within a certain area of a County or City to fund facilities to serve a specific development project.	**Sacramento County**				**Yolo County**	
	City of Sacramento				City of West Sacramento	
	River District (Estimated)	Richards Boulevard	Railyards Area Specific Plan	Downtown	Bridge District Tier 1	Bridge District Tier 2
Current as of	*Jul-10*	*Jul-10*	*Jul-10*	*Jul-10*	*Jul-10*	*Jul-10*
PLAN AREA FEES PER UNIT						
Infrastructure Fee	$1,708	$1,553	$2,270	-	$1,795	$5,222
Transit	-	-	-	-	-	-
Roadway	$4,628	$4,207	-	$869	-	-
Park Improvement	-	-	-	-	-	-
Fire/Police Protection	-	-	-	-	-	-
Library	-	-	-	-	-	-
Drainage	-	-	-	-	-	-
Water	-	-	-	-	-	-
Sewer	-	-	-	-	-	-
Landscape Corridors	-	-	-	-	-	-
Fee Program Formation/Administration	-	-	-	-	$9	$9
Public Land and Regional Park Acquisition Fees	-	-	-	-	-	-
Other Plan Area Fee	-	-	-	-	-	-
TOTAL PLAN AREA FEES PER UNIT	**$6,336**	**$5,760**	**$2,270**	**$869**	**$1,804**	**$5,231**

"plan area"

Source: Various cities and plan area fee programs; and EPS.

Table B-4
MULTIFAMILY INFILL DEVELOPMENT
Estimated School Mitigation Per Unit
Assumes 200 Unit Complex, 5 Acres; and 1,100 Sq. Ft. per Unit

Multifamily Infill

	Sacramento County				Yolo County	
	City of Sacramento				City of West Sacramento	
Estimated School Mitigation Per Unit	River District (Estimated)	Richards Boulevard	Railyards Area Specific Plan	Downtown	Bridge District Tier 1	Bridge District Tier 2
Current as of	*Jul-10*	*Jul-10*	*Jul-10*	*Jul-10*	*Jul-10*	*Jul-10*
School District	*Twin Rivers Unified*	*Twin Rivers Unified*	*Sacramento City USD*	*Sacramento City USD*	*Washington USD*	*Washington USD*
A. Annual School Mello-Roos CFD Taxes	-	-	-	-		
B. Present Value of School Taxes	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
C. School Fee Per Sq. Ft.:						
Stirling Fee	$2.97	$3.18	$2.97	$2.97	$2.97	$2.97
Level 2 (or 3) SB50 Fee	-	-	-	-	-	-
Mitigation Agreement	-	-	-	-	-	-
D. Total School Fee:						
Stirling Fee	$3,267	$3,498	$3,267	$3,267	$3,267	$3,267
Level 2 (or 3) SB50 Fee	-	-	-	-	-	-
Mitigation Agreement	-	-	-	-	-	-
Total School Mitigation (B + D)	**$3,267**	**$3,498**	**$3,267**	**$3,267**	**$3,267**	**$3,267**

"school"

Source: Various cities and plan area fee programs; and EPS.

Table B-5
MULTIFAMILY INFILL DEVELOPMENT
Special Taxes and Assessments Per Unit
Assumes 200 Unit Complex, 5 Acres; and 1,100 Sq. Ft. per Unit

Multifamily Infill

	Sacramento County				Yolo County	
	City of Sacramento				City of West Sacramento	
Special Taxes and Assessments Per Unit for Infrastructure [1]	River District (Estimated)	Richards Boulevard	Railyards Area Specific Plan	Downtown	Bridge District Tier 1	Bridge District Tier 2
Current as of	*Jul-10*	*Jul-10*	*Jul-10*	*Jul-10*	*Jul-10*	*Jul-10*
Annual Special Taxes and Assessments Per Unit						
Infrastructure CFD	-	-	$1,000	-	$550	$550
Infrastructure Assessment District	-	-	-	-	-	-
SAFCA A.D. Local Project	$10	$10	$10	$28		-
Total Annual Taxes and Assessments	**$0**	**$0**	**$1,000**	**$0**	**$550**	**$550**
Estimated Bond Debt of Special Taxes and Assessments						
Infrastructure CFD	-	-	$12,409	-	$6,825	$6,825
Infrastructure Assessment District	-	-	-	-	-	-
SAFCA A.D. Local Project	$104	$104	$104	$310	-	-
Total Estimated Bond Debt	**$104**	**$104**	**$12,513**	**$310**	**$6,825**	**$6,825**

"taxes"

Source: Various cities and plan area fee programs; and EPS.

