

*The Economics of Land Use*



## **Final Report**

# Sacramento Regional County Sanitation District Potential Fee Increase Feasibility Analysis

Prepared for:

North State Building Industry Association

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# 1. INTRODUCTION AND EXECUTIVE SUMMARY

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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
<b>Additional SRCSD Treatment Processes</b>		
Nitrification	\$582,000,000	
Denitrification	\$200,000,000	
Microfiltration	\$1,160,000,000	
UV Disinfection	\$116,000,000	
<b>Total</b>	<b>\$2,058,000,000</b>	
<b>Development Impact Fees</b>		
<b>New Growth</b>		
Existing		\$7,450
Proposed		\$35,000
<i>Percent Change</i>		<i>370%</i>
<b>Infill</b>		
Existing		\$2,800
Proposed		\$13,000
<i>Percent Change</i>		<i>364%</i>
<i>"proposed_fee"</i>		

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 SRCSD 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**

<b>Vineyard Springs</b> Single-Family Residential
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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 <b>Indicator Result</b>	21.0% <b>Fails</b>	19.9% <b>Marginal</b>	19.3% <b>Marginal</b>	15.3% <b>Passes</b>
b. Infrastructure Burden w/ Increased SRCSD Fee <b>Indicator Result</b>	32.5% <b>Fails</b>	29.4% <b>Fails</b>	27.2% <b>Fails</b>	20.5% <b>Fails</b>

**II. Residual Land Value Test**

Table 8

Percent of Home Sales Price  
 TARGET: Minimum of 10% - 15%

a. Existing Residual Land Value <b>Indicator Result</b>	2.2% <b>Fails</b>	1.8% <b>Fails</b>	7.3% <b>Fails</b>	14.3% <b>Passes</b>
b. Residual Land Value w/ Increased SRCSD Fee <b>Indicator Result</b>	-9.3% <b>Fails</b>	-7.7% <b>Fails</b>	-0.6% <b>Fails</b>	9.1% <b>Fails</b>

"summ"

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

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.

## 2. ANALYSIS CONTEXT AND FRAMEWORK

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

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[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.

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## 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.

