

**RESIDENTIAL NEXUS ANALYSIS
Mixed Income Housing Ordinance
Sacramento, California**

Prepared for
City of Sacramento

Prepared by:
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SUMMARY REPORT

The Summary Report provides a concise version of the major findings of the residential nexus analysis conducted to support an update to the Mixed Income Housing Program in the City of Sacramento. All of the material is contained in more detail in the appendix sections that follow.

The City of Sacramento Mixed Income Housing Ordinance was first adopted in 2000. Since adoption, the Ordinance has been amended several times, with the most significant revisions occurring on November 4, 2004 and January 18, 2005. The current program applies only to the City's "new growth areas." At its core, the program requires that 15% of new housing units must be affordable to very low and low income households. The ordinance does not currently allow developers to pay a fee in-lieu of providing units.

The City is conducting a full reexamination of its Mixed Income Housing Program in light of the significant changes that have occurred since it was last updated. In addition to a drastic decline in the overall housing market, the City has also entered into a new era with the elimination of redevelopment, which was a major source of funding for affordable housing in Sacramento. The City seeks to revise the ordinance in several fundamental ways, including expanding its coverage to include the entire city and changing the requirements to make it more flexible for developers while still achieving the Ordinance's objective to create affordable housing in the City.

The City contracted with Keyser Marston Associates to conduct a residential nexus analysis and financial feasibility analysis.

A. MARKET SURVEY AND RESIDENTIAL PROTOTYPES

In collaboration with City staff, a total of eight market rate residential prototypes were selected for analysis – five ownership prototypes and three rental prototypes. The intent of the selected prototypes is to identify representative developments generally being built by the private marketplace in Sacramento in order to gain a general understanding of the economic opportunities and challenges of new residential development today.

The first five prototypes (all ownership prototypes) were utilized in the 2008/09 Mixed Income Housing Ordinance "Feasibility Analysis" performed for SHRA. These five ownership prototypes are again being utilized for KMA's assignment, to which the three rental prototypes have been added. The eight prototypes are as follows:

Residential Prototypes	Units	Density	Avg. Unit Size
<u>Ownership Prototypes</u>			
1) Suburban Infill Small SFR Project	16 units	5 du/acre	2,200 sq. ft.
2) Outer-edge Suburban Large SFR Project	103 units	5 du/acre	2,200 sq. ft.
3) Outer-edge Suburban Small Lot/ Cluster SFR	118 units	10 du/acre	1,600 sq. ft.
4) Suburban Infill Large Condo Project	135 units	30 du/acre	1,200 sq. ft.
5) Urban Infill Condo Project	92 units	84 du/acre	950 sq. ft.
<u>Rental Prototypes</u>			
6) Suburban Infill Small Apartment Project	25 units	30 du/acre	950 sq. ft.
7) Urban Infill Small Apartment Project	25 units	60 du/acre	850 sq. ft.
8) Urban Infill Larger Apartment Project	150 units	100 du/acre	850 sq. ft.

These prototypes were selected because they generally represent the range of project densities being built in Sacramento (or expected to be built when the market recovers) ranging from a low density single family prototype which is the predominant prototype in the outer-edge suburban areas of the city, to higher density condominium and apartment complexes, which are found in some parts of the Central City. The term “Suburban Infill” is meant to describe the older, more built-out neighborhoods of the city. These neighborhoods are generally suburban in character but are differentiated from the larger subdivisions characteristic of the “Outer-edge” or “greenfield” areas like North Natomas, and differentiated from the more urbanized and higher density “Urban Infill” areas (Central City).

The lower density prototypes are all Type V wood frame construction, while the higher density Central City prototypes would include concrete parking podiums and possibly steel frame construction. More detailed information about the prototypes is included in Appendix II.

B. RESIDENTIAL NEXUS ANALYSIS FINDINGS

KMA prepared a Residential Nexus Analysis as a support document in light of recent California Supreme Court Decisions which make it advisable for jurisdictions to demonstrate the relationships between the development of market rate residential units and the need for additional affordable housing. The *Palmer* case in particular precludes cities from requiring the inclusion of affordable units in rental projects unless there is a negotiated agreement with the city in which the city agrees to concessions. Cities may, however, require rental (and ownership) projects to pay an impact fee or negotiate for on-site units. This nexus analysis meets the requirements of the California Governmental Code for the implementation of an impact fee.

Following is an abbreviated version of the nexus analysis. For more information, the full report is contained in Appendix I.

1. The Nexus Concept

At its most simplified level, the underlying nexus concept is that the newly constructed units represent new households and new income in Sacramento. These households will consume goods and services, either through purchases of goods and services or by “consuming” governmental services. New consumption translates to new jobs; a portion of the jobs are at lower compensation levels. Low compensation jobs translate to lower income households that cannot afford market rate units in Sacramento and therefore need affordable housing.

2. Impact Methodology and Models Used

The analysis is performed using two models. The IMPLAN model is an industry accepted, commercially available model developed over 30 years ago to quantify the impacts of changes in a local economy, including the employment impacts of changes in personal income. The IMPLAN model is “inputted” with net new personal income in Sacramento and moves through a series of adjustments to disposable income, a distribution of expenditures, and ultimately produces a quantification of jobs generated by industry. The KMA jobs housing nexus model, which was developed nearly 20 years ago to analyze the income structure of job growth, is used to determine the household income of new employee households, identifying how many are at lower income and housing affordability levels.

3. The Sacramento Residential Prototypes

The eight residential prototypes described at the outset of this Summary report are the starting point of the nexus analysis. In particular, the sales prices or rent levels of the prototype units are linked to household income and new expenditures in the city of Sacramento.

KMA conducted a review of the residential real estate market to assign sales prices and rents to the prototypes. The sales prices and rents reflect the current market. More information on this analysis is contained in Appendix II. The eight prototypes with current market rate sales prices or rent levels are:

Ownership Prototypes					
	<i>Suburban Infill Small SFR</i>	<i>Outer-Edge Suburban Large SFR</i>	<i>Outer-Edge Suburban Small Lot SFR</i>	<i>Suburban Infill Large Condo</i>	<i>Urban Infill Condo</i>
Avg. Unit Size	2,200 SF	2,200 SF	1,600 SF	1,200 SF	950 SF
Avg. No. of Bedrooms	4 BR	4 BR	3 BR	3 BR	2 BR
Avg. Sales Price	\$310,000	\$270,000	\$220,000	\$280,000	\$330,000

Rental Prototypes			
	<i>Suburban Infill Small Project Rental</i>	<i>Urban Infill Small Project Rental</i>	<i>Urban Infill Larger Project Rental</i>
Avg. Unit Size	950 SF	850 SF	850 SF
Avg. No. of Bedrooms	2 BR	2 BR	2 BR
Avg. Rent	\$1,425/mo.	\$1,780/mo.	\$1,780/mo.

From the sales prices and rent levels, household income is determined using assumptions with respect to a share of income spent on housing and housing purchase terms. For ownership units, 35% of income is spent on housing (including mortgage payments, insurance, property taxes and maintenance), a relationship that is grounded in state housing policy and also reflective of current lending practices. Renters are assumed to spend 30% of their income on rent. As a result, gross household income associated with each of the prototypes is as follows:

Ownership Prototypes					
	<i>Suburban Infill Small SFR</i>	<i>Outer-Edge Suburban Large SFR</i>	<i>Outer-Edge Suburban Small Lot SFR</i>	<i>Suburban Infill Large Condo</i>	<i>Urban Infill Condo</i>
Gross Household Income	\$83,000	\$74,000	\$61,000	\$73,000	\$84,000

Rental Prototypes			
	<i>Suburban Infill Small Project Rental</i>	<i>Urban Infill Small Project Rental</i>	<i>Urban Infill Larger Project Rental</i>
Gross Household Income	\$57,000	\$71,000	\$71,000

The nexus analysis is conducted on 100-unit project modules for ease of presentation and to avoid awkward fractions.

4. IMPLAN Model Results

The IMPLAN model was applied to link gross household income to household expenditures to job growth occurring in Sacramento County. The IMPLAN model first converts household income to disposable income by accounting for State and Federal income taxes, Social Security and Medicare (FICA) taxes, and personal savings. The model then distributes spending among various types of goods and services (industry sectors) based on data from the Consumer Expenditure Survey and the Bureau of Economic Analysis Benchmark input-output study, to estimate employment generated.

Job creation, driven by increased demand for products and services, was projected for each of the industries that will serve the new households. The employment generated by this new household spending is summarized below.

Jobs Generated per 100 Units, Ownership Prototypes					
	<i>Suburban Infill Small SFR</i>	<i>Outer-Edge Suburban Large SFR</i>	<i>Outer-Edge Suburban Small Lot SFR</i>	<i>Suburban Infill Large Condo</i>	<i>Urban Infill Condo</i>
Gross Household Income	\$83,000	\$74,000	\$61,000	\$73,000	\$84,000
Total Jobs Generated, 100 units	62.1	56.5	46.5	55.7	62.9

Jobs Generated per 100 Units, Rental Prototypes			
	<i>Suburban Infill Small Project Rental</i>	<i>Urban Infill Small Project Rental</i>	<i>Urban Infill Larger Project Rental</i>
Gross Household Income	\$57,000	\$71,000	\$71,000
Total Jobs Generated, 100 units	43.5	54.2	54.2

The IMPLAN model quantifies jobs generated at establishments that serve new residents directly (i.e. supermarkets, banks or schools), jobs generated by increased demand at firms which service or supply these establishments (wholesalers, janitorial contractors, accounting firms, or any jobs down the service/supply chain from direct jobs), and jobs generated when the new employees spend their wages in the local economy and generate additional jobs.