[1] Taxes and Assessments for schools can be found in Table B-4.
[2] This analysis assumes that debt will be issued to partially fund Railyards infrastructure costs of storm drainage, on-site sanitary sewer, water, on-site roadway, and dry utilities. The Financing Plan anticipates flexibility in types of facilities funded by the infrastructure CFD and Plan Area Fee

APPENDIX C:

Dine-In Restaurant Development

Table C-1
DINE-IN RESTAURANT DEVELOPMENT
Summary of Infrastructure Costs Per Acre
1 Acre Site, 5,500 Sq. Ft. Project

Reader Note: Excludes Estimated Increase in SRCSD Fees

Restaurant Development

	Sacramento County					Yolo County
	Rancho Cordova	Sacramento	Elk Grove	Folsom	Unincorporated	West Sacramento
Summary of Infrastructure Costs	SunRidge Anatolia I	North Natomas Quad 2, Basin 1	Laguna Ridge	Broadstone Unit 3	North Vineyard Station	Southport
Current as of	*Jul-10*	*Jul-10*	*Jul-10*	*Jul-10*	*Jul-10*	*Jul-10*
Total City/County Development Impact Fees - Table C-2						
Per Acre	$516,403	$410,840	$575,807	$416,025	$528,850	$628,916
Per Gross Square Foot of Land	$11.85	$9.43	$13.22	$9.55	$12.14	$14.44
Per Square Foot of Building	$46.95	$37.35 #	$52.35	$37.82	$48.08	$57.17
Plan Area Fees - Table C-3						
Per Acre	$179,520	$202,662	$4,950	$0	$408,659	$359
Per Gross Square Foot of Land	$4.12	$4.65	$0.11	$0.00	$9.38	$0.01
Per Square Foot of Building	$16.32	$18.42 #	$0.45	$0.00	$37.15	$0.03
Estimated Bond Debt of Special Taxes and Assessments - Table C-4						
Per Acre	$8,597	$99,122	$70,432	$40,621	$8,597	$14,327
Per Gross Square Foot of Land	$0.20	$2.28	$1.62	$0.93	$0.20	$0.33
Per Square Foot of Building	$0.78	$9.01 #	$6.40	$3.69	$0.78	$1.30
Total Infrastructure Cost Per Acre	**$704,521**	**$712,624**	**$651,189**	**$456,645**	**$946,106**	**$643,603**
Per Gross Square Foot of Land	$16.17	$16.36	$14.95	$10.48	$21.72	$14.78
Per Square Foot of Building	$64.05	$64.78	$59.20	$41.51	$86.01	$58.51
Floor Area Ratio	0.25	0.25	0.25	0.25	0.25	0.25

"summary"

Table C-2
DINE-IN RESTAURANT DEVELOPMENT
Summary of Infrastructure Costs Per Acre
1 Acre Site, 5,500 Sq. Ft. Project