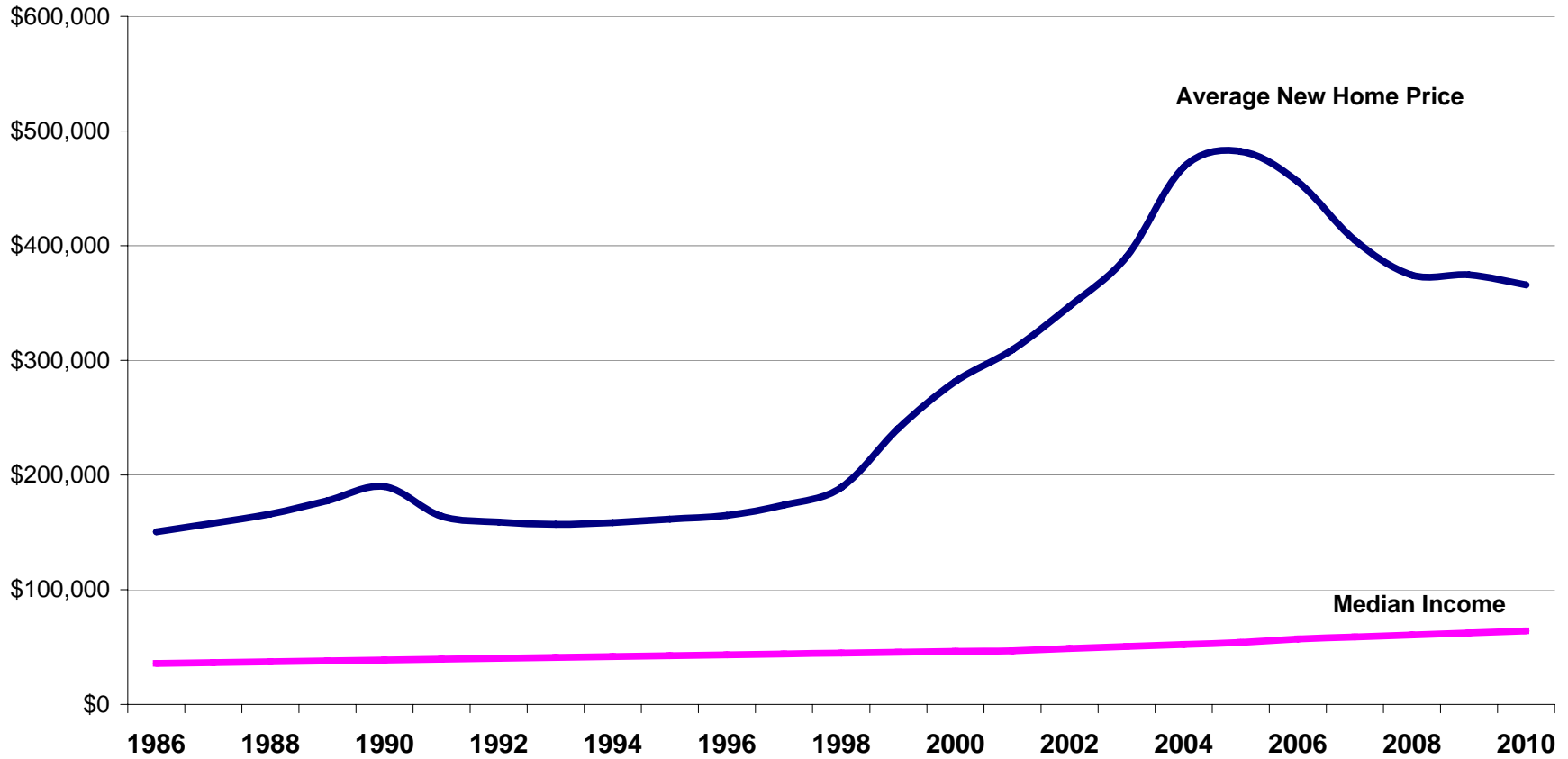
## Development Feasibility Indicators

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**



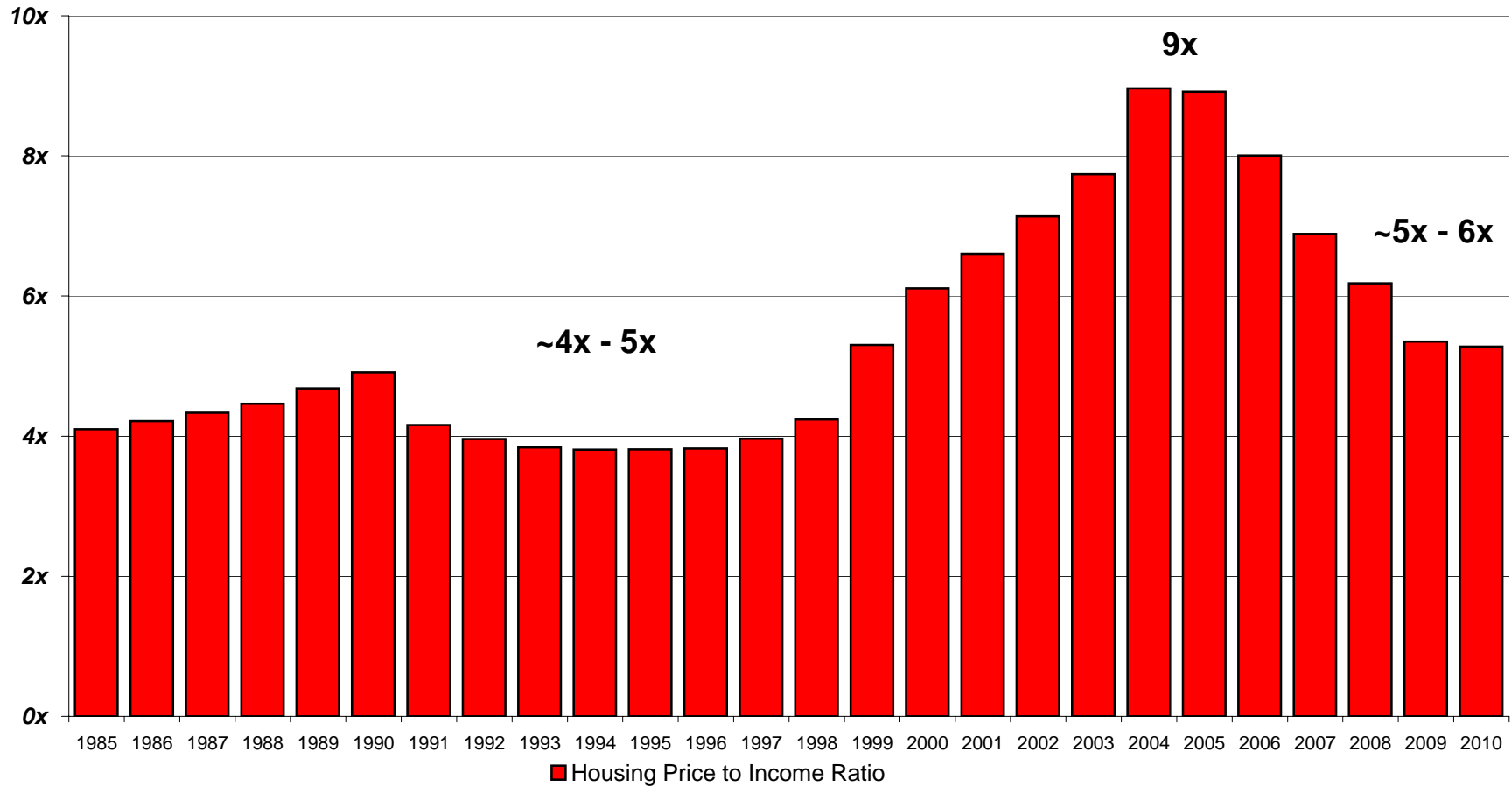
— Average Price [1]      — Median Income [2]

[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).

*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.

### **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).<sup>1</sup> 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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<sup>1</sup> 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:

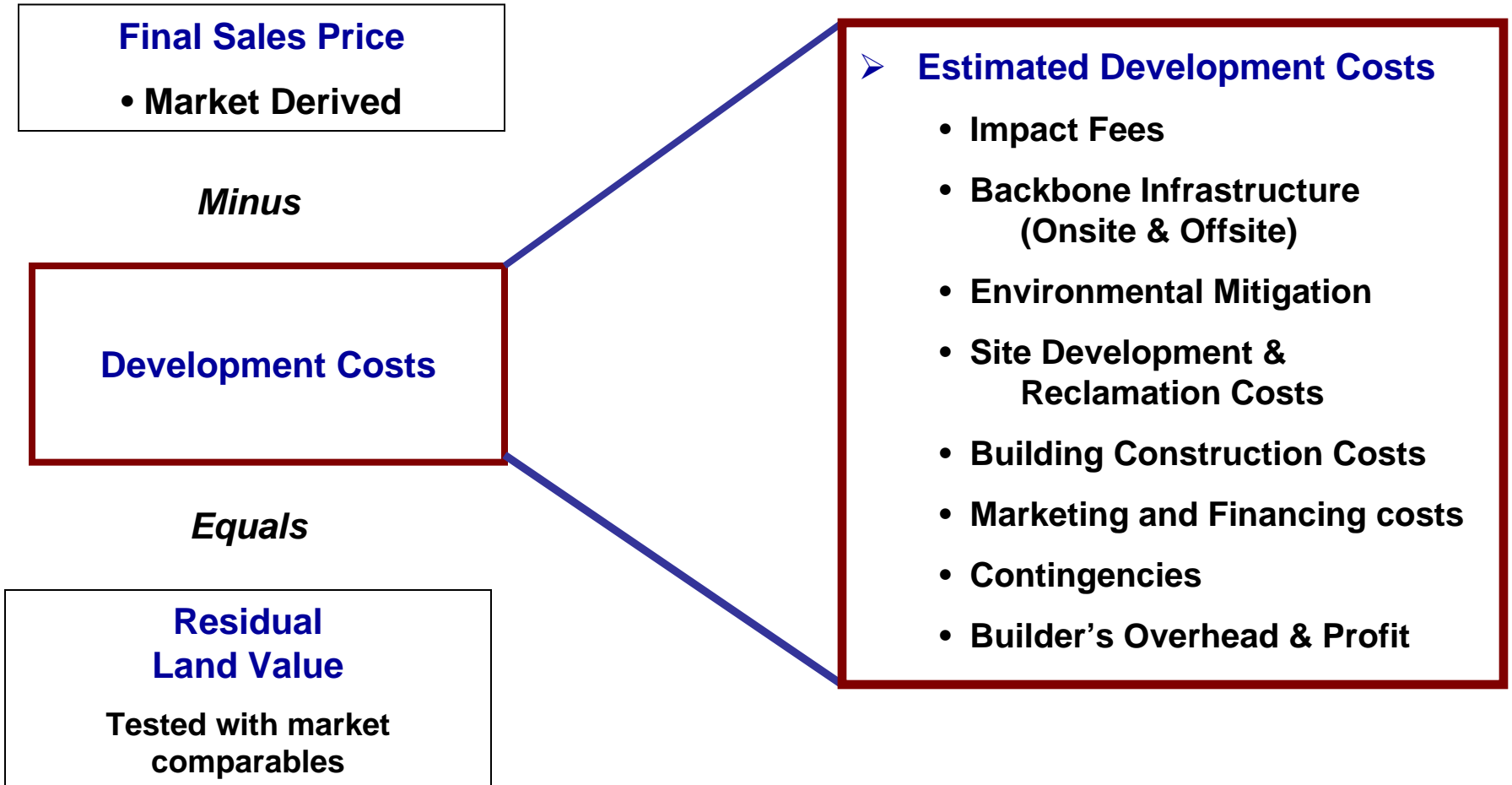
- Finished market values (e.g., final home sales prices).
- Finished lot development costs.
- Vertical development costs (e.g., home construction).
- Development impact fees.
- Backbone infrastructure costs not funded through fees.

