

City of Elk Grove Affordable Housing Nexus Study



Final Report
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Executive Summary

The City of Elk Grove (City) retained David Paul Rosen & Associates (DRA) to prepare a nexus study examining the legality and basis for establishing a rational nexus between residential and non-residential development and the need for affordable housing in the City. To the extent that new residential and non-residential development in the City increases demand for housing and exacerbates the City's shortage of affordable housing, the City has a strong public interest in, and a legal basis for, causing new housing to be developed to meet this additional demand.

The nexus analysis calculates an affordable housing fee for very low and low income households. Very low income households are defined as households with incomes up to 50 percent of area median income (AMI), or approximately \$38,000 for a four-person household in 2012. Low income households are defined as households with incomes between 51 percent and 80 percent of AMI, or about \$61,000 for a four-person household in 2012. All of these income limits are adjusted by household size using family size adjustment factors. A market survey determined that moderate income households (those earning between 81 and 120 percent of AMI, or about \$91,000 for a four-person household) are able to find affordable housing in the market area without subsidy, therefore no nexus fee is calculated for moderate income households.

In designing a fee on new residential or non-residential development to assist the provision of affordable housing, the basis for the fee is that such development has a deleterious impact by increasing employment, which also increases the demand for housing for the added employees, because market-rate housing development, with no public assistance, will not provide housing affordable for the additional lower-earning employees. The legal requirement is that a local government charging a fee make some affirmative showing that: (1) those who must pay the fee are contributing to the problem which the fee will address; and (2) the amount of the fee is reasonably justified by the magnitude of the fee-payer's contribution to the problem. This relationship has been well documented and nexus fees have

been successfully upheld against legal challenge where the fees met standards set by case law.

Development impact fee programs may include the cost of administering the program that funds affordable housing, including:

- The administrative costs of assessing, collecting, cost accounting, and public reporting of the fee;
- The cost of justification analyses, legal support, and other costs of annual and/or periodic updates to the fee; and
- Costs of capital planning and programming, including project management costs associated with the share of projects funded by the fee.

Administration charges typically range from 1.0 percent up to 5.0 percent. For the affordable housing fee, an administration cost of 3.0 percent is reasonable and may be added to the maximum fee level.

Summary of Findings

The review of current housing options determined that the market provides housing affordable to moderate income households, but does not provide adequate housing affordable to low and very low income households. Therefore, the nexus analysis calculated the nexus fee required to provide housing affordable to very low and low income households.

The current rent-restricted affordable housing inventory in the City includes approximately 600 units affordable to very low income households and 1,400 units affordable to low income households, and comprises a total of just over 2,000 affordable units.

NON-RESIDENTIAL NEXUS FEE

The findings of the non-residential nexus analysis are summarized in **Tables ES-1** through **ES-4**. **Table ES-1** shows the estimated maximum non-residential nexus fee per building square foot by land use, based on the costs to build new rental housing to meet the needs of very low and low income households generated by new non-residential development. **Table ES-2** shows the estimated maximum non-residential nexus fee per building square foot by land use based on the costs to build new owner housing. **Table ES-3** shows the estimated maximum non-



residential nexus fee per building square foot by land use based on the costs to acquire existing single-family owner housing. **Table ES-4** shows the estimated weighted average maximum non-residential nexus fee per building square foot by land use assuming 60 percent new rental housing construction and 40 percent acquisition of existing single-family owner housing. These are the approximate percentages of rental and ownership housing in the SACOG region as of the 2010 Census.

Table ES-1
Estimated Maximum Non-Residential Nexus Fee Per Building Square Foot
Based on Affordability Gaps for New Rental Housing Construction
City of Elk Grove
2012

Income Level	Office	Commercial/ Retail	Hotel	Manufacturing	Warehouse
Very Low	\$9.50	\$4.75	\$14.26	\$4.75	\$5.54
Low	\$2.52	\$0.56	\$1.68	\$1.96	\$1.12
Total	\$12.02	\$5.31	\$15.94	\$6.71	\$6.66

Source: Appendix Table A-18; DRA.

Table ES-2
Maximum Non-Residential Nexus Fee Per Building Square Foot
Based on Affordability Gaps for New Owner Housing Construction
City of Elk Grove
2012

Income Level	Office	Commercial/Re tail	Hotel	Manufacturing	Warehouse
Very Low	\$9.48	\$4.74	\$14.22	\$4.74	\$5.53
Low	\$1.19	\$0.26	\$0.79	\$0.92	\$0.53
Total	\$10.67	\$5.00	\$15.01	\$5.66	\$6.06

Source: Appendix Table A-18; DRA.

Table ES-3
Maximum Non-Residential Nexus Fee Per Building Square Foot
Based on Affordability Gaps for Acquisition of Existing Single-Family Owner
Housing
City of Elk Grove
2012

Income Level	Office	Commercial/ Retail	Hotel	Manufacturing	Warehouse
Very Low	\$8.42	\$4.21	\$12.63	\$4.21	\$4.91
Low	\$0.35	\$0.08	\$0.23	\$0.27	\$0.16
Total	\$8.77	\$4.29	\$12.86	\$4.48	\$5.07

Source: Appendix Table A-19; DRA.

Table ES-4
Weighted Average Maximum Non-Residential Nexus Fee Per Bldg. Square Foot
Based on Affordability Gaps for New Rental Housing Construction
and Owner Housing Acquisition¹
City of Elk Grove
2012

Income Level	Office	Commercial/ Retail	Hotel	Manufacturing	Warehouse
Very Low	\$8.85	\$4.43	\$13.28	\$4.43	\$5.16
Low	\$1.22	\$0.27	\$0.81	\$0.95	\$0.54
Total	\$10.07	\$4.70	\$14.09	\$5.37	\$5.71

¹Based on 40% new construction rental housing and 60% acquisition of existing owner housing, based on the approximate percentages of rental and ownership housing in the SACOG region as of the 2010 Census.

Source: Appendix Table A-21; DRA.

RESIDENTIAL NEXUS FEE

Table ES-5 shows the estimated maximum residential nexus fee per housing unit based on the costs to build new renter and owner housing and to acquire existing owner housing. It also shows the weighted average fee assuming 40 percent renter housing and 60 percent owner housing which, as noted above, represents the approximate percentage distribution of renter- and owner-occupied housing in the SACOG region as of 2010.

While 100-unit housing prototypes were used for the calculation, the maximum fee per unit would be the same for any size of housing prototype.

Table ES-5 Maximum Residential Nexus Fee Per Housing Unit¹ City of Elk Grove 2012					
		Maximum Fee Per Housing Unit			
Household Income Level	Est. No. of New HH²	Rental New Const.	Owner New Constr.	Owner Acquisition	Weighted Average – Rental New Constr. & Owner Acq.³
Very Low Income	9	\$7,100	\$7,100	\$6,300	\$6,600
Low Income	3	\$800	\$400	\$100	\$400
Total	12	\$7,900	\$7,500	\$6,400	\$7,000

¹Based on analysis of new 100-unit single-family residential tract in Elk Grove.

²Estimated new very low and low income employee households moving to Elk Grove.

³Based on 40% rental new construction and 60% owner acquisition, based on the approximate percentages of rental and ownership housing in the SACOG region as of the 2010 Census.

Source: Appendix Tables A-28, A-29 and A-31; DRA.

Introduction

The City of Elk Grove (City) retained David Paul Rosen & Associates (DRA) to prepare a nexus study examining the legality and basis for establishing a rational nexus between residential and non-residential development and the need for affordable housing in the City.

This report describes the methodology, assumptions and findings of the nexus analysis. The nexus analysis estimates the number of very low and low income households associated with development of new residential, office, retail, and hotel development in the City, and calculates the maximum nexus fee based on the cost to produce housing affordable to these households. The nexus analysis is based on the demographic and economic characteristics of employees expected to provide goods and services to new residential customers, as well those who will work in new non-residential development.

This report is presented in the following major sections:

- The Nexus Relationship
- Affordable Housing Income Levels, Rents and Home Prices
- Current Affordable Housing Options
- Demographic Projections
- Affordability Gap Analysis
- Non-Residential Nexus Analysis
- Residential Nexus Analysis
- Economic Impact Analysis

The Nexus Relationship

Fees on development in California are subject to two overlapping sets of legal requirements: constitutional requirements of nexus and "rough proportionality" under the U. S. Supreme Court cases of *Nollan v. California Coastal Commission* (1987) 483 U. S. 825 and *Dolan v. City of Tigard* (1994) 512 U. S. 374, and



California's statutory "reasonable relationship" requirements under California Government Code sections 66000-66010. Although legally distinct, these two standards are substantively similar and in practice a development fee that satisfies one will almost certainly satisfy both. The California Supreme Court in *Ehrlich v. City of Culver City* (1996) 12 Cal. 4th 854, 867 concluded that the two standards "for all practical purposes, have merged."

The legal requirement is that a local government charging a fee make some affirmative showing that: (1) those who must pay the fee are contributing to the problem which the fee will address; and (2) the amount of the fee is justified by the magnitude of the fee-payer's contribution to the problem. The basis for a fee on new residential or non-residential development to assist the provision of affordable housing is the relationship between new development and the need for new affordable housing. New development increases employment and also the demand for housing for the added employees. Market-rate housing development, without public assistance, will not provide housing affordable for the additional lower-earning employees. Without public assistance for new affordable housing development, such as the funding provided by a development impact fee, this will result in deleterious impacts upon the community. For example, without adequate affordable housing workers will have to commute greater distances, thus increasing pollution and traffic impacts. As another example, if local workers cannot find affordable housing, they may be rendered homeless or forced to seek less than adequate shelter, which would also carry a deleterious public impact.

Unlike development impact fees, inclusionary housing ordinances, which require a share of newly constructed housing to be affordable to people with low and moderate incomes, rely on the police power of local government to take actions and adopt laws and policies that protect the public's health, safety and welfare. In *Miller v. Board of Pubic Works* (1925) 195 Cal. 477, the California Supreme Court found that local governments could legitimately employ their police powers to protect the general welfare through enactment of zoning ordinances creating residential zones reserved for single-family housing. Over the years, courts have held the police power to be quite broad, especially in the context of local land use law. Inclusionary zoning represents local government's use of the police power to correct past and continuing disparities to further the general welfare, such as those exacerbated by "exclusionary zoning" practices that excluded affordable housing and contributed to patterns of racial and economic segregation.

Inclusionary ordinances have been challenged as a violation of the prohibition against taking without just compensation in the Fifth Amendment of the United

States Constitution and Article I, section 19 of the California Constitution. In *Homebuilders of Northern California v. City of Napa* (2001) 90 Cal. App. 4th 188, the California Court of Appeal found that although the ordinance imposes a significant burden on developers in Napa, it provides significant benefits to the public by substantially advancing a well recognized legitimate state interest. In addition, the ordinance permits a developer to appeal for a reduction, adjustment, or complete waiver of the ordinance's requirements. Since the City has the ability to waive the requirements imposed by the ordinance, the ordinance does not on its face result in a taking.

More recently, in *Building Industry Association of Central California v. City of Patterson* (2009) 171 Cal. App. 4th 886, the California Court of Appeal concluded that the City of Patterson's failure to use appropriate methodology consistent with the legal standards generally applicable to development fees rendered its affordable housing in lieu fees invalid. The court held that the fees were not reasonable related to and limited to the City's costs of addressing adverse public impacts on affordable housing attributable to new development, as required by the legal standards generally applicable to such fees.

Later in 2009, in *Palmer/Sixth Street Properties, L.P. v City of Los Angeles* (2009) 175 Cal. App. 4th 1396, the California Court of Appeal held in favor of the owner/developer, and prohibited the City of Los Angeles from enforcing its inclusionary housing ordinance on the developer's rental housing development. The California Supreme Court has let stand that decision, denying review of the appellate court's ruling. In its ruling, the court held that forcing Palmer to provide affordable housing units at regulated rents conflicts with the right afforded residential landlords under Costa-Hawkins Act to establish the initial rental rate for a dwelling unit. The Court also held that the proposed in-lieu fee conflicts with the Costa-Hawkins Act because the fee is based solely on the number of affordable housing units that Palmer must provide under the Specific Plan. However, the court acknowledged that the Costa-Hawkins Act does not apply where the owner has agreed to build affordable housing in consideration for a direct financial contribution or other form of assistance specified in state density bonus law.

In *California Building Industry Association v. City of San Jose* (2012) No. 1 10 CV 167289, the Santa Clara County Superior Court invalidated the City of San Jose's inclusionary housing ordinance, concluding that the City had failed to provide "a legally sufficient evidentiary showing to demonstrate justification" for the ordinance's exactions of affordable units or in lieu fees. The judgment also enjoined the City from enforcing or implementing the ordinance. While San Jose

did acknowledge the Palmer decision and suspended its requirements with regards to new rental housing, it had continued to enforce the ordinance for new owner housing.

These recent court cases do not invalidate development impact fees that have been developed using appropriate methodology demonstrating the fees were reasonably related to and limited to the City's costs of addressing deleterious public impacts on affordable housing attributable to new development.

The Relationship Between Construction and Job Growth

Job growth does not occur in most industry sectors without buildings to house new workers. Therefore, new buildings are constructed to accommodate the workers associated with job growth.

Any new non-residential building in the City may be occupied partly or wholly by businesses relocating from elsewhere in the City. However, when a business relocates to a new building in the City, it vacates building space in the old location, which in turn is filled by new businesses and employees. Somewhere in the chain there are jobs new to the City. The net effect is that new buildings accommodate new employees.

Just as new non-residential buildings make room for new firms and their employees relocating to the City, so new residential construction makes room for new population and households moving to the City. Even if the household moving into a new unit is relocating from another house in the City, the household vacates an existing unit that, in turn, is filled with another household. Again, somewhere in the chain new population and households are added to the City.

New market-rate housing development accommodates growth in population and households. The arrival of new population creates demand for additional jobs in retail outlets and services that serve that population. A portion of the income of the residents in new market-rate housing units will be spent to purchase a range of goods and services, such as purchases at local supermarkets and restaurants or services at local dry cleaners. These purchases in the local economy in turn generate employment at a range of different compensation levels.

New housing affordable to lower income households is not added to the supply in sufficient quantities to meet the needs of new employee households. The cost to build new housing, or to acquire and rehabilitate existing housing, is more than the

rents or home prices that lower income households can afford to pay. Lower income households often have jobs in the retail and service sectors, which have a high proportion of low-paying jobs, resulting in the inability of these households to afford rents or home prices.

The nexus methodology used by DRA quantifies the estimated increase in lower income households associated with new non-residential and residential development, and estimates the costs of providing housing affordable to these new households. These costs are then translated into the maximum nexus fee that may be levied on non-residential and residential development. This methodology is consistent with the standards of reasonable relationship established by Supreme Court case law and Government Code sections 66000-66010.

DRA's nexus analyses are designed to demonstrate the economic relationship between residential and non-residential development and the need for affordable housing in the City. DRA employs consistently conservative assumptions, so that the resulting calculations of the maximum fees understate the maximum nexus calculation for each land use type.

Affordable Housing Income Levels, Rents and Home Prices

Target Income Levels

The nexus analyses for residential and non-residential development use income limits commonly defined by the U.S. Department of Housing and Urban Development (HUD) and most affordable housing assistance programs. Very low income households are defined as households with incomes up to 50 percent of area median income (AMI). Low income households are defined as households with incomes between 51 percent and 80 percent of AMI. Moderate income households are defined as households with incomes between 81 percent and 120 percent of AMI. All of these income limits are adjusted by household size using HUD family size adjustment factors.

Table 1 shows 2012 very low, low and moderate income limits for the City by household size based on these income category definitions and the HUD median

household income for the Sacramento HUD Metro FMR¹ Area (HMFA) of \$76,100 for a four-person household.

Table 1 Affordable Housing Income Limits by Household Size City of Elk Grove Affordable Housing Nexus Study 2012			
Household Size	Very Low 50% AMI	Low Income 80% AMI	Moderate Income 120% AMI
One Person	\$26,650	\$42,650	\$63,900
Two Persons	\$30,450	\$48,750	\$73,050
Three Persons	\$34,250	\$54,850	\$82,200
Four Persons	\$38,050	\$60,900	\$91,300
Five Persons	\$41,100	\$65,800	\$98,650
Six Persons	\$44,150	\$70,650	\$105,950

Source: 2012 median household income for the Sacramento—Arden—Arcade—Roseville HMFA of \$76,100, adjusted by household size and income level; DRA.

Affordable Rents and Home Prices

AFFORDABLE HOUSING COST DEFINITIONS

Calculation of affordable rents and home prices requires defining affordable housing expense for renters and owners. Affordable housing expense for renters is defined to include rent plus utilities, which is standard for affordable housing programs and practice. For owners, affordable housing expense is defined to include mortgage principal and interest, property taxes (including special assessments), property insurance and homeowners association (HOA) dues. For both owners and renters, affordable housing expense is calculated at 30 percent of household income, per City policy.

Defining affordable housing expense at the top of each income range for the purposes of calculating affordable rents and sales prices means that the resulting affordable rent or home price is not affordable to most households in the income category. Therefore, the City's internal policy is to define affordable housing expense for low and moderate income households at a mid-point of the income range. For low income households, affordable housing expense is calculated at 70

¹ FMR stands for Fair Market Rent. The boundaries of the HMFA are contiguous with the boundaries of the Sacramento—Arden—Arcade—Roseville Metropolitan Statistical Area (MSA).

percent of AMI. For moderate income households, affordable housing expense is calculated at 110 percent of AMI.

OCCUPANCY STANDARDS

Because income definitions for affordable housing assistance programs vary by household size, calculation of affordable rents and affordable owner housing costs requires the definition of occupancy standards (the number of persons per unit) for each unit size. For the purposes of this analysis, affordable housing cost is based on an occupancy standard of one person per bedroom plus one, consistent with California Health and Safety Code Section 50053(h). For example, the occupancy standard for purposes of calculating affordable rents and sales prices is 4 persons for a 3 bedroom unit, and 3 persons for a 2 bedroom unit.

UTILITY ALLOWANCES

Affordable net rents are calculated by subtracting allowances for the utilities paid directly by the tenants from the total affordable housing cost. For this calculation, DRA has incorporated utility allowances effective January 1, 2012 from the Sacramento Housing and Redevelopment Agency, summarized in **Table 2** below. These utility allowances assume residents pay for electric heating, cooking and lighting and natural gas water heating. It assumes the landlord pays for trash, water and sewer service.

The complete SHRA utility allowance schedule is contained in **Appendix B**. These published utility allowances are higher than would be used in new Low Income Housing Tax Credit (LIHTC) projects, which are required to be highly energy efficient and are allowed to calculate lower allowances that vary from project to project using the California Utility Allowance Calculator (CUAC).

Actual utility allowances for an individual unit would also depend upon a variety of factors, including the utilities that are in fact paid by the residents (e.g. water, gas, electricity, sewer, trash), the type of appliances and heating units contained in the units and whether appliances and heating units require electricity or gas.



Table 2 Current Monthly Utility Allowances for Rental Housing Elk Grove Affordable Housing Nexus Study 2012	
Bedroom Size	Monthly Utility Allowance
1 Bedroom	\$71
2 Bedroom	\$82
3 Bedroom	\$100

Note: Assumes electric heating, cooking and lighting, and gas water heating.

Source: Sacramento Housing and Redevelopment Agency, effective January 1, 2012; DRA.

AFFORDABLE NET RENTS AND OWNER MONTHLY HOUSING EXPENSE

Table 3 summarizes affordable monthly net rents by income level based on the assumptions described above. **Table 4** summarizes monthly affordable housing costs for owners. Detailed assumptions and calculations for affordable housing expense are shown in **Appendix Tables A-4** and **A-5**.

Table 3 Affordable Monthly Net Rents¹ Elk Grove Affordable Housing Nexus Study 2012			
Unit Size (No. of Bedrooms)	Very Low Income (<=50% AMI)	Low Income (50% - 80% AMI)	Moderate Income (80% -120% AMI)
1 Bedroom	\$690	\$994	\$1,603
2 Bedroom	\$774	\$1,117	\$1,801
3 Bedroom	\$851	\$1,232	\$1,993

¹ Gross rents are calculated assuming an occupancy standard of one person per bedroom plus one. Net rents are calculated assuming 30% of gross income spent on rent and then deducting the utility allowances from Table 3.

Source: Appendix Table A-4; U.S. Department of Housing and Urban Development; DRA.

Table 4 Affordable Monthly Owner Housing Cost ¹ Elk Grove Affordable Housing Nexus Study 2012			
Unit Size (No. of Bedrooms)	Very Low Income	Low Income	Moderate Income
2 Bedrooms	\$856	\$1,199	\$1,883
3 Bedrooms	\$951	\$1,332	\$2,093
4 Bedrooms	\$1,027	\$1,438	\$2,260

¹Owner affordable housing costs are calculated assuming an occupancy standard of one person per bedroom plus one and 30% of gross income spent on housing.

Source: Appendix Table A-5; U.S. Department of Housing and Urban Development; DRA.

AFFORDABLE HOME PRICES

Table 5 shows affordable home prices by income level, based on the affordable monthly owner housing cost by income level and deductions for property taxes, property insurance and HOA dues. The maximum affordable home price is estimated assuming a 5 percent owner downpayment, a 4.5 percent mortgage interest rate and 30-year mortgage term. Detailed calculations of affordable home prices are shown in **Appendix Table A-5**.

Table 5 Affordable Home Prices ¹ Elk Grove Affordable Housing Nexus Study 2012			
Unit Size (No. of Bedrooms)	Very Low Income	Low Income	Moderate Income
2 Bedrooms	\$122,200	\$179,600	\$294,000
3 Bedrooms	\$138,100	\$201,800	\$329,100
4 Bedrooms	\$150,800	\$219,600	\$357,000

¹Affordable mortgage principal and interest calculated by deducting the following from affordable owner monthly housing cost: annual property taxes and assessments at 1.4 percent of affordable home price; HOA dues of \$50 per month; and property insurance of \$75 per month. Affordable mortgage calculated assuming 5% owner downpayment, 4.5% mortgage interest rate and 30-year mortgage term.

Source: Appendix Table A-5; DRA.

Current Affordable Housing Options

This section summarizes key measures of affordable housing need in the City, identifies the existing inventory of assisted affordable housing rental properties, and assesses the current affordability of existing market-rate housing options in the City.

Existing Housing Needs

OVERPAYMENT

According to HUD's standard, households paying more than 30 percent of their gross income on housing are considered to be cost-burdened, paying more than they can afford for housing. Households paying greater than this amount have less income remaining for other necessities such as food, clothing, utilities and health care. The problem is most severe for families with limited incomes.

Table 6 shows the distribution of housing cost as a percentage of household income for renter and owner households in the City as of the 2000 Census, as well as three- and five-year estimates from the American Community Survey (ACS) for the years 2008 to 2010 and 2006 to 2010, respectively². As of the 2000 Census, 37.5 percent of renters, or 1,257 households, paid more than 30 percent of gross income for housing. Based on the ACS estimates, this percentage increased dramatically to over 55 percent of renters by 2010. While the ACS does not provide data on the reasons for this increase, it is likely due to the economic recession and the associated loss of income for many households.

Owner overpayment may be considered a choice, as some households choose to pay a higher percentage of their income for the benefits and security of owning a home. Also, the 30 percent standard is considered low for owners. Lenders typically allow owners to pay 35 percent or more of gross income for mortgage principal, interest, taxes and insurance. In 2000, 27.3 percent of owner households paid more than 30 percent of gross income for housing. By 2010, this percentage increased to over 45 percent, based on ACS estimates.

² The American Community Survey provides 1-year, 3-year and 5-year estimates. As the titles suggest, 1-year estimates are based on 12 months of collected data, while 3-year and 5-year estimates are based on 36 months and 60 months of collected data, respectively. One-year estimates are based on the smallest sample size, and are considered less reliable than 3-year or 5-year estimates, but provide the most current data. Five-year estimates use the largest sample size and provide the most reliable, but the least current, data.

Table 6
Households Paying More Than 30 Percent of Gross Income on Housing
City of Elk Grove
2000 to 2010

	2000 Census		2006-2010 ACS		2008-2010 ACS	
	Owners	Renters	Owners	Renters	Owners	Renters
Households Paying 30% of Income or More on Housing	3,919	1,257	15,718	5,723	15,397	6,682
Total Households	14,346	3,351	34,075	10,260	33,977	11,684
Percentage Cost-Burdened	27.3%	37.5%	46.1%	55.8%	45.3%	57.2%

Source: 2000 U.S. Census; American Community Survey, three-year and five-year estimates; City of Elk Grove; DRA.

POVERTY STATUS

Table 7 shows the number and percentage of the City population in poverty as of the 2000 Census and the most recent three- and five-year ACS estimates.³ The number of persons in poverty increased from 3,073 according to the 2000 Census to 14,054 based on the 2008 to 2010 three-year ACS estimates. The percentage of the population in poverty also increased, from 5.2 percent to 9.6 percent for the same time periods.

Table 7
Population in Poverty Status in Past Twelve Months
City of Elk Grove
2000 to 2010

Population by Poverty Status	2000 Census	2006-2010 ACS	2008-2010 ACS
Below poverty status	3,073	11,249	14,054
50% of poverty level	1,426	4,477	5,568
150% of poverty level	6,482	18,304	21,742
200% of poverty level	10,590	28,519	32,509
Total population	59,610	140,374	146,715
Percentage in poverty	5.2%	8.0%	9.6%

Source: 2000 U.S. Census; American Community Survey, three-year and five-year estimates; City of Elk Grove; DRA.

³ Poverty statistics presented in ACS reports and tables use Census Bureau dollar value poverty thresholds that vary by family size and composition and are updated annually to allow for changes in the cost of living using the CPI. The 2011 poverty threshold for a family of four is approximately \$23,000, or approximately 30 percent of the 2011 HUD median income for a family of four of \$75,100

OVERCROWDING

HUD defines overcrowding for the purposes of the U.S. Census as more than one person per room, excluding bathrooms and kitchens. Overcrowding is often a symptom of housing unaffordability, as households double up or fit into smaller units to reduce housing costs. As shown in **Table 8**, as of the 2000 Census, the incidence of overcrowding in the City was relatively low, at 2.0 percent of owner households and 3.8 percent of renter households. According to ACS estimates for 2010, the incidence of overcrowding declined to less than 1 percent of renter households and less than 2 percent of owner households.

It should be noted that there are no federal or California State legal standards for overcrowding. In a reasonable effort to allocate scarce financial resources for affordable housing, housing programs use occupancy standards, which typically allow for up to “two persons per bedroom plus one” to occupy an affordable housing unit (e.g. five persons in a two-bedroom unit).