Reader Note: Excludes Estimated Increase in SRCSD Fees

Restaurant Development

	Sacramento County					Yolo County
City/County Development Impact Fees These are fees charged by the City or County and do not include fees for a special plan area.	Rancho Cordova SunRidge Anatolia I	Sacramento North Natomas Quad 2, Basin 1	Elk Grove Laguna Ridge	Folsom Broadstone Unit 3	Unincorporated North Vineyard Station	West Sacramento Southport
Current as of	*Jul-10*	*Jul-10*	*Jul-10*	*Jul-10*	*Jul-10*	*Jul-10*
Processing Fees [1]						
Building Permit	$10,149	$14,242	$10,903	$5,272	$14,140	$9,832
Plan Check	$6,766	$11,618	$7,269	$5,272	$9,427	$8,044
Energy	-	-	-	-	-	$170
Technology Surcharge	-	$2,069	$381	$422	-	$1,430
Seismic/Strong Motion	$207	$144	$200	$135	$208	$209
CBSC Fee	$39	$27	$38	$26	$40	$40
Fire Review Fee	$1,643	$418	-	-	$1,643	$1,010
Other Building Permit and Processing Fees	$2,028	$1,371	$1,394	$316	$2,875	$40
Total Processing Fees Per Acre	**$20,832**	**$29,889**	**$20,186**	**$11,443**	**$28,332**	**$20,774**
Development Impact Fees						
Sewer (Assumes Dine-In Restaurant)	$178,900	$178,900	$178,900	$163,900	$178,900	$171,671
Water	$219,441	$52,690	$220,651	$51,674	$219,441	$147,982
Traffic [2]	-	$5,482	$39,710	$89,432	$5,977	$167,072
Transit	$8,470	-	-	$1,650	-	-
Regional Traffic Fees [3]	$41,283	$41,283	$41,283	$41,283	$41,283	-
Drainage	$19,777	-	$19,777	$5,518	$19,777	$37,276
School	$5,170	$5,170	$5,170	$5,170	$5,170	$5,170
Parks/Open Space	-	$3,960	-	$3,740	-	$10,010
Fire/Police	$8,250	-	$15,510	$15,862	$8,250	$13,167
Habitat / Greenbelt Preservation	-	$44,050	$18,325	$638	$11,050	$8,660
Affordable Housing	$8,670	$19,240	$8,500	$13,200	$10,670	-
In-Lieu Flood Protection Fee	-	-	-	-	-	$28,171
SAFCA DIF [4]	-	$30,030	-	-	-	-
Capital Improvements/Public Facilities	$5,610	-	$6,770	$4,961	-	-
Other General Fees/One-Time Taxes	-	$145	$1,025	$7,554	-	$12,826
County-Wide Fee	-	-	-	-	-	$6,138
Total Development Impact Fees	**$495,571**	**$380,951**	**$555,621**	**$404,582**	**$500,518**	**$608,143**
TOTAL CITY/COUNTY FEES	**$516,403**	**$410,840**	**$575,807**	**$416,025**	**$528,850**	**$628,916**
Fees Per Gross Square Foot of Land	$11.85	$9.43	$13.22	$9.55	$12.14	$14.44
Fees Per Gross Square Foot of Building	$46.95	$37.35	$52.35	$37.82	$48.08	$57.17
Floor Area Ratio	0.25	0.25	0.25	0.25	0.25	0.25

"city county"

[1] Processing fees exclude mechanical, electrical, plumbing and other similar review fees.
[2] Unincorp. Sacramento County: Includes Sacramento County Transportation Development Fee (SCTDF).
[3] Sacramento County: Includes the Sacramento Transportation Auth. Develop. Impact Fee also called the Sacramento Countywide Mitigation Fee Program (STMF)
[4] Assumes a 1-story building.

Table C-3
DINE-IN RESTAURANT DEVELOPMENT
Summary of Infrastructure Costs Per Acre
1 Acre Site, 5,500 Sq. Ft. Project

Restaurant Development

Plan Area Fees: These fees are charged only within a certain area of a County or City to fund facilities to serve a specific development project.	Rancho Cordova	Sacramento County				Yolo County
		Sacramento	Elk Grove	Folsom	Unincorporated	West Sacramento
	SunRidge Anatolia I	North Natomas Quad 2, Basin 1	Laguna Ridge [1]	Broadstone Unit 3	North Vineyard Station	Southport
Current as of	*Jul-10*	*Jul-10*	*Jul-10*	*Jul-10*	*Jul-10*	*Jul-10*
PLAN AREA FEES PER ACRE						
Infrastructure Fee	-	$140,361	-	-	-	$355
Transit	$4,290	$15,947	-	-	$48,950	-
Roadway	$155,650	-	-	-	$261,140	-
Park Improvement	$6,930	-	$4,950	-	$14,520	-
Fire/Police Protection		-	-	-	-	-
Library	-	-	-	-	-	-
Drainage		-	-	-	$56,961	-
Water	$5,060	-	-	-	-	-
Sewer	$990	-	-	-	-	-
Landscape Corridors	-	-	-	-	$10,340	-
Fee Program Formation/Administration	$6,270	-	-	-	$16,748	$4
Public Land and Regional Park Acquisition Fees	-	$46,354	-	-	-	-
Other Plan Area Fee	$330	-	-	-	-	-
Less Bond Proceeds	-	-	-	-	-	-
TOTAL PLAN AREA FEES PER ACRE	**$179,520**	**$202,662**	**$4,950**	**$0**	**$408,659**	**$359**
Fees Per Gross Square Foot of Land	$4.12	$4.65	$0.11	$0.00	$9.38	$0.01
Fees Per Gross Square Foot of Building	$16.32	$18.42	$0.45	$0.00	$37.15	$0.03
Floor Area Ratio	0.25	0.25	0.25	0.25	0.25	0.25