**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

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#### 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
<b>Building Type</b>	Detached	Detached	Detached	Detached
<b>Assumptions</b>				
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
<b>Assumed Home Price (Rounded) [2]</b>	<b>\$240,000</b>	<b>\$290,000</b>	<b>\$350,000</b>	<b>\$530,000</b>

"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]**

<b>Assumed Classification</b>	<b>Household Income Range</b>	<b>Midpoint</b>	<b>Est. Number of Households</b>	<b>Percent of Total</b>	<b>Percent of Buyers</b>
Potential Renters - Other	\$0-\$49,999	\$25,000	240,217	47.3%	-
<b>Potential Homebuyers</b>					
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%
<b>Total Home Buyers</b>			<b>267,140</b>	<b>52.7%</b>	<b>100.0%</b>
<b>Total Households</b>			<b>507,357</b>	<b>100.0%</b>	-

"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]
<b>Formula</b>		a	b = a * 33%	c = b / 12	d = c * 85%	e	f = e * 1.25
<b>Household Income Range</b>	<i>Table 4</i>						
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
<b>Sac. County Median Household Income (2009\$) [5]</b>		<b>\$57,000</b>	<b>\$18,810</b>	<b>\$1,600</b>	<b>\$1,400</b>	<b>\$221,000</b>	<b>\$276,000</b>
<b>Sac. County Mean Household Income (2009\$) [5]</b>		<b>\$73,000</b>	<b>\$24,090</b>	<b>\$2,000</b>	<b>\$1,700</b>	<b>\$269,000</b>	<b>\$336,000</b>

"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.

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

Item	Source/ Assumption	Formula	Sacramento County						Yolo County	
			Unincorporated		Elk Grove		Rancho Cordova		City of Sac.	West Sac.
			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
<b>Infrastructure Cost Burden Feasibility Range per Unit</b>										
High	20.0%	$b = a \times 20\%$	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000
Low	15.0%	$c = a \times 15\%$	\$53,000	\$53,000	\$53,000	\$53,000	\$53,000	\$53,000	\$53,000	\$53,000
<b>Target</b>	<b>17.5%</b>	$d = a \times 17.5\%$	<b>\$61,000</b>	<b>\$61,000</b>	<b>\$61,000</b>	<b>\$61,000</b>	<b>\$61,000</b>	<b>\$61,000</b>	<b>\$61,000</b>	<b>\$61,000</b>
<b>a. Total Existing Infrastructure Burden</b>										
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
<b>Total Infrastructure Cost Burden</b>		$i = e + f + g + h$	<b>\$83,500</b>	<b>\$67,600</b>	<b>\$85,200</b>	<b>\$92,800</b>	<b>\$87,300</b>	<b>\$89,400</b>	<b>\$74,600</b>	<b>\$81,900</b>
Share of Selling Price		$j = i / a$	23.9%	19.3%	24.3%	26.5%	24.9%	25.5%	21.3%	23.4%
<b>Total Surplus/(Shortfall)</b>		$k = d - i$	<b>(\$22,500)</b>	<b>(\$6,600)</b>	<b>(\$24,200)</b>	<b>(\$31,800)</b>	<b>(\$26,300)</b>	<b>(\$28,400)</b>	<b>(\$13,600)</b>	<b>(\$20,900)</b>
% 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>b. Infrastructure Burden w/ Increased SRCSD Fee</b>										
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
<b>Total Infrastructure Cost Burden w/ Incr. SRCSD Fee</b>		$o = m + n$	<b>\$111,050</b>	<b>\$95,150</b>	<b>\$112,750</b>	<b>\$120,350</b>	<b>\$114,850</b>	<b>\$116,950</b>	<b>\$102,150</b>	<b>\$109,450</b>
Share of Selling Price		$p = o / a$	31.7%	27.2%	32.2%	34.4%	32.8%	33.4%	29.2%	31.3%
<b>Total Surplus/(Shortfall)</b>		$q = d - n$	<b>(\$50,050)</b>	<b>(\$34,150)</b>	<b>(\$51,750)</b>	<b>(\$59,350)</b>	<b>(\$53,850)</b>	<b>(\$55,950)</b>	<b>(\$41,150)</b>	<b>(\$48,450)</b>
% 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.