Table 8
Overcrowded Households
City of Elk Grove
2000 to 2010

Households by Occupants Per Room	2000 Census		2006-2010 ACS		2008-2010 ACS	
	Owners	Renters	Owners	Renters	Owners	Renters
1.0 to 1.5 occupants per room	473	233	371	625	367	789
1.51 to 2.0 occupants per room	232	86	60	130	106	220
2.01+ occupants per room	70	42	60	0	68	0
Total households	15,206	3,351	34,075	10,260	33,977	11,684
Total overcrowded (1.5+ per room)	302	128	120	130	174	220
Percentage overcrowded (1.5+ per room)	2.0%	3.8%	0.4%	1.3%	0.5%	1.9%

Source: 2000 U.S. Census; American Community Survey, three-year and five-year estimates; City of Elk Grove; DRA.

Market Rents and Home Prices

APARTMENT RENTS AND VACANCY RATES

Table 9 summarizes the characteristics of the current market-rate apartment inventory in the City of the first quarter 2012 based on data from REALFACTS. The data include a total of ten apartment properties and 2,035 units, with an average of 204 units per property.

The overall rental vacancy rate for market-rate apartments in the City in the first quarter of 2012 was 5.9 percent, up from 3.6 percent in the fourth quarter of 2011. Generally, a vacancy rate below 5 percent is considered to reflect a “tight” housing market. Department of Finance data for the City as of January 2012 show a vacancy rate of 3.2 percent for all housing types in the City (including single- and multi-family, owner and rental).

The data show that approximately 29 percent of market-rate apartment units in the City have one bedroom, 61 percent have two bedrooms, and 10 percent have three bedrooms. Average monthly rents are \$928 for a one-bedroom, one-bath unit. For two-bedroom units, average monthly rents are \$866 for units with one bath, which comprise a very small segment (4 percent) of the apartment market, and \$1,132 for the vast majority of two bedroom units that have two baths. The average monthly rent for a three-bedroom, two-bath unit is \$1,351.

The weighted average rental rate for the rental inventory in the first quarter of 2012 was 1.0 percent lower than one year ago but 2.4 percent higher than in the first quarter of 2010. Rents for one-bedroom properties increased by 2.1 percent over the past year. Rents for two-bedroom, two-bath units declined by 1.8 percent and rents for three-bedroom units declined by 3.3 percent compared to one year ago.

Table 9 Apartment Inventory Characteristics City of Elk Grove First Quarter, 2012					
Unit Size	Units	Percent	Average SF	Average Rent	Average Rent/SF
Studio	0	0.0%	N/A	N/A	N/A
1 BR/1 BA	588	28.9%	746	\$928	\$1.24
2 BR/1 BA	82	4.0%	820	\$866	\$1.06
2 BR/2 BA	1,152	56.6%	1,072	\$1,132	\$1.06
3 BR/2 BA	213	10.5%	1,238	\$1,351	\$1.09
TOTAL	2,035	100%	985	\$1,085	\$1.10

Note: Averages for the total row are weighted averages.
Source: REALFACTS; DRA.

SINGLE-FAMILY RENTS

DRA surveyed asking rents for single-family homes in the City on May 7, 2012. Sources included Craigslist.org, RealRentals.com and ForRent.com. A total of 86 listings were identified, as detailed in Appendix **Table A-44**. The average asking rent for a three-bedroom unit was \$1,407. The average asking rent for four- and five-bedroom units was \$1,645. The overall asking rent for a single-family unit was \$1,519.

CONDOMINIUM AND SINGLE-FAMILY HOME SALES PRICES

Table 10 shows the distribution of existing condominium sales prices by price range in the City in 2009, 2010 and 2011. At the height of the foreclosure crisis in 2009, nearly half of the condos sold were at prices under \$75,000. In 2011, only 5 percent of condos sold in this price range, while 42 percent sold at prices between \$100,000 and \$125,000, and 37 percent sold at prices between \$125,000 to \$175,000. While the units are relatively affordable, the condo market in the City is very limited, with less than 25 sales per year recorded in each of the past three years. No new condo sales were recorded over this time period.

Table 10 Existing Condominium Sales by Price Range City of Elk Grove 2009 to 2011						
	2009		2010		2011	
	Sales	% of Total	Sales	% of Total	Sales	% of Total
Less Than \$75,000	9	47.4%	6	25.0%	1	5.3%
\$75,000 to \$99,999	1	5.3%	0	0.0%	3	15.8%
\$100,000 to \$124,999	1	5.3%	4	16.7%	8	42.1%
\$125,000 to \$149,999	2	10.5%	2	8.3%	7	36.8%
\$150,000 to \$174,999	5	26.3%	12	50.0%	0	0.0%
\$175,000 or More	1	5.3%	0	0.0%	0	0.0%
Total	19	100.0%	24	100.0%	19	100.0%

Source: Dataquick Information Systems; DRA.

Table 11 shows the price distribution of existing single-family homes in 2009, 2010 and 2011. In 2011, more than half of existing homes sold for prices between \$150,000 and \$250,000.

Table 11 Existing Single-Family Home Sales by Price Range City of Elk Grove 2009 to 2011						
	2009		2010		2011	
	Sales	% of Total	Sales	% of Total	Sales	% of Total
Less Than \$74,999	3	0.3%	3	0.3%	8	0.7%
\$75,000 to \$99,999	14	1.3%	15	1.5%	28	2.6%
\$100,000 to \$124,999	43	3.9%	37	3.6%	57	5.2%
\$125,000 to \$149,999	58	5.3%	41	4.0%	56	5.1%
\$150,000 to \$174,999	76	6.9%	84	8.2%	139	12.8%
\$175,000 to \$199,999	128	11.7%	122	12.0%	175	16.1%
\$200,000 to \$224,999	153	14.0%	142	13.9%	170	15.6%
\$225,000 to \$249,999	173	15.8%	158	15.5%	143	13.1%
\$250,000 to \$274,999	159	14.5%	127	12.5%	107	9.8%
\$275,000 to \$299,999	87	7.9%	86	8.4%	52	4.8%
\$300,000 to \$324,999	56	5.1%	72	7.1%	40	3.7%
\$325,000 to \$349,999	35	3.2%	46	4.5%	25	2.3%
\$350,000 to \$374,999	26	2.4%	18	1.8%	18	1.7%
\$375,000 to \$399,999	19	1.7%	13	1.3%	12	1.1%
\$400,000 or More	66	6.0%	55	5.4%	58	5.3%
Total	1,096	100.0%	1,019	100.0%	1,088	100.0%

Source: Dataquick Information Systems; DRA.

Table 12 shows the price distribution of new single-family homes in 2009, 2010 and 2011. Nearly 40 percent of homes sales in 2011 were at prices between \$275,000 and \$300,000. The sales of new homes over the past three years have been slow, with only 28 homes sold in 2011 and 33 homes sold in 2010. Virtually none of the new homes were affordable to very low and low income households. The estimated average sales price was \$186,000 in 2009, rising to \$309,000 in both 2010 and 2011.

Table 12 New Single-Family Home Sales by Price Range City of Elk Grove 2009 to 2011						
	2009		2010		2011	
	Sales	% of Total	Sales	% of Total	Sales	% of Total
Less Than \$174,999	0	0.0%	0	0.0%	0	0.0%
\$175,000 to \$199,999	1	1.8%	1	3.0%	0	0.0%
\$200,000 to \$224,999	2	3.6%	2	6.1%	1	3.6%
\$225,000 to \$249,999	5	9.1%	5	15.2%	2	7.1%
\$250,000 to \$274,999	13	23.6%	6	18.2%	4	14.3%
\$275,000 to \$299,999	7	12.7%	3	9.1%	11	39.3%
\$300,000 to \$324,999	10	18.2%	1	3.0%	2	7.1%
\$325,000 to \$349,999	1	1.8%	3	9.1%	1	3.6%
\$350,000 to \$374,999	5	9.1%	2	6.1%	0	0.0%
\$375,000 to \$399,999	7	12.7%	5	15.2%	1	3.6%
\$400,000 or More	4	7.3%	5	15.2%	6	21.4%
Total	55	100.0%	33	100.0%	28	100.0%
Est. Average Price/Unit ¹		\$186,000		\$309,000		\$309,000

¹Average estimated using midpoint of each price range.

Source: Dataquick Information Systems; DRA.

Table 13 shows combined total sales of new and existing condominiums and single-family homes by price range in 2011.

Table 13 Total Home Sales by Type and Price Range, City of Elk Grove 2011								
	Existing Condos		Existing Single-Family		New Single-Family		Total	
	Sales	% of Total	Sales	% of Total	Sales	% of Total	Sales	% of Total
Less Than \$75K	1	5.3%	8	0.7%	0	0.0%	9	0.8%
\$75K to \$99K	3	15.8%	28	2.6%	0	0.0%	31	2.7%
\$100K to \$124K	8	42.1%	57	5.2%	0	0.0%	65	5.7%
\$125K to \$149K	7	36.8%	56	5.1%	0	0.0%	63	5.6%
\$150K to \$174K	0	0.0%	139	12.8%	0	0.0%	139	12.2%
\$175K to \$199K	0	0.0%	175	16.1%	0	0.0%	175	15.4%
\$200K to \$224K	0	0.0%	170	15.6%	1	3.6%	171	15.1%
\$225K to \$249K	0	0.0%	143	13.1%	2	7.1%	145	12.8%
\$250K to \$274K	0	0.0%	107	9.8%	4	14.3%	111	9.8%
\$275K to \$299K	0	0.0%	52	4.8%	11	39.3%	63	5.6%
\$300K to \$324K	0	0.0%	40	3.7%	2	7.1%	42	3.7%
\$325K to \$349K	0	0.0%	25	2.3%	1	3.6%	26	2.3%
\$350K to \$374K	0	0.0%	18	1.7%	0	0.0%	18	1.6%
\$375K to \$399K	0	0.0%	12	1.1%	1	3.6%	13	1.1%
\$400K or More	0	0.0%	58	5.3%	6	5.6%	64	5.6%
Total	19	100.0%	1,088	100.0%	28	100.0%	1,135	100.0%

Source: Dataquick Information Systems; DRA.

Single-Family Mortgage Defaults and Foreclosures

Table 14 presents the number of total existing unresolved first mortgage defaults by zip code and price range in the City as of May 2012. According to Dataquick Information Systems, a total of 61 units have received a notice of default but have not yet gone to auction. Most of these homes had mortgage amounts in the \$300,000 to \$400,000 price range.

Table 14					
Number of First Mortgage Defaults by Zip Code and Loan Amount					
City of Elk Grove					
May 2012					
Original Loan Amount	95624	95757	95758	Total	Percent of Total
Less Than \$100,000	0	0	0	0	0.0%
\$100,000 to \$199,000	1	0	2	3	4.9%
\$200,000 to \$299,000	7	3	9	19	31.1%
\$300,000 to \$399,999	8	7	11	26	42.6%
\$400,000 or More	3	6	4	13	21.4%
Total	19	16	26	61	100.0%

Source: Dataquick Information Systems; DRA.

Table 15 presents a summary REO properties currently listed for sale in the City on the MetroListMLS.com website. Of the 85 listings, nearly 50 percent are listed in the \$100,000 to \$199,999 price range, mostly three-bedroom units. Another 35 percent are listed in the \$200,000 to \$299,999 price range, mostly four-bedroom units. The detailed listings are contained in **Appendix Table A-43**.

Table 15 MetroList REO Home Sales Listings City of Elk Grove June 2012					
Home List Price	5 BR	4 BR	3 BR	Total ¹	Percent of Total
Less Than \$100,000	0	0	0	5	5.9%
\$100,000 to \$199,000	0	8	30	42	49.5%
\$200,000 to \$299,000	7	18	5	30	35.3%
\$300,000 to \$399,999	3	4	0	7	8.2%
\$400,000 or More	1	0	0	1	1.1%
Total	11	30	35	85	100.0%

¹Includes nine one- and two-bedroom homes as well as the three-, four- and five-bedroom homes listed in the table.

Source: Appendix Table A-43; MetroListMLS.com, June 12, 2012; DRA.

Affordable Housing Inventory

Table 16 describes the inventory of rent- and income-restricted affordable rental housing complexes in the City. The inventory includes 15 properties with a total of approximately 1,972 affordable units, including 552 very low income units and 1,298 low income units. There are also three small public housing properties operated by the Sacramento Housing and Redevelopment Agency (SHRA), which total 46 units combined.

Table 16
Inventory of Affordable Rental Housing
City of Elk Grove
2012

Name	Address	Total Units	Very Low Income Units	Low Income Units	Total Affordable Units
Agave*	10070 Willard Parkway	187	19	131	150
The Crossings*	8575 Elk Grove Florin Road	90	40	49	89
Geneva Pointe*	8280 Geneva Point Drive	152	31	121	152
Montego Falls*	9950 Bruceville Rd.	132	26	105	131
Renwick Square Senior Apts.	3227 Renwick Ave.	149	41	108	149
Ridge Apartments	8151 Civic Center Dr.	203	102	101	203
Seasons Senior Apts.*	7301 Bilby Rd.	221	45	177	221
Stoneridge at Elk Grove*	8515 Elk Grove - Florin Rd.	95	36	59	95
Terracina at Elk Grove	9440 West Stockton Rd.	123	N/A	N/A	123
Terracina at Laguna Creek	9274 Franklin Blvd.	136	82	54	136
Terracina at Park Meadows	8875 Lewis Stein Rd.	116	29	86	115
Village Crossing Apts.	9241 Bruceville Rd.	100	0	100	100
Vintage at Laguna Sr. Apts.*	9210 Big Horn Blvd.	157	32	125	157
Vintage at Laguna II	9204 Big Horn Blvd.	68	35	33	68
Waterman Square	9150 Waterman Rd.	83	34	49	83
Total ¹		2,037	552	1,298	1,972

* Very low income and low income units based on City of Elk Grove restrictions. Projects may have other restrictions on additional units or at lower income levels from other sources.

¹Total very low income and low income units excludes Terracina at Elk Grove for which affordability breakdown was not available.

Source: City of Elk Grove; Sacramento Housing and Redevelopment Agency; DRA.

Comparison of Market and Affordable Rents and Sales Prices

COMPARISON OF MARKET AND AFFORDABLE RENTS

Table 17 compares affordable rents by income level with average market rents in the City. Affordable rents for very low income households are well below average apartment rents and single-family rents. Average apartment rents are approximately 1.3 percent higher than the rent affordable to a low income household for a two-bedroom unit and 9.7 percent higher for a three-bedroom unit.

Table 17 Comparison of Market and Affordable Rents City of Elk Grove 2012				
	Very Low Income Affordable Rent	Low Income Affordable Rent	Average Apartment Rent	Average Single-Family Rent
1 Bedroom	\$690	\$994	\$998	N/A
2 Bedroom	\$774	\$1,117	\$1,132	N/A
3 Bedroom	\$851	\$1,232	\$1,351	\$1,407

Source: DRA.

COMPARISON OF MARKET AND AFFORDABLE SALES PRICES

Table 18 compares affordable home sales prices with the price distribution of all home sales in the City in 2011. Approximately 9 percent of homes sold in 2011 were affordable to very low income households based on the three-bedroom affordable price, and 14 percent were affordable to very low income households based on the four bedroom affordable price. Approximately 40 percent of homes sold in 2011 were affordable to low income households based on the three-bedroom affordable price, and 52 percent were affordable to low income households based on the four-bedroom affordable price. Approximately 86 percent of homes sold in 2011 were affordable to moderate income households based on the three-bedroom affordable price, and 90 percent were affordable to moderate income households based on the four-bedroom affordable price.

While a number of home sales in recent years were recorded at or below the affordable home sales price for low-income households, information from agencies working with first-time buyers indicates that numerous offers are made on homes

in this sales price range, and low income buyers are seldom successful bidding against investors making cash offers. For example, one home had 37 offers on it, another 18 offers. Cash offers were selected for both.

Table 18 Affordability of Existing Homes City of Elk Grove 2012						
Unit Bedroom Count	Very Low Income Affordable Home Sales Price	% of Total Condo and Single- Family Home Sales at or Below Affordable Sales Price²	Low Income Affordable Home Sales Price	% of Total Condo and Single- Family Home Sales at or Below Affordable Sales Price²	Moderate Income Affordable Home Sales Price	% of Total Condo and Single- Family Home Sales at or Below Affordable Sales Price²
3 BR	\$131,800	9%	\$192,600	40%	\$314,100	86%
4 BR	\$143,900	14%	\$209,500	52%	\$340,700	90%

¹ Based on price distribution of all home sales in the City of Elk Grove for calendar year 2011 from Table 13 and affordable home prices based on 2012 HUD median income and affordable home price calculation from Table 5.

² Equals estimated percent of total home sales (including new and existing condominium and single-family homes) sold at or below affordable price. Market home prices are not broken out by bedroom size. Percentages are cumulative, not additive.
Source: Dataquick Information Systems; DRA.

Conclusions

Based on review of the above data, DRA finds that:

- The market currently provides housing affordable to moderate income households.
- While some existing housing is affordable to low income households, there is insufficient housing available at prices and rents affordable to low income households to absorb new low income households generated by new market-rate housing development.

- There remains a significant gap between affordable rents for very low income households and current rents available on the market in the City. For example, for a three-bedroom home, a very low income household can afford a rent of \$851 per month, but the average apartment rent is \$500 higher at \$1,351.

DRA concludes that new non-residential and market rate housing development will create demand for new housing affordable to very low and low income households that will not be met by the current housing market. Therefore, in subsequent sections of this report, DRA calculates a nexus fee for very low and low income households generated by non-residential and market rate housing development.

Demographic Projections

Table 19 summarizes historical and projected population, households, and employment for the City. Detailed analysis of historical trends, projections and assumptions for the projections are shown in **Appendix Table A-45**.

Population

The California Department of Finance (DOF) estimates the population of the City in 2012 at 155,937 residents, an increase of about 14,400 new residents since 2009. By comparison, the City's population grew at a 3.9 percent compound annual growth rate between 2005 and 2009, adding approximately 19,900 people over this time period.

In 2005, the Sacramento Area Council of Governments' (SACOG's) Metropolitan Transportation Plan (MTP) for the six-county region projected that the City's population would increase to approximately 192,900 persons by 2035, at a compound annual growth rate of 1.9 percent. The "Elk Grove Market Study" prepared by the Center for Strategic Economic Research (CSER) in December 2010, projected the City's population will reach about 193,800 in 2029. The population projections in the CSER report were derived based on the application of annualized SACOG population growth projections used for the 2035 MTP to estimated 2009 population levels, resulting in a projected annual growth rate of 1.6 percent.

The CSER population projection of 193,800 in 2029 represents an annual compound growth rate of 1.3 percent from the 2012 DOF population estimate of 155,937. By applying this 1.3 percent annual compound growth rate to the 2012

DOF population estimate, DRA projects the 2017 population of the City at approximately 166,200 persons.

Housing Units, Households, and Household Size

Based on DOF data, the number of housing units in the City increased at a compound annual growth rate of 4.1 percent between 2005 and 2009, slowing to 2.2 percent between 2009 and 2012. The CSER projection of 67,316 housing units in 2029 represents an annual compound growth rate of 1.6 percent from the 2012 DOF housing unit estimate of 51,207. By applying this 1.6 percent annual compound growth rate to the 2012 DOF housing unit estimate, DRA projects the number of housing units in the City at approximately 55,500 units in 2017.

According to DOF data, the average household size in the City declined slightly from 3.04 persons in 2005, to 3.02 persons in 2009, and then increased to 3.22 persons in 2012. Based on DRA projections of population and housing units, the average household size in 2017 will be 3.15 persons per household. Assuming a 5 percent housing vacancy rate at this time, the number of households in the City is projected at about 52,700 in 2017.

Employment

According to the SACOG Regional Transportation Plan (RTP), total employment in the City was 24,653 in 2005. Using SACOG's estimate of 38,196 housing units for 2005, the City's jobs/housing ratio was 0.65.

The CSER market study incorporated SACOG's 2009 estimate of employment (28,076) into its "High Land Use Consumption" projections for the City. This projection reflects a 3.3 percent annual compound growth rate for the 2005 to 2009 period, and results in a jobs/housing ratio of 0.58 for 2009. The CSER market study also incorporated SACOG's employment projection for 2035 (56,292), representing a 2.8 percent compound annual growth rate from 2009. Using the same annual growth rate, CSER projected employment of 48,992 for 2029. Projected compound annual growth rates by major industry sector range from a low of 1.1 percent for wholesale trade to a high of 5.0 percent for Finance Insurance and Real Estate (FIRE).

Applying CSER's annual growth rates by industry to the 2009 estimates of employment, DRA estimates employment for the City of approximately 34,900 in the year 2017.

Table 19 Summary of Population, Household and Employment Trends and Projections City of Elk Grove 2009 to 2029				
	2009	2012	2017	2029
Population	141,512	155,937	166,228	193,783
Households	46,892	48,469	52,722	N/A
Housing Units	48,040	51,207	55,497	67,316
Average Household Size	3.02	3.22	3.15	N/A
Total Employment	28,076	N/A	34,944	48,992
Jobs/Housing Ratio	0.52	N/A	0.63	0.73

Source: 2009 and 2012 population and housing estimates from the California Department of Finance; 2009 employment estimates and 2029 projections from the 2010 CSER Elk Grove Market Study; 2017 estimates by DRA. See Appendix Table A-45 for detailed historical analysis and projections.

Affordability Gap Analysis

The affordability gap analysis compares the cost of housing development in the City to the amount very low and low income households can afford to pay for housing. The affordability gap represents the capital subsidy required to develop housing affordable to families at specified income levels.

The methodology, key assumptions and findings of the affordability gap analysis are summarized below. Detailed assumptions and calculations for the affordability gap analysis are contained in **Appendix Tables A-1 through A-8**.

The resulting affordability gaps are used in later sections of this report to estimate the maximum residential and non-residential nexus fees required to mitigate new demand generated by each building type for housing affordable to low and moderate income households.

Methodology

The first step in the gap analysis establishes the amount a tenant or homebuyer can afford to contribute to the cost of renting or owning a dwelling unit. This analysis uses the income level and affordable housing cost definitions defined in prior sections of this report.

The second step estimated the costs of constructing or preserving affordable housing in the City. DRA calculated the affordability gap for one renter prototype and one owner prototype considered representative of recent and current new multifamily and single-family development in the City. The prototypes used in this analysis are detailed in **Appendix Table A-1**. Affordability gaps are calculated for one-, two- and three-bedroom units for renters, and three- and four-bedroom units for owners.

The third step in the gap analysis establishes the housing expenses borne by the tenants and owners. These costs can be categorized into operating costs, and financing or mortgage obligations. Operating costs are the maintenance expenses of the unit, including utilities, property maintenance, property taxes, management fees, property insurance, replacement reserve, and insurance. For the rental prototypes examined in this analysis, DRA assumed that the landlord pays all but certain tenant-paid utilities as an annual operating cost of the unit paid from rental

income. For owner prototypes, DRA assumed the homebuyer pays all operating and maintenance costs for the home.

Financing or mortgage obligations are the costs associated with the purchase or development of the housing unit itself. These costs occur when all or a portion of the development cost is financed. This cost is always an obligation of the landlord or owner. Supportable financing is deducted from the total development cost, less any owner equity (for owner-occupied housing, the downpayment) to determine the capital subsidy required to develop the prototypical housing unit affordable to an eligible family at each income level.

DRA calculated the gap analysis under two scenarios. The first scenario uses the cost to develop new prototypical apartments and single-family homes in the City. The second scenario uses the cost to purchase existing single-family housing in the City.

For rental housing prototypes, the gap analysis calculates the difference between total acquisition or development costs and the conventional mortgage supportable by net operating income from restricted rents, plus any other sources available to subsidize the housing. Recent affordable housing in the City typically has been financed using 4% tax credits. For these projects, tax credit equity filled about 25% of total project costs on affordable tax credit units. This ratio has been used to adjust the portion of the affordability gap assumed to fall to the responsibility of the developer, and to be filled by the nexus fee.

For owners, the gap is the difference between acquisition or development costs and the supportable mortgage plus the buyer's downpayment.

The purpose of the gap analysis is to determine the fee amount by land use that would be required to develop housing affordable to the very low and low income households who will need to find housing in the City in connection with new non-residential development in the City. Therefore, no other housing subsidies, or leverage, are assumed.

Housing Development and Acquisition Costs

DRA estimated the costs to build new rental and owner housing from the ground up, and to purchase existing owner housing on the market. Based on DRA's market review and conversations with City staff, there is a limited inventory of existing apartment housing in the City, and the City would be unlikely to use nexus

fees for the acquisition and rehabilitation of existing rental housing as a strategy to increase the supply of affordable rental housing in the City.

Total development costs, including land, for new multifamily residential development were estimated at \$190 per square foot based on the Laguna Ridge multifamily apartment pro forma provided by the City. This cost is comparable, based on DRA experience, with other new construction subsidized affordable housing developments, which in some cases may be higher than the cost for new market-rate apartment development, due to construction and financing requirements. DRA considers it likely that affordable rental developments assisted by the City would fall in this cost range. Total development costs for new single-family development are estimated at \$121 per square foot, based on information from local builders.

Costs to acquire single-family housing are based on sales comparables. According to DQNews, the median home sales price in the City as of April 2012 ranged from \$180,000 in zip code 95758 to \$228,000 in zip code 95624, as shown in **Table 20** below. DRA assumed a purchase price of \$106 per square foot and \$5 per square foot in renovations and soft costs for a total cost per square foot of \$111 for owner housing acquisition.

Table 20 Single-Family Detached Resale Median Home Prices City of Elk Grove April 2012			
Zip Code	Number of Sales	Median Home Price	Median Home Price Per SF
95624	82	\$228,000	\$102
95757	68	\$235,000	\$109
95758	82	\$180,000	\$106
Total/Average	232	\$213,000	\$105

Source: Dataquick Information Systems; DRA.

Based on these per square foot cost estimates, the total per unit development costs for the prototypical housing units are summarized in **Table 21** for new housing construction and in **Table 22** for the acquisition of existing housing.

Table 21 Estimated Per Unit Total Development Costs New Construction Renter and Owner Housing City of Elk Grove 2012						
Unit Bedroom Count	Renter			Owner		
	Unit SF	Cost Per SF	Cost Per Unit	Unit SF	Cost Per SF	Cost Per Unit
One Bedroom	750	\$190	\$142,500	N/A	N/A	N/A
Two Bedroom	1,050	\$190	\$199,500	N/A	N/A	N/A
Three Bedroom	1,200	\$190	\$228,000	1,700	\$121	\$205,700
Four Bedroom	N/A	N/A	N/A	2,000	\$121	\$242,000
Weighted Average ¹	975	\$190	\$185,250	1,850	\$121	\$223,850

¹Weighted based on the unit distribution by bedroom count for the housing prototypes in Appendix Table A-1.