In the full nexus report, jobs generated by the larger industry categories are indicated in the tables. Jobs in Eating and Drinking establishments represent the single greatest concentration. However if all retail categories were aggregated, even without the eating and drinking, they would be the single largest group of jobs. Medical related services represent another major job category.

5. Compensation Levels of Jobs and Household Income

The output of the IMPLAN model – the numbers of jobs by industry – are then “input” into the Keyser Marston Associates jobs housing nexus analysis model to quantify the compensation level of new jobs and the income of the worker households. The KMA model sorts the jobs by industry into jobs by occupation, based on national data, and then attaches local wage distribution data to the occupations, using recent Sacramento County data from the California Employment Development Department (EDD). The KMA model also converts the number of employees to the number of employee households, recognizing that there is, on average, more than one worker per household, and thus the number of housing units in demand for new workers is reduced.

The output of the model is the number of new worker households by income level (expressed in relation to the Area Median Income, or AMI) attributable to the new residential units and new households in Sacramento. The income limits used in the analysis are those published by the California Department of Housing and Community Development (HCD). Typically, HCD uses the U.S. Department of Housing and Urban Development’s income limits. However, the 2013 HUD income limits for Sacramento County actually dropped from 2012 levels. The 2013 income

limits for Sacramento, therefore, reflect the implementation of HCD's 'hold harmless' policy, which allows the 2012 income limits to remain in effect instead of the lower income limits.

Following are the numbers of worker households by income level associated with the eight Sacramento prototype units.

New Worker Households by Income Level per 100 Market Rate Units, Ownership Prototypes					
	<i>Suburban Infill Small SFR</i>	<i>Outer-Edge Suburban Large SFR</i>	<i>Outer-Edge Suburban Small Lot SFR</i>	<i>Suburban Infill Large Condo</i>	<i>Urban Infill Condo</i>
Under 30% AMI	2.7	2.4	2.0	2.4	2.7
30% to 50% AMI	9.7	8.7	7.1	8.6	9.8
50% to 80% AMI	11.8	10.6	8.7	10.4	11.9
Total, Less than 80% AMI	24.2	21.6	17.8	21.4	24.5
Greater than 80% AMI	16.5	15.3	12.6	15.1	16.7
Total, New Households	40.7	37.0	30.5	36.5	41.2

New Worker Households by Income Level per 100 Market Rate Units, Rental Prototypes			
	<i>Suburban Infill Small Project Rental</i>	<i>Urban Infill Small Project Rental</i>	<i>Urban Infill Larger Project Rental</i>
Under 30% AMI	1.9	2.3	2.3
30% to 50% AMI	6.7	8.3	8.3
50% to 80% AMI	8.1	10.1	10.1
Total, Less than 80% AMI	16.7	20.8	20.8
Greater than 80% AMI	11.8	14.7	14.7
Total, New Households	28.5	35.5	35.5

6. Impact Fee Levels Supported by the Nexus Analysis

The last step in the analysis puts a dollar amount on the cost of mitigating the affordable housing impacts. The conclusions of the nexus analysis, expressed as the number of worker households by income affordability category, are linked to the cost of delivering housing to the households in need. Each income or affordability tier is associated with a subsidy needed to produce and deliver a unit at the specified affordability level.

The Sacramento Mixed-Income Housing Program has as a goal the production of units affordable to Extremely Low, Very Low and Low Income Households. The City intends to assist in the production of rental units for households in these income categories. KMA prepared an estimate of total development cost (inclusive of land, all fees and permits, financing and other indirect costs) for typical affordable rental units. KMA drew this estimate from a review of development pro forma for recent affordable rental developments assisted by the Sacramento Housing & Redevelopment Agency (SHRA). KMA concluded that, on average, the new affordable rental units have 1.5 bedrooms and total development costs equal to \$223,000.

The affordability gap for rental units is the difference between the total development cost and the capitalized value of the affordable unit. To calculate the unit value, the net operating income (annual income less operating expenses) is capitalized at 6.75%. More information on the calculation of the affordability gaps can be found in Appendix II.

For the purposes of estimating the affordability gaps, we do not assume additional sources of affordable housing financing such as the federal income tax credit program. While many of the recent housing developments assisted by SHRA utilized these additional funding sources, it is not assured that these sources will be available in the future. Accessing these sources is also highly competitive due to the limited supply. Finally, the value of tax credits to the project can fluctuate widely. Determining the affordability gap assuming no outside sources is a sound and legitimate approach, and one that the City has employed in other similar analyses.

The resulting affordability gaps are as follows:

- \$218,400 for households in the under 30% AMI category;
- \$173,000 for households in the 30% to 50% AMI category;
- \$105,000 for households in the 50% to 80% AMI category;

The affordability gap for each income tier is then linked to the number of affordable units required to calculate the Total Nexus Cost per market rate unit (or the total cost of mitigation attributable to the new unit). Specifically, the Total Nexus Cost per market rate unit is the result of the following calculation: the affordability gap times the number of affordable units demanded per market rate unit. The results per unit are:

Total Nexus Cost Per Market Rate Unit, Ownership Prototypes						
<i>Income Category</i>	<i>Affordability Gap</i>	<i>Suburban Infill Small SFR</i>	<i>Outer-Edge Suburban Large SFR</i>	<i>Outer-Edge Suburban Small Lot SFR</i>	<i>Suburban Infill Large Condo</i>	<i>Urban Infill Condo</i>
Extr. Low Income	\$218,400	\$5,900	\$5,300	\$4,300	\$5,200	\$6,000
Very Low Income	\$173,000	\$16,800	\$15,000	\$12,400	\$14,800	\$17,000
Low Income	\$105,000	\$12,400	\$11,100	\$9,200	\$11,000	\$12,500
Total Nexus Costs		\$35,100	\$31,400	\$25,900	\$31,000	\$35,500

Total Nexus Cost Per Market Rate Unit, Rental Prototypes				
<i>Income Category</i>	<i>Affordability Gap</i>	<i>Suburban Infill Small Project Rental</i>	<i>Urban Infill Small Project Rental</i>	<i>Urban Infill Larger Project Rental</i>
Extr. Low Income	\$218,400	\$4,000	\$5,000	\$5,000
Very Low Income	\$173,000	\$11,600	\$14,400	\$14,400
Low Income	\$105,000	\$8,600	\$10,700	\$10,700
Total Nexus Costs		\$24,200	\$30,100	\$30,100

The Total Nexus Costs, or Mitigation Costs, indicated above, may also be expressed on a per square foot level. The square foot area of the prototype unit used throughout the analysis becomes the basis for the calculation. The results per square foot are as follows:

Total Nexus Cost Per Sq. Ft., Ownership Prototypes						
<i>Income Category</i>	<i>Affordability Gap</i>	<i>Suburban Infill Small SFR</i>	<i>Outer-Edge Suburban Large SFR</i>	<i>Outer-Edge Suburban Small Lot SFR</i>	<i>Suburban Infill Large Condo</i>	<i>Urban Infill Condo</i>
Prototype Size (Sq Ft)		2,200 SF	2,200 SF	1,600 SF	1,200 SF	950 SF
Extr. Low Income	\$218,400	\$2.68	\$2.41	\$2.69	\$4.33	\$6.32
Very Low Income	\$173,000	\$7.64	\$6.82	\$7.75	\$12.33	\$17.89
Low Income	\$105,000	\$5.64	\$5.05	\$5.75	\$9.17	\$13.16
Total Nexus Costs		\$15.95	\$14.27	\$16.19	\$25.83	\$37.37

Total Nexus Cost Per Sq. Ft., Rental Prototypes				
<i>Income Category</i>	<i>Affordability Gap</i>	<i>Suburban Infill Small Project Rental</i>	<i>Urban Infill Small Project Rental</i>	<i>Urban Infill Larger Project Rental</i>
Prototype Size (Sq Ft)		950 SF	850 SF	850 SF
Extr. Low Income	\$218,400	\$4.21	\$5.88	\$5.88
Very Low Income	\$173,000	\$12.21	\$16.94	\$16.94
Low Income	\$105,000	\$9.05	\$12.59	\$12.59
Total Nexus Costs		\$25.47	\$35.41	\$35.41

These costs express the total linkage or nexus costs for the eight prototype developments in the City of Sacramento. These total nexus costs represent the ceiling for any impact fee requirement placed on market rate development. **The totals are not recommended levels for fees; they represent only the maximums established by this analysis, below which fees may be set.**

APPENDIX I: RESIDENTIAL NEXUS ANALYSIS

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INTRODUCTION AND OVERVIEW

Keyser Marston Associates (KMA) has prepared this residential nexus analysis for the City of Sacramento per a contractual agreement. This report has been prepared to support the City's Mixed-Income Housing Program as applied to ownership residential development projects and to quantify the maximum impact fees supported which may be applied to all residential projects including rentals. This residential nexus analysis addresses market rate residential projects and the various types of units that are subject to the Mixed-Income Housing Program, and quantifies the linkages between new market rate units and the demand for affordable housing generated by the residents of new units.