**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
<b>Infrastructure Cost Burden Feasibility Range per Unit</b>						
High	20.0%	$b = a \times 20\%$	\$48,000	\$58,000	\$70,000	\$106,000
Low	15.0%	$c = a \times 15\%$	\$36,000	\$44,000	\$53,000	\$80,000
<b>Target</b>	<b>17.5%</b>	$d = a \times 17.5\%$	<b>\$42,000</b>	<b>\$51,000</b>	<b>\$61,000</b>	<b>\$93,000</b>
<b>a. Total Existing Infrastructure Burden</b>						
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
<b>Total Infrastructure Cost Burden</b>		$i = e + f + g + h$	<b>\$50,450</b>	<b>\$57,790</b>	<b>\$67,600</b>	<b>\$80,880</b>
Share of Selling Price		$j = i / a$	21.0%	19.9%	19.3%	15.3%
<b>Total Surplus/(Shortfall)</b>		$k = d - i$	<b>(\$8,450)</b>	<b>(\$6,790)</b>	<b>(\$6,600)</b>	<b>\$12,120</b>
% Change Needed to Reach 17.5% Target		$l = k / i$	-16.7%	-11.7%	-9.8%	Feasible
<b>b. Infrastructure Burden w/ Increased SRCSD Fee</b>						
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
<b>Total Infrastructure Cost Burden With Incr. SRCSD Fee</b>		$o = m + n$	<b>\$78,000</b>	<b>\$85,340</b>	<b>\$95,150</b>	<b>\$108,430</b>
Share of Selling Price		$p = o / a$	32.5%	29.4%	27.2%	20.5%
<b>Total Surplus/(Shortfall)</b>		$q = d - n$	<b>(\$36,000)</b>	<b>(\$34,340)</b>	<b>(\$34,150)</b>	<b>(\$15,430)</b>
% 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**

<b>Vineyard Springs</b>
Single-Family

Item (Vineyard Springs)	Single-Family Residual Land Value							
	Entry Level		Lower-Range		Mid-Range		Upper-Range	
	Single Family	% of Selling Price	Single Family	% of Selling Price	Single Family	% of Selling Price	Single Family	% of Selling Price
<b>Assumptions</b>								
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	
<b>Assumed Home Price [1]</b>	<b>\$240,000</b>	<b>100%</b>	<b>\$290,000</b>	<b>100%</b>	<b>\$350,000</b>	<b>100%</b>	<b>\$530,000</b>	<b>100%</b>
<b>Infrastructure Burden</b>								
City/County, Plan Area, & School Fees [2]	\$50,450	21%	\$57,790	20%	\$67,600	19%	\$80,880	15%
Other Backbone Infrastructure Costs			<i>Included in Fee Program</i>					
<b>Subtotal Infrastructure Burden</b> <i>(Target 15%-20% Home Sales Price)</i>	<b>\$50,450</b>	<b>21%</b>	<b>\$57,790</b>	<b>20%</b>	<b>\$67,600</b>	<b>19%</b>	<b>\$80,880</b>	<b>15%</b>
<b>Unit Development</b>								
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%
<b>Subtotal Unit Development Cost</b>	<b>\$184,200</b>	<b>77%</b>	<b>\$227,000</b>	<b>78%</b>	<b>\$257,000</b>	<b>73%</b>	<b>\$373,400</b>	<b>70%</b>
<b>Total Cost of Unit</b>	<b>\$234,650</b>	<b>98%</b>	<b>\$284,790</b>	<b>98%</b>	<b>\$324,600</b>	<b>93%</b>	<b>\$454,280</b>	<b>86%</b>
Proposed Increase in SRCSD Fee	\$27,550	11%	\$27,550	10%	\$27,550	8%	\$27,550	5%
<b>Total Cost of Unit with SRCSD Fee</b>	<b>\$262,200</b>	<b>109%</b>	<b>\$312,340</b>	<b>108%</b>	<b>\$352,150</b>	<b>101%</b>	<b>\$481,830</b>	<b>91%</b>
<b>RESIDUAL LAND VALUE ANALYSIS (Paper Lot) [5]</b>								
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%
<b>Residual Land Value</b>	<b>\$5,350</b>	<b>2.2%</b>	<b>\$5,210</b>	<b>1.8%</b>	<b>\$25,400</b>	<b>7.3%</b>	<b>\$75,720</b>	<b>14.3%</b>
<b>Residual Land Value w/ Proposed SRCSD Fee</b>	<b>(\$22,200)</b>	<b>-9.3%</b>	<b>(\$22,340)</b>	<b>-7.7%</b>	<b>(\$2,150)</b>	<b>-0.6%</b>	<b>\$48,170</b>	<b>9.1%</b>

Source: Various Home Builders and EPS.

"sfr\_lvf"

[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***

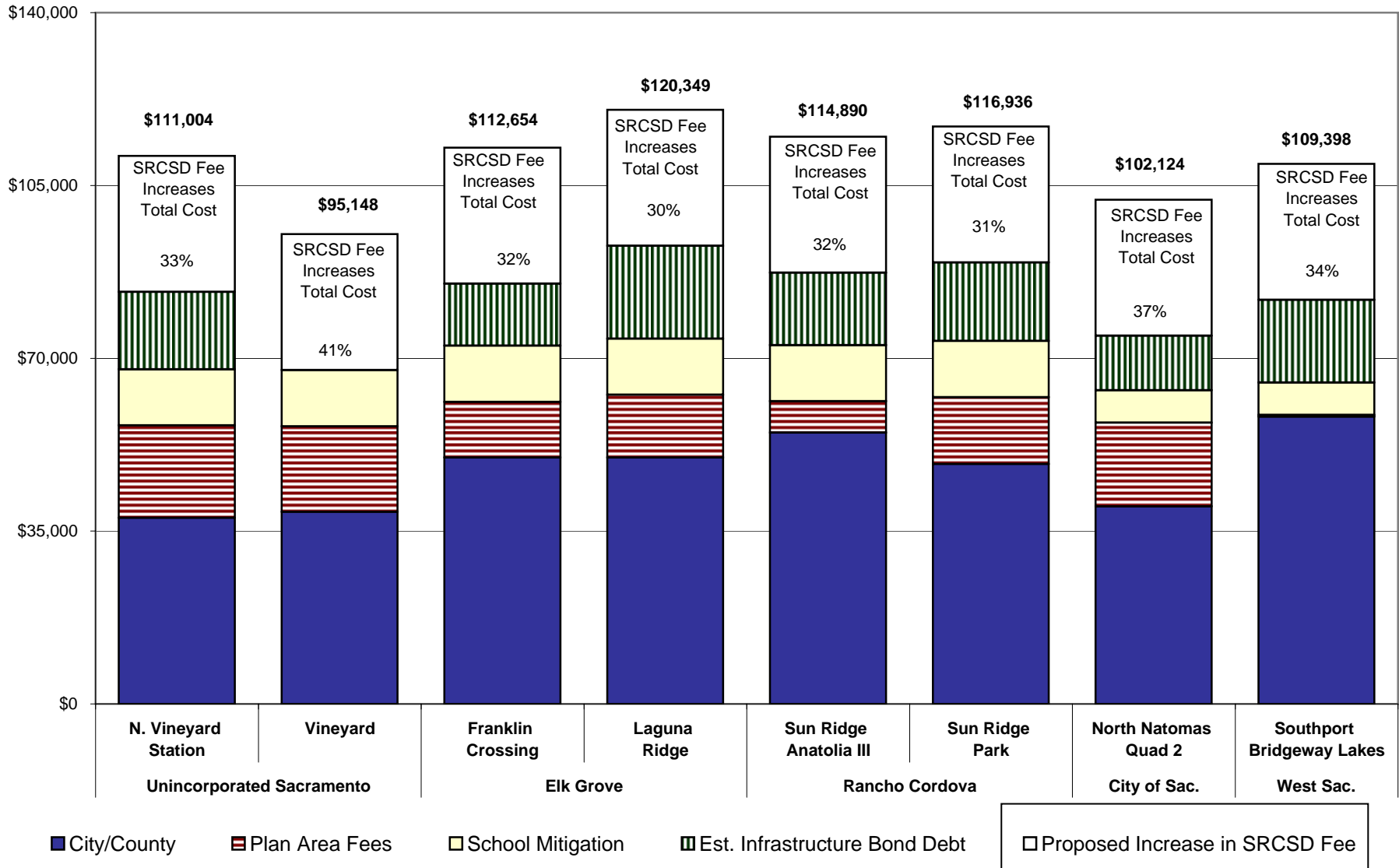
As described previously, the Sacramento Blueprint for growth heavily relies on a structuring growth in the region focusing on infill development in the City of Sacramento, City of West Sacramento, and commercial corridors in unincorporated Sacramento County. Infill development has a particularly unique 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 [ $\$10,200 \times 0.75$  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.