Source: Appendix Table A-2; City of Elk Grove; Taylor Morrison Homes; DRA.

Table 22 Estimated Per Unit Total Development Costs Acquisition of Existing Owner Housing City of Elk Grove 2012			
	Unit SF	Cost Per SF	Cost Per Unit
Three Bedroom	1,700	\$111	\$188,700
Four Bedroom	2,000	\$111	\$222,000
Weighted Average ¹	1,850	\$111	\$205,350

¹Weighted based on the unit distribution by bedroom count for the housing prototypes in Appendix Table A-1.

Source: Appendix Table A-3; City of Elk Grove; Taylor Morrison Homes; DRA.

Calculation of Per Unit Subsidy Amounts

The per unit subsidy required to make new and existing housing affordable to very low and low income residents was calculated by subtracting per unit development costs from the per unit mortgage supportable from affordable rents and owner housing cost. For rental housing, we have also subtracted the estimated portion of the gap that would be covered by tax credit equity in a typical 4% rental tax credit project, which DRA estimates at 25% of total development costs. The resulting per unit subsidies required by unit bedroom count are shown for new housing development in **Table 23** and for acquisition of owner housing in **Table 24**. Detailed calculations are shown in **Appendix Tables A-6** through **A-8**.

Table 23
Per Unit Affordability Gaps by Income Level
New Construction of Renter and Owner Housing
City of Elk Grove
2012

Unit Bedroom Count	Renter		Owner	
	Very Low Income	Low Income	Very Low Income	Low Income
One Bedroom Unit	\$57,400	\$10,600	N/A	N/A
Two Bedroom Unit	\$87,200	\$34,400	N/A	N/A
Three Bedroom Unit	\$96,700	\$38,100	\$67,600	\$3,900
Four Bedroom Unit	N/A	N/A	\$91,200	\$22,400
Weighted Average ¹	\$79,200	\$27,700	\$79,400	\$13,200

¹Weighted based on the unit distribution by bedroom count for the housing prototypes in Appendix Table A-1.

Source: Appendix Tables A-6 and A-7; DRA.

Table 24
Per Unit Affordability Gaps by Income Level
Acquisition of Existing Owner Housing
City of Elk Grove
2012

Unit Bedroom Count	Very Low Income	Low Income
One Bedroom Unit	N/A	N/A
Two Bedroom Unit	N/A	N/A
Three Bedroom Unit	\$59,100	\$0
Four Bedroom Unit	\$81,200	\$12,400
Weighted Average ¹	\$70,200	\$3,900

Source: Appendix Table A-8; DRA.

Non-Residential Nexus Analysis

Overview of Non-Residential Nexus Methodology

The numerical nexus analysis in this report identifies the number of households of low and moderate income levels associated with the employees that work in a building of a given size and land use type in the City, and calculates the development impact fee required to make housing affordable to those households.

DRA examined the development of 100,000 square foot building modules of the following land use types:

- Office
- Commercial/Retail
- Hotel
- Manufacturing
- Warehouse.

The nexus analysis employs a tested nexus and gap methodology, described below, that has proven acceptable to the courts. The economic analysis uses a conservative approach to understate the maximum fee amount. Therefore, the housing impacts are likely even greater than indicated in the analysis.

The nexus economic analysis methodology employs the following steps:

1. Estimate total new employees;
2. Estimate new employees living in the City;
3. Adjust for potential future increase in labor force participation;
4. Estimate the number of new households represented by the number of new employees;
5. Distribute households by occupational groupings for each land use; and



6. Estimate the number of employee households meeting very low and low income limits, adjusted for household size, based on estimated wages by occupation.

The results of these steps is the estimated number of households by land use living in the City and qualifying as very low and low income based on development in the City. DRA used the results of the housing affordability gap analysis to calculate the development impact fee required to make housing affordable to the very low and low income households who will need to find housing in the City in connection with new non-residential development in the City.

Non-Residential Nexus Methodology and Assumptions

The nexus analysis requires a number of assumptions. In all cases, we consistently employ conservative assumptions that serve to understate the nexus calculation. The cumulative effect of these assumptions understates the maximum nexus fee calculation for each building type. We do not believe, therefore, that changing individual assumptions would fundamentally alter the conclusions of the analysis.

The residential nexus fee calculation estimates affordable housing needs generated by employees meeting the goods and services needs generated by new market rate residential development in the City. This is particularly the case for commercial/retail space. To address the overlap between employees created by new residential development and those created by new non-residential development, DRA has reduced the projected employment generated by retail/commercial development by 70 percent. Based on typical ratios for community shopping space, from the 2008 Urban Land Institute “Retail Development Handbook” and “Dollars & Cents of Shopping Centers,” DRA estimates that at least 30 percent of the demand for this space comes from sources other than local residents, including visitors, travelers, employees, and others.

Each of the steps in the nexus analysis is described below, along with corresponding assumptions.

ESTIMATE TOTAL NEW EMPLOYEES IN PROTOTYPE BUILDINGS

The first step estimates the total number of direct employees who will work at or in the building type being analyzed. This step implicitly assumes that all employees are new employees to the City. When firms and their employees relocate from other buildings in the City, they will have vacated spaces that will likely be filled

by other firms and employees. A subsequent step in this analysis adjusts for existing unemployed City residents who may be hired in the building.

The estimate of the number of employees that will be working in each 100,000 square foot building module is based on an employment density factor for each land use (i.e. number of square feet per employee). For all of the land uses, the gross building area is divided by the employment density factor to calculate employment.

The employment density factors used in this analysis are as follows:

Office: 220 square feet per employee. Average office density is usually found in the range of 200 to 300 square feet per employee, depending upon the type of office activity, such as professional office versus back office.

Commercial/Retail: 350 square feet per employee. This category covers a broad range of retail, service and commercial activities ranging from higher densities in restaurants to lower densities in “big box” stores. Most retail density estimates are in the 300 to 375 square feet per employee range.

Hotel: 400 square feet per employee. This estimate assumes one employee per room and an average of 400 square feet per hotel room.

Manufacturing: 500 square feet per employee. This estimate is based on industry standards and data from the Urban Land Institute, Business Park and Industrial Development Handbook.

Warehousing: 750 square feet per employee. Warehouse uses are typically the least intensive use in terms of square feet per employee. This estimate is based on industry standards and data from the Urban Land Institute, Business Park and Industrial Development Handbook.

ESTIMATE EMPLOYEES LIVING IN THE CITY OF ELK GROVE

This step estimates the number of new employees associated with new employment growth in the City that would live in the City. The extent to which employees in new non-residential developments will be filled by new City residents, or by employees who would reside in the City if affordable housing were available, is a critical factor in the nexus economic analysis. With this assumption, as with the other variables in the analysis, we have chosen to be conservative.

The 2010 Five-Year ACS indicates that 22.5 percent of workers in the City aged 16 years and older worked in the City. Countywide, 31.3 percent of all workers in Sacramento County worked in their jurisdiction of residence. For the purposes of this analysis, we have assumed that 22.5 percent of new City workers will reside in the City.

ADJUST FOR POTENTIAL INCREASE IN LABOR FORCE PARTICIPATION AND REDUCTION IN UNEMPLOYMENT

While most new workers in non-residential development in the City will come from outside of the City, DRA evaluated the extent to which new jobs are likely to be filled by existing residents in the City. This step reduces the number of new employees expected to need new housing in the City, to take into account employees who were previously living in the City but were not previously working.

In addition to new workers entering the labor force, another potential source of new employees is the pool of unemployed workers in the City. The CSER market study reported unemployment rates of 10.1 percent for the City and 13.3 percent for the Sacramento region in 2009. The California Employment Development Department reports an unemployment rate of 9.0 percent for the City for June 2012. According to the United States Department of Labor Bureau of Labor Statistics, the unemployment rate for the Sacramento-Arden-Arcade-Roseville MSA, which includes the City of Elk Grove, was 10.5 percent as of April 2012.

Given the currently high unemployment rate, a significant proportion of new jobs in the City may be filled by existing unemployed residents. In addition, with the recent decline in labor participation rates, as some unemployed persons have given up looking for work, there is some room for increased labor participation by the existing population. For the purpose of this analysis, we estimate 10 percent of all new jobs will be filled by residents of existing City households to take into account both of these factors. As the unemployment rate falls, the maximum nexus fee will rise, since there is a smaller pool of unemployed workers to draw from before new workers are required.

ADJUST FROM EMPLOYEES TO EMPLOYEE HOUSEHOLDS

The next step in the analysis converts the number of employees living in the City to the number of employee households that will work at or in the building type being analyzed. This step recognizes that there is, on average, more than one worker per household, and thus the number of housing units in demand for new workers must be reduced. The worker per worker household ratio also eliminates all non-



working households, including retired persons, students, and those on public assistance.

Based on ACS Five-Year estimates for 2010, Sacramento County had 625,894 employed residents and 377,268 households with one or more workers, for an average of 1.65 workers per worker households. For the City, there were 68,780 employed residents and 37,429 households with one or more workers, for an average of 1.83 workers per worker household. The total number of employed residents includes part-time and full-time workers. This is a conservative assumption. If only full-time workers were included, the ratio of workers per household would be smaller, leading to a larger estimate of new households created.

For the purposes of this analysis, we use the more conservative City average of 1.83 workers per worker household. Using the larger ratio results in a smaller estimate of new households created.

DISTRIBUTE EMPLOYEE HOUSEHOLDS BY OCCUPATION

This step distributes households by occupational groupings for each land use. This step is necessary to be able to accurately estimate new workers' incomes. DRA used data from the U.S. Bureau of Labor Statistics, Occupational Employment Statistics program to calculate the percentage distribution of employment by industry occupational category for each land use. These distributions are shown in **Appendix Tables A-9 through A-13.**

ESTIMATE WAGES BY OCCUPATION

In this step, occupation is translated to income based on recent wage and salary information for the Sacramento-Arden Arcade-Roseville MSA. The primary source of information for this step was State of California Employment Development Department wage data by occupation for the Sacramento-Arden Arcade-Roseville MSA, for First Quarter, 2011. Data on mean, 25th percentile and 75th percentile hourly wages by occupation were used to estimate the percentage of employees earning salaries in the very low and low income categories based on the 2010 HUD income limits for Sacramento-Elk Grove MSA.

Appendix Table A-14 summarizes the 2011 wage survey data by major occupational category. These weighted average hourly wage data are derived from wages on 600 occupational categories.

Appendix Table A-15 shows the projected occupational distribution of additional employee households in the City by land use type, after completing the first five steps of the analysis, described above.

DETERMINE HOUSEHOLDS MEETING VERY LOW AND LOW INCOME LIMITS

Appendix Table A-16 shows the estimated percentage of jobs paying salaries under 50 percent AMI (very low income), while **Appendix Table A-17** shows the estimated percentage of jobs paying salaries between 51 percent and 80 percent AMI (low income). These estimates were derived using the 50 percent of AMI limit of \$34,200 for a three-person household, and the 80 percent AMI limit of \$54,850 for a three-person household.

Individual employee income data was used to calculate the number of households that fall into these income categories by assuming that multiple earner households are, on average, formed of individuals with incomes within the same income category (very low income, low income or above low income).

Appendix Table A-17 also estimates the number of qualifying very low income households earning no more than 50 percent of area median income or below by land use type. **Appendix Table A-18** estimates the number of qualifying low income households earning between 50 percent and 80 percent of area median income by land use. The results of these calculations are summarized in **Table 25**.

Table 25 Estimated Qualifying Very Low Income and Low Income Employee Households Non-Residential Nexus Fee Analysis City of Elk Grove					
Income Level	Office	Commercial/Retail	Hotel	Manufacturing	Warehouse
Very Low	12.4	5.7	18.2	6.3	7.0
Low	8.6	1.8	5.7	6.9	3.8
Total	21.0	7.5	23.9	13.2	10.8

Source: Appendix Tables A-16 and A-17; DRA.

Applying the results of the affordability gap analysis to the estimates of very low and low income employees living in the City, **Appendix Tables A-18** and **A-19** calculate the maximum fee for new owner and renter households based on new housing development and acquisition of existing housing, respectively. The results of the analysis are summarized in **Tables 26** and **27**, assuming development of new rental and owner housing, respectively, and in **Table 28** assuming the acquisition of existing owner housing. **Table 29** shows the weighted average maximum nexus fee assuming 40 percent new rental construction and 60 percent acquisition of existing owner housing, based on the approximate percentages of rental and ownership housing in the SACOG region as of the 2010 Census.

Table 26 Estimated Maximum Non-Residential Nexus Fee Per Building Square Foot Based on Affordability Gaps for New Rental Housing Construction City of Elk Grove 2012					
Income Level	Office	Commercial/Retail	Hotel	Manufacturing	Warehouse
Very Low	\$9.50	\$4.75	\$14.26	\$4.75	\$5.54
Low	\$2.52	\$0.56	\$1.68	\$1.96	\$1.12
Total	\$12.02	\$5.31	\$15.94	\$6.71	\$6.66

Source: Appendix Table A-18; DRA.

Table 27
Estimated Maximum Non-Residential Nexus Fee Per Building Square Foot
Based on Affordability Gaps for New Owner Housing Construction
City of Elk Grove
2012

Income Level	Office	Commercial/Retail	Hotel	Manufacturing	Warehouse
Very Low	\$9.48	\$4.74	\$14.22	\$4.74	\$5.53
Low	\$1.19	\$0.26	\$0.79	\$0.92	\$0.53
Total	\$10.67	\$5.00	\$15.01	\$5.66	\$6.06

Source: Appendix Table A-18; DRA.

Table 28
Estimated Maximum Non-Residential Nexus Fee Per Building Square Foot
Based on Affordability Gaps for Acquisition of Existing Owner Housing
City of Elk Grove
2012

Income Level	Office	Commercial/Retail	Hotel	Manufacturing	Warehouse
Very Low	\$8.42	\$4.21	\$12.63	\$4.21	\$4.91
Low	\$0.35	\$0.08	\$0.23	\$0.27	\$0.16
Total	\$8.77	\$4.29	\$12.86	\$4.48	\$5.07

Source: Appendix Table A-19; DRA.

Table 29 Weighted Average Maximum Non-Residential Nexus Fee Per Bldg. Square Foot Based on 40% Rental New Construction and 60% Owner Acquisition¹ City of Elk Grove 2012					
Income Level	Office	Commercial/Retail	Hotel	Manufacturing	Warehouse
Very Low	\$8.85	\$4.43	\$13.28	\$4.43	\$5.16
Low	\$1.22	\$0.27	\$0.81	\$0.95	\$0.54
Total	\$10.07	\$4.70	\$14.09	\$5.37	\$5.71

¹Based on 40% rental new construction and 60% owner acquisition, based on the approximate percentages of rental and ownership housing in the SACOG region as of the 2010 Census.

Source: Appendix Table A-21; DRA.

Residential Nexus Analysis

Impact Methodology and Use of the IMPLAN Model

The methodology used for the residential nexus analysis begins with the estimated sales prices of a prototypical residential subdivision and moves through a series of linkages to the incomes of the households that purchased the units, the annual expenditures of those households on goods and services, the jobs associated with the delivery of these goods and services, the income of the workers performing those jobs, the household income of those worker households, and finally to the affordability level of the housing needed by those worker households. The steps of the analysis are as follows:

1. Define a prototypical residential subdivision.
2. Estimate the household income distribution of the households purchasing these homes.
3. Estimate the consumer expenditures of those households.
4. Estimate the number of new full-time employees required to provide the goods and services purchased by these households., after adjusting for potential jobs going to existing residents due to the currently high unemployment rate in the labor market.

5. Estimate the number of new households associated with this employment growth.
6. Estimate the income distribution of these new employee households.
7. Estimate the number of new households requiring affordable housing.
8. Estimate the housing affordability gap for these affordable housing units.
9. Calculate the maximum supportable residential nexus fee.

DRA estimated the household income distribution of households purchasing the new homes based on minimum qualifying income criteria for new loans on these units. The consumer expenditures of these households and the jobs generated by these expenditures are estimated using the IMPLAN model, a model widely used for the past 25 years to quantify employment impacts from personal income. Based on the employment generation by industry from the IMPLAN model, DRA used its nexus model to quantify the income of worker households by affordability level, in a parallel methodology to that used for the non-residential nexus fee.

THE IMPLAN MODEL

The IMPLAN model is an economic analysis software package now commercially available through the Minnesota IMPLAN Group (MIG). IMPLAN was originally developed by the U.S. Forest Service, the Federal Emergency Management Agency, and the U.S. Department of the Interior Bureau of Land Management. It has been in use since 1979 and refined over time. IMPLAN has become one of the industry standards widely used across the United States to predict economic impacts in a broad range of applications from major construction projects to natural resource programs. IMPLAN's clients include more than 20 federal government agencies, 60 State agencies across the country, and academic, local government, nonprofit and private sector clients numbering in the hundreds (follow these links to IMPLAN's [Client List](#) and [Consultants Listing](#)). IMPLAN is also the industry standard in California for use in local residential nexus impact fee analyses.

The IMPLAN model projects the number of employees needed to produce a given amount of goods and services, based on actual 2007 economic data for Sacramento County. More specifically, IMPLAN is based on an input-output accounting of commodity flows within an economy from producers to intermediate and final consumers. The model establishes a matrix of supply chain relationships between industries and also between households and the producers of household goods and services. The model tracks changes in purchases for final consumption

through the supply chain. Industries that produce goods and services for final consumption must purchase inputs from other producers that, in turn, purchase goods and services. The model tracks these relationships through the economy to the point where leakages from the region stop the cycle.

IMPLAN's industry sectoring scheme is tied to the Bureau of Economic Analysis (BEA) Input-Output Study. The most recent 2002 BEA Benchmark study uses a 440-sector scheme. This scheme approximates 6-digit North American Industrial Classification System (NAICS) for manufacturing, and is more aggregate for service sectors. IMPLAN data sets are available for each county and state, so the model can be tailored to the specific economic conditions of the region being analyzed. This analysis uses the most current data set for Sacramento County.

Economic impacts estimated using the IMPLAN model are divided into three categories:

Direct impacts result from the household spending included in the analysis. A relevant example is restaurant employment created when households in new residential buildings spend money dining out. Employment at the restaurant would be considered a direct impact.

Indirect impacts result from supplier purchases made by the business operations of the companies included in the analysis. With the restaurant example, indirect impacts would include employment at food wholesalers, kitchen suppliers, and producers of agricultural products.

Induced impacts result from increased demand for local-serving retail and services by the new employees. Again using the restaurant example, induced impacts would include employment generated when employees of the restaurant, food wholesaler and kitchen suppliers spend their earnings in the local economy.

The IMPLAN model projections include all three of the above impacts. The IMPLAN Pro Guide provides an introduction to input-output analysis and further documentation on the model's assumptions and mathematical equations. (Follow these links to the [Version 2 IMPLAN Pro guide](#) and the [Version 3.0 Reference Manual](#).)

Disposable Income of New Households

The analysis begins with a prototypical housing subdivision in the City. This prototypical subdivision is assumed to include 100 units. The income of the new households moving into these units is assumed to roughly approximate the characteristics of recent buyers of new homes in the City. Therefore, we have applied the percentage distribution of new home sales by price from Dataquick for 2011.

To estimate the income distribution for the buyers of these new homes, this analysis assumes the average incomes are approximately equal to the minimum qualifying income criteria for a new home loan. This calculation assumes that the new buyers pay a 10 percent down payment and secures a mortgage equal to 90% of the home's sales price. Monthly principal and interest payments on the mortgage are calculated assuming a 30-year fixed rate mortgage at 5 percent interest. Qualifying household income is estimated assuming households pay 35 percent of gross household income for principal, income, taxes and insurance (PITI), a typical standard used by mortgage lenders.

The IMPLAN model used in this analysis uses disposable household income as the primary upfront input. To arrive at disposable income, gross income for residents of prototypical units must be adjusted downward to account for Federal and State income taxes, Social Security and Medicare (FICA) taxes, and personal savings. Other taxes, including sales tax, gas tax and property tax, are handled internally within the model. Housing expenses are not deducted from disposable income as they are also handled internally with the IMPLAN model. Based on a review of data from the Tax Policy Center (a joint venture of the Brookings Institution and the Urban Institute), and the California Franchise Tax Board, disposable income for households in the income levels projected for the prototypical housing tract is estimated at 75 percent of total household income.

Table 30 shows the estimated income distribution, projected total household income, and projected total disposable household income of new homebuyers in the 100-unit prototypical housing subdivision based on the above assumptions. Detailed calculations for the determination of average household income from home sales price are shown in **Appendix Tables A-22 and A-23**.

Table 30
Estimated Income Distribution and Total Household Income of Homebuyers
New 100-Unit Single-Family Residential Tract
City of Elk Grove
2012

Income Range	Number of Households	Average Household Income	Total Household Income	Total Disposable Household Income¹
Under \$40,000	0	\$0	\$0	\$0
\$40,000 to \$49,999	4	\$47,986	\$191,943	\$143,958
\$50,000 to \$59,999	21	\$56,555	\$1,187,645	\$890,734
\$60,000 to \$69,999	46	\$64,200	\$2,953,219	\$2,214,914
\$70,000 to \$79,999	4	\$73,692	\$294,767	\$221,076
\$80,000 to \$89,999	25	\$86,178	\$2,154,440	\$1,615,830
Above \$90,000	0	\$0	\$0	\$0
Total	100		\$6,782,015	\$5,086,512

¹Estimated at 75% of total household income, based on data from the Tax Policy Center and California Franchise Tax Board.

Source: Dataquick Information System; Tax Policy Center; California Franchise Tax Board; Appendix Table A-22 and A-23; DRA.

Projected Employment Generation

The IMPLAN model has been applied to link household consumption expenditures to job growth occurring in the City. The IMPLAN model distributes spending among various types of goods and services, and therefore industry sectors, based on data from the Consumer Expenditure Survey and the Bureau of Economic Analysis Benchmark Input-Output study to estimate direct, indirect, and induced employment generated. The IMPLAN model also projects total industry output and payroll associated with the direct, indirect and induced impacts.

The IMPLAN model input is the projected disposable income of the 100 homebuyers, shown in Table 33 above. The projected economic impacts from the 100-unit residential subdivision are summarized in **Table 31**. The IMPLAN model projects a total of 27.5 direct jobs and 17.9 indirect and induced jobs, for a total of 45.4 jobs, created by the development of the 100-unit housing tract. The IMPLAN model also projects total payroll associated with these new employees. Detailed

projections of employment and payroll are shown in **Appendix Tables A-24 through A-26**.

Table 31 Summary of Projected Economic Impacts New 100-Unit Single-Family Residential Tract in Elk Grove 2012				
Impact Type	Direct	Indirect	Induced	Total
Total Employment	27.5	8.1	9.8	45.4
Total Industry Output	\$3,557,011	\$1,198,066	\$1,274,973	\$6,030,050
Payroll	\$1,219,667	\$420,603	\$439,699	\$2,079,969
Average Payroll Per Employee	\$44,352	\$51,926	\$44,867	\$45,814

Source: IMPLAN; Appendix Tables A-24 through A-26; DRA.

ADJUSTMENT FOR FULL-TIME EMPLOYMENT

The employment impacts described above include both full-time and part-time employment. IMPLAN provides conversion factors by industry sector for use in converting total employment to full-time equivalent (FTE) employment. These factors are applied to total employment projections from the IMPLAN model to produce projected FTE employment, which is used in the nexus calculation. On average, FTE employment is projected to equal 90 percent of total employment projected by IMPLAN for this analysis.

ADJUSTMENT FOR POTENTIAL INCREASE IN LABOR FORCE PARTICIPATION

As noted above in the non-residential nexus fee calculation, while most new workers in non-residential development in the City will come from outside of the City, given the currently high unemployment rate, a significant proportion of new jobs in the City may be filled by existing unemployed residents. In addition, with the recent decline in labor participation rates, as some unemployed persons have given up looking for work, there is some room for increased labor participation by the existing population. For the purpose of this analysis, we estimate 10 percent of all new jobs will be filled by residents of existing City households to take account of both of these factors. As the unemployment rate falls, the maximum nexus fee will rise, since there is a smaller pool of unemployed workers in the City to draw from before new workers are required.

Projected Household Growth

The next step in this analysis is to translate the number of new employees into household growth in the City. As noted above in the Non-Residential Nexus Analysis section of this report, based on ACS Five-Year estimates for 2010, the City had an average of 1.83 workers per worker household. Therefore, DRA divided the number of new employees (35.49) by 1.83 to generate the number of new households. According to this analysis, a 100-unit subdivision would result in approximately 19 new households moving to the City.

Projected Very Low and Low Income Households

Not all of the projected new households will require affordable housing. As DRA concluded in the Current Housing Options section of this report, the housing market in the City is currently providing housing affordable to moderate income households. The segment of the population requiring affordable housing is very low and low income households earning up to 80 percent of area median income.

The IMPLAN model provides information on payroll per employee. To estimate household incomes, DRA multiplied each payroll per employee figure by 1.65, the average number of workers per worker household. This approach assumes that all workers in a household earn similar wages.

In order for a household to be considered very low income, it cannot earn above \$34,250 for a three-person household and \$38,050 for a four-person household. The average household size in the City as of the 2010 Census was 3.18 persons.⁴ Therefore, this analysis uses the very low income limit for a three-person household of \$34,250.

In order for a household to be considered low income, it cannot earn above \$54,850 for a three-person household and \$60,900 for a four-person household. This analysis uses the low income limit for a three-person household of \$54,850.

Appendix Table A-27 details the calculation of very low and low income households that would be expected to move to the City. The results of these calculations, summarized in **Table 32** below, indicate that a total of about 12 households would move to the City to provide the goods and services required by

⁴ Total household population of 152,346 divided by 47,927 households.

the homebuyers of a 100-unit single-family home subdivision. Of these 12 households, approximately 9 would be expected to earn incomes at 50 percent AMI or below, and 3 would be expected to earn incomes between 51 percent AMI and 80 percent AMI.

Total Affordability Gap for New Households

Using the projected number of households that will require affordable housing, DRA estimated the costs of providing housing to these new households using the results of the affordability gap analysis. The maximum residential nexus fees for rental housing and owner housing are summarized in **Table 32**. The table also shows a weighted average fee of approximately \$7,000 per unit, based on 40 percent new construction rental housing and 60 percent owner housing acquisition, based on the approximate percentage of rental and owner-occupied housing units in the SACOG region as of the 2010 Census. Detailed calculations of the maximum residential nexus fees are found in **Appendix Tables A-28** through **A-31**.