The Sacramento Context and Purpose of Report

The City of Sacramento Mixed Income Housing Ordinance was first adopted in 2000. Since adoption, the Ordinance has been amended several times, with the most significant revisions occurring on November 4, 2004 and January 18, 2005. The current program applies only to the City's "new growth areas." At its core, the program requires that 15% of new housing units must be affordable to very low and low income households. The general requirement is that 5% of units must be affordable to low and 10% to very low income households. The ordinance does not currently allow developers to pay a fee in-lieu of providing units.

The City is conducting a full reexamination of its Mixed Income Housing Program in light of the significant changes that have occurred since it was last updated. In addition to a drastic decline in the overall housing market, the City has also entered into a new era with the elimination of redevelopment, which was a major source of funding for affordable housing in Sacramento. The City seeks to revise the ordinance in several fundamental ways, including expanding its coverage to include the entire city and changing the requirements to make it more flexible for developers while still achieving the Ordinance's objective to create affordable housing in the City. The City contracted with Keyser Marston Associates to conduct a residential nexus analysis and a financial feasibility analysis.

This analysis will demonstrate the percentage of affordable units supported and will also quantify impact fee levels supported from a nexus perspective. The analysis will also enable the City to restructure the program as it applies to rental projects so that rental projects may be charged an impact fee.

The Nexus Concept

At its most simplified level, the underlying nexus concept is that the newly constructed units represent new households in Sacramento. These households represent new income in Sacramento that will consume goods and services, either through purchases of goods and services or "consumption" of governmental services. New consumption translates to jobs; a portion of the jobs are at lower compensation levels; low compensation jobs relate to lower

income households that cannot afford market rate units in Sacramento and therefore need affordable housing.

Use of This Study

An impact analysis of this nature has been prepared for the limited purpose of determining nexus support to the City of Sacramento Mixed-Income Housing Program affecting new residential construction. It has not been prepared as a document to guide policy design in the broader context. We caution against the use of this study, or any impact study for that matter, for purposes beyond the intended use. All impact studies are limited and imperfect, but can be helpful for understanding the externalities created by new development.

The nexus analysis presented in this report is an impact analysis only and the nexus amounts are not recommended fee levels. The analysis has been prepared solely to demonstrate support for inclusionary measures and impact fees from the nexus perspective.

Methodology and Models Used

The methodology or analysis procedure for this nexus analysis starts with the sales price (or rental rate) of a new market rate residential unit, and moves through a series of linkages to the gross income of the household that purchased or rented the unit, the disposable income of the new household, the annual expenditures on goods and services, the jobs associated with the purchases and delivery of services, the income of the workers doing those jobs, the household income of the workers and, ultimately, the affordability level of the housing needed by the worker households. The steps of the analysis from household income to jobs generated were performed using the IMPLAN model, a model widely used for the past 35 years to quantify the impacts of changes in a local economy, including employment impacts from changes in personal income. From job generation by industry, KMA used its own jobs housing nexus model to quantify the income of worker households by affordability level.

To illustrate the linkages by looking at a simplified example, we can take an average household that buys a house at a certain price. From that price, we estimate the gross income of the household (from mortgage rates and lending practices) and the disposable income of the household. The disposable income, on average, will be used to “purchase” or consume a range of goods and services, such as purchases at the supermarket or services at the bank. Purchases in the local economy in turn generate employment. The jobs generated are at different compensation levels. Some of the jobs are low paying and as a result, even when there is more than one worker in the household, there are some lower and middle-income households who cannot afford market rate housing in Sacramento.

The IMPLAN model quantifies jobs generated at establishments that serve new residents directly (e.g., supermarkets, banks or schools), jobs generated by increased demand at firms which service or supply these establishments, and jobs generated when the new employees

spend their wages in the local economy and generate additional jobs. The IMPLAN model estimates the total impact combined.

Net New Underlying Assumption

An underlying assumption of the analysis is that households that purchase or rent new units represent net new households in Sacramento. If purchasers or renters have relocated from elsewhere in the city, vacancies have been created that will be filled. An adjustment to new construction of units would be warranted if Sacramento were experiencing demolitions or loss of existing housing inventory. However, the rate of housing unit removal is so low as to not warrant an adjustment or offset.

On an individual project basis, if existing units are removed to redevelop a site to higher density, then there could be a need for recognition of the existing households in that all new units might not represent net new households, depending on the program design and number of units removed relative to new units.

Since the analysis addresses net new households in Sacramento and the impacts generated by their consumption expenditures, it quantifies net new demands for affordable units to accommodate new worker households. As such, the impact results do not address nor in any way include existing deficiencies in the supply of affordable housing.

Geographic Area of Impact

The analysis quantifies impacts occurring within Sacramento County. While much of the impact will occur within the City of Sacramento, some impacts will be experienced elsewhere in the County and beyond. The IMPLAN model computes the jobs generated within the County and sorts out those that occur beyond the county boundaries. The KMA Jobs Housing Nexus Model analyzes the income structure of jobs and their worker households, without assumptions as to where the worker households live.

In summary, the KMA nexus analysis quantifies all the job impacts occurring within Sacramento County and related workers households. Job impacts, like most types of impacts, occur irrespective of political boundaries. And like other types of impact analyses, such as traffic, impacts beyond city boundaries are experienced, are relevant, and are important. See Notes on Specific Assumptions at the end of this Appendix for further discussion.

Disclaimers

This report has been prepared using the best and most recent data available at the time of the analysis. Local data and sources were used wherever possible. Major sources include the U.S. Census Bureau: 2009-2011 American Community Survey, California Employment Development Department and the IMPLAN model. While we believe all sources utilized are sufficiently sound and accurate for the purposes of this analysis, we cannot guarantee their accuracy. Keyser Marston Associates, Inc. assumes no liability for information from these and other sources.

A. MARKET RATE UNITS AND GROSS HOUSEHOLD INCOME

This section describes the prototypical market rate units that are subject to affordable housing requirements under the City of Sacramento's Mixed-Income Housing Program and the income of the purchaser and renter households. Household income is the input to the IMPLAN model described in Section B of this report. These are the starting points of the chain of linkages that connect new market rate units to incremental demand for affordable residential units.

This section provides a summary of the prototypes and household income. More description and supporting tables are provided in Appendix II.

Recent Housing Market Activity and Prototypical Units

To identify the residential prototypes, KMA undertook a market survey of projects covering all types of residential units developed in Sacramento in recent years. The survey was taken in the winter/spring of 2012 and 2013, a period when the housing market in Sacramento is still suffering from the severe conditions brought on by the Great Recession.

The results of the market survey and the selection of eight prototypes are summarized in the table on the following page. The main objective of the survey was to establish current sales prices or rents per unit and per square foot for the various residential project types recently developed, or expected to be developed in the future, in Sacramento. Table A-1 at the end of this section provides a more detailed summary of the eight market rate prototypes.

Total development costs were assembled for each of the eight prototype projects. The assumptions are based on data gathered from a variety of sources including third party market and cost data sources, KMA's experience with residential projects in other assignments, and discussions with Sacramento developers and other housing stakeholders recommended by City staff.

It is important to note that the prototypes analysis is intended to reflect average or typical residential projects in the Sacramento market rather than the economics for any specific project. It would be expected that the economics for specific projects would vary to some degree from the prototypes analysis contained herein.

In summary, the prototypes tested in the nexus analysis are as follows:

Ownership Prototypes					
	<i>Suburban Infill Small SFR</i>	<i>Outer-Edge Suburban Large SFR</i>	<i>Outer-Edge Suburban Small Lot SFR</i>	<i>Suburban Infill Large Condo</i>	<i>Urban Infill Condo</i>
Avg. Unit Size	2,200 SF	2,200 SF	1,600 SF	1,200 SF	950 SF
Avg. No. of Bedrooms	4 BR	4 BR	3 BR	3 BR	2 BR
Avg. Sales Price	\$310,000	\$270,000	\$220,000	\$280,000	\$330,000

Rental Prototypes			
	<i>Suburban Infill Small Project Rental</i>	<i>Urban Infill Small Project Rental</i>	<i>Urban Infill Larger Project Rental</i>
Avg. Unit Size	950 SF	850 SF	850 SF
Avg. No. of Bedrooms	2 BR	2 BR	2 BR
Avg. Rent	\$1,425/mo.	\$1,780/mo.	\$1,780/mo.

Income of Housing Unit Purchasers or Renter

After the prototypes are established, the next step in the analysis is to determine the income of the purchasing or renting households in the prototypical units. The gross household income of the purchasers or renters is the input to the IMPLAN model.

Ownership Units

To make the determination for ownership units, terms for the purchase of residential units used in the analysis are slightly less favorable than what can be achieved at the current time since current terms are not likely to endure. The selected terms for the analysis are: 10% down payment, 30 year fixed rate mortgage, 5.0% interest rate. Tables A-2 through A-6 at the end of this section provide the details.

The single family detached units include as expenses an allowance for maintenance. The attached unit prototypes include as expenses monthly homeowners' association (HOA) dues, per industry practice. All ownership product types include an estimate of mortgage insurance, homeowners' insurance and property taxes as well. A key assumption is that housing costs run, on average, at about 35% of gross income. In the past, lending institutions have been willing to accept higher than 35% for all debt as a share of income, but most households have other forms of debt, such as auto loans, student loans, and credit card debt.