"plan area"

[1] Through development conditions of approval, the City of Elk Grove has included requirements to fund backbone infrastructure and other public facilities. The City is currently considering a Park Improvement Fee to fund park improvements. This analysis includes current Park Fees plus an estimate of Park Fees based on preliminary information.

Table C-4
DINE-IN RESTAURANT DEVELOPMENT
Summary of Infrastructure Costs Per Acre
1 Acre Site, 5,500 Sq. Ft. Project

Restaurant Development

Special Taxes and Assessments Per Acre for Infrastructure	Sacramento County					Yolo County
	Rancho Cordova	Sacramento	Elk Grove	Folsom	Unincorporated	West Sacramento
	SunRidge Anatolia I	North Natomas Quad 2, Basin 1	Laguna Ridge	Broadstone Unit 3	North Vineyard Station	Southport
Current as of	*Jul-10*	*Jul-10*	*Jul-10*	*Jul-10*	*Jul-10*	*Jul-10*
Annual Special Taxes and Assessments Per Acre						
Infrastructure CFD	*Excluded [1]*	$6,382	$5,306	$4,300	-	-
Infrastructure Assessment District	-	$2,360	-	-	-	-
SAFCA A.D. Local Project	-	$65	-	-	-	-
West Sacramento Area Flood Control [2]	-	-	-	-	-	$1,013
School District CFD	$800	-	$800	-	$800	-
Total Annual Taxes and Assessments	**$800**	**$8,807**	**$6,106**	**$4,300**	**$800**	**$1,013**
Annual Special Taxes and Assessments						
Per Gross Square Foot of Land	$0.02	$0.20	$0.14	$0.10	$0.02	$0.02
Per Square Foot of Building	$0.07	$0.81	$0.56	$0.39	$0.07	$0.09
Floor Area Ratio	0.25	0.25	0.25	0.25	0.25	0.25
Estimated Bond Debt of Special Taxes and Assessments						
Infrastructure CFD	-	$71,846	$61,834	$40,621	-	-
Infrastructure Assessment District	-	$26,564	-	-	-	-
SAFCA A.D. Local Project	-	$713	-	-	-	-
West Sacramento Area Flood Control	-	-	-	-	-	$14,327
School District CFD	$8,597	-	$8,597	-	$8,597	-
Total Estimated Bond Debt	**$8,597**	**$99,122**	**$70,432**	**$40,621**	**$8,597**	**$14,327**

"taxes"

[1] Per the City of Rancho Cordova, CFD proceeds are not included in this analysis because bond proceeds primarily pay for fee-funded infrastructure.
[2] The West Sacramento Area Flood Control Agency assessment district will fund levee improvements and operation and maintenance costs. The assessment amount shown above, reflects the improvement portion only. Since the current assessment will be used to fund project costs on a cash basis until bonds will be issued in 2010, this analysis used the current assessment with a present value of 30 years and an interest rate of 5.75% as a place holder. This analysis assumes flood zone 3.