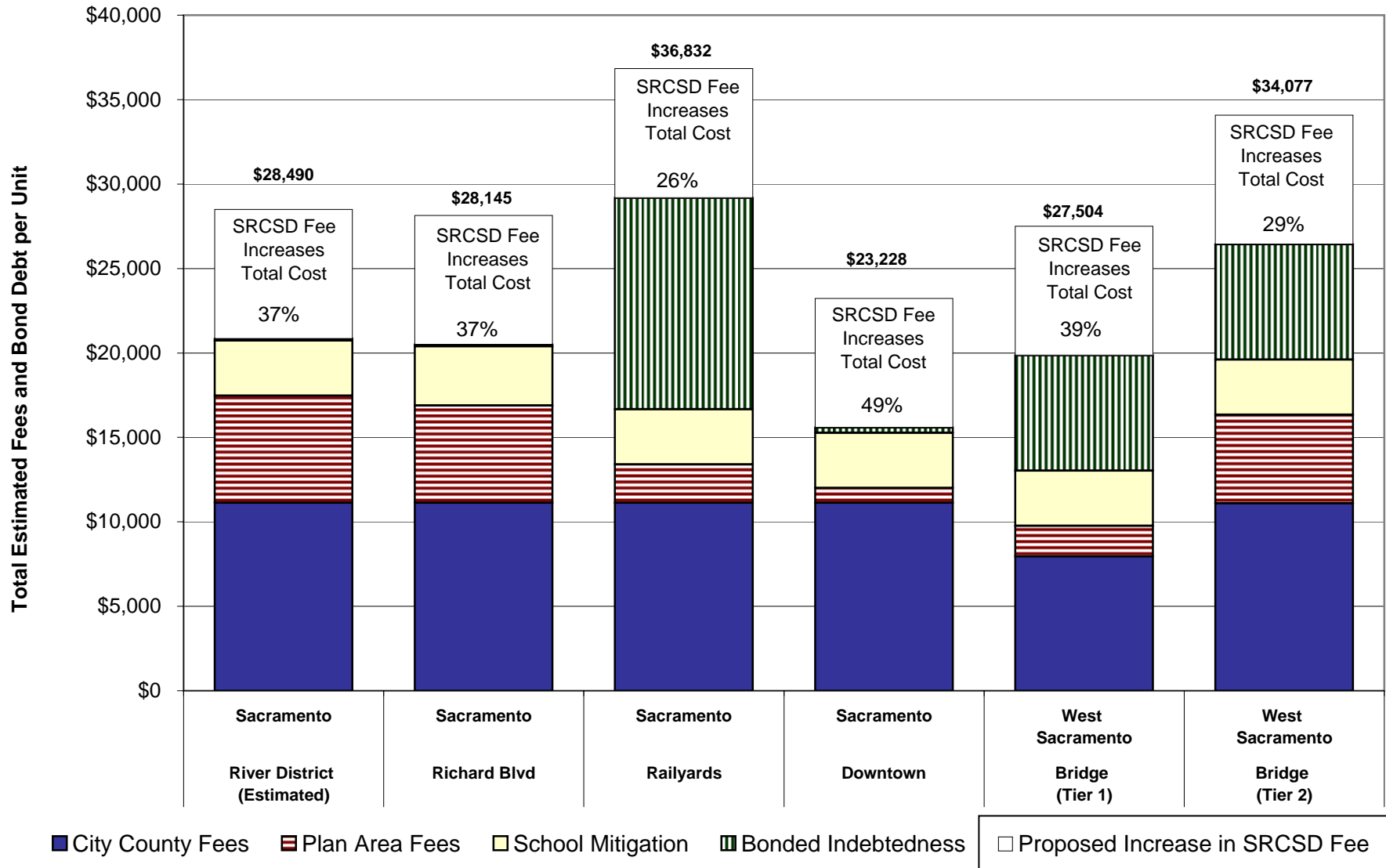
**Figure 5.  
Impact of Estimated SRCSD Fee Increase  
on the Infrastructure Burden for  
Single-Family Development (per Unit)**

27



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

**Infill Multifamily  
 Development**



### ***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 [ $\$27,550 \times 2.00$  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.