Apartment Units

The standard for relating annual rent to household income is 30%, excluding utilities. While leasing agents and landlords may permit rental payments to represent a slightly higher share of total income, 30% represents an average. This is based on that fact that renters are also likely to have other debt, and that many do not choose to spend more than 30% of their income on rent, since, unlike an ownership situation, the unit is not viewed as an investment with value enhancement potential. The resulting relationship is that annual household income is 3.3 times annual rent.

The estimated gross household incomes of the purchasers or renters of the prototype units are calculated in tables A-2 through A-9, and summarized below.

Ownership Prototypes					
	<i>Suburban Infill Small SFR</i>	<i>Outer-Edge Suburban Large SFR</i>	<i>Outer-Edge Suburban Small Lot SFR</i>	<i>Suburban Infill Large Condo</i>	<i>Urban Infill Condo</i>
Gross Household Income	\$83,000	\$74,000	\$61,000	\$73,000	\$84,000

Rental Prototypes			
	<i>Suburban Infill Small Project Rental</i>	<i>Urban Infill Small Project Rental</i>	<i>Urban Infill Larger Project Rental</i>
Gross Household Income	\$57,000	\$71,000	\$71,000

The nexus analysis is conducted on 100-unit building modules for ease of presentation, and to avoid awkward fractions. Tables A-10 and A-11 summarize the conclusions of this section and calculate the total gross household income for the 100-unit building modules. This is the input into the IMPLAN model.

**APPENDIX I TABLE A-1
RESIDENTIAL PROTOTYPES
MIXED-INCOME HOUSING ORDINANCE UPDATE
CITY OF SACRAMENTO, CA**

	Ownership Prototypes					Rental Prototypes		
	1	2	3	4	5	6	7	8
	Suburban Infill Small SFR Project	Outer-edge Suburban Large SFR Project	Outer-edge Suburban Small Lot/ Cluster SFR	Suburban Infill Large Condo Project	Urban Infill Condo Project	Suburban Infill Small Apt Project	Urban Infill Small Apt Project	Urban Infill Larger Apt Project
<i>Example Location</i>	<i>North Sac</i>	<i>North Natomas</i>	<i>North Natomas</i>	<i>South Area</i>	<i>Central City</i>	<i>East Sac</i>	<i>Central City</i>	<i>Central City</i>
Site Acres	3.1 acres	19.8 acres	11.2 acres	4.5 acres	1.1 acres	0.8 acres	0.4 acres	1.5 acres
Units	16 units	103 units	118 units	135 units	92 units	25 units	25 units	150 units
Density (units/acre)	5.2 du/acre	5.2 du/acre	10.5 du/acre	30.0 du/acre	83.6 du/acre	30.0 du/acre	60.0 du/acre	100.0 du/acre
Lot sq. ft.	5,000 lot sf	5,000 lot sf	2,500 lot sf	n/a lot sf	n/a lot sf	n/a lot sf	n/a lot sf	n/a lot sf
Avg Unit sq. ft.	2,200 sf	2,200 sf	1,600 sf	1,200 sf	950 sf	950 sf	850 sf	850 sf
Avg bedrooms	4 BR	4 BR	3 BR	3 BR	2 BR	2 BR	2 BR	2 BR
Parking Type	Garage	Garage	Garage	Garage	Podium	Surface	Podium	Podium
Dedicated spaces/unit	2.0 spaces	2.0 spaces	2.0 spaces	2.0 spaces	1.0 spaces	1.5 spaces	1.0 spaces	1.0 spaces
Market Sales Price/ Rent	\$310,000	\$270,000	\$220,000	\$280,000	\$330,000	\$1,425	\$1,780	\$1,780

**APPENDIX I TABLE A-2
 PROTOTYPE 1: SUBURBAN INFILL SMALL SFR PROJECT
 SALES PRICE TO INCOME RATIO
 MIXED INCOME HOUSING ORDINANCE UPDATE
 CITY OF SACRAMENTO, CA**

**Prototype 1
 Suburban Infill Small
 Single Family Detached**

Sales Price	\$140 /SF	2,200 SF	\$310,000
Mortgage Payment			
Downpayment @ 10%		10%	\$31,000
Loan Amount			\$279,000
Interest Rate			5.0% ¹
Term of Mortgage			30 years
Annual Mortgage Payment			\$18,000
Other Costs			
Mortgage Insurance	0.5%	loan amount	\$1,400
Homeowner Insurance	0.3%	sale price	\$900
Maintenance	\$400	per month	\$4,800
Property Taxes	1.25%	of sales price	\$3,900
Total Annual Housing Cost			<hr/> \$29,000
% of Income Spent on Hsg			35%
Annual Household Income Required			\$83,000
Sales Price to Income Ratio			3.7

Notes

(1) Above current favorable rates but lower than longer term averages.

**APPENDIX I TABLE A-3
 PROTOTYPE 2: OUTER-EDGE SUBURBAN LARGE SFR
 SALES PRICE TO INCOME RATIO
 MIXED INCOME HOUSING ORDINANCE UPDATE
 CITY OF SACRAMENTO, CA**

			Prototype 2 Outer-Edge Suburban Large Single Family
Sales Price	\$120 /SF	2,200 SF	\$270,000
Mortgage Payment			
Downpayment @ 10%		10%	\$27,000
Loan Amount			\$243,000
Interest Rate			5.0% ¹
Term of Mortgage			30 years
Annual Mortgage Payment			\$15,700
Other Costs			
Mortgage Insurance	0.5%	loan amount	\$1,200
Homeowner Insurance	0.3%	sale price	\$800
Maintenance	\$400	per month	\$4,800
Property Taxes	1.25%	of sales price	\$3,400
Total Annual Housing Cost			\$25,900
% of Income Spent on Hsg			35%
Annual Household Income Required			\$74,000
Sales Price to Income Ratio			3.6

Notes

(1) Above current favorable rates but lower than longer term averages.

**APPENDIX I TABLE A-4
 PROTOTYPE 3: OUTER-EDGE SUBURBAN SMALL LOT/ CLUSTER SFR
 SALES PRICE TO INCOME RATIO
 MIXED INCOME HOUSING ORDINANCE UPDATE
 CITY OF SACRAMENTO, CA**

**Prototype 3
 Outer-Edge Suburban Small Lot/
 Cluster Single Family**

Sales Price	\$140 /SF	1,600 SF	\$220,000
Mortgage Payment			
Downpayment @ 10%		10%	\$22,000
Loan Amount			\$198,000
Interest Rate			5.0% ¹
Term of Mortgage			30 years
Annual Mortgage Payment			\$12,800
Other Costs			
Mortgage Insurance	0.5% loan amount		\$1,000
Homeowner Insurance	0.3% sale price		\$700
Maintenance	\$325 per month		\$3,900
Property Taxes	1.25% of sales price		\$2,800
Total Annual Housing Cost			\$21,200
% of Income Spent on Hsg			35%
Annual Household Income Required			\$61,000
Sales Price to Income Ratio			3.6

Notes

(1) Above current favorable rates but lower than longer term averages.

**APPENDIX I TABLE A-5
 PROTOTYPE 4: SUBURBAN INFILL LARGE CONDO
 SALES PRICE TO INCOME RATIO
 MIXED INCOME HOUSING ORDINANCE UPDATE
 CITY OF SACRAMENTO, CA**

			Prototype 4 Suburban Infill Large Condominium
Sales Price	\$230 /SF	1,200 SF	\$280,000
Mortgage Payment			
Downpayment @ 10%		10%	\$28,000
Loan Amount			\$252,000
Interest Rate ⁽¹⁾			5.0% ¹
Term of Mortgage			30 years
Annual Mortgage Payment			\$16,200
Other Costs			
Mortgage Insurance	0.50% loan amount		\$1,300
Homeowner Insurance	0.30% sale price		\$800
HOA Dues / Maintenance	\$300 per month		\$3,600
Property Taxes	1.25% of sales price		\$3,500
Total Annual Housing Cost			<hr/> \$25,400
% of Income Spent on Hsg			35%
Annual Income Required			\$73,000
Sales Price to Income Ratio			3.8

Notes

(1) Above current favorable rates but lower than longer term averages.

**APPENDIX I TABLE A-6
 PROTOTYPE 5: URBAN INFILL CONDOMINIUM
 SALES PRICE TO INCOME RATIO
 MIXED INCOME HOUSING ORDINANCE UPDATE
 CITY OF SACRAMENTO, CA**

			Prototype 5 Urban Infill Condominium
Sales Price	\$347 /SF	950 SF	\$330,000
Mortgage Payment			
Downpayment @ 10%		10%	\$33,000
Loan Amount			\$297,000
Interest Rate ⁽¹⁾			5.0% ¹
Term of Mortgage			30 years
Annual Mortgage Payment			\$19,100
Other Costs			
Mortgage Insurance	0.50% loan amount		\$1,485
Homeowner Insurance	0.30% sale price		\$1,000
HOA Dues / Maintenance	\$300 per month		\$3,600
Property Taxes	1.25% of sales price		\$4,100
Total Annual Housing Cost			\$29,285
% of Income Spent on Hsg			35%
Annual Income Required			\$84,000
Sales Price to Income Ratio			3.9

Notes

(1) Above current favorable rates but lower than longer term averages.