March	282	36
April	369	323
May	521	83
June	495	412
July	364	54
August	298	49
September	331	365
October	299	2
November	229	256
December	330	41
Year 2008 Total	**3980**	**1756**

2007 SACRAMENTO METROPOLITAN STATISTICAL AREA

MONTH	SINGLE-FAMILY UNITS	MULTI-FAMILY UNITS
January	662	283
February	738	150
March	841	103
April	684	50
May	644	99
June	673	193
July	566	159
August	633	69
September	428	2
October	443	8
November	398	131
December	289	208
Year 2007 Total	**6999**	**1455**

2006 SACRAMENTO METROPOLITAN STATISTICAL AREA

MONTH	SINGLE-FAMILY UNITS	MULTI-FAMILY UNITS
January	707	65
February	905	152
March	761	199
April	729	142
May	948	347
June	1,041	198
July	728	269
August	852	582
September	616	671

October	464	236
November	552	71
December	494	598
Year 2006 Total	**8,797**	**3,530**

2005 SACRAMENTO METROPOLITAN STATISTICAL AREA

MONTH	SINGLE-FAMILY UNITS	MULTI-FAMILY UNITS	
January	1,251	188	
February	1,037	119	
March	1,474	442	
April	1,611	125	
May	1,555	447	
June	1,469	68	
July	1,331	395	
August	1,555	87	
September	1,513	271	
October	1,060	337	
November	962	126	
December	811	258	
Year 2005 Total:	**15,629**	**2,863**	**Grand Total: 18,492**

2004 SACRAMENTO METROPOLITAN STATISTICAL AREA

MONTH	SINGLE-FAMILY UNITS	MULTI-FAMILY UNITS
January	1,314	218
February	1,613	142
March	2,029	373
April	1,743	106
May	1,794	45
June	1,517	44
July	1,407	518
August	1,552	34
September	1,728	410
October	1,471	635
November	1,154	680
December	1,358	382
Year 2004 Total:	**18,682**	**3,587**

2003

MONTH	SINGLE FAMILY		MULTIFAMILY	
	SAC.	YOLO	SAC.	YOLO
January	1,524	134	0	0
February	1,408	115	144	2
March	1,561	52	63	132
April	1,186	144	174	7
May	1,424	92	20	241
June	1,507	93	827	0
July	1,339	91	334	0
August	1,524	97	1,172	0
September	1,461	73	10	4
October	1,603	50	697	89
November	1,272	58	255	2
December	1,380	111	258	176
Year 2003 Total:	**17,189**	**1,110**	**3,954**	**653**

2002

MONTH	SINGLE FAMILY		MULTIFAMILY	
	SAC.	YOLO	SAC	YOLO
January	966	84	0	0
February	1,250	115	144	45
March	1,461	156	255	2
April	1,759	139	21	0
May	1,716	98	188	3
June	1,668	87	366	0
July	1,529	92	265	0
August	1,395	84	189	2
September	1,448	67	508	0
October	1,748	124	939	0
November	1,405	61	769	4
December	1,238	72	150	154
Year 2002 Total:	**17,583**	**1,179**	**3,794**	**210**

2001

MONTH	SINGLE FAMILY	MULTIFAMILY

	SAC.	YOLO	SAC.	YOLO
January	1,189	100	292	16
February	1,010	50	168	0
March	1,258	129	71	20
April	1,416	101	196	19
May	1,139	184	174	0
June	1,333	128	105	0
July	1,243	123	4	2
August	1,356	49	781	0
September	884	133	88	7
October	1,224	81	674	0
November	956	110	134	0
December	776	48	1,111	0
Year total:	**13,784**	**1,236**	**3,798**	**64**

2000

MONTH	SINGLE FAMILY		MULTIFAMILY	
	SAC.	YOLO	SAC.	YOLO
January	804	34	484	0
February	716	16	497	0
March	945	55	10	0
April	933	123	170	0
May	1,335	98	4	0
June	1,156	78	2	2
July	1,116	95	418	0
August	1,217	69	139	84
September	1,036	80	650	70
October	1,361	130	105	0
November	1,021	125	285	0
December	983	157	304	0
Year total:	**12,623**	**1,060**	**3,068**	**156**

1999

MONTH	SINGLE FAMILY		MULTIFAMILY	
	SAC.	YOLO	SAC.	YOLO
January	645	56	228	0
February	584	71	40	0
March	861	114	22	92

April	1,043	86	498	0
May	965	66	230	145
June	1,177	99	130	309
July	1,227	45	112	0
August	955	54	228	0
September	784	23	412	72
October	931	15	470	151
November	829	30	567	0
December	768	37	368	0
Year total:	10,769	696	3,305	769