Table 32 Maximum Residential Nexus Fee Per Housing Unit Based on 40% Rental New Construction and 60% Owner Acquisition New 100-Unit Single-Family Residential Tract in Elk Grove 2012				
		Maximum Fee Per Housing Unit		
Household Income Level	Est. No. of New HH¹	Renter Housing New Constr.	Owner Housing Acquis.	Weighted Average²
Very Low Income	9	\$7,128	\$6,314	\$6,639
Low Income	3	\$831	\$117	\$403
Total	12	\$7,959	\$6,431	\$7,042

¹Estimated new very low and low income employee households moving to Elk Grove.

²Based on 40% rental new construction and 60% owner acquisition, based on the approximate percentages of rental and ownership housing in the SACOG region as of the 2010 Census.

Source: Appendix Table A-31; DRA.

Economic Impact Analysis

The section assesses the potential economic impact of an affordable housing nexus fee on residential, office, retail/commercial, hotel, manufacturing and warehouse land uses.

The increase in cost associated with the nexus fee, however large or small, must be absorbed in one of the following three ways, or some combination of the three:

1. through an increase to the cost to the end user of the building in the form of a price or rent increase;
2. through a decrease in profits to the developer who develops the site; and/or
3. through a decrease in the price for the land paid to the landowner.

In a competitive market, owners of residential and non-residential developments are already commanding the maximum sales price or rents that the market will bear. Therefore, it is least likely that sales prices or rents will increase.

When an additional cost is imposed on a project after the land is purchased, the developer will most likely bear the cost in terms of reduced profit on projects in the pipeline. Over time, developers will shop for the highest return on their investment within the regional market area. The total amount of development impact fees is but one of many of the cost and income factors that determine the rate of return from one project compared to another. Ultimately, the fee is most likely to be absorbed through a decrease in land price after the market adjusts. This may take several years as the projects already in the pipeline are completed.

Given these potential alternative impacts, we use several different approaches in assessing the economic effect of a proposed nexus fee. We compare current development fees in the City with other communities in the Sacramento County regional market. We conduct a land residual analysis that calculates the value attributed to land from proposed development on a site, with and without a nexus fee. We also use a market and investment approach that calculates the increase in rents, or decrease in the rate of return on investor equity, required to accommodate the fee at current market terms for both debt and equity financing.

Comparison of Development Impact Fees in Selected Cities

REGIONAL SURVEY OF DEVELOPMENT IMPACT FEES

The City will be competing in the Sacramento County regional market to attract new non-residential development. We examine existing local development impact fees, including non-residential nexus fees and other types of development impact fees, in selected area cities in order to compare fees in the City with those in other communities.

DRA conducted a survey of local development impact fees among selected Sacramento area jurisdictions to determine the types and amount of fees charged by these jurisdictions.

The survey includes local development impact fees for parks, local drainage, police facilities, fire facilities, public capital facilities, transportation facilities/roads, transit/light rail, and affordable housing. The survey excludes fees for sewer, water, school district, regional drainage and Measure A transportation fees. It also excludes infrastructure and public costs paid through Mello Roos Community Facilities Districts, assessment districts, and developer-paid exactions, which vary widely by jurisdiction, especially for newly developing areas.



DRA surveyed the following jurisdictions:

- City of Roseville
- City of Sacramento
- City of Rancho Cordova
- City of Folsom
- County of Sacramento

The information was sorted by land use. **Appendix Table A-32** includes the detailed findings from the development impact fee survey.

ESTIMATED TOTAL DEVELOPMENT IMPACT FEES PER SQUARE FOOT AND PER HOUSING UNIT

Using the survey information, DRA estimated total local development impact fees per building square foot for commercial and industrial land uses, and per housing unit for residential uses, as summarized in **Table 33** below. Total development impact fees per square foot and per unit vary widely by community. As noted above, these figures do not include Mello Roos, assessment districts and other developer paid costs that are used more heavily to fund development in some areas than others.

AFFORDABLE HOUSING ORDINANCES OF NEIGHBORING COMMUNITIES

The residential development impact fee totals in **Table 33** include inclusionary housing in lieu fees in the surveyed communities. Key provisions of the inclusionary housing ordinances or programs in these communities are summarized below.

City of Sacramento

- Inclusionary housing ordinance was adopted in 2000.
- Requires 15 percent of units to be affordable: 10 percent to very low income households and 5 percent to low income households.
- Applies to projects with 10 or more units.
- No in lieu fee provision, but land dedication is an option and some incentives are provided.
- A study is currently being conducted to update the ordinance and adopt a nexus fee.



County of Sacramento

- Inclusionary housing ordinance was adopted in 2004.
- Requires 15 percent of units to be affordable: 3 percent to extremely low income households (30 percent of AMI or below), 6 percent to very low income households, and 6 percent to low income households.
- Applies to projects with 5 or more units.
- An in lieu fee option includes an in lieu fee of \$7,000 per unit and an affordability fee of \$3,000 per unit, for a total fee of \$10,000 per unit.
- Projects under 100 units pay both fees, unless land is dedicated, in which case the development pays only the affordability fee and not the in lieu fee.
- No in lieu fee is allowed for projects over 100 units.

City of Roseville

- The City adopted a 10 percent affordable housing goal.
- The goal is implemented through Affordable Housing Development Agreements.
- Incentives may be offered for production of affordable housing.

City of Folsom

- Inclusionary housing ordinance was adopted in 2002.
- Requires 15 percent affordable units: 10 percent to very low income households, 5 percent to low income households.
- Applies to projects over 10 units.
- No established in lieu fee.
- Suspended in 2011.
- Court ruled in July 2012 that Folsom cannot sunset its inclusionary housing ordinance without substituting an in lieu fee or other option, because it is inconsistent with the City's Housing Element.
- The City Council will consider changes to the ordinance, including a formula for calculation of an in lieu fee, in March 2013.

City of Rancho Cordova

- No inclusionary program or fee.

Table 33 Estimated Local Development Impact Fees¹ Per Square Foot and Per Housing Unit Elk Grove and Selected Sacramento Area Jurisdictions July, 2012				
	Per Building SF		Per Housing Unit	
Jurisdiction	Commercial	Industrial	Single-Family Residential	Multifamily Residential
City of Elk Grove	\$7.04	\$5.65	\$19,600	\$12,300
City of Sacramento ²	\$12.93	\$5.06	\$11,900	\$9,500
City of Roseville ³	\$5.86	\$3.71	\$13,500	\$9,100
City of Rancho Cordova	\$13.05	\$6.88	\$21,700	\$13,700
City of Folsom ⁴	\$15.15	\$8.45	\$15,000	\$12,100
County of Sacramento	\$39.66	\$4.00	\$28,400	\$23,800

¹Includes park, local drainage, police facilities, fire facilities, public/capital facilities, transportation facilities/roads, transit/light rail, and affordable housing. Excludes sewer, water, school district, regional drainage and Measure A transportation fees. Excludes infrastructure and public costs paid through Mello Roos Community Facilities Districts, assessment districts, and other developer exactions, which vary widely by jurisdiction. Fees on commercial and industrial development levied on a per acre basis are converted to a per building square foot basis assuming a 0.25 lot coverage ratio.

²The city also has a 15% inclusionary housing requirement, with no in lieu fee allowed.

³The city also has a 10% affordable housing goal implemented through Affordable Housing Development Agreements with local developers.

⁴The city also has a 15% inclusionary housing requirement, with no in lieu fee provision.

Source: Appendix Table A-32; DRA.

Land Residual Analysis

LAND RESIDUAL ANALYSIS METHODOLOGY

Land residual analysis methodology calculates the value attributed to land from proposed development on that site. It is commonly used by real estate developers and investors to evaluate development financial feasibility and select among alternative uses for a piece of property.

Land residual methodology calculates the value of a development based on its income potential and subtracts the costs of development and developer profit to yield the underlying value of the land. When evaluating alternative land uses, the alternative that generates the highest value to a site is considered its highest and best use. An alternative that generates a value to the land that is negative, or well below market land sales prices, is not financially feasible.

DRA calculated net operating income from a 100,000 square foot building prototype for each non-residential land use examined based on estimated market rents, vacancy rates and operating costs. Net operating income is capitalized at an assumed capitalization rate to determine the value of the developed property. The capitalization, or “cap,” rate is the ratio of net operating income to project fair market value, or sales price, exhibited in the market and reflects the rate of return required by investors in rental property. Total development costs are subtracted from the capitalized value to yield the estimated residual land value.

ASSUMPTIONS

Land residual analysis requires assumptions on gross income, vacancies and operating costs, hard construction costs, tenant improvements and financing costs for each land use to be examined. These assumptions are summarized in **Appendix Table A-33**.

Current development costs for non-residential and apartment land uses (excluding land costs) were estimated using *RS Means Square Foot Costs 2012* localized to the Sacramento County/Yolo County area. Current rents were derived from RealtyRates for office, retail, manufacturing and warehouse uses, based on data for Sacramento County. Average hotel room rates are based on the average for “upscale” hotels for the fourth quarter 2011 from Hotel News. For apartment uses, an average rent of \$1,200 and an average unit size of 975 square feet were used to estimate project income.



Estimated annual net operating income and total development costs (excluding land) for each of the 100,000 square foot building prototypes are shown in **Appendix Table A-34**.

The land residual analysis assumes a cap rate of 8.0 percent for non-residential uses. Current capitalization rates for non-residential uses are generally somewhat higher than 8.0 percent in Sacramento County, ranging from 8.4 percent for retail uses to 9.6 percent for warehouse uses, based on second quarter 2012 capitalization rate data from RealtyRates. However, little new non-residential development is likely to occur until capitalization rates return to somewhat lower values reflective of healthier real estate market conditions.

The land residual analysis assumes a cap rate of 7.0 percent for the apartment land use, based on data for June 2012 from Reis Reports. For single-family residential, the sales value of the 100 units is estimated based on an average sales price per unit of \$275,000, which is at the low end of new home sales prices in the City currently.

The results of the land residual analysis are shown in **Appendix Table A-35** for non-residential uses and in **Appendix Table A-36** for residential uses.

MARKET LAND SALES PRICES

The findings of the land residual analysis can be compared to recent land sales prices in the City. **Appendix Table A-37** shows per square foot land sales prices for vacant commercial and industrial property sold in the City between January 1, 2008 and June 28, 2012 based on data from Dataquick. For commercial property, there were twenty sales recorded over this time period and the sales prices per square foot of land area ranged from a low of \$1.65 to a high of \$75.02. The median price per square foot was \$12 and the average price per square foot was \$15.

For industrial property, there were only four sales recorded over the same time period. The sales prices per square foot of land area for industrial property ranged from a low of \$0.57 to a high of \$9.49. The average price per square foot was about \$5.50.

The findings of the land residual analysis indicate that with affordable housing fees in the range of \$1,000 to \$4,000 per unit, residual land values are approximately \$5.00 to \$5.50 per square foot for single family residential land uses. **Appendix Table A-38** shows per square foot land sales prices for residentially zoned property sold in the City between January 1, 2009 and June 28, 2012. The sales prices per square foot of land area ranged from a low of \$0.01 to a high of \$49.22. The

average price per square foot was \$5.04 and the median price per square foot was \$1.47.

FINDINGS AND CONCLUSIONS

The non-residential land residual analysis shows a wide range of residual land values. Warehouse uses generate a negative residual land value indicating they are infeasible in the current market. Office uses generate land values of about \$5.00 per square foot, lower than average and median values for recent commercial land sales, indicating they may not be feasible in many locations as well. Retail/commercial and hotel and manufacturing uses generate higher residual land values well above recent sales price, indicating financial feasibility.

A \$3 affordable housing fee per square foot fee reduces residual land values by less than 5 percent for retail/commercial, hotel and manufacturing uses, suggesting it would not have a significant effect on financial feasibility. The impact on office residual land values is larger, as this use is already marginally feasible in the current market.

For residential uses, the estimated residual land value with the fee is well within the range of market land values, and close to the average price of \$5.00 per square foot. DRA concludes that the fee will not have a significant negative impact on residential financial feasibility.

Rent and Return Analysis

METHODOLOGY AND ASSUMPTIONS

DRA calculated the increase in rents, or decrease in the rate of return on investor equity, required to finance the fee at current market terms for both debt and equity financing. By applying the average financing cost to the fee at illustrative fee levels, we determine the rent increase necessary to keep returns to developers and investors constant. Alternatively, we calculate the decrease in the rate of return on equity to investors assuming rents remain constant.

Total development costs for non-residential construction are typically financed through a combination of debt and equity financing. A loan to value ratio of 60 percent for the first position mortgage was assumed. Current interest rates on term debt financing are approximately 6 percent or less for commercial and industrial real estate mortgages. Interest rates on debt financing are expected to remain low in the short term. Actions by the Federal Reserve are most effective in influencing short-term interest rates. Commercial and industrial mortgage rates are generally more sensitive than 30-year home mortgage rates, because of their shorter terms of 10 to 15 years.



For this analysis, we have assumed that equity would comprise the other 40 percent of sources used to finance total development costs. We have provided for a 12 percent return on equity, which is within the range of current returns on real estate investment trusts (REITs). Based on DRA's substantial experience with REITs, recent returns are generally in the 9 percent to 14 percent range for non-residential uses and in the 7 percent to 9 percent range for apartments. However, new development is likely to require rates at the upper end of that range because of the development risk.

The average financing cost of capital based on a 6 percent interest rate for a 60 percent loan-to-value mortgage and a 12 percent return on equity for the remaining 40 percent of sources is approximately 8.4 percent.⁵

After calculating the increase in rents required to finance the non-residential development impact fee at illustrative levels, we calculated the increase in rents as a percentage of current market rents. We use the percentage increase in rents required to finance the fee as a primary measure of the magnitude of the impact of the fee. As a secondary measure, our evaluation also examines the fee at alternative levels as a percentage of total development costs for each land use.

The income and cost assumptions for each prototype are the same used in the land residual analysis above. Total development costs were estimated by adding the construction costs for each prototype from **Appendix Table A-34** to estimated market land values based on the sales comparables for commercial and industrial land uses shown in **Appendix Table A-37**.

The findings of the rent analysis are summarized in **Appendix Table A-39** for non-residential uses and in **Appendix Table A-40** for residential uses. The findings of the rate of return analysis are summarized in **Appendix Table A-41** for non-residential uses and in **Appendix Table A-42** for residential uses.

FINDINGS AND CONCLUSIONS

As noted above, DRA believes that a change in rents due to the imposition of a nexus fee is the least likely market outcome. For project sites already owned by their developers (as opposed to those yet to be purchased by a developer), a reduction in the rate of return on their investment may occur. Based on the findings of the rate of return analysis, DRA concludes that the impact of a fee of up to \$4.00 per square foot fee on the rate of return is not considered significant.

⁵ To the extent that mezzanine debt is used to finance a portion of the development cost, the actual cost of capital will be lower than estimated. Interest rates on mezzanine debt are typically in between rates on first position debt and equity.

Appendix A Tables

Elk Grove Affordable Housing Nexus Analysis

Table A-1
Housing Prototype Projects
Elk Grove Affordable Housing Nexus Study

2012

PROTOTYPE		Renter Garden Apartments	Owner Single-Family Homes
Unit Count		100 Units	100 Units
Type of Product		Stacked Flat Apartments	Single-Family Detached Homes
Number of Stories/ Type of Parking		2 or 3 Stories Carports/Surface	1 and 2 Stories Two-Car Garage
Construction Type		Type V	Type V
Density (DU's/Net Acre)		20.0	6.0
Land Area (Acres)		5.00 Acres	16.67 Acres
Units by Bedroom Count			
One Bedroom		30	0
Two Bedroom/1 Bath		0	0
Two Bedroom/2 Bath		60	0
Three Bedroom		10	50
Four Bedroom		0	50
Percent of Units by Bedroom Count			
One Bedroom		30%	0%
Two Bedroom/1 Bath		0%	0%
Two Bedroom/2 Bath		60%	0%
Three Bedroom		10%	50%
Four Bedroom		0%	50%
Unit Size (Net Square Feet)			
One Bedroom		750	N/A
Two Bedroom/1 Bath		N/A	N/A
Two Bedroom/2 Bath		1,050	N/A
Three Bedroom		1,200	1,700
Four Bedroom		N/A	2,000
Average Square Feet		975	1,850
Building Square Feet			
Net Living Area		97,500	185,000
Community Space		2,500	0
Total Net Bldg. Square Feet		100,000	185,000
Parking Provided		2 spaces per unit	2-car garage per unit
Number of Parking Spaces		200	N/A

Table A-2
Per Unit Total Development Costs
New Renter and Owner Housing Prototype Units
Elk Grove Affordable Housing Nexus Study
2012

<u>Unit Bedroom Count</u>	Renter			Owner		
	Unit SF	Cost Per SF (2)	Cost Per Unit	Unit SF	Cost Per SF (3)	Cost Per Unit
One Bedroom	750	\$190	\$142,500	N/A	N/A	N/A
Two Bedroom	1,050	\$190	\$199,500	N/A	N/A	N/A
Three Bedroom	1,200	\$190	\$228,000	1,700	\$121	\$205,700
Four Bedroom	N/A	N/A	N/A	2,000	\$121	\$242,000
Weighted Average (1)	975	\$190	\$185,250	1,850	\$121	\$223,850

N/A = Not Applicable

- (1) Weighted average based on distribution of units by bedroom count for prototypical housing developments.
- (2) Based on average total development cost per SF, Laguna Ridge pro forma, 2011, from City of Elk Grove.
- (3) From Taylor Morrison Homes, April 2011.

Source: Taylor Morrison Homes; City of Elk Grove; DRA.

Table A-3
Per Unit Total Development Costs
Acquisition of Existing Renter and Owner Housing
Elk Grove Affordable Housing Nexus Study
2012

<u>Unit Bedroom Count</u>	Owner		
	Unit SF	Cost Per SF (2)	Cost Per Unit
One Bedroom	N/A	N/A	N/A
Two Bedroom	N/A	N/A	N/A
Three Bedroom	1,700	\$116	\$197,200
Four Bedroom	2,000	\$116	\$232,000
Weighted Average (1)	1,850	\$116	\$214,600

N/A = Not Applicable

(1) Weighted average based on distribution of units by bedroom count for prototypical housing developments. See Table A-1.

(2) Based on median home sales prices per unit and per square foot for existing homes for Elk Grove zip codes, DQNet, April, 2012. Assumes \$106 per square foot acquisition cost plus \$10 per square foot (\$17,000 to \$18,500 per unit) for renovations and soft/closing costs.

Source: Dataquick; REALFACTS; DQNet; DRA.

Table A-4
Affordable Rents and Prototype Supportable Mortgage
Renter Prototype
Elk Grove Affordable Housing Nexus Study
2012

Assumptions

2012 Median Income, Sacramento HMFA	\$76,100		
Affordable Housing Cost As a % of Income	30%		
Project Vacancy Rate	5%		
Annual Operating Cost Per Unit	\$4,200		
Debt Coverage Ratio	1.15		
Mortgage Interest Rate	5%		
Mortgage Term	\$30		
No. of Bedrooms	One Bedroom	Two Bedroom	Three Bedroom
Household Size Adjustment	2 Persons	3 Persons	4 Persons
Household Size Income Adjust. Factor (1)	80%	90%	100%
Renter Utility Allowance (2)	\$71	\$82	\$100
No. of Units in Prototype	30	60	10

Affordable Rents by Income Level

	One Bedroom	Two Bedroom	Three Bedroom
Very Low Income			
<u>50% of Median</u>			
Annual Gross Income	\$30,440	\$34,245	\$38,050
Affordable Monthly Housing Cost	\$761	\$856	\$951
Less: Monthly Utility Allowance	(\$71)	(\$82)	(\$100)
Affordable Monthly Rent	\$690	\$774	\$851
Low Income			
<u>70% of Median</u>			
Annual Gross Income	\$42,616	\$47,943	\$53,270
Affordable Monthly Housing Cost	\$1,065	\$1,199	\$1,332
Less: Monthly Utility Allowance	(\$71)	(\$82)	(\$100)
Affordable Monthly Rent	\$994	\$1,117	\$1,232
Moderate Income			
<u>110% of Median</u>			
Annual Gross Income	\$66,968	\$75,339	\$83,710
Affordable Monthly Housing Cost	\$1,674	\$1,883	\$2,093
Less: Monthly Utility Allowance	(\$71)	(\$82)	(\$100)
Affordable Monthly Rent	\$1,603	\$1,801	\$1,993

Estimated Prototype Supportable Mortgage	Very Low Income	Low Income	Moderate Income
Projected Total Gross Project Rents	\$907,800	\$1,309,920	\$2,112,960
Less: Vacancies	(\$45,390)	(\$65,496)	(\$105,648)
Less: Operating Costs	(\$420,000)	(\$420,000)	(\$420,000)
Net Operating Income	\$442,410	\$824,424	\$1,587,312
Affordable First Mortgage	\$5,971,946	\$11,128,626	\$21,426,598

(1) HUD published factors for adjusting household income by household size.

(2) Assumes electric heating and lighting and natural gas water heating.

Source: Sacramento Housing and Redevelopment Agency, effective January 1, 2012.

Source: DRA.

Table A-5
Affordable Mortgage By Income Level
Owner Housing Prototypes
Elk Grove Affordable Housing Nexus Study
2012

ASSUMPTIONS

2012 Median Income, Sacramento HMFA	\$76,100			
Affordable Housing Cost As a % of Income	30%			
No. of Bedrooms	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Household Size, Health and Safety Code	2 Persons	3 Persons	4 Persons	5 Persons
Household Size Income Adjust. Factor	80%	90%	100%	108%
Monthly HOA Fee/Maint. Cost	\$50			
Monthly Property Insurance	\$75			
Property Tax Rate	1.40%			
Downpayment as a % of Affordable Home Price	5.00%			
Mortgage Interest Rate	4.50%			
Term (Years)	30			

AFFORDABLE HOUSING PAYMENT (PITI)

		1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Very Low Income					
<u>50% AMI</u>					
Annual Gross Income		\$30,440	\$34,245	\$38,050	\$41,094
Affordable Monthly Housing Cost	30%	\$761	\$856	\$951	\$1,027
Less: HOA/Maintenance Expense		(\$50)	(\$50)	(\$50)	(\$50)
Less: Property Insurance		(\$75)	(\$75)	(\$75)	(\$75)
Less: Property Taxes/Assessments (1)	1.40%	(\$124)	(\$143)	(\$161)	(\$176)
Available for Principal and Interest		\$512	\$588	\$665	\$726
Supportable Mortgage		\$101,034	\$116,125	\$131,217	\$143,290
Afford. Sales Price w/ Downpmt. @	5.00%	\$106,351	\$122,237	\$138,123	\$150,832
Low Income					
<u>70% AMI</u>					
Annual Gross Income		\$42,616	\$47,943	\$53,270	\$57,532
Affordable Monthly Housing Cost	30%	\$1,065	\$1,199	\$1,332	\$1,438
Less: HOA/Maintenance Expense		(\$50)	(\$50)	(\$50)	(\$50)
Less: Property Insurance		(\$75)	(\$75)	(\$75)	(\$75)
Less: Property Taxes/Assessments (1)	1.40%	(\$183)	(\$210)	(\$235)	(\$256)
Available for Principal and Interest		\$757	\$864	\$972	\$1,057
Supportable Mortgage		\$149,327	\$170,614	\$191,742	\$208,581
Afford. Sales Price w/ Downpmt. @	5.00%	\$157,186	\$179,593	\$201,833	\$219,559
Moderate Income					
<u>110% AMI</u>					
Annual Gross Income		\$66,968	\$75,339	\$83,710	\$90,407
Affordable Monthly Housing Cost	30%	\$1,674	\$1,883	\$2,093	\$2,260
Less: HOA/Maintenance Expense		(\$50)	(\$50)	(\$50)	(\$50)
Less: Property Insurance		(\$75)	(\$75)	(\$75)	(\$75)
Less: Property Taxes/Assessments (1)	1.40%	(\$302)	(\$343)	(\$384)	(\$417)
Available for Principal, Interest, Taxes		\$1,247	\$1,415	\$1,584	\$1,718
Supportable Mortgage		\$246,071	\$279,273	\$312,633	\$339,162
Afford. Sales Price w/ Downpmt. @	5.00%	\$259,022	\$293,971	\$329,087	\$357,013

(1) HUD published factors for adjusting household income by household size.

(2) Property taxes calculated based on assessed value equal to affordable sales price with downpayment.

Source: DRA.

Table A-6
Rental Housing Affordability Gap Calculations
Based on New Housing Construction
Elk Grove Affordable Housing Nexus Study
2012

Income Level	No. of BR	Unit SF	Total Units	Maximum Monthly Rent	Project Gross Income	Annual Net Operating Income (2)	Affordable First Mortgage (3)	Tax Credit Equity (4)	Development Cost (5)	Affordability Gap	Gap Per Unit
Very Low Income	1	750	100	\$690	\$828,000	\$366,600	\$4,948,612	\$3,562,500	\$14,250,000	\$5,738,888	\$57,389
Low Income	1	750	100	\$994	\$1,192,800	\$713,160	\$9,626,710	\$3,562,500	\$14,250,000	\$1,060,790	\$10,608
Very Low Income	2	1,050	100	\$774	\$928,800	\$462,360	\$6,241,244	\$4,987,500	\$19,950,000	\$8,721,256	\$87,213
Low Income	2	1,050	100	\$1,117	\$1,340,400	\$853,380	\$11,519,493	\$4,987,500	\$19,950,000	\$3,443,007	\$34,430
Very Low Income	3	1,200	100	\$851	\$1,021,200	\$550,140	\$7,426,157	\$5,700,000	\$22,800,000	\$9,673,843	\$96,738
Low Income	3	1,200	100	\$1,232	\$1,478,400	\$984,480	\$13,289,169	\$5,700,000	\$22,800,000	\$3,810,831	\$38,108
Very Low Income	Weighted Average (1)	975	100	\$757	\$907,800	\$442,410	\$5,971,946	\$4,631,250	\$18,525,000	\$7,921,804	\$79,218
Low Income	Weighted Average (1)	975	100	\$1,092	\$1,309,920	\$824,424	\$11,128,626	\$4,631,250	\$18,525,000	\$2,765,124	\$27,651

(1) Weighted average based on unit distribution by bedroom count for the renter housing prototype.