APPENDIX I TABLE A-7
PROTOTYPE 6: SUBURBAN INFILL SMALL APARTMENT COMPLEX
RENT TO INCOME RATIO
MIXED INCOME HOUSING ORDINANCE UPDATE
CITY OF SACRAMENTO, CA

Prototype 6
Suburban Infill Small
Apartment Complex

Market Rent			
Monthly	\$1.50 /SF	950 SF	\$1,425
Annual			\$17,100
% of Income Spent on Rent (excludes utilities)			30%
Annual Household Income Required			\$57,000
Annual Rent to Income Ratio			3.3

APPENDIX I TABLE A-8
PROTOTYPE 7: URBAN INFILL SMALL APARTMENT COMPLEX
RENT TO INCOME RATIO
MIXED INCOME HOUSING ORDINANCE UPDATE
CITY OF SACRAMENTO, CA

Prototype 7
Urban Infill Small
Apartment Complex

Market Rent			
Monthly	\$2.10 /SF	850 SF	\$1,783
Annual			\$21,390
% of Income Spent on Rent (excludes utilities)			30%
Annual Household Income Required			\$71,000
Annual Rent to Income Ratio			3.3

APPENDIX I TABLE A-9
PROTOTYPE 8: URBAN INFILL LARGE APARTMENT COMPLEX
ANNUAL RENT TO INCOME RATIO
MIXED INCOME HOUSING ORDINANCE UPDATE
CITY OF SACRAMENTO, CA

Prototype 8
Urban Infill Large
Apartment Complex

Market Rent			
Monthly	\$2.10 /SF	850 SF	\$1,783
Annual			\$21,390
% of Income Spent on Rent (excludes utilities)			30%
Annual Household Income Required			\$71,000
Annual Rent to Income Ratio			3.3

**APPENDIX I TABLE A-10
FOR SALE PROTOTYPES SUMMARY
SALES PRICE TO INCOME SUMMARY
MIXED INCOME HOUSING ORDINANCE UPDATE
CITY OF SACRAMENTO, CA**

	<u>Per Unit</u>	<u>Per Sq.Ft.</u>	<u>100 Unit Building Module</u>
PROTOTYPE 1: SUBURBAN INFILL SMALL SFR PROJECT			
Units			100 Units
Building Sq.Ft. (net salable area)	2,200		220,000
Sales Price	\$310,000	\$140	\$31,000,000
Sales Price to Income Ratio	3.7		3.7
Gross Household Income	\$83,000		\$8,300,000
PROTOTYPE 2: OUTER-EDGE SUBURBAN LARGE SFR			
Units			100 Units
Building Sq.Ft. (net salable area)	2,200		220,000
Sales Price	\$270,000	\$120	\$27,000,000
Sales Price to Income Ratio	3.6		3.6
Gross Household Income	\$74,000		\$7,400,000
PROTOTYPE 3: OUTER-EDGE SUBURBAN SMALL LOT/ CLUSTER SFR			
Units			100 Units
Building Sq.Ft. (net salable area)	1,600		160,000
Sales Price	\$220,000	\$140	\$22,000,000
Sales Price to Income Ratio	3.6		3.6
Gross Household Income	\$61,000		\$6,100,000
PROTOTYPE 4: SUBURBAN INFILL LARGE CONDO			
Units			100 Units
Building Sq.Ft. (net salable area)	1,200		120,000
Sales Price	\$280,000	\$230	\$28,000,000
Sales Price to Income Ratio	3.8		3.8
Gross Household Income	\$73,000		\$7,300,000
PROTOTYPE 5: URBAN INFILL CONDOMINIUM			
Units			100 Units
Building Sq.Ft. (net salable area)	950		95,000
Sales Price	\$330,000	\$347	\$33,000,000
Sales Price to Income Ratio	3.9285714		3.928571429
Gross Household Income	\$84,000		\$8,400,000

Source: See Appendix I Tables A-2 through A-6.

**APPENDIX I TABLE A-11
 NEW MARKET RATE RESIDENTIAL HOUSEHOLD SUMMARY
 MIXED INCOME HOUSING ORDINANCE UPDATE
 CITY OF SACRAMENTO, CA**

	<u>Per Unit</u>	<u>Per Sq.Ft.</u>	<u>100 Unit Building Module</u>
PROTOTYPE 6: SUBURBAN INFILL SMALL APARTMENT COMPLEX			
Units			100 Units
Building Sq.Ft. (net rentable area)	950		95,000
Rent			
Monthly	\$1,425	\$1.50 /SF	\$143,000
Annual	\$17,100	\$18.00 /SF	\$1,710,000
Rent to Income Ratio	3.3		3.3
Gross Household Income	\$57,000		\$5,700,000
PROTOTYPE 7: URBAN INFILL SMALL APARTMENT COMPLEX			
Units			100 Units
Building Sq.Ft. (net rentable area)	850		85,000
Rent			
Monthly	\$1,783	\$2.10 /SF	\$178,000
Annual	\$21,390	\$25.20 /SF	\$2,139,000
Rent to Income Ratio	3.3		3.3
Gross Household Income	\$71,000		\$7,100,000
PROTOTYPE 8: URBAN INFILL LARGE APARTMENT COMPLEX			
Units			100 Units
Building Sq.Ft. (net rentable area)	850		85,000
Rent			
Monthly	\$1,783	\$2.10 /SF	\$178,000
Annual	\$21,390	\$25.20 /SF	\$2,139,000
Rent to Income Ratio	3.3		3.3
Gross Household Income	\$71,000		\$7,100,000

Source: Appendix I Tables A-7 through A-9.

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B. THE IMPLAN MODEL

Consumer spending by residents of new housing units will create jobs, particularly in sectors such as restaurants, health care, and retail, which are closely connected to the expenditures of residents. The widely used economic analysis tool, IMPLAN (IMpact Analysis for PLANning), was used to quantify these new jobs by industry sector.

IMPLAN Model Description

The IMPLAN model is an economic analysis software package now commercially available through the Minnesota IMPLAN Group. 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 and has been in use since 1979 and refined over time. It has become a widely used tool for analyzing economic impacts for a broad range of applications from major construction projects to natural resource programs.

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. Assumptions about the portion of inputs or supplies for a given industry likely to be met by local suppliers, and the portion supplied from outside the region or study area are derived internally within the model using data on the industrial structure of the region.

The output or result of the model is generated by tracking changes in purchases for final use (final demand) as they filter through the supply chain. Industries that produce goods and services for final demand or consumption must purchase inputs from other producers, which 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. This allows the user to identify how a change in demand for one industry will affect a list of over 400 other industry sectors. The projected response of an economy to a change in final demand can be viewed in terms of economic output, employment, or income.

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 utilizes the data set for Sacramento County. As will be discussed, much of the employment impact is in local-serving sectors, such as retail, eating and drinking establishments, and medical services. A significant portion of these jobs will be located in Sacramento or nearby. In addition, the employment impacts will extend throughout the County and beyond based on where jobs are located that serve Sacramento residents. In fact, Sacramento is part of the larger regional economy and impacts will likewise extend throughout the region. However, consistent with the conservative approach taken in the nexus analysis, only the impacts that occur within Sacramento County are included in the analysis.

Application of the IMPLAN Model to Estimate Job Growth

The IMPLAN model was applied to link gross household income to household expenditures to job growth occurring in Sacramento County. Employment generated by the household income of residents is analyzed in modules of 100 residential units to simplify communication of the results and avoid awkward fractions. The IMPLAN model first converts household income to disposable income by accounting for State and Federal income taxes, Social Security and Medicare (FICA) taxes, and personal savings. The model then distributes spending among various types of goods and services (industry sectors) based on data from the Consumer Expenditure Survey and the Bureau of Economic Analysis Benchmark input-output study, to estimate employment generated.

Job creation, driven by increased demand for products and services, was projected for each of the industries that will serve the new households. The employment generated by this new household spending is summarized below.

Jobs Generated per 100 Units, Ownership Prototypes					
	<i>Suburban Infill Small SFR</i>	<i>Outer-Edge Suburban Large SFR</i>	<i>Outer-Edge Suburban Small Lot SFR</i>	<i>Suburban Infill Large Condo</i>	<i>Urban Infill Condo</i>
Gross Household Income	\$83,000	\$74,000	\$61,000	\$73,000	\$84,000
Total Jobs Generated, 100 units	62.1	56.5	46.5	55.7	62.9

Jobs Generated per 100 Units, Rental Prototypes			
	<i>Suburban Infill Small Project Rental</i>	<i>Urban Infill Small Project Rental</i>	<i>Urban Infill Larger Project Rental</i>
Gross Household Income	\$57,000	\$71,000	\$71,000
Total Jobs Generated, 100 units	43.5	54.2	54.2

Table B-1 provides a detailed summary of employment generated by industry. The table shows industries sorted by projected employment. Expenditure patterns vary by income level, and the IMPLAN results are calculated according to the income bracket. In the case of the Sacramento prototypes, the suburban infill small single family and the urban infill condo are in one income bracket while the rest of the prototypes are in a lower income bracket. Estimated employment is shown for each IMPLAN industry sector representing 1% or more of total employment. The jobs that are generated within the County are heavily retail jobs, jobs in restaurants and other eating establishments, and in services that are provided locally such as health care and real estate.

The jobs counted in the IMPLAN model cover all jobs, full and part time, similar to the U.S. Census and all reporting agencies (unless otherwise indicated).