1998

MONTH	SINGLE FAMILY		MULTIFAMILY	
	SAC.	YOLO	SAC.	YOLO
January	508	45	264	0
February	518	24	0	0
March	806	103	0	14
April	964	65	0	40
May	739	106	286	2
June	973	94	635	164
July	1,068	112	60	0
August	838	57	476	87
September	805	80	462	153
October	1,066	37	612	290
November	761	83	248	0
December	981	35	150	0
Year total:	10,027	841	3,193	750

1997

MONTH	SINGLE FAMILY		MULTIFAMILY	
	SAC.	YOLO	SAC.	YOLO
January	428	31	256	2
February	457	31	0	0
March	647	94	14	2
April	610	70	100	2
May	758	58	0	0
June	830	96	28	0
July	758	68	2	0
August	673	32	122	0
September	713	74	150	4

October	892	43	230	0
November	539	62	0	0
December	595	45	453	0
Year total:	7,900	704	1,355	10

1996

MONTH	SINGLE FAMILY		MULTIFAMILY	
	SAC.	YOLO	SAC.	YOLO
January	485	14	0	0
February	388	64	2	8
March	575	85	81	0
April	702	74	8	4
May	791	54	12	4
June	723	72	158	0
July	694	50	0	0
August	688	69	140	0
September	528	42	236	4
October	819	40	70	0
November	494	68	4	0
December	535	48	70	98
Year total:	7,422	680	781	118

1995

MONTH	SINGLE FAMILY		MULTIFAMILY	
	SAC.	YOLO	SAC.	YOLO
January	284	58	2	2
February	473	43	3	0
March	585	64	0	8
April	509	55	4	2
May	536	41	5	0
June	504	57	54	4
July	604	50	0	3
August	762	73	47	10
September	576	28	134	0
October	667	43	124	7
November	672	47	6	90
December	678	24	88	0

Year total:	6,850	583	467	126

1994

MONTH	SINGLE FAMILY		MULTIFAMILY	
	SAC.	YOLO	SAC	YOLO
January	547	56	81	12
February	615	38	2	2
March	855	102	0	50
April	732	54	110	2
May	668	61	46	0
June	849	29	3	0
July	647	23	252	18
August	730	60	92	0
September	746	22	107	2
October	670	29	18	0
November	638	43	132	40
December	447	30	27	10
Year total:	8144	547	870	136

1993 (NOTE: Sacramento and Yolo Metro Areas are combined for the remainder of this report)

MONTH	SINGLE FAM.	MULTI-FAM.
January	372	15
February	485	6
March	899	13
April	723	21
May	690	85
June	731	38
July	673	60
August	728	64
September	786	72
October	662	75
November	635	64
December	641	276
Year total:	8025	839

1992

MONTH	SINGLE FAM.	MULTI-FAM.
January	586	127
February	469	495
March	942	4
April	946	100
May	789	11
June	788	18
July	655	86
August	507	156
September	619	37
October	597	23
November	399	85
December	560	70
Year total:	7,857	1,212

1991

MONTH		
January	437	183
February	431	81
March	478	237
April	904	159
May	836	382
June	709	127
July	887	44
August	760	78
September	618	161
October	679	82
November	482	164
December	516	534
Year total:	7,737	2,232

1990

January		1,438		81
February		1,235		125
March		1,408		216
April		1,488		125
May		1,541		110
June		1,519		224
July		1,492		464
August	1,249		817	
September		696		428
October		833		65
November		401		190
December		318		83
Year total:		13,618		2,928

1989

January	1,065	34
February	935	47
March	1,213	185
April	1,318	277
May	1,398	80
June	1,701	119
July	1,622	235
August	1,550	263
September	1,314	112
October	1,686	889
November	1,535	399
December	1,069	1,004
Year total:	16,406	3,644

1988	14,073	4,605
1987	10,995	5,746
1986	12,062	5,701
1985	9,585	14,253
1984	8,759	6,583

1983	8,903	3,043
1982	5,376	1,189
1981	5,628	1,626
1980	8,237	2,543
1979	14,649	5,050
1978	14,092	4,822
1977	15,654	7,268
1976	11,928	6,455
1975	7,769	4,288
1974	7,098	3,366
1973	7,428	7,273
1972	8,736	9,591
1971	7,336	8,194
1970	5,429	7,152
1969	3,982	5,093
1968	3,814	3,030
1967	3,544	2,132