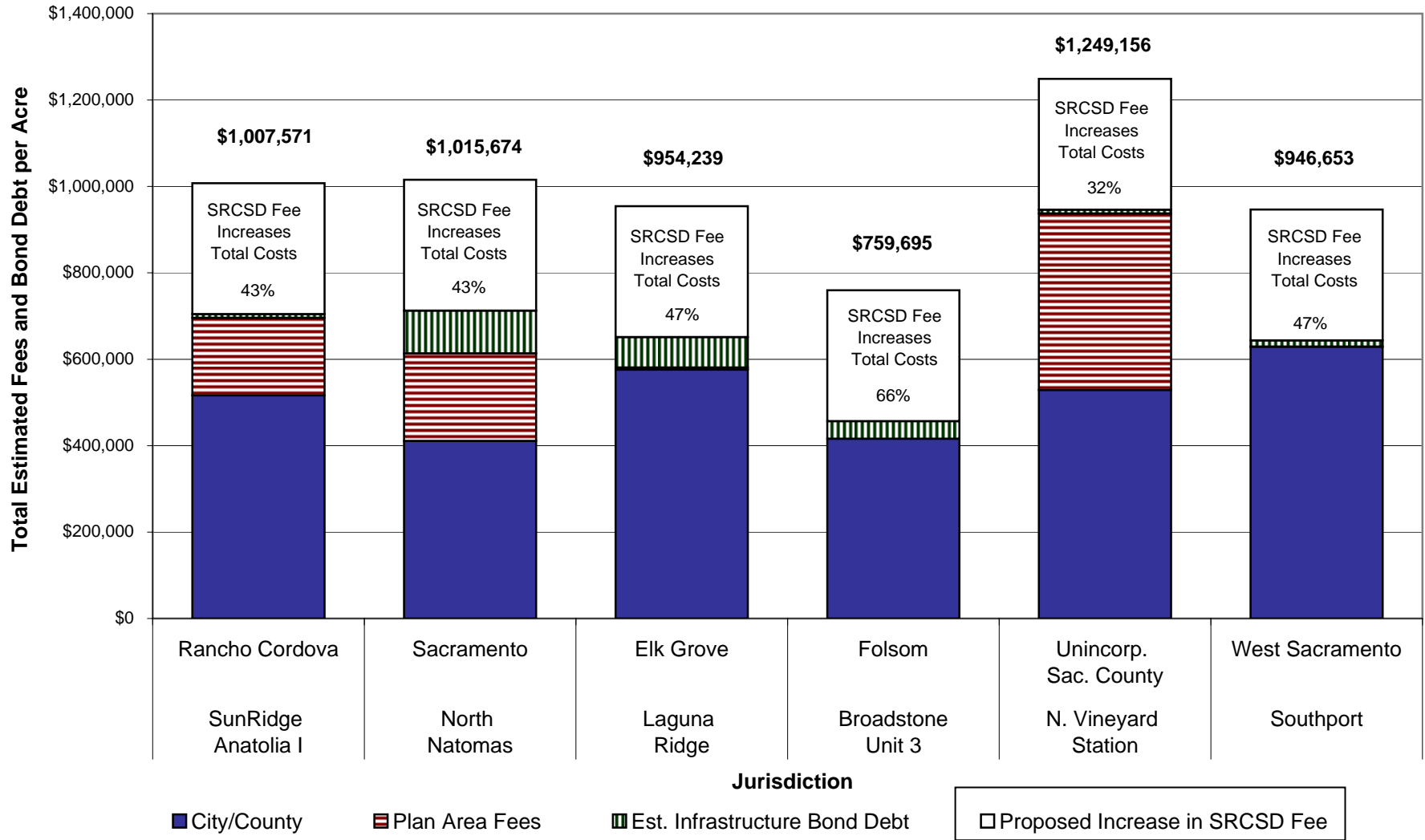
The addition of the estimated increased SRCSD fees makes nearly all single-family prototypes infeasible. In all cases except the largest lots, development of the parcel would result in a loss to the landowner.

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**

30





## 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*

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

"summary"

**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*

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	
	Unincorporated		Elk Grove		Rancho Cordova		City of Sacramento	West Sacramento
	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
<i>Current as of</i>	<i>Aug-10</i>	<i>Aug-10</i>	<i>Aug-10</i>	<i>Aug-10</i>	<i>Aug-10</i>	<i>Aug-10</i>	<i>Aug-10</i>	<i>Aug-10</i>
<b>CITY/COUNTY FEES PER UNIT</b>								
<b>Processing Fees Per Unit [1]</b>								
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	-
<b>Total Processing Fees Per Unit</b>	<b>\$5,804</b>	<b>\$5,804</b>	<b>\$2,315</b>	<b>\$2,315</b>	<b>\$3,898</b>	<b>\$3,898</b>	<b>\$3,300</b>	<b>\$4,715</b>
<b>Development Impact Fees Per Unit</b>								
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
<b>Total Development Impact Fees Per Unit</b>	<b>\$31,891</b>	<b>\$33,086</b>	<b>\$47,563</b>	<b>\$47,564</b>	<b>\$51,049</b>	<b>\$44,669</b>	<b>\$36,684</b>	<b>\$53,453</b>
<b>TOTAL CITY/COUNTY FEES PER UNIT</b>	<b>\$37,695</b>	<b>\$38,890</b>	<b>\$49,878</b>	<b>\$49,879</b>	<b>\$54,947</b>	<b>\$48,567</b>	<b>\$39,985</b>	<b>\$58,168</b>

*"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.

**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
<b>PLAN AREA FEES PER UNIT</b>								
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)	-	-
	<b>\$18,696</b>	<b>\$17,336</b>	<b>\$11,274</b>	<b>\$12,723</b>	<b>\$6,329</b>	<b>\$13,544</b>	<b>\$16,983</b>	<b>\$359</b>