**APPENDIX I TABLE B-1
 IMPLAN MODEL OUTPUT
 EMPLOYMENT GENERATED
 MIXED INCOME HOUSING ORDINANCE UPDATE
 CITY OF SACRAMENTO, CA**

Per 100 Market Rate Units

	% of Jobs		% of Jobs		% of Jobs
PROTOTYPE 1: SUBURBAN INFILL SMALL SFR PROJECT		PROTOTYPE 2: OUTER-EDGE SUBURBAN LARGE SFR	PROTOTYPE 3: OUTER-EDGE SUBURBAN SMALL LOT/ CLUSTER SFR	PROTOTYPE 4: SUBURBAN INFILL LARGE CONDO	

Page 1 of 2

Gross Income of New Residents (in 100 Market Rate Units) ¹	\$8,300,000	\$7,400,000	\$6,100,000	\$7,300,000
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Employment Generated by Industry ²

Food services and drinking places	7.4	12%	6.6	5.4	6.5	12%
Real estate establishments	3.1	5%	3.1	2.5	3.0	5%
Private hospitals	2.4	4%	2.9	2.4	2.8	5%
Offices of physicians, dentists, and other health practitioners	3.2	5%	2.8	2.3	2.8	5%
Nursing and residential care facilities	1.4	2%	1.8	1.5	1.8	3%
Retail Stores - General merchandise	2.5	4%	1.8	1.5	1.8	3%
Wholesale trade businesses	1.9	3%	1.8	1.5	1.7	3%
Securities, commodity contracts, investments, and related activities	2.1	3%	1.7	1.4	1.7	3%
Retail Stores - Food and beverage	2.2	4%	1.6	1.3	1.6	3%
Nondepository credit intermediation and related activities	1.6	3%	1.5	1.2	1.5	3%
Private household operations	1.7	3%	1.3	1.1	1.3	2%
Individual and family services	1.1	2%	1.3	1.1	1.3	2%
Employment services	1.2	2%	1.1	0.9	1.1	2%
Retail Stores - Motor vehicle and parts	1.4	2%	1.0	0.9	1.0	2%
Other private educational services	0.7	1%	1.0	0.8	1.0	2%
Retail Nonstores - Direct and electronic sales	1.2	2%	0.9	0.8	0.9	2%
Civic, social, professional, and similar organizations	0.9	1%	0.9	0.8	0.9	2%
Retail Stores - Clothing and clothing accessories	1.2	2%	0.9	0.7	0.8	2%
Services to buildings and dwellings	0.9	1%	0.8	0.7	0.8	1%
Retail Stores - Miscellaneous	1.1	2%	0.8	0.7	0.8	1%
Personal care services	0.8	1%	0.8	0.6	0.8	1%
Child day care services	0.7	1%	0.8	0.6	0.8	1%
Legal services	0.8	1%	0.8	0.6	0.7	1%
Insurance carriers	0.8	1%	0.7	0.6	0.7	1%
Private elementary and secondary schools	0.7	1%	0.7	0.6	0.7	1%
Medical and diagnostic labs and outpatient and other ambulatory care	0.9	1%	0.7	0.6	0.7	1%
Monetary authorities and depository credit intermediation activities	0.7	1%	0.6	0.5	0.6	1%
Retail Stores - Health and personal care	0.8	1%	0.6	0.5	0.6	1%
Grantmaking, giving, and social advocacy organizations	0.5	1%	0.6	0.5	0.6	1%
Community food, housing, and other relief services, including rehabili	0.2	0%	0.6	0.5	0.6	1%
Automotive repair and maintenance, except car washes	0.6	1%	0.6	0.5	0.6	1%
Retail Stores - Building material and garden supply	0.7	1%	0.5	0.4	0.5	1%
All Other	14.5	23%	12.7	10.4	12.5	22%
Total Employment Generated	62.1	100%	56.5	46.5	55.7	100%

¹ The IMPLAN model tracks how increases in consumer spending creates jobs in the local economy. See Appendix I Tables A-10 and A-11 for estimates of the gross income of residents of the prototypical 100 unit buildings. The model produces results by income category. For this analysis, there are two household income categories: \$75,000 - \$100,000 (Prototypes 1 and 5) and \$50,000 - \$75,000 (Prototypes 2, 3, 4, 6, 7, and 8). Expenditures patterns, and therefore, occupation distribution, varies by income category.

² For Industries representing more than 1% of total employment for any of the two IMPLAN income categories (see note 1).

**APPENDIX I TABLE B-1
 IMPLAN MODEL OUTPUT
 EMPLOYMENT GENERATED
 MIXED INCOME HOUSING ORDINANCE UPDATE
 CITY OF SACRAMENTO, CA**

Per 100 Market Rate Units

PROTOTYPE 5: URBAN INFILL CONDOMINIUM	% of Jobs	PROTOTYPE 6: SUBURBAN INFILL SMALL APARTMENT COMPLEX	PROTOTYPE 7: URBAN INFILL SMALL APARTMENT COMPLEX	PROTOTYPE 8: URBAN INFILL LARGE APARTMENT COMPLEX	% of Jobs
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Page 2 of 2

Gross Income of New Residents (in 100 Market Rate Units) ¹	\$8,400,000	\$5,700,000	\$7,100,000	\$7,100,000		
Employment Generated by Industry ²						
Food services and drinking places	7.5	12%	5.1	6.3	6.3	12%
Real estate establishments	3.2	5%	2.4	3.0	3.0	5%
Private hospitals	2.4	4%	2.2	2.8	2.8	5%
Offices of physicians, dentists, and other health practitioners	3.2	5%	2.2	2.7	2.7	5%
Nursing and residential care facilities	1.4	2%	1.4	1.8	1.8	3%
Retail Stores - General merchandise	2.5	4%	1.4	1.7	1.7	3%
Wholesale trade businesses	2.0	3%	1.4	1.7	1.7	3%
Securities, commodity contracts, investments, and related activities	2.1	3%	1.3	1.7	1.7	3%
Retail Stores - Food and beverage	2.2	4%	1.2	1.6	1.6	3%
Nondepository credit intermediation and related activities	1.7	3%	1.2	1.4	1.4	3%
Private household operations	1.7	3%	1.0	1.3	1.3	2%
Individual and family services	1.2	2%	1.0	1.2	1.2	2%
Employment services	1.2	2%	0.8	1.1	1.1	2%
Retail Stores - Motor vehicle and parts	1.4	2%	0.8	1.0	1.0	2%
Other private educational services	0.7	1%	0.7	0.9	0.9	2%
Retail Nonstores - Direct and electronic sales	1.3	2%	0.7	0.9	0.9	2%
Civic, social, professional, and similar organizations	0.9	1%	0.7	0.9	0.9	2%
Retail Stores - Clothing and clothing accessories	1.2	2%	0.7	0.8	0.8	2%
Services to buildings and dwellings	0.9	1%	0.6	0.8	0.8	1%
Retail Stores - Miscellaneous	1.1	2%	0.6	0.8	0.8	1%
Personal care services	0.8	1%	0.6	0.8	0.8	1%
Child day care services	0.7	1%	0.6	0.7	0.7	1%
Legal services	0.8	1%	0.6	0.7	0.7	1%
Insurance carriers	0.9	1%	0.6	0.7	0.7	1%
Private elementary and secondary schools	0.7	1%	0.6	0.7	0.7	1%
Medical and diagnostic labs and outpatient and other ambulatory care s	0.9	1%	0.6	0.7	0.7	1%
Monetary authorities and depository credit intermediation activities	0.7	1%	0.5	0.6	0.6	1%
Retail Stores - Health and personal care	0.8	1%	0.5	0.6	0.6	1%
Grantmaking, giving, and social advocacy organizations	0.5	1%	0.5	0.6	0.6	1%
Community food, housing, and other relief services, including rehabilitat	0.2	0%	0.5	0.6	0.6	1%
Automotive repair and maintenance, except car washes	0.6	1%	0.4	0.6	0.6	1%
Retail Stores - Building material and garden supply	0.7	1%	0.4	0.5	0.5	1%
All Other	14.6	23%	9.8	12.2	12.2	22%
Total Employment Generated	62.9	100%	43.5	54.2	54.2	100%

¹ The IMPLAN model tracks how increases in consumer spending creates jobs in the local economy. See Appendix I Tables A-10 and A-11 for estimates of the gross income of residents of the prototypical 100 unit buildings. The model produces results by income category. For this analysis, there are two household income categories: \$75,000 - \$100,000 (Prototypes 1 and 5) and \$50,000 - \$75,000 (Prototypes 2, 3, 4, 6, 7, and 8). Expenditures patterns, and therefore, occupation distribution, varies by income category.

² For Industries representing more than 1% of total employment for any of the two IMPLAN income categories (see note 1).

C. THE KMA JOBS HOUSING NEXUS MODEL

This section presents a summary of the analysis linking the employment growth associated with residential development, or the output of the IMPLAN model (see Section B), to the estimated number of lower income housing units required in each of three income categories, for each of the eight residential prototype units.

Analysis Approach and Framework

The analysis approach is to examine the employment growth for industries related to consumer spending by residents in the 100-unit modules. Then, through a series of linkage steps, the number of employees is converted to households and housing units by affordability level. The findings are expressed in terms of numbers of affordable households per 100 market rate units.