(2) Net operating income projected based on the following assumptions:

Vacancy rate: 5%

Annual operating expense/unit: \$4,200

(3) Affordable first mortgage based on following financing terms:

Debt Coverage Ratio: 1.15

Mortgage interest rate: 5%

Mortgage Term: 30

(4) Estimated at 25% of development cost, based on per very low/low income unit from recent 4% tax credit rental housing developments in Elk Grove.

(5) From Table A-2.

Source: DRA.

Table A-7
Owner Housing Affordability Gap Calculations
Based on New Housing Construction
Elk Grove Affordable Housing Nexus Study
2012

Income Level	No. of BR	Unit SF	Total Units	Maximum Monthly Housing Cost	Affordable Sales Price Per Unit (2)	Total Affordable Sales Price	Total Development Cost (3)	Affordability Gap	Gap Per Unit
Very Low Income	3	1,700	100	\$951	\$138,100	\$13,810,000	\$20,570,000	\$6,760,000	\$67,600
Low Income	3	1,700	100	\$1,332	\$201,800	\$20,180,000	\$20,570,000	\$390,000	\$3,900
Moderate Income	3	1,700	100	\$2,093	\$329,100	\$32,910,000	\$20,570,000	(\$12,340,000)	(\$123,400)
Very Low Income	4	2,000	100	\$1,027	\$150,800	\$15,080,000	\$24,200,000	\$9,120,000	\$91,200
Low Income	4	2,000	100	\$1,438	\$219,600	\$21,960,000	\$24,200,000	\$2,240,000	\$22,400
Moderate Income	4	2,000	100	\$2,260	\$357,000	\$35,700,000	\$24,200,000	(\$11,500,000)	(\$115,000)
Very Low Income	Weighted Average (1)	1,850	100	\$989	\$144,450	\$14,445,000	\$22,385,000	\$7,940,000	\$79,400
Low Income	Weighted Average (1)	1,850	100	\$1,385	\$210,700	\$21,070,000	\$22,385,000	\$1,315,000	\$13,150
Moderate Income	Weighted Average (1)	1,850	100	\$2,177	\$343,050	\$34,305,000	\$22,385,000	(\$11,920,000)	(\$119,200)

(1) Weighted average based on unit distribution by bedroom count for the owner housing prototype.

(2) From Table A-5.

(3) From Table A-2.

Source: DRA.

Table A-8
Owner Housing Affordability Gap Calculations
Based on Acquisition of Existing Housing
Elk Grove Affordable Housing Nexus Study
2012

Income Level	No. of BR	Unit SF	Total Units	Maximum Monthly Housing Cost	Affordable Sales Price Per Unit (2)	Total Affordable Sales Price	Total Development Cost (3)	Affordability Gap	Gap Per Unit
Very Low Income	3	1,700	100	\$951	\$138,100	\$13,810,000	\$19,720,000	\$5,910,000	\$59,100
Low Income	3	1,700	100	\$1,332	\$201,800	\$20,180,000	\$19,720,000	(\$460,000)	(\$4,600)
Moderate Income	3	1,700	100	\$2,093	\$329,100	\$32,910,000	\$19,720,000	(\$13,190,000)	(\$131,900)
Very Low Income	4	2,000	100	\$1,027	\$150,800	\$15,080,000	\$23,200,000	\$8,120,000	\$81,200
Low Income	4	2,000	100	\$1,438	\$219,600	\$21,960,000	\$23,200,000	\$1,240,000	\$12,400
Moderate Income	4	2,000	100	\$2,260	\$357,000	\$35,700,000	\$23,200,000	(\$12,500,000)	(\$125,000)
Very Low Income	Weighted Average (1)	1,850	100	\$989	\$144,450	\$14,445,000	\$21,460,000	\$7,015,000	\$70,150
Low Income	Weighted Average (1)	1,850	100	\$1,385	\$210,700	\$21,070,000	\$21,460,000	\$390,000	\$3,900
Moderate Income	Weighted Average (1)	1,850	100	\$2,177	\$343,050	\$34,305,000	\$21,460,000	(\$12,845,000)	(\$128,450)

(1) Weighted average based on unit distribution by bedroom count for the owner housing prototype.

(2) From Table A-5.

(3) From Table A-3.

Source: DRA.

Table A-9
National Office Worker Distribution by Occupation
Elk Grove Commercial Linkage Fee
May, 2011

Industry/Occupation Category	No.	%
Management	1,346,090	9%
Business and Financial Operations	1,471,760	10%
Computer and Mathematical	512,930	3%
Architecture and Engineering	742,930	5%
Life, Physical and Social Science	0	0%
Community and Social Services	0	0%
Legal	548,850	4%
Education, Training, and Library	0	0%
Arts, Design, Entertainment, Sports and Media	0	0%
Healthcare Practitioners and Technical	1,340,230	9%
Healthcare Support	668,330	4%
Protective Service	0	0%
Food Preparation and Serving Related	0	0%
Building and Grounds Cleaning and Maintenance	0	0%
Personal Care and Service	0	0%
Sales and Related	989,350	7%
Office and Administrative Support	5,643,210	37%
Farming, Fishing and Forestry	0	0%
Construction and Extraction	0	0%
Installation, Maintenance and Repair	574,250	4%
Production	0	0%
Transportation and Material Moving	0	0%
All Other Office Related Occupations	1,261,030	8%
Industry Total	15,098,960	100%

Source: Bureau of Labor Statistics, Occupational Employment Statistics program; DRA.

Table A-10
National Retail Worker Distribution by Occupation
Elk Grove Commercial Linkage Fee
May, 2011

Industry/Occupation Category	No.	%
Management	854,840	4%
Business and Financial Operations	0	0%
Computer and Mathematical	0	0%
Architecture and Engineering	0	0%
Life, Physical and Social Science	0	0%
Community and Social Services	0	0%
Legal	0	0%
Education, Training, and Library	0	0%
Arts, Design, Entertainment, Sports and Media	0	0%
Healthcare Practitioners and Technical	0	0%
Healthcare Support	0	0%
Protective Service	0	0%
Food Preparation and Serving Related	7,739,140	33%
Building and Grounds Cleaning and Maintenance	0	0%
Personal Care and Service	0	0%
Sales and Related	8,201,870	35%
Office and Administrative Support	2,575,220	11%
Farming, Fishing and Forestry	0	0%
Construction and Extraction	0	0%
Installation, Maintenance and Repair	798,620	3%
Production	0	0%
Transportation and Material Moving	1,398,630	6%
All Other Retail Related Occupations	1,757,080	8%
Industry Total	23,325,400	100%

Includes the following North American Industry Classification System (NAICS) codes:

- NAICS 441000 Motor Vehicle and Parts Dealers
- NAICS 442000 Furniture and Home Furnishings Stores
- NAICS 443000 Electronics and Appliance Stores
- NAICS 444000 Building Material and Garden Equipment and Supplies Dealers
- NAICS 445000 Food and Beverage Stores.
- NAICS 447000 Gasoline Stations
- NAICS 448000 Clothing and Clothing Accessories Stores
- NAICS 451000 Sporting Goods, Hobby, Book and Music Stores
- NAICS 452000 General Merchandise Stores
- NAICS 453000 Miscellaneous Store Retailers

Source: Bureau of Labor Statistics, Occupational Employment Statistics program; DRA.

Table A-11
National Hotel Worker Distribution by Occupation
Elk Grove Commercial Linkage Fee
May, 2011

Industry/Occupation Category	No.	%
Management	85,090	5%
Business and Financial Operations	0	0%
Computer and Mathematical	0	0%
Architecture and Engineering	0	0%
Life, Physical and Social Science	0	0%
Community and Social Services	0	0%
Legal	0	0%
Education, Training, and Library	0	0%
Arts, Design, Entertainment, Sports and Media	0	0%
Healthcare Practitioners and Technical	0	0%
Healthcare Support	0	0%
Protective Service	0	0%
Food Preparation and Serving Related	464,970	27%
Building and Grounds Cleaning and Maintenance	495,780	29%
Personal Care and Service	124,860	7%
Sales and Related	51,500	3%
Office and Administrative Support	288,260	17%
Farming, Fishing and Forestry	0	0%
Construction and Extraction	0	0%
Installation, Maintenance and Repair	66,340	4%
Production	0	0%
Transportation and Material Moving	0	0%
All Other Hotel Related Occupations	134,600	8%
Industry Total	1,711,400	100%

Source: Bureau of Labor Statistics, Occupational Employment Statistics program; DRA.

Table A-12
National Manufacturing Worker Distribution by Occupation
Elk Grove Commercial Linkage Fee
May, 2011

Industry/Occupation Category	No.	%
Management	661,530	6%
Business and Financial Operations	418,960	4%
Computer and Mathematical	276,140	2%
Architecture and Engineering	734,180	6%
Life, Physical and Social Science	108,680	1%
Community and Social Services	160	0%
Legal	5,850	0%
Education, Training, and Library	900	0%
Arts, Design, Entertainment, Sports and Media	75,160	1%
Healthcare Practitioners and Technical	19,120	0%
Healthcare Support	960	0%
Protective Service	15,670	0%
Food Preparation and Serving Related	32,800	0%
Building and Grounds Cleaning and Maintenance	69,190	1%
Personal Care and Service	1,200	0%
Sales and Related	369,720	3%
Office and Administrative Support	1,124,020	10%
Farming, Fishing and Forestry	187,050	2%
Construction and Extraction	576,040	5%
Installation, Maintenance and Repair	5,907,010	51%
Production	993,270	9%
Transportation and Material Moving	0	0%
All Other Manufacturing Occupations	28,920	0%
Industry Total	11,606,530	100%

Includes the following North American Industry Classification System (NAICS) codes:
 NAICS Sectors 31, 32 and 33 Manufacturing

Source: Bureau of Labor Statistics, Occupational Employment Statistics program; DRA.

Table A-13
National Warehouse Worker Distribution by Occupation
Elk Grove Commercial Linkage Fee
May, 2011

Industry/Occupation Category	No.	%
Management	20,940	3%
Business and Financial Operations	12,130	2%
Computer and Mathematical	4,250	1%
Maximum Fee (Gap) Per Square Foot Bldg. Area	1,970	0%
Life, Physical and Social Science	340	0%
Community and Social Services	0	0%
Legal	0	0%
Education, Training, and Library	0	0%
Arts, Design, Entertainment, Sports and Media	1,280	0%
Healthcare Practitioners and Technical	740	0%
Healthcare Support	0	0%
Protective Service	4,540	1%
Food Preparation and Serving Related	100	0%
Maximum Fee (Gap) Per Square Foot Bldg. Area	8,070	1%
Personal Care and Service	0	0%
Sales and Related	12,170	2%
Office and Administrative Support	155,900	24%
Farming, Fishing and Forestry	540	0%
Construction and Extraction	360	0%
Installation, Maintenance and Repair	20,460	3%
Production	24,840	4%
Transportation and Material Moving	377,000	58%
All Other Warehousing Occupations	420	0%
Industry Total	646,050	100%

Includes the following North American Industry Classification System (NAICS) codes:
NAICS 493000 Warehousing and Storage

Source: Bureau of Labor Statistics, Occupational Employment Statistics program; DRA.

Table A-14
Wages by Occupational Grouping
Sacramento-Arden Arcade-Roseville MSA
1st Quarter 2011

SOC Code Prefix (1)	Occupational Category	2010 Employ- ment Estimates	% of Total Employ- ment	Mean Hourly Wage	Mean Annual Wage	25th Percentile Hourly Wage	Median (50th Percentile) Hourly Wage	75th Percentile Hourly Wage	25th Percentile Annual Wage	Median (50th Percentile) Annual Wage	75th Percentile Annual Wage	Est. % of Jobs Below 50% AMI	Est. % of Jobs Between 50%-80% AMI
11	Management	43,190	5%	\$52.66	\$109,542	\$33.36	\$47.16	\$64.50	\$69,389	\$98,093	\$134,160	0%	0%
13	Business and Financial Operations	55,320	7%	\$32.77	\$68,165	\$24.36	\$30.67	\$38.15	\$50,669	\$63,794	\$79,352	0%	0%
15	Computer and Mathematical	29,100	4%	\$38.54	\$80,165	\$30.61	\$38.12	\$45.03	\$63,669	\$79,290	\$93,662	0%	0%
17	Architecture and Engineering	17,470	2%	\$42.62	\$88,665	\$30.97	\$41.91	\$52.67	\$64,418	\$87,173	\$109,554	0%	0%
19	Life, Physical and Social Science	10,530	1%	\$33.53	\$69,746	\$23.19	\$33.73	\$41.94	\$48,235	\$70,158	\$87,235	0%	0%
Per Sq	Community and Social Services	13,930	2%	\$25.69	\$53,427	\$16.72	\$24.13	\$32.71	\$34,778	\$50,190	\$68,037	25%	20%
23	Legal	8,880	1%	\$48.02	\$99,885	\$28.55	\$41.46	\$61.28	\$59,384	\$86,237	\$127,462	0%	0%
25	Education, Training, and Library	63,830	8%	\$26.64	\$55,407	\$17.28	\$24.28	\$34.60	\$35,942	\$50,502	\$71,968	20%	20%
27	Arts, Design, Entertainment, Sports, Media	9,490	1%	\$25.30	\$52,620	\$14.87	\$21.00	\$31.59	\$30,930	\$43,680	\$65,707	30%	35%
29	Healthcare Practitioners and Technical	41,910	5%	\$43.70	\$90,904	\$27.26	\$40.26	\$53.42	\$56,701	\$83,741	\$111,114	0%	0%
31	Healthcare Support	20,360	2%	\$15.02	\$31,231	\$11.55	\$14.18	\$17.75	\$24,024	\$29,494	\$36,920	75%	25%
33	Protective Service	23,510	3%	\$25.01	\$52,011	\$14.50	\$23.65	\$34.11	\$30,160	\$49,192	\$70,949	30%	25%

Table A-14
Wages by Occupational Grouping
Sacramento-Arden Arcade-Roseville MSA
1st Quarter 2011

SOC Code Prefix (1)	Occupational Category	2010 Employ- ment Estimates	% of Total Employ- ment	Mean Hourly Wage	Mean Annual Wage	25th Percentile Hourly Wage	Median (50th Percentile) Hourly Wage	75th Percentile Hourly Wage	25th Percentile Annual Wage	Median (50th Percentile) Annual Wage	75th Percentile Annual Wage	Est. % of Jobs Below 50% AMI	Est. % of Jobs Between 50%-80% AMI
35	Food Preparation and Serving-Related	68,500	8%	\$10.59	\$22,031	\$8.80	\$9.33	\$10.87	\$18,304	\$19,406	\$22,610	90%	10%
37	Building and Grounds Cleaning and Maintenance	23,530	3%	\$13.68	\$28,450	\$9.87	\$11.96	\$16.23	\$20,530	\$24,877	\$33,758	75%	25%
39	Personal Care and Service	20,270	2%	\$12.94	\$26,919	\$9.31	\$11.00	\$14.42	\$19,365	\$22,880	\$29,994	80%	20%
Per Sq	Sales and Related	78,750	10%	\$17.35	\$36,088	\$9.28	\$12.06	\$19.62	\$19,302	\$25,085	\$40,810	65%	30%
43	Office and Administrative Support	161,770	20%	\$18.48	\$38,431	\$13.31	\$17.43	\$22.08	\$27,685	\$36,254	\$45,926	45%	35%
45	Farming, Fishing, Forestry	4,120	1%	\$11.79	\$24,533	\$8.70	\$9.31	\$11.66	\$18,096	\$19,365	\$24,253	90%	10%
47	Construction and Extraction	33,200	4%	\$24.60	\$51,154	\$16.90	\$23.67	\$30.68	\$35,152	\$49,234	\$63,814	20%	40%
49	Installation, Maintenance and Repair	25,830	3%	\$22.85	\$47,537	\$16.48	\$22.15	\$28.49	\$34,278	\$46,072	\$59,259	25%	40%
51	Production	24,260	3%	\$17.75	\$36,921	\$11.32	\$15.06	\$21.70	\$23,546	\$31,325	\$45,136	60%	30%
53	Transportation and Material Moving	42,660	5%	\$16.48	\$34,264	\$10.65	\$15.05	\$20.24	\$22,152	\$31,304	\$42,099	65%	30%
	TOTAL	820,430	100%										

(1) The first two digits of the six digit Standard Occupational Classification (SOC) code.

Source: California Employment Development Department, Occupational Employment Statistics Survey, First Quarter 2011; DRA

Table A-15
Projected Occupational Distribution of Additional Employee Households by Land Use Type
Non-Residential Nexus Fee Analysis
City of Elk Grove
2012

Steps	Factor	Office			Commercial/Retail			Hotel			Manufacturing			Warehouse		
		%	No.	Units	%	No.	Units	%	No.	Units	%	No.	Units	%	No.	Units
1. Estimate of Employees per 100,000 square feet																
Employment Density Factor			220	SF/Emp.		350	SF/Emp.		1.00 Emp./Rm. 400 SF/Room			500	SF/Emp.		750	SF/Emp.
Number of Employees			455	Emp.		286	Emp.		250	Emp.		200	Emp.		133	Emp.
2. Employees Living in City of Elk Grove (1)	22.5%		102	Emp.		64	Emp.		56	Emp.		45	Emp.		30	Emp.
3. Adjustment for Labor Force	10%		92	Emp.		58	Emp.		51	Emp.		41	Emp.		27	Emp.
4. Adjustment for Number of Employees Per Household	1.83 Emp/HH		50	HH		32	HH		28	HH		22	HH		15	HH
5. Adjustment for Overlap with Residential Nexus Fee--Commercial/Retail Only (2)	70%		50	HH		9	HH		28	HH		22	HH		15	HH
6. Household Occupational Distribution (3)																
Management		9%	4	HH	4%	0	HH	5%	1	HH	6%	1	HH	3%	0	HH
Business and Financial Operations		10%	5	HH	0%	0	HH	0%	0	HH	4%	1	HH	2%	0	HH
Computer and Mathematical		3%	2	HH	0%	0	HH	0%	0	HH	2%	1	HH	1%	0	HH
Architecture and Engineering		5%	2	HH	0%	0	HH	0%	0	HH	6%	1	HH	0%	0	HH
Life, Physical and Social Science		0%	0	HH	0%	0	HH	0%	0	HH	1%	0	HH	0%	0	HH
Community and Social Services		0%	0	HH	0%	0	HH	0%	0	HH	0%	0	HH	0%	0	HH
Legal		4%	2	HH	0%	0	HH	0%	0	HH	0%	0	HH	0%	0	HH
Education, Training, and Library		0%	0	HH	0%	0	HH	0%	0	HH	0%	0	HH	0%	0	HH
Arts, Design, Entertainment, Sports and Media		0%	0	HH	0%	0	HH	0%	0	HH	1%	0	HH	0%	0	HH
Healthcare Practitioners and Technical		9%	4	HH	0%	0	HH	0%	0	HH	0%	0	HH	0%	0	HH
Healthcare Support		4%	2	HH	0%	0	HH	0%	0	HH	0%	0	HH	0%	0	HH
Protective Service		0%	0	HH	0%	0	HH	0%	0	HH	0%	0	HH	1%	0	HH
Food Preparation and Serving-Related		0%	0	HH	33%	3	HH	27%	8	HH	0%	0	HH	0%	0	HH
Building/Grounds Cleaning and Maintenance		0%	0	HH	0%	0	HH	29%	9	HH	1%	0	HH	1%	0	HH
Personal Care and Service		0%	0	HH	0%	0	HH	7%	2	HH	0%	0	HH	0%	0	HH
Sales and Related		7%	3	HH	35%	3	HH	3%	1	HH	3%	1	HH	2%	0	HH
Office and Administrative Support		37%	19	HH	11%	1	HH	17%	5	HH	10%	3	HH	24%	4	HH
Farming, Fishing and Forestry		0%	0	HH	0%	0	HH	0%	0	HH	2%	0	HH	0%	0	HH
Construction and Extraction		0%	0	HH	0%	0	HH	0%	0	HH	5%	1	HH	0%	0	HH
Installation, Maintenance and Repair		4%	2	HH	3%	0	HH	4%	1	HH	51%	12	HH	3%	0	HH
Production		0%	0	HH	0%	0	HH	0%	0	HH	9%	2	HH	4%	1	HH
Transportation and Material Moving		0%	0	HH	6%	1	HH	0%	0	HH	0%	0	HH	58%	8	HH
All Other Occupations		8%	4	HH	8%	1	HH	8%	2	HH	0%	0	HH	0%	0	HH
Total		100%	49		100%	9		100%	29		100%	23		100%	13	

Legend: HH = households; SF = square feet; Emp = employees.

(1) Source: American Community Survey, five-year estimates, 2010.

(2) Adjustment to eliminate potential overlap with residential nexus fee in commercial/retail category. Assumes 70% overlap, with 30% of demand coming from sources other than local residents.

(3) From Bureau of Labor Statistics, Occupational Employment Statistic Program; See Appendix Tables A-14 through A-19.

Source: American Community Survey; Bureau of Labor Statistics, Occupational Employment Statistic Program; DRA.

Table A-16
Estimated Qualifying Very Low Income Households by Land Use Type (1)
Non-Residential Nexus Fee Analysis
City of Elk Grove

2012											
Steps	% of Occupation Qualifying as VLI	Office		Commercial/Retail		Hotel		Manufacturing		Warehouse	
		Percent (2)	No. (3)	Percent (2)	No. (3)	Percent (2)	No. (3)	Percent (2)	No. (3)	Percent (2)	No. (3)
7. Households Earning Less than 50% AMI											
Management	0%	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0
Business and Financial Operations	0%	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0
Computer and Mathematical	0%	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0
Architecture and Engineering	0%	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0
Life, Physical and Social Science	0%	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0
Community and Social Services	25%	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0
Legal	0%	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0
Education, Training, and Library	20%	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0
Arts, Design, Entertainment, Sports and Media	30%	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0
Healthcare Practitioners and Technical	0%	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0
Healthcare Support	75%	3%	1.6	0%	0.0	0%	0.0	0%	0.0	0%	0.0
Protective Service	30%	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0
Food Preparation and Serving Related	90%	0%	0.0	30%	2.7	24%	7.1	0%	0.1	0%	0.0
Building and Grounds Cleaning and Maintenance	75%	0%	0.0	0%	0.0	22%	6.3	0%	0.1	1%	0.1
Personal Care and Service	80%	0%	0.0	0%	0.0	6%	1.7	0%	0.0	0%	0.0
Sales and Related	65%	4%	2.1	23%	2.1	2%	0.6	2%	0.5	1%	0.2
Office and Administrative Support	45%	17%	8.2	5%	0.4	8%	2.2	4%	1.0	11%	1.4
Farming, Fishing and Forestry	90%	0%	0.0	0%	0.0	0%	0.0	1%	0.3	0%	0.0
Construction and Extraction	20%	0%	0.0	0%	0.0	0%	0.0	1%	0.2	0%	0.0
Installation, Maintenance and Repair	25%	1%	0.5	1%	0.1	1%	0.3	13%	2.9	1%	0.1
Production	60%	0%	0.0	0%	0.0	0%	0.0	5%	1.2	2%	0.3
Transportation and Material Moving	65%	0%	0.0	4%	0.4	0%	0.0	0%	0.0	38%	4.9
Total		25%	12.4	62%	5.7	63%	18.2	28%	6.3	54%	7.0

(1) Based on 100,000 square foot land use type prototypical developments.

(2) Percent distribution of households by occupation by land use from Tables A-10 through A-14, multiplied by percent of occupation qualifying as very low income (VLI).

(3) Percent of occupation qualifying as VLI by land use multiplied by total households generated by land use from Table A-16.

Source: Bureau of Labor Statistics, Occupational Employment Statistics program; California Employment Development Department 2010 occupational wage survey; 2000 U.S. Census; DRA

Table A-17
Estimated Qualifying Low Income Households by Land Use Type (1)
Non-Residential Development Linkage Fee Analysis
City of Elk Grove

2012

Steps	% of Occupation Qualifying as LI	Office		Commercial/Retail		Hotel		Manufacturing		Warehouse	
		Percent (2)	No. (3)	Percent	No. (3)	Percent	No. (3)	Percent	No. (3)	Percent	No. (3)
7. Households Earning Between 51% AMI and 80% AMI											
Management	0%	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0
Business and Financial Operations	0%	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0
Computer and Mathematical	0%	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0
Architecture and Engineering	0%	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0
Life, Physical and Social Science	0%	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0
Community and Social Services	20%	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0
Legal	0%	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0
Education, Training, and Library	20%	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0
Arts, Design, Entertainment, Sports and Media	35%	0%	0.0	0%	0.0	0%	0.0	0%	0.1	0%	0.0
Healthcare Practitioners and Technical	0%	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0
Healthcare Support	25%	1%	0.5	0%	0.0	0%	0.0	0%	0.0	0%	0.0
Protective Service	25%	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0
Food Preparation and Serving Related	10%	0%	0.0	3%	0.3	3%	0.8	0%	0.0	0%	0.0
Building and Grounds Cleaning and Maintenance	25%	0%	0.0	0%	0.0	7%	2.1	0%	0.0	0%	0.0
Personal Care and Service	20%	0%	0.0	0%	0.0	1%	0.4	0%	0.0	0%	0.0
Sales and Related	30%	2%	1.0	11%	0.9	1%	0.3	1%	0.2	1%	0.1
Office and Administrative Support	35%	13%	6.4	4%	0.3	6%	1.7	3%	0.8	8%	1.1
Farming, Fishing and Forestry	10%	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0
Construction and Extraction	40%	0%	0.0	0%	0.0	0%	0.0	2%	0.5	0%	0.0
Installation, Maintenance and Repair	40%	2%	0.7	1%	0.1	2%	0.4	20%	4.7	1%	0.2
Production	30%	0%	0.0	0%	0.0	0%	0.0	3%	0.6	1%	0.1
Transportation and Material Moving	30%	0%	0.0	2%	0.2	0%	0.0	0%	0.0	18%	2.3
Total		18%	8.6	21%	1.8	20%	5.7	30%	6.9	30%	3.8

(1) Based on 100,000 square foot land use type prototypical developments.

(2) Percent distribution of households by occupation by land use from Tables A-10 through A-14, multiplied by percent of occupation qualifying as low income (LI).

(3) Percent of occupation qualifying as LI by land use multiplied by total households generated by land use from Table A-16.