"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**

Estimated School Mitigation Per Unit	Sacramento County						Yolo County	
	Unincorporated		Elk Grove		Rancho Cordova		City of Sacramento	West Sacramento
	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
<b>Current as of</b>	<i>Aug-10</i>	<i>Aug-10</i>	<i>Aug-10</i>	<i>Aug-10</i>	<i>Aug-10</i>	<i>Aug-10</i>	<i>Aug-10</i>	<i>Aug-10</i>
<b>School District</b>	<i>Elk Grove USD</i>	<i>Elk Grove USD</i>	<i>Elk Grove USD</i>	<i>Elk Grove USD</i>	<i>Elk Grove USD</i>	<i>Elk Grove USD</i>	<i>Natomas USD</i>	<i>Washington USD</i>
A. Annual School Mello-Roos CFD Taxes	\$200	\$200	\$200	\$200	\$200	\$200	-	-
<b>B. Present Value of School CFD Tax</b>	<b>\$2,132</b>	<b>\$2,132</b>	<b>\$2,132</b>	<b>\$2,132</b>	<b>\$2,132</b>	<b>\$2,132</b>	<b>\$0</b>	<b>\$0</b>
<b>C. School Fee Per Sq. Ft.:</b>								
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	-	-	-	-	-	-	-	-
<b>D. Total School Fee:</b>								
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	-	-	-	-	-	-	-	-
<b>E. Total School Mitigation (B+D)</b>	<b>\$11,372</b>	<b>\$11,372</b>	<b>\$11,372</b>	<b>\$11,372</b>	<b>\$11,372</b>	<b>\$11,372</b>	<b>\$6,534</b>	<b>\$6,534</b>

"school"

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

Special Taxes and Assessments Per Unit for Infrastructure [1]	Sacramento County						Yolo County	
	Unincorporated		Elk Grove		Rancho Cordova		City of Sacramento	West Sacramento
	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
<i>Current as of</i>	<i>Aug-10</i>	<i>Aug-10</i>	<i>Aug-10</i>	<i>Aug-10</i>	<i>Aug-10</i>	<i>Aug-10</i>	<i>Aug-10</i>	<i>Aug-10</i>
<b>Annual Special Taxes and Assessments Per Unit</b>								
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
<b>Total Annual Taxes and Assessments</b>	<b>\$1,515</b>	<b>\$0</b>	<b>\$965</b>	<b>\$1,592</b>	<b>\$1,226</b>	<b>\$1,327</b>	<b>\$976</b>	<b>\$1,317</b>
<b>Estimated Bond Debt of Special Taxes and Assessments</b>								
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
<b>Total Estimated Bond Debt</b>	<b>\$15,691</b>	<b>\$0</b>	<b>\$12,579</b>	<b>\$18,824</b>	<b>\$14,692</b>	<b>\$15,903</b>	<b>\$11,072</b>	<b>\$16,787</b>

"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*

<b>Multifamily Infill</b>
-------------------------------

Summary of Infrastructure Costs Per Unit	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
<i>Current as of</i>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>
<b>Total City/Countywide Development Impact Fees (from Table B-2)</b>	\$11,133	\$11,133	\$11,133	\$11,133	\$7,958	\$11,104
<b>Plan Area Fees (from Table B-3)</b>	\$6,336	\$5,760	\$2,270	\$869	\$1,804	\$5,231
<b>Total School Mitigation (from Table B-4)</b>	\$3,267	\$3,498	\$3,267	\$3,267	\$3,267	\$3,267
<b>Estimated Bond Debt Of Special Taxes and Assessments (from Table B-4)</b>	\$104	\$104	\$12,513	\$310	\$6,825	\$6,825
<b>Total Infrastructure Cost Per Unit</b>	<b>\$20,840</b>	<b>\$20,495</b>	<b>\$29,182</b>	<b>\$15,578</b>	<b>\$19,854</b>	<b>\$26,427</b>
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 SRCS D Fees*

<b>Multifamily Infill</b>
-------------------------------

<u>City/County Development Impact Fees per Unit:</u> These are fees charged by the City or County and do not include fees for a special plan area.	<u>Sacramento County</u>				<u>Yolo County</u>	
	<u>City of Sacramento</u>				<u>City of West Sacramento</u>	
	<u>River District (Estimated)</u>	<u>Richards Boulevard</u>	<u>Railyards Area Specific Plan</u>	<u>Downtown</u>	<u>Bridge District Tier 1</u>	<u>Bridge District Tier 2</u>
<b>Current as of</b>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>
<b>CITY/COUNTY FEES PER UNIT</b>						
<b>Processing Fees per Unit [1]</b>						
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	-	-
<b>Total Processing Fees per Unit</b>	<b>\$1,089</b>	<b>\$1,089</b>	<b>\$1,089</b>	<b>\$1,089</b>	<b>\$1,541</b>	<b>\$1,541</b>
<b>Development Impact Fees per Unit</b>						
Sewer [2]	\$2,120	\$2,120	\$2,120	\$2,120	-	-
SRCS D Sewer	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100
Water [3]	\$702	\$702	\$702	\$702	<i>Note [6]</i>	<i>Note [6]</i>
Traffic	\$731	\$731	\$731	\$731	<i>Note [6]</i>	<i>Note [6]</i>
Sacramento Transportation Authority (STA)	\$714	\$714	\$714	\$714	-	-
Sacramento TDIF (proposed)	-	-	-	-	-	-
Drainage	-	-	-	-	-	-
Parks/Open Space [4]	\$3,058	\$3,058	\$3,058	\$3,058	<i>Note [6]</i>	<i>Note [6]</i>
Fire/Police	-	-	-	-	<i>Note [6]</i>	<i>Note [6]</i>
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	<i>Note [6]</i>	<i>Note [6]</i>
Regional One-Time Special Tax [6]	-	-	-	-	\$1,457	\$4,603
Countywide Fees	-	-	-	-	\$2,740	\$2,740
<b>Total Development Impact Fees per Unit</b>	<b>\$10,044</b>	<b>\$10,044</b>	<b>\$10,044</b>	<b>\$10,044</b>	<b>\$6,417</b>	<b>\$9,563</b>
<b>TOTAL CITY/COUNTY FEES PER UNIT</b>	<b>\$11,133</b>	<b>\$11,133</b>	<b>\$11,133</b>	<b>\$11,133</b>	<b>\$7,958</b>	<b>\$11,104</b>

*"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 analysis 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**

<b>Multifamily Infill</b>
-------------------------------

<b>Plan Area Fees:</b> These fees are charged only within a certain area of a County or City to fund facilities to serve a specific development project.	<b>Sacramento County</b>				<b>Yolo County</b>	
	<b>City of Sacramento</b>				<b>City of West Sacramento</b>	
	River District (Estimated)	Richards Boulevard	Railyards Area Specific Plan	Downtown	Bridge District Tier 1	Bridge District Tier 2
<b>Current as of</b>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>
<b>PLAN AREA FEES PER UNIT</b>						
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	-	-	-	-	-	-
<b>TOTAL PLAN AREA FEES PER UNIT</b>	<b>\$6,336</b>	<b>\$5,760</b>	<b>\$2,270</b>	<b>\$869</b>	<b>\$1,804</b>	<b>\$5,231</b>