The analysis addresses the affordable unit demand associated with single family detached, single family attached and rental units in Sacramento County. The table below shows the 2013 Sacramento County Area Median Income (AMI), as well as the income limits for the three categories that were evaluated: 30%, 50% and 80% of AMI. The income definitions used in the analysis are those published by the California Department of Housing and Community Development (HCD). Typically, HCD uses the U.S. Department of Housing and Urban Development's income limits. However, the 2013 HUD income limits for Sacramento County actually dropped from 2012 levels. The 2013 income limits for Sacramento, therefore, reflect the implementation of HCD's 'hold harmless' policy, which allows the 2012 income limits to remain in effect instead of the lower income limits.

The income categories are consistent with those included in the City's Mixed-Income Housing Program.

	Household Size (Persons)					
	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6 +</i>
30% of Median	\$16,000	\$18,300	\$20,600	\$22,850	\$24,700	\$26,550
50% of Median	\$26,650	\$30,450	\$34,250	\$38,050	\$41,100	\$44,150
80% of Median	\$42,650	\$48,750	\$54,850	\$60,900	\$65,800	\$70,650
Area Median Income	\$53,250	\$60,900	\$68,500	\$76,100	\$82,200	\$88,300

The analysis is conducted using a model that KMA developed and has applied to similar evaluations in many other jurisdictions. The model inputs are all local data to the extent possible, and are fully documented in the following description.

Analysis Steps

The tables at the end of this section present a summary of the nexus analysis steps for the prototype units. Following is a description of each step of the analysis.

Step 1 – Estimate of Total New Employees

Table C-1 commences with the total number of employees associated with the new market rate units. The employees were estimated based on household expenditures of new residents using the IMPLAN model (see Section B).

Step 2 – Adjustment from Employees to Employee Households

This step (Table C-1) converts the number of employees to the number of employee households, recognizing that there is, on average, more than one worker per household, and thus the number of housing units in demand for new workers is reduced. The workers-per-worker-household ratio eliminates from the equation all non-working households, such as retired persons, students, and those on public assistance. The County average of 1.53 workers per worker household (from the U. S. Census Bureau 2009-2011 American Community Survey) is used for this step in the analysis. The number of jobs is divided by 1.53 to determine the number of worker households. Average workers related to all households is a lower ratio because all households are counted in the denominator, not just worker households; using average workers per total households would produce greater demand for housing units. The 1.53 ratio covers all workers, full and part time.

Step 3 – Occupational Distribution of Employees

The occupational breakdown of employees is the first step to arrive at income level. The output from the IMPLAN model provides the number of employees by industry sector. The IMPLAN output is paired with data from the Department of Labor, Bureau of Labor Statistics May 2011 Occupational Employment Survey (OES) to estimate the occupational composition of employees for each industry sector.

Pairing of OES and IMPLAN data was accomplished by matching IMPLAN industry sector codes with the four-digit North American Industry Classification System Code (NAICS) used in the OES. Each IMPLAN industry sector is associated with one or more NAICS codes, with matching NAICS codes ranging from two to five digits. Employment for IMPLAN sectors with multiple matching NAICS codes was distributed among the matching codes based on the distribution of employment among those industries at the national level. Employment for IMPLAN sectors where matching NAICS codes were only at the two- or three-digit level of detail was distributed using a similar approach, among all of the corresponding four-digit NAICS codes falling under the broader two- or three-digit categories.

National-level employment totals for each industry within the OES were pro-rated to match the employment distribution projected using the IMPLAN model, which varies by income category. Occupational composition within each industry was held constant. The result is the estimated occupational mix of employees, by income category. Table C-2 presents a summary of the results for the suburban infill small single family and the urban infill condo households. Table C-3 presents a summary for the other prototypes.

As shown on Table C-1, new jobs will be distributed across a variety of occupational categories. The three largest occupational categories are office and administrative support (18-19%), sales (15-17%), and food preparation and serving (13%). Step 3 of Table C-1 indicates both the percentage of total employee households and the number of employee households by occupation associated with 100-unit market rate units.

Step 4 – Estimates of Employee Households Meeting the Lower Income Definitions

In this step, occupation is translated to income based on recent Sacramento County wage and salary information from the California Employment Development Department. The wage and salary information summarized in Tables C-4 (for suburban infill small single family and the urban infill condo households) and C-5 (for all other households) provided the income inputs to the model. This step in the analysis calculates the number of employee households that fall into each income category for each household size.

Individual *employee* income data was used to calculate the number of *households* that fall into the income categories by assuming that multiple earner households are, on average, formed of individuals with similar incomes. Employee households not falling into one of the major occupation categories per Tables C-2 or C-3 are assumed to have the same income distribution as the major occupation categories as a whole.

Step 5 – Estimate of Household Size Distribution

In this step, household size distribution was input into the model in order to estimate the income and household size combinations that meet the income definitions for Sacramento County. The household size distribution utilized in the analysis is that of worker households in Sacramento County derived using American Community Survey (ACS) data. The model employs a distribution of the number of workers per household by household size. For example, four-person worker households can have one, two, three, or four workers in the household. The model uses ACS data to develop a distribution of the number of the workers per worker household, by household size.

Step 6 – Estimate of Households that Meet Size and Income Criteria

For this step KMA built a cross-matrix of household size and income to establish probability factors for the two criteria in combination. For each occupational group a probability factor was

calculated for each income level and household size/number of workers combination, and multiplied by the number of households. Table C-6 shows the result after completing Steps 4, 5, and 6. The calculated number of households that meet size and income criteria shown are for the under 30% of AMI category generated by 100 market rate prototype units. The methodology was repeated for each income tier, resulting in a total count of worker households per 100 units.

Summary Findings

Table C-7 indicates the results of the analysis for the residential prototype units. The table presents the number of households generated in each affordability category and the total number over 80% of Area Median Income.

According to Table C-7, approximately 60% of new worker households generated by the expenditures of new residents have incomes below 80% of AMI, including 7% earning less than 30% of AMI. The finding that the jobs associated with consumer spending tend to be low-paying jobs where the workers will require housing affordable at the lower income levels is not surprising. As noted above, direct consumer spending results in employment that is concentrated in lower paid occupations including food preparation, administrative, and retail sales.

The findings in Table C-7 are presented below. The table shows the total demand for affordable housing units associated with 100 market rate units.

New Worker Households by Income Level per 100 Market Rate Units, Ownership Prototypes					
	<i>Suburban Infill Small SFR</i>	<i>Outer-Edge Suburban Large SFR</i>	<i>Outer-Edge Suburban Small Lot SFR</i>	<i>Suburban Infill Large Condo</i>	<i>Urban Infill Condo</i>
Under 30% AMI	2.7	2.4	2.0	2.4	2.7
30% to 50% AMI	9.7	8.7	7.1	8.6	9.8
50% to 80% AMI	11.8	10.6	8.7	10.4	11.9
Total, Less than 80% AMI	24.2	21.6	17.8	21.4	24.5
Greater than 80% AMI	16.5	15.3	12.6	15.1	16.7
Total, New Households	40.7	37.0	30.5	36.5	41.2

New Worker Households by Income Level per 100 Market Rate Units, Rental Prototypes			
	<i>Suburban Infill Small Project Rental</i>	<i>Urban Infill Small Project Rental</i>	<i>Urban Infill Larger Project Rental</i>
Under 30% AMI	1.9	2.3	2.3
30% to 50% AMI	6.7	8.3	8.3
50% to 80% AMI	8.1	10.1	10.1
Total, Less than 80% AMI	16.7	20.8	20.8
Greater than 80% AMI	11.8	14.7	14.7
Total, New Households	28.5	35.5	35.5

Inclusionary Percentages Supported

The analysis findings identify how many lower income households are generated for every 100 market rate units. These findings are adjusted to percentages for purposes of comparison to inclusionary requirements. The percentages are calculated including both market rate and affordable units (for example, 25 affordable units per 100 market rate units translates to a project of 125 units; 25 affordable units out of 125 units equals 20%).

The inset table below presents the results of the analysis, drawn from Table C-8. Each tier is cumulative, or inclusive of the tiers above. It is recalled that a Court decision (*Palmer*) precludes jurisdictions from requiring affordable on-site units that limit initial rents and on-going rent levels. Instead cities may require an impact fee. Therefore, the inclusionary percentages supported by rental units are not calculated.

Cumulative Inclusionary Percentage Supported by Nexus Analysis, Ownership Units					
	<i>Suburban Infill Small SFR</i>	<i>Outer-Edge Suburban Large SFR</i>	<i>Outer-Edge Suburban Small Lot SFR</i>	<i>Suburban Infill Large Condo</i>	<i>Urban Infill Condo</i>
Extremely Low Income	2.6%	2.3%	1.9%	2.3%	2.7%
Very Low Income	11.0%	10.0%	8.4%	9.8%	11.2%
Low Income	19.5%	17.8%	15.1%	17.6%	19.7%

The findings of the analysis are presented for each of the ownership prototypes. The analysis supports maximum inclusionary percentages between 15.1% and 19.7%, depending on the prototype.

The nexus analysis presented in this report is an impact analysis only and the percentages shown above are not recommended inclusionary levels. The analysis has been prepared solely to demonstrate support for inclusionary measures and impact fees from the nexus perspective.