Source: Bureau of Labor Statistics, Occupational Employment Statistics program; California Employment Development Department 2010 occupational wage survey; 2000 U.S. Census; DRA

Table A-18
Maximum Non-Residential Nexus Fee Per Building Square Foot by Land Use
Based on Housing Affordability Gaps for
Construction of New Rental and Owner Housing
City of Elk Grove

2012

		Office	Commercial/ Retail	Hotel	Manufacturing	Warehouse
BASED ON NEW CONSTRUCTION RENTAL HOUSING						
New Very Low and Low Income Households						
Very Low Income		12.0	6.0	18.0	6.0	7.0
Low Income		9.0	2.0	6.0	7.0	4.0
Total Housing Gap						
Very Low Income @ Per Unit Gap of:	\$79,200	\$950,400	\$475,200	\$1,425,600	\$475,200	\$554,400
Low Income @ Per Unit Gap of:	\$28,000	\$252,000	\$56,000	\$168,000	\$196,000	\$112,000
Maximum Fee (Gap) Per Square Foot Bldg. Area						
Very Low Income		\$9.50	\$4.75	\$14.26	\$4.75	\$5.54
Low Income		\$2.52	\$0.56	\$1.68	\$1.96	\$1.12
Total Fee Per Square Foot		\$12.02	\$5.31	\$15.94	\$6.71	\$6.66
BASED ON NEW CONSTRUCTION OWNER HOUSING						
New Very Low and Low Income Households						
Very Low Income		12.0	6.0	18.0	6.0	7.0
Low Income		9.0	2.0	6.0	7.0	4.0
Total Housing Gap						
Very Low Income @ Per Unit Gap of:	\$79,000	\$948,000	\$474,000	\$1,422,000	\$474,000	\$553,000
Low Income @ Per Unit Gap of:	\$13,200	\$118,800	\$26,400	\$79,200	\$92,400	\$52,800
Maximum Fee (Gap) Per Square Foot Bldg. Area						
Very Low Income		\$9.48	\$4.74	\$14.22	\$4.74	\$5.53
Low Income		\$1.19	\$0.26	\$0.79	\$0.92	\$0.53
Total Fee Per Square Foot		\$10.67	\$5.00	\$15.01	\$5.66	\$6.06

Legend: HH = households; SF = square feet; Emp = employees..

Source: DRA

Table A-19
Maximum Non-Residential Nexus Fee Per Building Square Foot by Land Use
Based on Housing Affordability Gaps for
Acquisition of Existing Single-Family Owner Housing
City of Elk Grove

2012

		Office	Commercial/ Retail	Hotel	Manufacturing	Warehouse
New Very Low and Low Income Households						
Very Low Income		12	6	18	6	7
Low Income		9	2	6	7	4
Total Housing Gap						
Very Low Income @ Per Unit Gap of:	\$70,150	\$841,800	\$420,900	\$1,262,700	\$420,900	\$491,050
Low Income @ Per Unit Gap of:	\$3,900	\$35,100	\$7,800	\$23,400	\$27,300	\$15,600
Maximum Fee (Gap) Per Square Foot Bldg. Area						
Very Low Income		\$8.42	\$4.21	\$12.63	\$4.21	\$4.91
Low Income		\$0.35	\$0.08	\$0.23	\$0.27	\$0.16
Total Fee Per Square Foot		\$8.77	\$4.29	\$12.86	\$4.48	\$5.07

Legend: HH = households; SF = square feet; Emp = employees..

Source: DRA

Table A-20
Weighted Average Maximum Residential Nexus Fee Per Building Square Foot
Based on Assumed Percentages of Renter and Owner New Housing Construction
Elk Grove Affordable Housing Nexus Study

2012

	Office	Commercial/ Retail	Hotel	Manufacturing	Warehouse
Fee on New Construction Rental Housing					
Maximum Fee (Gap) Per Square Foot Bldg. Area					
Very Low Income	\$9.50	\$4.75	\$14.26	\$4.75	\$5.54
Low Income	\$2.52	\$0.56	\$1.68	\$1.96	\$1.12
Total Fee Per Square Foot	\$12.02	\$5.31	\$15.94	\$6.71	\$6.66
Assumed Percentage Renter	40%	40%	40%	40%	40%
Renter Fee	\$4.81	\$2.12	\$6.37	\$2.68	\$2.67
Fee on New Construction of Owner Housing					
Maximum Fee (Gap) Per Square Foot Bldg. Area					
Very Low Income	\$9.48	\$4.74	\$14.22	\$4.74	\$5.53
Low Income	\$1.19	\$0.26	\$0.79	\$0.92	\$0.53
Total Fee Per Square Foot	\$10.67	\$5.00	\$15.01	\$5.66	\$6.06
Assumed Percentage Owner	60%	40%	40%	40%	40%
Owner Fee	\$6.40	\$2.00	\$6.00	\$2.27	\$2.42
WEIGHTED AVERAGE MAXIMUM TOTAL FEE	\$11.21	\$4.13	\$12.38	\$4.95	\$5.09
Very Low Income	\$9.49	\$3.80	\$11.39	\$3.80	\$4.43
Low Income	\$1.72	\$0.33	\$0.99	\$1.15	\$0.66

Legend: HH = households; SF = square feet; Emp = employees..

Source: DRA

Table A-21
Weighted Average Maximum Residential Nexus Fee Per Building Square Foot
Based on Assumed Percentages of Rental New Construction and Owner Acquisition
Elk Grove Affordable Housing Nexus Study

2012

	Office	Commercial/ Retail	Hotel	Manufacturing	Warehouse
Fee on New Construction Rental Housing					
Maximum Fee (Gap) Per Square Foot Bldg. Area					
Very Low Income	\$9.50	\$4.75	\$14.26	\$4.75	\$5.54
Low Income	\$2.52	\$0.56	\$1.68	\$1.96	\$1.12
Total Fee Per Square Foot	\$12.02	\$5.31	\$15.94	\$6.71	\$6.66
Assumed Percentage Renter	40%	40%	40%	40%	40%
Renter Fee	\$4.81	\$2.12	\$6.37	\$2.68	\$2.67
Fee on Acquisition of Owner Housing					
Maximum Fee (Gap) Per Square Foot Bldg. Area					
Very Low Income	\$8.42	\$4.21	\$12.63	\$4.21	\$4.91
Low Income	\$0.35	\$0.08	\$0.23	\$0.27	\$0.16
Total Fee Per Square Foot	\$8.77	\$4.29	\$12.86	\$4.48	\$5.07
Assumed Percentage Owner	60%	60%	60%	60%	60%
Owner Fee	\$5.26	\$2.57	\$7.72	\$2.69	\$3.04
WEIGHTED AVERAGE MAXIMUM TOTAL FEE					
Very Low Income	\$8.85	\$4.43	\$13.28	\$4.43	\$5.16
Low Income	\$1.22	\$0.27	\$0.81	\$0.95	\$0.54
Total	\$10.07	\$4.70	\$14.09	\$5.37	\$5.71

Legend: HH = households; SF = square feet; Emp = employees..

Source: DRA

Table A-22
Projected Household Income Distribution of New Homebuyers
Prototypical 100-Unit Residential Subdivision
City of Elk Grove
2012

Home Price Range		# of Sales (1)	% of Sales	Mortgage Amount (2)	Monthly P&I Payment (3)	Monthly Prop Taxes (4)	Monthly HOA Plus Insurance (5)	Total Monthly Housing Cost	Estimated Average Annual Income (6)
\$175,000	\$200,000								
\$200,001	\$225,000	1	4%	\$191,250	\$1,027	\$248	\$125	\$1,400	\$47,986
\$225,001	\$250,000	2	7%	\$213,750	\$1,147	\$277	\$125	\$1,550	\$53,127
\$250,001	\$275,000	4	14%	\$236,250	\$1,268	\$306	\$125	\$1,699	\$58,268
\$275,001	\$300,000	11	39%	\$258,750	\$1,389	\$335	\$125	\$1,849	\$63,410
\$300,001	\$325,000	2	7%	\$281,250	\$1,510	\$365	\$125	\$1,999	\$68,551
\$325,001	\$350,000	1	4%	\$303,750	\$1,631	\$394	\$125	\$2,149	\$73,692
\$350,001	\$375,000	0	0%	\$326,250	\$1,751	\$423	\$125	\$2,299	\$78,833
\$375,001	\$400,000	1	4%	\$348,750	\$1,872	\$452	\$125	\$2,449	\$83,974
\$400,001	Or More	6	21%	\$360,001	\$1,933	\$467	\$125	\$2,524	\$86,545
TOTAL		<u>28</u>	<u>100%</u>						

Maximum Fee (Gap) Per Square Foot Bldg. Area

- (1) Source: Dataquick data on new home sales by price for 2011 in the City of Elk Grove.
- (2) At a 90% loan to value (price) ratio, assuming a 10% buyer downpayment.
- (3) Monthly mortgage principal and interest payment assuming a 5% fixed-rate loan for 30 years.
- (4) Monthly property taxes estimated at 1.4% annual tax rate, including special assessments.
- (5) Estimated at \$75 per month for insurance plus \$50 per month for HOA dues.
- (6) Assumes principal, interest, taxes and insurance (PITI) at 35% of gross annual household income.

Source: Dataquick Information Systems; DRA.

Table A-23
Estimated Income Distribution for New Homebuyers in Elk Grove
New 100-Home Single-Family Residential Tract
Based on 2011 New Home Sales Prices

Income Range	Number of Households (1)	Average Income (2)	Total Household Income	% Disposable Income	Total Disposable Household Income
Under \$40,000	0	\$0	\$0	75%	\$0
\$40,000 to \$49,999	4	\$47,986	\$191,944	75%	\$143,958
\$50,000 to \$59,999	21	\$56,555	\$1,187,647	75%	\$890,736
Maximum Fee (Gap) Per Sq	46	\$64,201	\$2,953,224	75%	\$2,214,918
\$70,000 to \$79,999	4	\$73,692	\$294,768	75%	\$221,076
\$80,000 to \$89,999	25	\$86,178	\$2,154,445	75%	\$1,615,834
Above \$90,000	0	\$0	\$0	75%	\$0
Total	100		\$6,782,028		\$5,086,521

(1) From Table A-22.

(2) Weighted average for income range based on projections of average annual income in Table A-22.

Maximum Fee (Gap) Per Square Foot Bldg. Area

Table A-24
Summary of Projected Economic Impacts
New 100-Home Single-Family Residential Tract in Elk Grove
2012

Impact Type	Direct	Indirect	Induced	Total
Employment (Number of Employees)\	27.5	8.1	9.8	45.4
Total Industry Output	\$3,557,011	\$1,198,066	\$1,274,973	\$6,030,050
Payroll	\$1,219,667	\$420,603	\$439,699	\$2,079,969
Average Payroll Per Employee	\$0	\$0	\$0	\$0
Maximum Fee (Gap) Per Square Foot Bldg. Area				

Source: IMPLAN input output model; DRA.

Table A-25
Projected Employment Impacts by Industry Sector
New 100-Home Single-Family Residential Tract in Elk Grove
2012

Industry Sector	Direct Employment	Indirect Employment	Induced Employment	Total Employment (1)	FTE Conversion Factor (2)	Full-Time Employment (3)
Wholesale Trade	1.018	0.144	0.261	1.422	0.963002	1.369
Retail Trade	5.680	0.092	1.833	7.605	0.858520	6.529
Transportation	0.287	0.309	0.169	0.766	0.940711	0.720
Warehousing and Storage	0.002	0.127	0.037	0.166	0.940345	0.156
Information and Communication	0.477	0.516	0.261	1.254	0.927466	1.163
Maximum Fee (Gap) Per Square Foot Bldg. Area	1.530	1.431	0.792	3.753	0.963254	3.615
Real Estate, Rentals and Leasing	1.215	0.923	0.516	2.654	0.909984	2.415
Professional, Scientific and Technical	0.481	1.140	0.432	2.052	0.943261	1.936
Management and Administrative Services	0.192	1.861	0.556	2.610	0.923231	2.409
Educational Services	1.237	0.038	0.325	1.601	0.887449	1.420
Health Care and Social Assistance	7.154	0.059	1.892	9.105	0.893779	8.138
Arts, Entertainment and Recreation	0.941	0.187	0.313	1.441	0.820378	1.182
Other Services	6.747	0.735	2.094	9.576	0.841627	8.059
Government	0.258	0.151	0.108	0.518	0.619877	0.321
Maximum Fee (Gap) Per Square Foot Bldg.	27.218	7.714	9.589	44.521		39.434

(1) Includes total direct, indirect and induced employment, full-time and part-time.

(2) Full-time equivalent (FTE) conversion ratios from the IMPLAN model.

(3) Total number of employees multiplied by FTE conversion factor.

Source: IMPLAN Input/Output Model; DRA.

Table A-26
Projected Labor Income by Industry Sector
New 100-Home Single-Family Residential Tract in Elk Grove
2012

Industry Sector	Direct	Indirect	Induced	Total Labor Income	Total Employees	Average Income Per Employee
Wholesale Trade	\$68,836	\$9,732	\$17,630	\$96,198	1.422	\$67,647
Retail Trade	\$196,303	\$3,376	\$63,403	\$263,081	7.605	\$34,595
Transportation	\$14,144	\$16,100	\$8,608	\$38,852	0.766	\$50,728
Warehousing and Storage	\$86	\$6,847	\$2,005	\$8,938	0.166	\$53,857
Information and Communication	\$31,269	\$34,400	\$17,243	\$82,913	1.254	\$66,132
Maximum Fee (Gap) Per Square Foot Bldg. Area	\$80,388	\$91,255	\$46,392	\$218,035	3.753	\$58,094
Real Estate, Rentals and Leasing	\$31,465	\$24,046	\$13,476	\$68,987	2.654	\$25,992
Professional, Scientific and Technical	\$34,080	\$80,702	\$30,249	\$145,032	2.052	\$70,662
Management and Administrative Services	\$7,415	\$74,954	\$22,099	\$104,467	2.610	\$40,030
Educational Services	\$45,961	\$1,385	\$12,155	\$59,501	1.601	\$37,175
Health Care and Social Assistance	\$457,672	\$6,170	\$119,198	\$583,039	9.105	\$64,037
Arts, Entertainment and Recreation	\$18,241	\$4,224	\$6,154	\$28,618	1.441	\$19,860
Other Services	\$190,680	\$28,155	\$59,295	\$278,130	9.576	\$29,046
Government	\$22,631	\$13,712	\$9,636	\$45,980	0.518	\$88,791
Maximum Fee (Gap) Per Square Foot Bldg. Area	\$1,199,171	\$395,058	\$427,543	\$2,021,772	44.521	\$45,411

Source: IMPLAN Input/Output Model; DRA.

Table A-27
Estimated Qualifying Very Low Income and Low Income Households by Land Use Type (1)
Residential Nexus Fee Analysis
City of Elk Grove

2012

Economic Sector	Total New FTE Employees Generated by Development (1)	Total New FTI Employees After Adjustment for Increased Labor Force Participation (2)	No. of New Households (3)	Average Payroll Per Employee (4)	Estimated Household Income (5)	Estimated Percent of HH Earning Incomes Below 50% AMI (6)(7)	Estimated Percent of HH Earning Incomes Between 51% and 80% AMI (6)(7)	Estimated Households Earning Incomes Below 50% AMI	Estimated Households Earning Incomes Between 51% and 80% AMI
Wholesale Trade	1.37	1.23	0.67	\$67,647	\$123,794	25%	5%	0.17	0.03
Retail Trade	6.53	5.88	3.21	\$34,595	\$63,309	65%	30%	2.09	0.96
Transportation	0.72	0.65	0.35	\$50,728	\$92,832	50%	15%	0.18	0.05
Warehousing and Storage	0.16	0.14	0.08	\$53,857	\$98,558	50%	25%	0.04	0.02
Information and Communication	1.16	1.05	0.57	\$66,132	\$121,022	25%	8%	0.14	0.05
Finance and Insurance	3.62	3.25	1.78	\$58,094	\$106,312	10%	10%	0.18	0.18
Real Estate, Rentals and Leasing	2.42	2.17	1.19	\$25,992	\$47,566	80%	20%	0.95	0.24
Professional, Scientific and Technical	1.94	1.74	0.95	\$70,662	\$129,311	10%	5%	0.10	0.05
Management and Administrative Services	2.41	2.17	1.18	\$40,030	\$73,255	20%	20%	0.24	0.24
Educational Services	1.42	1.28	0.70	\$37,175	\$68,031	20%	20%	0.14	0.14
Health Care and Social Assistance	8.14	7.32	4.00	\$64,037	\$117,188	25%	8%	0.99	0.33
Arts, Entertainment and Recreation	1.18	1.06	0.58	\$19,860	\$36,343	80%	20%	0.47	0.12
Other Services	8.06	7.25	3.96	\$29,046	\$53,154	80%	20%	3.17	0.79
Government	0.32	0.29	0.16	\$88,791	\$162,487	5%	5%	0.01	0.01
Total/Average	39.43	35.49	19.39	\$45,411	\$83,103			8.85	3.20

- (1) Includes full-time equivalent employees from direct, indirect and induced employment, from Table A-25.
(2) Assumes 10% reduction in new employment to account for jobs taken by currently unemployed residents.
(3) Number of FTE conversion employees after adjustment for increased labor force participation, divided by 1.65 employees per worker household.
(4) From IMPLAN input/output model.
(5) Average payroll per employee multiplied by 1.65 employees per worker household.
(6) Assumes three persons per household and a very low income limit of \$34,250.
(7) Percentage of employees by income category estimated based on IMPLAN average payroll figures and CEDD wage survey from Table A-15.
(7) Assumes three persons per household and a low income limit of \$54,850.

Source: IMPLAN; California Employment Development Department, Occupational Employment Statistics Survey, First Quarter 2011; DRA.

Table A-28
Maximum Residential Nexus Fee Per Unit
New Renter and Owner Housing Prototype Units
Elk Grove Affordable Housing Nexus Study
2012

Household Income Level	Est. No. of New Employee Households Moving to Elk Grove	Renter			Owner		
		Gap Per HH (1)	Total Gap	Gap Per Unit (100-Unit Subdivision) (2)	Gap Per HH (1)	Total Gap	Gap Per Unit (100-Unit Subdivision) (2)
Very Low Income	9	\$79,200	\$712,800	\$7,128	\$79,400	\$714,600	\$7,146
Low Income	3	\$27,700	\$83,100	\$831	\$13,150	\$39,450	\$395
Total	12		\$795,900	\$7,959		\$754,050	\$7,541

N/A = Not Applicable

(1) Weighted average per unit gap based on distribution of units by bedroom count for prototypical housing developments.

(2) Total gap divided by 100 units.

(3) Equals total renter gap plus total owner gap.

(4) Equals weighted average gap per unit based on 100 unit subdivision at assumed percentages of renter and owner housing.

Source: DRA.

Table A-29
Maximum Residential Nexus Fee Per Unit
Acquisition of Existing Owner Units
Elk Grove Affordable Housing Nexus Study
2012

Household Income Level	Est. No. of New Employee Households Moving to Elk Grove	Owner		
		Gap Per HH (1)	Total Gap	Gap Per Unit (100-Unit Subdivision) (2)
Very Low Income	9	\$70,150	\$631,350	\$6,314
Low Income	3	\$3,900	\$11,700	\$117
Total	12		\$643,050	\$6,431

N/A = Not Applicable

(1) Weighted average per unit gap based on distribution of units by bedroom count for prototypical housing

(2) Total gap divided by 100 units.

(3) Equals total renter gap plus total owner gap.

(4) Equals weighted average gap per unit based on 100 unit subdivision at assumed percentages of renter and owner housing.

Source: DRA.

Table A-30
Weighted Average Maximum Residential Nexus Fee Per Unit
Based on Assumed Percentage of Renter and Owner Housing
Based on New Rental and Owner Construction
Elk Grove Affordable Housing Nexus Study
2012

Household Income Level	Est. No. of New Employee Households Moving to Elk	Gap Per HH (1)	RENTER Assumed Percentage Renter (2)	Total Renter Gap	Gap Per HH (1)	OWNER Assumed Percentage Owner (2)	Total Owner Gap	Total Gap (Renter Plus Owner) (3)	Gap per Unit (100 Unit Subdivision) (4)
Very Low Income	9	\$79,200	40%	\$285,120	\$79,400	60%	\$428,760	\$713,880	\$7,139
Low Income	3	\$27,700	40%	\$33,240	\$13,150	60%	\$23,670	\$56,910	\$569
Total	12			\$318,360			\$452,430	\$770,790	\$7,708

N/A = Not Applicable

- (1) Weighted average per unit affordability gap based on distribution of units by bedroom count for prototypical housing developments.
- (2) Based on approximate distribution of renter and owner housing in SACOG region of 60% owner and 40% renter from the 2010 Census.
- (3) Equals total renter gap plus total owner gap, or the total gap at the assumed percentage of renter and owner housing.
- (4) Equals weighted average gap per unit based on 100 unit subdivision at assumed percentages of renter and owner housing.

Source: DRA.

Table A-31
Weighted Average Maximum Residential Nexus Fee Per Unit
Based on Assumed Percentage of Renter and Owner Housing
for New Rental Construction and Owner Acquisition
Elk Grove Affordable Housing Nexus Study
2012

Household Income Level	Est. No. of New Employee Households Moving to Elk	Gap Per HH (1)	Renter Assumed Percentage Renter (2)	Total Renter Gap	Gap Per HH (1)	Owner Assumed Percentage Owner (2)	Total Owner Gap	Total Gap (Renter Plus Owner) (3)	Gap per Unit (100 Unit Subdivision) (4)
Very Low Income	9	\$79,200	40%	\$285,120	\$70,150	60%	\$378,810	\$663,930	\$6,639
Low Income	3	\$27,700	40%	\$33,240	\$3,900	60%	\$7,020	\$40,260	\$403
Total	12			\$318,360			\$385,830	\$704,190	\$7,042

N/A = Not Applicable

- (1) Weighted average per unit affordability gap based on distribution of units by bedroom count for prototypical housing developments.
- (2) Based on approximate distribution of renter and owner housing in SACOG region of 60% owner and 40% renter from the 2010 Census.
- (3) Equals total renter gap plus total owner gap, or the total gap at the assumed percentage of renter and owner housing.
- (4) Equals weighted average gap per unit based on 100 unit subdivision at assumed percentages of renter and owner housing.

Source: DRA.

Table A-32
Summary of Development Impact Fees Charged By Area Jurisdictions *
City of Elk Grove Affordable Housing Nexus Study
July, 2012*

CITY	Elk Grove ¹	Sacramento ²	Roseville ³	Rancho Cordova ⁴	Folsom ⁵	County of Sacramento ⁶
RESIDENTIAL DEVELOPMENT (PER HOUSING UNIT)						
Park						
Single-Family	\$5,085	\$5,516	\$3,364	\$7,436	\$2,994	\$3,994
Multi-Family	\$3,318	\$3,250	\$2,919	\$1,272	\$2,580	\$2,680
Local Drainage						
Single-Family	\$1,024	\$0	\$418	\$0	\$933	\$188
Multi-Family	\$539	\$0	\$263	\$0	\$933	\$188
Police Facilities						
Single-Family	\$439	\$0	\$0	\$871	\$540	\$0
Multi-Family	\$290	\$0	\$0	\$680	\$612	\$0
Fire Facilities						
Single-Family	\$1,658	\$0	\$934	\$0	\$977	\$0
Multi-Family	\$1,118	\$0	\$531	\$0	\$944	\$0
Public/Capital Facilities Fee						
Single-Family	\$1,417	\$1,616	\$3,991	\$2,466	\$1,435	\$1,517
Multi-Family	\$938	\$1,616	\$2,487	\$2,400	\$1,435	\$1,069
Transportation Facilities/Roads						
Single-Family	\$4,880	\$4,310	\$4,592	\$10,765	\$7,437	\$12,158
Multi-Family	\$3,377	\$4,310	\$2,847	\$9,285	\$5,143	\$8,514
Transit/Light Rail						
Single-Family	\$576	\$450	\$0	\$71	\$651	\$504
Multi-Family	\$487	\$295	\$0	\$0	\$448	\$1,395
Animal Control Fee						
Single-Family	\$0	\$0	\$182	\$63	\$0	\$0
Multi-Family	\$0	\$0	\$44	\$49	\$0	\$0
Affordable Housing						
Single-Family	\$4,543	15% inclusionary requirement; no in lieu fee allowed; currently being reviewed ⁷	10% affordable housing goal implemented through Affordable Housing Development Agreements (AHDAs) for new development.	None	15% inclusionary housing requirements (15% very low income, 5% low income); no in lieu fee provision. Ordinance will be revisited by City Council in March 2013, including proposed addition of in lieu fee.	15% inclusionary requirement; in lieu fee of \$10,000 per unit ⁸
Multi-Family	\$2,264					
TOTAL						
Single-Family	\$19,622	\$11,892	\$13,480	\$21,672	\$14,967	\$28,361
Multi-Family	\$12,331	\$9,471	\$9,091	\$13,686	\$12,095	\$23,846

*Fees are standard citywide fees unless otherwise noted. Excludes sewer, water, school district, regional drainage and Measure A transportation fees. Excludes infrastructure and public costs paid through Mello Roos Community Facilities Districts, assessment districts, and other developer exactions, which vary widely by jurisdiction. Fees are for July, 2012 unless updates noted otherwise.

¹Park fees are average for Stonelake, East Franklin and Eastern Elk Grove. Drainage fees are average for East Franklin North and South. Capital Facilities Fee equals total Capital Facilities Fee less Police Facilities Fee and Transit Fee. Road fees are averages for Zones 1 through 5.

²Transportation fee and public facilities fee are averages for Richards Blvd. and Railyards areas. Transit fee is for North Natomas.

³Park fee includes average citywide park fee for 3 subareas plus average neighborhood and community park fee for 14 areas. Fire construction tax equals .005 times building valuation, with building valuation at \$101 per SF for single-family residential and \$975 per SF for multifamily. Drainage fee is average for two subareas. Public facilities fee includes City fee of \$1.13 per SF plus County fee of \$1,900 per unit. Fire fee is average for 5 zones. Transportation fee includes Traffic Mitigation Fee, Highway 69 JPA, South Placer Regional Transportation Fee and City County Traffic Mitigation Fee and represents average for 16 subareas. Per unit fees estimated for fees levied on a per SF basis assuming average unit size of 1,850 SF for single-family and 975 SF for multifamily.

⁴Single-family park fee is average for Anatolia III, Capital Village Ph 2 and Sunridge Park Ph 2. Single-family transportation/road fee is for Anatolia III and Sunridge Park Ph 2, based on proposed revised fees for 2013. Multifamily park fee is average for \$700 fee and \$1,500 fee, adjusted for cost increases. Multifamily transportation fee is average of Area 1 and Area 2 fees. Police and animal control fees are separated out of total Community Facilities Fees (CFF).

⁵Park fee includes General Park Equipment and Park Construction Capital Impact fees.