"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**

<b>Multifamily Infill</b>
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Estimated School Mitigation Per Unit	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
<i>Current as of</i>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>
<i>School District</i>	<i>Twin Rivers Unified</i>	<i>Twin Rivers Unified</i>	<i>Sacramento City USD</i>	<i>Sacramento City USD</i>	<i>Washington USD</i>	<i>Washington USD</i>
A. Annual School Mello-Roos CFD Taxes	-	-	-	-		
<b>B. Present Value of School Taxes</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>C. School Fee Per Sq. Ft.:</b>						
Stirling Fee	\$2.97	\$3.18	\$2.97	\$2.97	\$2.97	\$2.97
Level 2 (or 3) SB50 Fee	-	-	-	-	-	-
Mitigation Agreement	-	-	-	-	-	-
<b>D. Total School Fee:</b>						
Stirling Fee	\$3,267	\$3,498	\$3,267	\$3,267	\$3,267	\$3,267
Level 2 (or 3) SB50 Fee	-	-	-	-	-	-
Mitigation Agreement	-	-	-	-	-	-
<b>Total School Mitigation (B + D)</b>	<b>\$3,267</b>	<b>\$3,498</b>	<b>\$3,267</b>	<b>\$3,267</b>	<b>\$3,267</b>	<b>\$3,267</b>

"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**

<b>Multifamily Infill</b>
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Special Taxes and Assessments Per Unit for Infrastructure [1]	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
<b>Current as of</b>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>
<b>Annual Special Taxes and Assessments Per Unit</b>						
Infrastructure CFD	-	-	\$1,000	-	\$550	\$550
Infrastructure Assessment District	-	-	-	-	-	-
SAFCA A.D. Local Project	\$10	\$10	\$10	\$28	-	-
<b>Total Annual Taxes and Assessments</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,000</b>	<b>\$0</b>	<b>\$550</b>	<b>\$550</b>
<b>Estimated Bond Debt of Special Taxes and Assessments</b>						
Infrastructure CFD	-	-	\$12,409	-	\$6,825	\$6,825
Infrastructure Assessment District	-	-	-	-	-	-
SAFCA A.D. Local Project	\$104	\$104	\$104	\$310	-	-
<b>Total Estimated Bond Debt</b>	<b>\$104</b>	<b>\$104</b>	<b>\$12,513</b>	<b>\$310</b>	<b>\$6,825</b>	<b>\$6,825</b>

"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*

<b>Restaurant Development</b>
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Summary of Infrastructure Costs	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
<i>Current as of</i>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>
<b>Total City/County Development Impact Fees - Table C-2</b>						
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
<b>Plan Area Fees - Table C-3</b>						
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
<b>Estimated Bond Debt of Special Taxes and Assessments - Table C-4</b>						
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
<b>Total Infrastructure Cost Per Acre</b>	<b>\$704,521</b>	<b>\$712,624</b>	<b>\$651,189</b>	<b>\$456,645</b>	<b>\$946,106</b>	<b>\$643,603</b>
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*

<b>Restaurant Development</b>
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<b>City/County Development Impact Fees</b> These are fees charged by the City or County and do not include fees for a special plan area.	<b>Sacramento County</b>					<b>Yolo County</b>
	<u>Rancho Cordova</u>	<u>Sacramento</u>	<u>Elk Grove</u>	<u>Folsom</u>	<u>Unincorporated</u>	<u>West Sacramento</u>
	SunRidge Anatolia I	North Natomas Quad 2, Basin 1	Laguna Ridge	Broadstone Unit 3	North Vineyard Station	Southport
<b>Current as of</b>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>
<b>Processing Fees [1]</b>						
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
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
<b>Total Processing Fees Per Acre</b>	<b>\$20,832</b>	<b>\$29,889</b>	<b>\$20,186</b>	<b>\$11,443</b>	<b>\$28,332</b>	<b>\$20,774</b>
<b>Development Impact Fees</b>						
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
<b>Total Development Impact Fees</b>	<b>\$495,571</b>	<b>\$380,951</b>	<b>\$555,621</b>	<b>\$404,582</b>	<b>\$500,518</b>	<b>\$608,143</b>
<b>TOTAL CITY/COUNTY FEES</b>	<b>\$516,403</b>	<b>\$410,840</b>	<b>\$575,807</b>	<b>\$416,025</b>	<b>\$528,850</b>	<b>\$628,916</b>
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**

<b>Restaurant Development</b>
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<b>Plan Area Fees:</b> These fees are charged only within a certain area of a County or City to fund facilities to serve a specific development project.	<b>Sacramento County</b>					<b>Yolo County</b>
	Rancho Cordova SunRidge Anatolia I	Sacramento North Natomas Quad 2, Basin 1	Elk Grove Laguna Ridge [1]	Folsom Broadstone Unit 3	Unincorporated North Vineyard Station	West Sacramento  Southport
<b>Current as of</b>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>
<b>PLAN AREA FEES PER ACRE</b>						
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	-	-	-	-	-	-
<b>TOTAL PLAN AREA FEES PER ACRE</b>	<b>\$179,520</b>	<b>\$202,662</b>	<b>\$4,950</b>	<b>\$0</b>	<b>\$408,659</b>	<b>\$359</b>
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**

<b>Restaurant Development</b>
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<b>Special Taxes and Assessments Per Acre for Infrastructure</b>	<b>Sacramento County</b>					<b>Yolo County</b>
	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
<b>Current as of</b>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>	<i>Jul-10</i>
<b>Annual Special Taxes and Assessments Per Acre</b>						
Infrastructure CFD	<i>Excluded [1]</i>	\$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	-
<b>Total Annual Taxes and Assessments</b>	<b>\$800</b>	<b>\$8,807</b>	<b>\$6,106</b>	<b>\$4,300</b>	<b>\$800</b>	<b>\$1,013</b>
<b>Annual Special Taxes and Assessments</b>						
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
<b>Estimated Bond Debt of Special Taxes and Assessments</b>						
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	-
<b>Total Estimated Bond Debt</b>	<b>\$8,597</b>	<b>\$99,122</b>	<b>\$70,432</b>	<b>\$40,621</b>	<b>\$8,597</b>	<b>\$14,327</b>

*"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.