⁶Fire fee is average for SMFD and CCSDFD Zones 1 and 2. Other fees are average for Antelope and North Vineyard Station Plan Area. North Vineyard fees are for RD-7 zoning and 10 units per acre for single-family uses and RD-20 zoning and 25 units per acre for multifamily uses. Roadway fee includes frontage lane fee. Public facilities fee equals total fee less roadways, frontage land, park and transit.

⁷Existing Mixed Income Housing Ordinance requires 10% very low income (VLI) units and 5% low income (LI) units for rental housing and 15% LI units for owner housing. The ordinance is currently under study.

⁸Existing Affordable Housing Ordinance requires 6% VLI units, 6% LI units for rental housing and 3% extremely low income (ELI) units. Fees include a \$7,000 per market rate unit in lieu fee plus a \$3,000 per market rate unit affordability fee, for a total fee of \$10,000 per market rate unit.

Source: Survey of local jurisdictions; DRA.

Table A-32
Summary of Development Impact Fees Charged By Area Jurisdictions*
City of Elk Grove Affordable Housing Nexus Study
July, 2012

CITY	Elk Grove ¹	Sacramento ²	Roseville ³	Rancho Cordova ⁴	Folsom ⁵	County of Sacramento ⁶
COMMERCIAL DEVELOPMENT (PER SQ. FT. BLDG AREA)						
Park	\$0.567	\$0.390	\$0.000	\$0.180	\$0.364	\$1.320
Local Drainage	\$0.454	\$0.000	\$0.484	\$0.000	\$0.520	\$0.000
Police Facilities	\$0.080	\$0.000	\$0.000	\$0.140	\$0.910	\$0.000
Fire Facilities	\$1.450	\$0.000	\$0.535	\$0.000	\$0.571	\$0.990
Public/Capital Facilities	\$0.140	\$0.210	\$0.540	\$0.370	\$0.448	\$1.800
Transportation Facilities/Roads	\$2.970	\$9.070	\$4.300	\$11.200	\$11.030	\$30.330
Transit/Light Rail	\$0.610	\$1.464	\$0.000	\$0.390	\$0.207	\$4.450
Affordable Housing	\$0.770	\$1.800	\$0.000	\$0.770	\$1.200	\$0.770
TOTAL	\$7.041	\$12.934	\$5.859	\$13.050	\$15.250	\$39.660

*Fees are standard citywide fees for retail/commercial uses unless otherwise noted. Excludes sewer, water, school district, regional drainage and Measure A transportation fees. Excludes infrastructure and public costs paid through Mello Roos Community Facilities Districts, assessment districts, and other developer exactions, which vary widely by jurisdiction. Fees levied on a per acre basis are converted to a per building square foot basis assuming a 0.25 lot coverage ratio.

¹Park fee is average for Stonelake, East Franklin, and Eastern Elk Grove. Drainage fee is average for East Franklin North and South. Fire Fee is for Zone 1. Capital Facilities Fee equals total Capital Facilities Fee less Police Facilities Fee and Transit Fee, shown separately. Roadway fee is average for Zones 1 through 5 for local-serving shopping center uses (less than 175,000 SF). Affordable housing fee (Very Low Income Housing Trust Fund Fee) is for commercial uses.

²Transit fee is for community commercial uses in North Natomas.

³Drainage fee is based on for Pleasant Grove Creek Assessment Area. Fire construction tax equals .005 times building valuation, with building valuation estimated at \$107 per SF for business uses. Roadway fee is average for 8 zones for shopping center uses under 200,000 SF.

⁴Transit fee is for Sunrise Douglas Plan Area. Police fee is separated out of total Community Facilities Fee (CFF).

⁵Park fee includes General Park Equipment and Park Construction Capital Impact Fees.

⁶Fees are for North Vineyard Station Specific Plan Area. Roadway fee includes frontage lane fee. Public facilities fee equals total fee less roadways, frontage land, park, and transit.

Source: Survey of local jurisdictions; DRA.

Table A-32
Summary of Development Impact Fees Charged By Area Cities *
City of Elk Grove Affordable Housing Nexus Study
July, 2012

CITY	Elk Grove ¹	Sacramento ²	Roseville ³	Rancho Cardova ⁴	Folsom ⁵	County of Sacramento ⁶
INDUSTRIAL DEVELOPMENT (PER SQ. FT. BLDG AREA)						
Park	\$0.454	\$0.160	\$0.000	\$0.180	\$0.364	\$0.000
Drainage	\$0.864	\$0.000	\$0.484	\$0.000	\$0.520	\$0.000
Police Facilities	\$0.030	\$0.000	\$0.000	\$0.060	\$0.787	\$0.000
Fire Facilities	\$0.530	\$0.000	\$0.290	\$0.000	\$0.248	\$0.693
Public/Capital Facilities	\$0.050	\$0.210	\$0.360	\$0.150	\$0.445	\$2.700
Transportation Facilities/Roads	\$3.050	\$3.020	\$2.580	\$5.490	\$4.800	\$0.000
Transit/Light Rail	\$0.060	\$0.258	\$0.000	\$0.390	\$0.086	\$0.000
Affordable Housing	\$0.610	\$1.410	\$0.000	\$0.610	\$1.200	\$0.610
TOTAL	\$5.648	\$5.058	\$3.714	\$6.880	\$8.450	\$4.003

*Fees are standard citywide fees unless otherwise noted. Excludes sewer, water, school district, regional drainage and Measure A transportation fees. Fees levied on a per acre basis are converted to a per building square foot basis assuming a 0.25 lot coverage ratio.

¹Park fee is average for Stonelake, East Franklin, and Eastern Elk Grove. Drainage fee is average for East Franklin North and South. Fire Fee is for Zone 1. Capital Facilities Fee equals total Capital Facilities Fee less Police Facilities Fee and Transit Fee, shown separately. Roadway fee is average for Zones 1 through 5. Affordable housing fee (Very Low Income Housing Trust Fund Fee) is for manufacturing uses.

²Transit fee is for community light industrial uses in North Natomas. Affordable housing fee is for manufacturing uses.

³Drainage fee is for Pleasant Grove Creek Assessment Area. Fire construction tax equals .005 times building valuation, with building valuation estimated at \$107 per SF for business uses. Transportation fee is average for 8 zones for light industrial uses.

⁴Transit fee is for Sunrise Douglas Plan Area. Police fee is separated out of total Community Facilities Fee (CFF). Affordable housing fee is for manufacturing uses.

⁵Park fee includes General Park Equipment and Park Construction Capital Impact fees.

⁶Fire fee is average for SMFD and CCSDFD Zones 1 and 2. Capital facilities fees are for Mather Field. Affordable housing fee is for manufacturing uses.

Source: Survey of local jurisdictions; DRA.

Table A-33
Land Residual Analysis Assumptions
Elk Grove Affordable Housing Nexus Fee
Economic Impact Analysis

2012

COST/INCOME BY LAND USE	Unit of Measure	Office	Retail/Commercial	Hotel	Manufacturing	Warehouse	Apartment
Total Hard Construction Cost (1)	Gross SF	\$148.00	\$89.00	\$162.00	\$114.00	\$83.00	\$152.00
T.I. Allowance/FF&E	Net Rentable SF	\$25.00	\$25.00	\$25.00	\$0.00	\$0.00	\$0.00
Gross Income (2)	See Footnote (2)	\$18.60	\$19.50	\$112.00	\$16.00	\$6.00	\$14.77
Other Income	% of Gr. Inc.	0.0%	0.0%	33.0%	0.0%	0.0%	0.0%
Operating Expenses	% of Gr. Inc.	5.0%	5.0%	75.0%	5.0%	5.0%	5.0%
Efficiency (3)	%	90.0%	90.0%	75.0%	95.0%	95.0%	95.0%
Net SF/Unit	Net SF			750			
Occupancy Rate	%	95.0%	95.0%	70.0%	100.0%	100.0%	95.0%
Capitalization Rate		8.0%	8.0%	8.0%	8.0%	8.0%	7.0%
Construction Interest @		5.0%	Assumes 12 month development period				
Average Construction Loan Balance		60.0%					
Loan Origination Fees @		1.5%	Points				
INDICATED SF BY USE		Office	Retail/Commercial	Hotel	Manufacturing	Warehouse	Apartment
Gross Building Square Feet		100,000	100,000	100,000	100,000	100,000	105,000
No. of Hotel Rooms				133			
No. of Residential Units							100
Net Rentable Square Feet		90,000	90,000	75,000	95,000	95,000	100,000

- (1) For single-family residential, from builder interviews. For all other uses, from RS Means, 2012, localized to the Sacramento area. RS Means estimates include hard and soft costs, including architect and engineering fees at 6% to 8% depending on land use. Office costs based on two- to four-story wood frame construction. Retail/commercial costs based on one-story stucco on concrete block construction. Hotel costs based on two- to three-story wood frame construction. Manufacturing costs based on one-story tilt up concrete panel/steel frame construction. Warehouse costs based on one-story tilt-up concrete panel/steel frame construction.
- (2) For hotel use, income equals average daily room rate based on data from STR Analytics for upscale hotels, 4th quarter 2011. For all other non-residential uses, income equals annual NNN rent per net rentable SF from RealtyRates Market Survey, 2nd Quarter 2012. For single-family residential uses, equals average sales price based on Dataquick data. For apartment uses, assumes average monthly rent per unit divided by 975 average SF unit.
- (3) Net rentable square feet as a percentage gross building square feet.

Sources: RS Means; RealtyRates; STR Analytics; Dataquick; RealFacts; DRA.

Table A-34
Land Residual Analysis Construction Cost and Net Operating Income Calculations (1)
Elk Grove Affordable Housing Nexus Fee
Economic Impact Analysis

2012

	Office	Retail/ Commercial	Hotel	Manufacturing	Warehouse	Apartment	Single-Family Residential
GROSS BUILDING SQUARE FEET	100,000	100,000	100,000	100,000	100,000	105,000	185,000
CONSTRUCTION COSTS (000's)							
Total Hard Construction Cost	\$14,800	\$8,900	\$16,200	\$11,400	\$8,300	\$15,960	\$22,385
Plus: Tenant Improvements/FF&E	\$2,250	\$2,250	\$1,875	\$0	\$0	\$0	\$0
Plus: Financing Costs	\$767	\$502	\$813	\$513	\$374	\$718	\$1,007
TOTAL CONSTRUCTION COSTS (000's)	\$17,817	\$11,652	\$18,888	\$11,913	\$8,674	\$16,678	\$23,392
TOTAL COSTS/SF	\$178.17	\$116.52	\$188.88	\$119.13	\$86.74	\$158.84	\$126.45
NET (OPERATING) INCOME (000's)							
Net Rentable Building SF	90,000	90,000	75,000	95,000	95,000	100,000	185,000
Gross Income By Use	\$1,590	\$1,667	\$5,062	\$1,520	\$570	\$1,403	
Plus: Other Income	\$0	\$0	\$1,670	\$0	\$0	\$0	
TOTAL INCOME	\$1,590	\$1,667	\$6,732	\$1,520	\$570	\$1,403	
Less: Operating Expense	\$80	\$83	\$3,796	\$76	\$29	\$70	
NET (OPERATING) INCOME	\$1,511	\$1,584	\$2,936	\$1,444	\$542	\$1,333	
NET (OPERATING) INCOME /SF	\$15.11	\$15.84	\$29.36	\$14.44	\$5.42	\$12.69	

(1) See Table A-31 for assumptions.

Source: DRA.

Table A-35
Land Residual Analysis
Non-Residential Uses
Elk Grove Affordable Housing Nexus Fee
Economic Impact Analysis

2012

Land Use:	Office	Retail/ Commercial	Hotel	Manufacturing	Warehouse
Gross SF Bldg Area	100,000	100,000	100,000	100,000	100,000
Net SF Site Area	200,000	400,000	200,000	400,000	400,000
Floor Area Ratio	0.50	0.25	0.50	0.25	0.25
Ann. Net Operating Income (000's) (1)	\$1,511	\$1,584	\$2,936	\$1,444	\$542
Assumed Capitalization Rate	8.00%	8.00%	8.00%	8.00%	8.00%
Capitalized Value (000's) (2)	\$18,885	\$19,799	\$36,699	\$18,050	\$6,769
Total Develop. Costs Except Land (000's) (2)					
With Nexus Fee Per Building SF of:					
\$0.00 No Fee	\$17,817	\$11,652	\$18,888	\$11,913	\$8,674
\$0.50	\$17,867	\$11,702	\$18,938	\$11,963	\$8,724
\$0.75	\$17,892	\$11,727	\$18,963	\$11,988	\$8,749
\$1.00	\$17,917	\$11,752	\$18,988	\$12,013	\$8,774
\$1.50	\$17,967	\$11,802	\$19,038	\$12,063	\$8,824
\$2.00	\$18,017	\$11,852	\$19,088	\$12,113	\$8,874
\$3.00	\$18,117	\$11,952	\$19,188	\$12,213	\$8,974
\$4.00	\$18,217	\$12,052	\$19,288	\$12,313	\$9,074
Residual Land Value (000's)					
With Nexus Fee Per Building SF of:					
\$0.00 No Fee	\$1,068	\$8,147	\$17,811	\$6,137	(\$1,905)
\$0.50	\$1,018	\$8,097	\$17,761	\$6,087	(\$1,955)
\$0.75	\$993	\$8,072	\$17,736	\$6,062	(\$1,980)
\$1.00	\$968	\$8,047	\$17,711	\$6,037	(\$2,005)
\$1.50	\$918	\$7,997	\$17,661	\$5,987	(\$2,055)
\$2.00	\$868	\$7,947	\$17,611	\$5,937	(\$2,105)
\$3.00	\$768	\$7,847	\$17,511	\$5,837	(\$2,205)
\$4.00	\$668	\$7,747	\$17,411	\$5,737	(\$2,305)
Residual Land Value Per SF Site Area					
With Nexus Fee Per Building SF of:					
\$0.00 No Fee	\$5.34	\$20.37	\$89.05	\$15.34	(\$4.76)
\$0.50	\$5.09	\$20.24	\$88.80	\$15.22	(\$4.89)
\$0.75	\$4.96	\$20.18	\$88.68	\$15.16	(\$4.95)
\$1.00	\$4.84	\$20.12	\$88.55	\$15.09	(\$5.01)
\$1.50	\$4.59	\$19.99	\$88.30	\$14.97	(\$5.14)
\$2.00	\$4.34	\$19.87	\$88.05	\$14.84	(\$5.26)
\$3.00	\$3.84	\$19.62	\$87.55	\$14.59	(\$5.51)
\$4.00	\$3.34	\$19.37	\$87.05	\$14.34	(\$5.76)
Percent Reduction in Residual Land Value With Nexus Fee Per Building SF of:					
\$0.50	4.7%	0.6%	0.3%	0.8%	-2.6%
\$0.75	7.0%	0.9%	0.4%	1.2%	-3.9%
\$1.00	9.4%	1.2%	0.6%	1.6%	-5.3%
\$1.50	14.0%	1.8%	0.8%	2.4%	-7.9%
\$2.00	18.7%	2.5%	1.1%	3.3%	-10.5%
\$3.00	28.1%	3.7%	1.7%	4.9%	-15.8%
\$4.00	37.5%	4.9%	2.2%	6.5%	-21.0%

(1) See Tables A-31 and A-32 for assumptions and calculations of net operating income and total development costs.

(2) Equals net operating income divided by capitalization rate.

Source: DRA.

Table A-36
Land Residual Analysis
Residential Uses
Elk Grove Affordable Housing Nexus Fee
Economic Impact Analysis
2012

Land Use:		Apartment	Single-Family Residential
Number of Housing Units		100	100
Gross SF Bldg Area		105,000	185,000
Net SF Site Area (1)		210,000	726,000
Floor Area Ratio		0.50	0.25
Ann. Net Operating Income (000's) (2)		\$1,333	N/A
Assumed Capitalization Rate: (3)		7.00%	N/A
Capitalized Value/Sales Value (000's) (4)		\$19,042	\$27,500
Total Develop. Costs Except Land (000's) (2)			
With Nexus Fee Per Housing Unit of:			
\$0 No Fee		\$16,678	\$23,392
\$1,000		\$16,778	\$23,492
\$1,500		\$16,828	\$23,542
\$2,000		\$16,878	\$23,592
\$3,000		\$16,978	\$23,692
\$4,000		\$17,078	\$23,792
\$5,000		\$17,178	\$23,892
\$6,000		\$17,278	\$23,992
Residual Land Value (000's)			
With Nexus Fee Per Housing Unit of:			
\$0 No Fee		\$2,364	\$4,108
\$1,000		\$2,264	\$4,008
\$1,500		\$2,214	\$3,958
\$2,000		\$2,164	\$3,908
\$3,000		\$2,064	\$3,808
\$4,000		\$1,964	\$3,708
\$5,000		\$1,864	\$3,608
\$6,000		\$1,764	\$3,508
Residual Land Value Per SF Site Area			
With Nexus Fee Per Housing Unit of:			
\$0 No Fee		\$11.26	\$5.66
\$1,000		\$10.78	\$5.52
\$1,500		\$10.54	\$5.45
\$2,000		\$10.30	\$5.38
\$3,000		\$9.83	\$5.24
\$4,000		\$9.35	\$5.11
\$5,000		\$8.88	\$4.97
\$6,000		\$8.40	\$4.83
Percent Reduction in Residual Land Value			
With Nexus Fee Per Housing Unit of:			
\$1,000		4.2%	2.4%
\$1,500		6.3%	3.7%
\$2,000		8.5%	4.9%
\$3,000		12.7%	7.3%
\$4,000		16.9%	9.7%
\$5,000		21.2%	12.2%
\$6,000		25.4%	14.6%

- (1) For single-family residential equals gross site area at an assumed density of 6 units per acre.
(2) See Tables A-31 and A-32 for assumptions and calculations of net operating income and total development costs.
(3) Based on June 2012 capitalization rate data from Reis Reports.
(4) Equals net operating income divided by capitalization rate for apartment land use. For single-family residential, equals total sales prices for 100 units at an average price per unit of: \$275,000
Source: DRA.

Table A-37
Vacant Commercial and Industrial Land Sales
City of Elk Grove
January 1, 2008 - June 28, 2012

No.	Zip Code	Address	Parcel No.	Sale Date	Zoning	Total Sales Price	Lot Size (Acres)	Price Per Sq. Ft.
Commercial								
1	95624	Grant Line Rd	126-0260-006	5/8/08	GC	\$212,344	0.20	\$23.97
2	95624	8935 Grant Line Rd	126-0260-005	5/8/08	GC	\$212,344	0.20	\$24.65
3	95624	8610 Elk Grove Blvd	125-0030-010	9/19/08	LC	\$351,000	0.63	\$12.79
4	95624	Grant Line Rd	134-0450-001	10/3/08	AR-5	\$2,332,500	4.46	\$12.01
5	95624	Elk Grove Florin	116-0042-028	12/1/08	SC	\$4,485,722	5.18	\$19.88
6	95624	Elk Grove Florin	116-0042-023	12/1/08	SC	\$4,485,722	4.65	\$22.15
7	95624	Elk Grove Florin	116-0042-024	12/1/08	SC	\$4,485,722	4.56	\$22.58
8	95758	Maritime Dr	119-1920-017	4/15/09	TC	\$1,378,360	1.82	\$17.39
9	95758	Harbour Point Dr	119-1920-018	9/8/09	TC	\$600,000	1.24	\$11.13
10	95624	Grant Line Rd	134-0600-032	9/8/09	SPACMD	\$1,500,000	0.46	\$75.02
11	95624	Bradshaw Rd	127-0150-027	10/13/09	LC	\$2,319,987	3.47	\$15.35
12	95624	8896 Southside Ave	125-0111-009	12/7/09	BP	\$83,000	0.23	\$8.28
13	95624	Stockton Blvd	125-0050-010	7/2/10	LC	\$600,000	4.01	\$3.43
14	95624	8980 Grant Line Rd	127-0100-017	10/15/10	GC	\$602,000	3.93	\$3.52
15	95758	Laguna Blvd.	119-1110-022	2/5/11	LC	\$500,500	6.96	\$1.65
16	95624	Stockton Blvd.	125-0010-003	2/1/12	RD-30	\$360,000	3.43	\$2.41
17	95624	Grant Line Rd.	126-0260-004	6/2/12	GC	\$200,000	1.24	\$3.70
18	95624	Grant Line Rd.	126-0260-001	6/2/12	GC	\$200,000	0.38	\$12.02
19	95624	Brown Rd.	121-0140-013	6/4/12	BP	\$725,948	2.65	\$6.29
20	95758	Laguna Blvd.	119-1110-088	9/22/12	LC	\$207,000	2.59	\$1.83
			Bottom of Range					\$1.65
			Top of Range					\$75.02
			Average					\$15.00
			Median					\$12.01
Industrial								
1	95758	3134 Dwight Rd	119-1540-021	4/29/08	M-1	\$1,240,000	3.00	\$9.49
2	95758	Dwight Rd	119-1540-017	6/16/08	Mult.	\$700,000	2.83	\$5.68
3	95624	Grant Line Rd.	134-0182-001	7/15/11	Mult.	\$1,850,000	74.00	\$0.57
4	95624	Grant Line Rd.	134-0520-021	8/9/11	M-2	\$284,000	1.06	\$6.15
			Bottom of Range					\$0.57
			Top of Range					\$9.49
			Average					\$5.47
			Median					\$5.91

Source: Dataquick Information Systems; DRA.

Table A-38
Vacant Residential Land Sales
City of Elk Grove
January 1, 2009 - June 28, 2012

No.	Zip Code	Address	Parcel No.	Sale Date	Zoning	Total Sales Price	Lot Size (Acres)	Price Per Sq. Ft.
1	95624	Wilton Rd	134-0360-039	2/23/09	AG20	\$50,000	18.86	\$0.06
2	95624	9024 Brown Rd	121-0150-009	3/25/09	AR-5	\$3,070,210	5.00	\$14.10
1	95757	Bruceville Rd	132-0050-020	5/5/09	MULT	\$600,000	6.92	\$1.99
2	95757	Bruceville Rd	132-0050-024	5/5/09	MULT	\$600,000	13.59	\$1.01
3	95624	8615 Waterman Rd	121-0180-023	5/18/09	AR-5	\$1,169,980	27.72	\$0.97
4	95624	8838 Country Hill Dr	127-0300-010	6/18/09	AR-2	\$180,000	1.89	\$2.19
5	95624	Brown Rd	121-0140-020	9/1/09	RD-5	\$2,381,284	7.95	\$6.88
6	95624	9080 Poplar Hollow Way	127-0340-007	10/9/09	AR-5	\$170,000	6.51	\$0.60
7	95758	Stockton Blvd	117-0182-010	12/11/09	R-1A	\$200,000	0.39	\$11.77
8	95624	Bader Rd	122-0210-015	12/18/09	AR-2	\$225,500	7.56	\$0.68
9	95624	Elk Grove Florin	127-0020-003	12/24/09	AR-5	\$160,131	5.00	\$0.74
10	95757	Poppy Ridge Rd	132-0050-101	12/28/09	MULT	\$3,690,000	18.20	\$4.65
11	95624	Bradshaw Rd	127-0040-029	1/15/10	AR-5	\$280,000	4.77	\$1.35
12	95624	9136 Shire Oaks Ln	127-0970-014	3/1/10	AR-2	\$340,000	2.52	\$3.10
13	95757	8706 W. Stockton Blvd	117-0220-002	6/8/10	MIXED	\$1,250,000	11.63	\$2.47
14	95758	8163 Sheldon Rd	117-0220-022	6/8/10	MIXED	\$1,250,000	2.00	\$14.35
15	95758	8163 Sheldon Rd	117-0220-023	6/8/10	C-2-R	\$1,250,000	1.00	\$28.70
16	95624	8800 Bradshaw Rd	121-0220-008	6/16/10	AR-5	\$500,000	18.73	\$0.61
17	95624	Elk Grove Blvd	127-0120-020	8/20/10	SPATRI	\$1,650,927	20.50	\$1.85
18	95757	8000 Poppy Ridge Rd	132-0050-011	8/24/10	MULT	\$1,400,000	19.37	\$1.66
19	95757	7911 Elefa Ave	132-0050-025	8/24/10	MULT	\$1,400,000	18.42	\$1.74
20	95757	7909 Cellana Dr	132-1900-036	9/29/10	RD-5	\$300,000	0.18	\$37.36
21	95624	9540 Grant Line Rd	127-0120-021	10/4/10	SPATRI	\$1,608,912	19.56	\$1.89
22	95624	Chambeau Way	126-0410-001	2/23/11	AR-5	\$268,500	4.39	\$1.40
23	95758	Elliott Ranch Rd	119-0161-014	3/24/11	RD-5	\$4,500	9.83	\$0.01
24	95758	Elliott Ranch Rd	119-0161-015	3/24/11	RD-5	\$4,500	0.69	\$0.15
25	95624	Bader Rd	122-0210-009	3/31/11	AR-2	\$215,000	8.63	\$0.57
26	95624	Waterman Rd	121-0180-017	4/1/11	AR-5	\$243,000	33.05	\$0.17
27	95624	9345 Sheldon Rd	121-0180-012	4/1/11	AR-5	\$588,500	6.00	\$2.25
28	95624	9756 Elk Grove Blvd	134-0110-057	6/10/11	SPATRI	\$510,552	10.02	\$1.17
29	95757	Point Pleasant Rd	132-0230-102	6/28/11	A 5	\$115,000	0.61	\$4.35
30	95757	Big Horn Blvd	116-0320-034	9/16/11	MP	\$1,250,000	2.34	\$12.26
31	95624	Bader Rd	122-0250-006	12/23/11	AR-2	\$85,000	1.78	\$1.10
32	95624	Waterman Rd	127-0150-001	12/30/11	AR-10	\$518,500	10.00	\$1.19
33	95624	Waterman Rd	127-0150-002	12/30/11	AR-10	\$518,500	10.00	\$1.19
34	95624	Waterman Rd	127-0150-009	12/30/11	AR-10	\$518,500	7.80	\$1.53
35	95624	Mooney Rd	126-0340-008	2/10/12	AR-5	\$200,000	5.00	\$0.92
36	95624	Equestrian Dr	134-0460-020	2/17/12	AR-5	\$63,000	4.88	\$0.30
37	95624	Equestrian Dr	134-0460-019	2/17/12	AR-5	\$64,000	4.90	\$0.30
38	95624	Bond Rd	127-0140-040	2/17/12	AR-5	\$370,000	7.90	\$1.08
39	95624	Equestrian Dr	134-0460-021	2/24/12	AR-5	\$50,000	4.83	\$0.24
40	95624	Allister Way	116-0610-061	3/27/12	RD-5	\$379,000	0.18	\$49.22
41	95624	Quail Song Ct	127-0520-052	4/23/12	RD-3	\$112,000	0.33	\$7.91
42	95624	Waterman Rd	134-0110-124	5/1/12	MULT	\$150,000	63.62	\$0.05
43	95624	Mango Ln	127-0880-011	5/3/12	SPATRI	\$84,000	0.95	\$2.03
44	95624	Bradshaw Rd	127-0140-024	5/10/12	RD-5	\$154,000	2.21	\$1.60
Bottom of Range								\$0.01
Top of Range								\$49.22
Average								\$5.04
Median								\$1.47

Source: Dataquick Information Systems; DRA.

Table A-39
Development Cost and Rent Analysis
Non-Residential Uses
Elk Grove Affordable Housing Nexus Fee
Economic Impact Analysis

2012

	Office	Retail/ Commercial	Hotel	Manufacturing	Warehouse
DEVELOPMENT COST ANALYSIS					
Development Cost Per SF, Excluding Land	\$178.17	\$116.52	\$188.88	\$119.13	\$86.74
Plus: Land Cost Per SF (1)	\$15.00	\$15.00	\$15.00	\$5.50	\$5.50
Total Development Cost Per SF	\$193.17	\$131.52	\$203.88	\$124.63	\$92.24
Linkage Fee As % of Development Cost					
At a Per Square Foot Fee of:					
\$0.50	0.26%	0.38%	0.25%	0.40%	0.54%
\$0.75	0.39%	0.57%	0.37%	0.60%	0.81%
\$1.00	0.52%	0.76%	0.49%	0.80%	1.08%
\$1.50	0.78%	1.14%	0.74%	1.20%	1.63%
\$2.00	1.04%	1.52%	0.98%	1.60%	2.17%
\$3.00	1.55%	2.28%	1.47%	2.41%	3.25%
\$4.00	2.07%	3.04%	1.96%	3.21%	4.34%
RENT ANALYSIS					
Annual Gross Rent/Income Per Sq. Ft.	\$18.60	\$19.50	\$50.75	\$16.00	\$6.00
Average Occupancy Rate	95%	95%	70%	100%	100%
Increase in Annual Rent Per SF Required to Finance					
Linkage Fee Per Square Foot of (2) :					
\$0.50	\$0.04	\$0.04	\$0.06	\$0.04	\$0.04
\$0.75	\$0.07	\$0.07	\$0.09	\$0.06	\$0.06
\$1.00	\$0.09	\$0.09	\$0.12	\$0.08	\$0.08
\$1.50	\$0.13	\$0.13	\$0.18	\$0.13	\$0.13
\$2.00	\$0.18	\$0.18	\$0.24	\$0.17	\$0.17
\$3.00	\$0.27	\$0.27	\$0.36	\$0.25	\$0.25
\$4.00	\$0.35	\$0.35	\$0.48	\$0.34	\$0.34
% Increase in Annual Rent Per SF					
at Linkage Fee Per Square Foot of:					
\$0.50	0.24%	0.23%	0.12%	0.26%	0.70%
\$0.75	0.36%	0.34%	0.18%	0.39%	1.05%
\$1.00	0.48%	0.45%	0.24%	0.53%	1.40%
\$1.50	0.71%	0.68%	0.35%	0.79%	2.10%
\$2.00	0.95%	0.91%	0.47%	1.05%	2.80%
\$3.00	1.43%	1.36%	0.71%	1.58%	4.20%
\$4.00	1.90%	1.81%	0.95%	2.10%	5.60%

(1) Based on land sales comparables for commercial and industrial property from Table A-39.

(2) Financing assumptions:

Debt:

Loan to Value Ratio	60.00%
Debt Interest Rate	6.00%

Equity

% of Develop. Costs	40.00%
Equity Yield	12.00%
Current Average Financing Cost	8.40%
Assumed Average Financing Cost	8.40%

(2) Equals linkage fee per square foot times assumed average cost of capital divided by occupancy rate.

Source: DRA.

Hotel	
Nightly Rate	\$125.00
SQ/Room	\$750.00
Annual Income	\$60.83

Table A-40
Development Cost and Rent Analysis
Residential Uses
Elk Grove Affordable Housing Nexus Fee
Economic Impact Analysis

2012

	Apartment	Single-Family Residential
DEVELOPMENT COST ANALYSIS		
Development Cost Per SF, Excluding Land	\$158.84	\$126.45
Plus: Land Cost Per SF (1)	\$15.00	\$5.00
Total Development Cost Per SF	\$173.84	\$131.45
Average Unit Size (SF)	975	1,850
Linkage Fee As % of Development Cost		
At a Fee Per Housing Unit of:		
\$1,000	0.59%	0.41%
\$1,500	0.88%	0.62%
\$2,000	1.18%	0.82%
\$3,000	1.77%	1.23%
\$4,000	2.36%	1.64%
\$5,000	2.95%	2.06%
\$6,000	3.54%	2.47%
RENT ANALYSIS		
Annual Gross Rent Per Sq. Ft.	\$14.77	N/A
Average Occupancy Rate	95%	N/A
Increase in Annual Rent Per SF Required to Finance		
At a Fee Per Housing Unit of:		
\$1,000	\$0.09	N/A
\$1,500	\$0.14	N/A
\$2,000	\$0.18	N/A
\$3,000	\$0.27	N/A
\$4,000	\$0.36	N/A
\$5,000	\$0.45	N/A
\$6,000	\$0.54	N/A
% Increase in Annual Rent Per SF		
At a Fee Per Housing Unit of:		
\$1,000	0.61%	N/A
\$1,500	0.92%	N/A
\$2,000	1.23%	N/A
\$3,000	1.84%	N/A
\$4,000	2.46%	N/A
\$5,000	3.07%	N/A
\$6,000	3.68%	N/A

(1) Based on land sales comparables for commercial and single-family residential property from Table

(2) Financing assumptions:

Debt:	
Loan to Value Ratio	60.00%
Debt Interest Rate	6.00%
Equity	
% of Develop. Costs	40.00%
Equity Yield	12.00%
Current Average Financing Cost	8.40%
Assumed Average Financing Cost	8.40%

(2) Equals linkage fee per square foot times assumed average cost of capital divided by occupancy rate.

Source: DRA.

Table A-41
Rate of Return Analysis
Non-Residential Uses
Elk Grove Affordable Housing Nexus Fee
Economic Impact Analysis

2012

	Office	Retail/ Commercial	Hotel	Manufacturing	Warehouse
RETURN ANALYSIS					
Original Equity Investment Per Sq. Ft. (1)	\$77.27	\$52.61	\$81.55	\$49.85	\$36.90
Increase in Equity Investment Per Sq. Ft. at Development Impact Fee Per Square Foot of: (2)					
\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50
\$0.75	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75
\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
\$1.50	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50
\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00
\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
Assumed Equity Yield:	12.00%	12.00%	12.00%	12.00%	12.00%
Original Return on Equity Per Sq. Ft. (3)	\$9.27	\$6.31	\$9.79	\$5.98	\$4.43
Revised Rate of Return on Equity at Development Impact Fee Per Square Foot of: (4)					
\$0.50	11.92%	11.89%	11.93%	11.88%	11.84%
\$0.75	11.88%	11.83%	11.89%	11.82%	11.76%
\$1.00	11.85%	11.78%	11.85%	11.76%	11.68%
\$1.50	11.77%	11.67%	11.78%	11.65%	11.53%
\$2.00	11.70%	11.56%	11.71%	11.54%	11.38%
\$3.00	11.55%	11.35%	11.57%	11.32%	11.10%
\$4.00	11.41%	11.15%	11.44%	11.11%	10.83%

(1) Equals assumed equity yield multiplied by total development cost per square foot (without fee).

(2) Assumes development impact fee is financed 100% through equity, since imposition of fee does not increase debt-carrying capacity of development.

(3) Equals original return on equity per square foot multiplied by assumed equity yield.

(4) Equals original return on equity per square foot divided by the sum of original equity investment per square foot plus increase in equity investment per square foot.

Source: DRA.

Table A-42
Rate of Return Analysis
Residential Uses
Elk Grove Affordable Housing Nexus Fee
Economic Impact Analysis
2012

	Apartment	Single-Family Residential
RETURN ANALYSIS		
Original Equity Investment Per Sq. Ft. (1)	\$69.54	\$52.58
Increase in Equity Investment Per Sq. Ft. At a Fee Per Housing Unit of:		
\$1,000	\$1.03	\$0.54
\$1,500	\$1.54	\$0.81
\$2,000	\$2.05	\$1.08
\$3,000	\$3.08	\$1.62
\$4,000	\$4.10	\$2.16
\$5,000	\$5.13	\$2.70
\$6,000	\$6.15	\$3.24
Assumed Equity Yield:	12.00%	12.00%
Original Return on Equity Per Sq. Ft. (3)	\$8.34	\$6.31
Revised Rate of Return on Equity at Development Impact Fee Per Square Foot of: (4)		
\$1,000	11.83%	11.88%
\$1,500	11.74%	11.82%
\$2,000	11.66%	11.76%
\$3,000	11.49%	11.64%
\$4,000	11.33%	11.53%
\$5,000	11.18%	11.41%
\$6,000	11.02%	11.30%

- (1) Equals assumed equity yield multiplied by total development cost per square foot (without fee).
(2) Assumes development impact fee is financed 100% through equity, since imposition of fee does not increase debt-carrying capacity of development.
(3) Equals original return on equity per square foot multiplied by assumed equity yield.
(4) Equals original return on equity per square foot divided by the sum of original equity investment per square foot plus increase in equity investment per square foot.

Source: DRA.

Table A-43
MetroList Home Listings
City of Elk Grove
June 12, 2012

No.	Address	Bedrooms	Baths	Sq. Ft.	List Price	Price Per Sq. Ft.
1	9259 Seabiscuit Ln.	5	4	4,468	\$639,900	\$143
2	7227 Serta Ct.	5	3	3,230	\$378,000	\$117
3	9829 Pattycake Ct.	5	3	3,230	\$334,900	\$104
4	9761 Bovill Dr.	5	3	2,716	\$309,900	\$114
5	3801 Benedix Way	5	2	2,814	\$279,900	\$99
6	2317 Canada Goose Ct.	5	3	3,200	\$274,900	\$86
7	4908 Hutson Way	5	3	2,849	\$269,900	\$95
8	9832 Burrowing Owl Way	5	3	2,716	\$265,000	\$98
9	7407 Brandamore Ct.	5	3	2,283	\$254,900	\$112
10	7844 Calzada Way	5	3	2,835	\$219,900	\$78
11	9752 Jutland Ct.	5	3	2,428	\$214,900	\$89
Five Bedroom Homes		Average			\$312,918	\$103
		Median			\$274,900	\$99
12	9455 Winding River Way	4	3	3,058	\$319,900	\$105
13	9611 Pilliteri Way	4	4	3,161	\$314,900	\$100
14	9395 Willow Pond Circle	4	3	2,889	\$309,900	\$107
15	9267 Fife Ranch Way	4	3	3,871	\$305,000	\$79
16	10232 Nick Way	4	2	3,440	\$289,900	\$84
17	5212 Namath Cir	4	3	2,724	\$289,900	\$106
18	9808 Pipit Way	4	2	2,436	\$270,000	\$111
19	6700 Rio Tejo Way	4	2	2,549	\$269,000	\$106
20	9465 Medstead Way	4	3	2,825	\$259,900	\$92
21	9258 Boulder Falls Ct.	4	2	2,653	\$259,900	\$98
22	5705 Claudied Way	4	3	2,723	\$244,900	\$90
23	5501 Elk Hollow Ct.	4	3	2,900	\$244,900	\$84
24	8507 Diamond Oak Way	4	2	1,895	\$239,900	\$127
25	10060 Wexted Way	4	3	2,265	\$239,900	\$106
26	7200 Beaver Falls Way	4	2	2,149	\$239,900	\$112
27	2935 Atterbury Way	4	2	2,400	\$239,900	\$100
28	5500 Ravine Creek Way	4	3	2,267	\$234,900	\$104
29	140 Cicero Circle	4	3	2,285	\$225,000	\$98
30	5401 Hirsch Circle	4	3	2,361	\$219,000	\$93
31	9041 Polhemus Dr.	4	2	2,241	\$214,900	\$96
32	6704 Sao Tiago Way	4	2	3,079	\$214,000	\$70
33	6708 Walbridge Way	4	2	1,733	\$203,300	\$117
34	8524 Jasmine Crest Ct.	4	3	2,269	\$187,500	\$83
35	9200 Primera Ct.	4	2	1,801	\$179,900	\$100
36	8443 Heritage Hill Dr.	4	2	1,521	\$174,900	\$115
37	9879 Falcon Meadow Dr.	4	3	2,170	\$173,300	\$80
38	8263 Bernay Way	4	2	1,428	\$169,900	\$119
39	8800 Metalmark Ct.	4	3	2,079	\$168,800	\$81
40	9644 La Nuez Dr.	4	2	1,520	\$164,900	\$108
41	8158 Orsage Ct.	4	2	2,000	\$150,000	\$75
Four Bedroom Homes		Average			\$233,933	\$98
		Median			\$239,900	\$100
42	9511 Heathman Way	3	2	2,493	\$281,900	\$113
43	9109 Camden Lake Way	3	3	2,550	\$273,625	\$107
44	9541 E. Park Dr.	3	2	2,244	\$247,500	\$110
45	8398 Kingmont Way	3	3	2,136	\$227,900	\$107
46	8535 Jordan Ranch Rd.	3	2	2,096	\$209,900	\$100
47	9505 Village Tree Dr.	3	2	1,534	\$199,900	\$130
48	9807 Paso Fino Way	3	2	1,452	\$199,900	\$138
49	4000 Spindrifter Ln.	3	2	1,287	\$192,500	\$150
50	9266 Crystal Falls Way	3	2	1,457	\$189,900	\$130
51	8533 McGray Way	3	2	1,428	\$183,900	\$129

Table A-43
MetroList Home Listings
City of Elk Grove
June 12, 2012

No.	Address	Bedrooms	Baths	Sq. Ft.	List Price	Price Per Sq. Ft.
52	9328 Moynello Ct.	3	2	2,481	\$176,900	\$71
53	7720 Jacinto Rd.	3	2	1,450	\$174,900	\$121
54	5010 Gopherglen Ct.	3	2	1,871	\$174,900	\$93
55	9271 Balboa Park Way	3	2	1,555	\$172,700	\$111
56	8701 Clay Glen Way	3	2	1,310	\$172,500	\$132
57	10109 E. Taron Dr.	3	2	1,788	\$172,300	\$96
58	9495 Madrid Way	3	2	1,554	\$172,000	\$111
59	9247 Gem Crest Way	3	2	1,663	\$166,000	\$100
60	7025 Springmont Dr.	3	2	1,488	\$165,000	\$111
61	7025 Springmont Dr.	3	2	1,488	\$165,000	\$111
62	6757 Koster Way	3	2	1,490	\$164,900	\$111
63	8600 Elk Way	3	2	1,627	\$164,500	\$101
64	8989 Vista Campo Way	3	2	1,557	\$159,900	\$103
65	5850 Laguna Trail Way	3	2	1,572	\$159,900	\$102
66	8242 Adelbert Way	3	2	1,222	\$155,700	\$127
67	9877 Don Carlos Ct.	3	2	1,599	\$152,900	\$96
68	5227 Misty Meadow Way	3	2	1,542	\$150,900	\$98
69	8883 Sharkay Ave.	3	2	1,376	\$149,900	\$109
70	8512 Birch Crest Ct.	3	2	1,322	\$146,900	\$111
71	8978 Bramblewood Way	3	2	1,406	\$144,900	\$103
72	6222 Laguna Vale Way	3	2	1,826	\$144,700	\$79
73	9607 Village Tree Dr.	3	2	998	\$139,000	\$139
74	8140 Drais Way	3	2	1,325	\$138,900	\$105
75	9556 Sunlight Ln.	3	2	1,351	\$134,000	\$99
76	5220 Stoney Creek Way	3	2	1,436	\$129,900	\$90
Three Bedroom Homes		Average			\$175,886	\$110
		Median			\$166,000	\$109
77	7016 Plume Way	2	2	1,046	\$134,900	\$129
78	9137 Haussman St.	2	2	1,171	\$133,000	\$114
79	9588 Coney Island Cir Unit 99	2	2	1,241	\$111,350	\$90
75	8910 Imray Way	2	2	957	\$105,000	\$110
76	9208 Egret Dr.	2	1	1,210	\$99,900	\$83
77	8795 Los Banos Way	2	1	1,307	\$95,000	\$73
54	9288 Egret Dr.	2	1	858	\$94,900	\$111
55	2890 Brighton Beach Way Unit 42	2	2	1,076	\$84,900	\$79
56	944 Harbour Point Dr. Unit 263	1	1	769	\$72,900	\$95
All Homes		Bottom of Range			\$72,900	\$69.50
		Top of Range			\$639,900	\$149.57
		Average			\$206,447	\$103.57
		Median			\$187,500	\$103.62

Source: MetroListMLS.com; DRA.

Table A-44
Single-Family Homes for Rent
City of Elk Grove
May 7, 2012

Bedrooms	Baths	Rent	SF	Rent/SF
3	2	\$1,150	1,300	\$0.88
3	2	\$1,225	1,158	\$1.06
3	2	\$1,295	1,437	\$0.90
3	2	\$1,295	1,130	\$1.15
3	2	\$1,325	1,330	\$1.00
3	2	\$1,350	1,261	\$1.07
3	2	\$1,350	1,332	\$1.01
3	2	\$1,350	1,470	\$0.92
3	2	\$1,375	1,259	\$1.09
3	2	\$1,395	1,482	\$0.94
3	2	\$1,395	1,340	\$1.04
3	2	\$1,395	1,620	\$0.86
3	2	\$1,450	1,660	\$0.87
3	2	\$1,450	2,075	\$0.70
3	2	\$1,495	1,677	\$0.89
3	2	\$1,500	1,314	\$1.14
3	2	\$1,550	1,685	\$0.92
3	2	\$1,645	2,329	\$0.71
3	2	\$1,695	1,740	\$0.97
3	2.5	\$1,295	N/A	
3	2.5	\$1,395	1,495	\$0.93
3	2.5	\$1,395	1,502	\$0.93
3	2.5	\$1,425	1,432	\$1.00
3	2.5	\$1,450	1,490	\$0.97
3	2.5	\$1,450	1,436	\$1.01
3	2.5	\$1,450	1,650	\$0.88
3	2.5	\$1,495	1,600	\$0.93
3	2.5	\$1,500	2,250	\$0.67
3	2.5	\$1,595	2,250	\$0.71
3	2.5	\$1,650	2,359	\$0.70
3	2.5	\$1,650	1,940	\$0.85
3	2.5	\$1,650	1,526	\$1.08
3	3	\$1,385	1,185	\$1.17
3	3	\$1,595	1,896	\$0.84
3	N/A	\$1,100	1,900	\$0.58
3	N/A	\$1,195	1,510	\$0.79
3	N/A	\$1,280	1,412	\$0.91
3	N/A	\$1,305	1,198	\$1.09
3	N/A	\$1,325	1,232	\$1.08
3	N/A	\$1,325	1,232	\$1.08
3	N/A	\$1,325	1,330	\$1.00
3	N/A	\$1,350	1,700	\$0.79
3	N/A	\$1,350	1,400	\$0.96
3	N/A	\$1,395	1,645	\$0.85
3	N/A	\$1,450	1,416	\$1.02
3		\$1,250	1,080	\$1.16
Average Three Bedroom		\$1,407	1,548	\$0.91

Table A-44
Single-Family Homes for Rent
City of Elk Grove
May 7, 2012

Bedrooms	Baths	Rent	SF	Rent/SF
4	2	\$1,450	1,700	\$0.85
4	2	\$1,600	1,798	\$0.89
4	2	\$1,600	1,800	\$0.89
4	2	\$1,630	2,159	\$0.75
4	2.5	\$1,395	1,993	\$0.70
4	2.5	\$1,550	2,090	\$0.74
4	2.5	\$1,699	2,085	\$0.81
4	2.5	\$1,800	1,945	\$0.93
4	3	\$1,425	1,893	\$0.75
4	3	\$1,595	2,280	\$0.70
4	3	\$1,595	2,084	\$0.77
4	3	\$1,600	2,000	\$0.80
4	3	\$1,650	1,987	\$0.83
4	3	\$1,690	2,428	\$0.70
4	3	\$1,700	2,200	\$0.77
4	3	\$1,795	2,028	\$0.89
4	3	\$1,800	2,800	\$0.64
4	3	\$1,850	N/A	
4	3	\$1,895	2,765	\$0.69
4	3	\$2,300	3,220	\$0.71
4	N/A	\$1,445	1,232	\$1.17
4	N/A	\$1,450	N/A	
4	N/A	\$1,495	1,864	\$0.80
4	N/A	\$1,495	1,639	\$0.91
4	N/A	\$1,495	1,889	\$0.79
4	N/A	\$1,500	1,800	\$0.83
4	N/A	\$1,550	1,800	\$0.86
4	N/A	\$1,750	N/A	
4	N/A	\$1,750	2,300	\$0.76
4	N/A	\$1,795	2,028	\$0.89
4	N/A	\$1,950	1,896	\$1.03
4	N/A	\$2,150	2,700	\$0.80
5	3	\$1,595	2,095	\$0.76
5	3	\$1,895	2,384	\$0.79
5	3	\$1,995	2,602	\$0.77
5	3	\$2,000	2,276	\$0.88
5	4	\$1,795	2,795	\$0.64
5	N/A	\$1,795	2,583	\$0.69
5	N/A	\$2,100	2,445	\$0.86
5	N/A	\$2,495	3,228	\$0.77
Average Four-Plus Bedroom		\$1,645	2,067	\$0.80
Overall Average		\$1,519	1,788	\$0.85

Source: Sacramento Craigslist.org; ForRent.com; RealRentals.com;
DRA.

**Table A-45
Population, Households and Employment
Trends and Projections
City of Elk Grove
2005 to 2035**

	Historical Data/Estimates							Projections				
	SACOG 2005	Dept of Finance 2005	Dept of Finance 2009	CSER Market Study 2009	Dept of Finance 2012	2005 to 2009 Annual (1) Compound Growth Rate	2009 to 2012 Annual (1) Compound Growth Rate	DRA Estimate 2017 (2)	CSER Market Study 2029	SACOG 2035	SACOG 2005 to 2035 Ann. Growth Rate	CSR Market Study 2009 to 2029 Ann Gr. Rate
Population and Housing Projections												
Population	110,843	121,609	141,512	141,430	155,937	3.9%	3.3%	166,228	193,783	192,889	1.9%	1.6%
Households	--	39,987	46,892	--	48,469	4.1%	1.1%	52,722	--			--
Housing Units	38,196	40,932	48,040	48,259	51,207	4.1%	2.2%	55,497	67,316	69,273	2.0%	1.7%
Single-Family		38,606	44,685	46,288	46,033	3.7%	1.0%	49,736	59,885			1.3%
Detached		37,687	43,358	44,961	44,498	3.6%	0.9%	47,573	55,850			1.1%
Attached		919	1,327	1,327	1,535	9.6%	5.0%	2,040	4,035			5.7%
Multifamily/MH		2,053	3,355	3,298	5,174	13.1%	15.5%	5,755	7,431			4.1%
Vacant Hsg. Units		945	1,148	N/A	2,738	--	--	2,775	N/A			--
Vacancy Rate		2.31%	2.39%	N/A	5.35%	--	--	5.00%	N/A			--
Average HH Size		3.04	3.02	N/A	3.22	--	--	3.15	N/A			--
Employment Projections												
Agriculture/Mining				0				0	0			0.0%
Construction				3,131				3,515	4,181			1.5%
Manufacturing				505				567	674			1.5%
TPU				655				713	811			1.1%
Wholesale Trade				1,078				1,210	1,440			1.5%
Retail Trade				7,086				8,597	11,488			2.4%
FIRE				1,462				2,164	3,895			5.0%
Services				13,476				17,167	24,684			3.1%
Government				683				1,011	1,819			5.0%
Total Employment	24,653			28,076		3.3%	--	34,944	48,992	56,292	2.2%	2.8%
Unemployment Rate												
Jobs/Housing Ratio	0.65			0.58				0.63	0.73	0.81		

N/A= Not Available

(1) For population and housing, projected growth rates are based on Department of Finance data.

For total employment, projected growth rates are based on SACOG 2005 and CSER Market Study 2009 data.

(2) DRA population and housing unit projections based on Department of Finance 2012 to CSER 2029 annual growth rate. Households and average household sizes estimated based on assumed 5% housing vacancy rate. DRA employment projections based on CSER Market Study growth rates by major industry sector for 2009 to 2029 applied to 2009 estimates.

Source: California Department of Finance; Sacramento Association of Governments (SACOG); Center for Strategic Economic Research (CSER), "Elk Grove Market Study," December 29, 2010; DRA.

Appendix B
Sacramento Housing and Redevelopment Agency
Utility Allowance Schedule
2012

SACRAMENTO HOUSING & REDEVELOPMENT AGENCY
UTILITY ALLOWANCE SCHEDULE
MULTIFAMILY AFFORDABLE RENTAL HOUSING PROGRAMS

A monthly average cost of the summer and winter adjustments were used for electric & natural gas costs.

	Effective January 1, 2012				
	OBR	1BR	2BR	3BR	5BR
Elevator Structure - All Electric					
All Electric	\$62.00	\$70.00	\$88.00	\$115.00	NA
Totals	\$62.00	\$70.00	\$88.00	\$115.00	NA

Walk-Up - All Electric					
All Electric	\$64.00	\$72.00	\$90.00	\$107.00	\$141.00
Totals	\$64.00	\$72.00	\$90.00	\$107.00	\$141.00

Walk-Up - Electric Heating					
Electric (Heating & Lighting, etc)	\$44.00	\$57.00	\$67.00	\$82.00	\$122.00
Natural Gas (Water Heating Only)	\$12.00	\$14.00	\$15.00	\$18.00	\$22.00
Totals	\$56.00	\$71.00	\$82.00	\$100.00	\$144.00

Walk-Up - Gas Heating					
Electric (Lighting, etc)	\$29.00	\$35.00	\$41.00	\$49.00	\$63.00
Natural Gas (Heating & Water Heating)	\$23.00	\$28.00	\$33.00	\$36.00	\$42.00
Totals	\$52.00	\$63.00	\$74.00	\$85.00	\$105.00

These Utility Allowances are not to be used for tenants that are receiving assistance from the Housing Choice Voucher Program (HCV) Program.