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**APPENDIX I TABLE C-1
NET NEW HOUSEHOLDS AND OCCUPATION DISTRIBUTION
EMPLOYEE HOUSEHOLDS GENERATED
MIXED INCOME HOUSING ORDINANCE UPDATE
CITY OF SACRAMENTO, CA**

Per 100 Market Rate Units	PROTOTYPE 1: SUBURBAN INFILL SMALL SFR PROJECT	PROTOTYPE 2: OUTER-EDGE SUBURBAN LARGE SFR	PROTOTYPE 3: OUTER-EDGE SUBURBAN SMALL LOT/ CLUSTER SFR	PROTOTYPE 4: SUBURBAN INFILL LARGE CONDO	PROTOTYPE 5: URBAN INFILL CONDOMINIUM	PROTOTYPE 6: SUBURBAN INFILL SMALL APARTMENT COMPLEX	PROTOTYPE 7: URBAN INFILL SMALL APARTMENT COMPLEX	PROTOTYPE 8: URBAN INFILL LARGE APARTMENT COMPLEX
Step 1 - Employees ¹	62.1	56.5	46.5	55.7	62.9	43.5	54.2	54.2
Step 2 - Adjustment for Number of Households (1.53) ²	40.7	37.0	30.5	36.5	41.2	28.5	35.5	35.5
Step 3 - Occupation Distribution ³								
Management Occupations	4.5%	4.6%	4.6%	4.6%	4.5%	4.6%	4.6%	4.6%
Business and Financial Operations	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
Computer and Mathematical	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%
Architecture and Engineering	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
Life, Physical, and Social Science	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Community and Social Services	1.5%	1.9%	1.9%	1.9%	1.5%	1.9%	1.9%	1.9%
Legal	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
Education, Training, and Library	2.4%	3.0%	3.0%	3.0%	2.4%	3.0%	3.0%	3.0%
Arts, Design, Entertainment, Sports, and Media	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
Healthcare Practitioners and Technical	6.5%	7.1%	7.1%	7.1%	6.5%	7.1%	7.1%	7.1%
Healthcare Support	3.6%	4.1%	4.1%	4.1%	3.6%	4.1%	4.1%	4.1%
Protective Service	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%
Food Preparation and Serving Related	12.9%	12.8%	12.8%	12.8%	12.9%	12.8%	12.8%	12.8%
Building and Grounds Cleaning and Maint.	5.4%	5.3%	5.3%	5.3%	5.4%	5.3%	5.3%	5.3%
Personal Care and Service	4.3%	4.9%	4.9%	4.9%	4.3%	4.9%	4.9%	4.9%
Sales and Related	16.6%	14.6%	14.6%	14.6%	16.6%	14.6%	14.6%	14.6%
Office and Administrative Support	18.8%	18.4%	18.4%	18.4%	18.8%	18.4%	18.4%	18.4%
Farming, Fishing, and Forestry	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Construction and Extraction	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
Installation, Maintenance, and Repair	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Production	1.8%	1.7%	1.7%	1.7%	1.8%	1.7%	1.7%	1.7%
Transportation and Material Moving	<u>5.5%</u>	<u>5.2%</u>	<u>5.2%</u>	<u>5.2%</u>	<u>5.5%</u>	<u>5.2%</u>	<u>5.2%</u>	<u>5.2%</u>
Totals	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Management Occupations	1.8	1.7	1.4	1.7	1.8	1.3	1.6	1.6
Business and Financial Operations	2.2	2.0	1.6	2.0	2.2	1.5	1.9	1.9
Computer and Mathematical	0.7	0.6	0.5	0.6	0.7	0.5	0.6	0.6
Architecture and Engineering	0.2	0.2	0.1	0.2	0.2	0.1	0.1	0.1
Life, Physical, and Social Science	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Community and Social Services	0.6	0.7	0.6	0.7	0.6	0.5	0.7	0.7
Legal	0.4	0.3	0.3	0.3	0.4	0.3	0.3	0.3
Education, Training, and Library	1.0	1.1	0.9	1.1	1.0	0.9	1.1	1.1
Arts, Design, Entertainment, Sports, and Media	0.6	0.6	0.5	0.6	0.6	0.5	0.6	0.6
Healthcare Practitioners and Technical	2.7	2.6	2.2	2.6	2.7	2.0	2.5	2.5
Healthcare Support	1.5	1.5	1.3	1.5	1.5	1.2	1.5	1.5
Protective Service	0.5	0.4	0.4	0.4	0.5	0.3	0.4	0.4
Food Preparation and Serving Related	5.3	4.7	3.9	4.6	5.3	3.6	4.5	4.5
Building and Grounds Cleaning and Maint.	2.2	2.0	1.6	1.9	2.2	1.5	1.9	1.9
Personal Care and Service	1.7	1.8	1.5	1.8	1.8	1.4	1.7	1.7
Sales and Related	6.8	5.4	4.4	5.3	6.8	4.1	5.2	5.2
Office and Administrative Support	7.6	6.8	5.6	6.7	7.7	5.2	6.5	6.5
Farming, Fishing, and Forestry	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Construction and Extraction	0.3	0.3	0.2	0.3	0.3	0.2	0.3	0.3
Installation, Maintenance, and Repair	1.6	1.5	1.2	1.4	1.7	1.1	1.4	1.4
Production	0.7	0.6	0.5	0.6	0.7	0.5	0.6	0.6
Transportation and Material Moving	<u>2.2</u>	<u>1.9</u>	<u>1.6</u>	<u>1.9</u>	<u>2.2</u>	<u>1.5</u>	<u>1.8</u>	<u>1.8</u>
Totals	40.7	37.0	30.5	36.5	41.2	28.5	35.5	35.5

Notes:

¹ Estimated employment generated by household expenditures within 100 prototypical market rate units. Employment estimates are based on the IMPLAN Group's economic model, IMPLAN, for Sacramento County. Estimates vary by household income level. For this analysis, there are two household income categories: \$75,000 - \$100,000 (Prototypes 1 and 5) and \$50,000 - \$75,000 (Prototypes 2, 3, 4, 6, 7, and 8). Expenditures patterns, and therefore, occupation distribution, varies by income category.

² Adjustment from number of workers to number of households based on ratio of 1.53 workers per worker household derived from the U.S. Census American Community Survey 2009 to 2011.

³ See Tables C-2 through C-5 for additional information on Major Occupation Categories.

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\\Sf-fs2\wp\18\18996\027\Sacramento Nexus model; c-1 HH & Occupations; 7/1/2013; dd

**APPENDIX I TABLE C-2
 WORKER OCCUPATION DISTRIBUTION, 2011
 SERVICES TO HOUSEHOLDS EARNING \$75,000 - \$100,000 / YEAR
 MIXED INCOME HOUSING ORDINANCE UPDATE
 CITY OF SACRAMENTO, CA**

Major Occupations (2% or more)	Worker Occupation Distribution ¹ Services to Households Earning \$75,000 - \$100,000 / Year
Management Occupations	4.3%
Business and Financial Operations Occupations	5.2%
Education, Training, and Library Occupations	2.3%
Healthcare Practitioners and Technical Occupations	6.3%
Healthcare Support Occupations	3.5%
Food Preparation and Serving Related Occupations	12.5%
Building and Grounds Cleaning and Maintenance Occupations	5.2%
Personal Care and Service Occupations	4.1%
Sales and Related Occupations	16.0%
Office and Administrative Support Occupations	18.1%
Installation, Maintenance, and Repair Occupations	3.9%
Transportation and Material Moving Occupations	5.3%
All Other Worker Occupations - Services to Households Earning \$75,000 - \$100,000 / Year	<u>13.2%</u>
TOTAL	100.0%

¹ Distribution of employment by industry is per the IMPLAN model and the distribution of occupational employment within those industries is based on the Bureau of Labor Statistics Occupational Employment Survey.

**APPENDIX I TABLE C-3
 WORKER OCCUPATION DISTRIBUTION, 2011
 SERVICES TO HOUSEHOLDS EARNING \$50,000 - \$75,000 / YEAR
 MIXED INCOME HOUSING ORDINANCE UPDATE
 CITY OF SACRAMENTO, CA**

Major Occupations (2% or more)	Worker Occupation Distribution ¹ Services to Households Earning \$50,000 - \$75,000 / Year
Management Occupations	4.5%
Business and Financial Operations Occupations	5.2%
Education, Training, and Library Occupations	3.0%
Healthcare Practitioners and Technical Occupations	6.9%
Healthcare Support Occupations	4.0%
Food Preparation and Serving Related Occupations	12.4%
Building and Grounds Cleaning and Maintenance Occupations	5.1%
Personal Care and Service Occupations	4.7%
Sales and Related Occupations	14.1%
Office and Administrative Support Occupations	17.8%
Installation, Maintenance, and Repair Occupations	3.8%
Transportation and Material Moving Occupations	5.0%
All Other Worker Occupations - Services to Households Earning \$50,000 - \$75,000 / Year	<u>13.5%</u>
TOTAL	100.0%

¹ Distribution of employment by industry is per the IMPLAN model and the distribution of occupational employment within those industries is based on the Bureau of Labor Statistics Occupational Employment Survey.

APPENDIX I TABLE C-4
 AVERAGE ANNUAL WORKER COMPENSATION, 2012
 EMPLOYMENT GENERATED BY HOUSEHOLDS EARNING \$75,000 - \$100,000 / YEAR
 MIXED INCOME HOUSING ORDINANCE UPDATE
 CITY OF SACRAMENTO, CA

EMPLOYMENT GENERATED BY HOUSEHOLDS
 EARNING \$75,000 - \$100,000 / YEAR

Occupation ³	% of Total		
	2012 Avg. Compensation ¹	Occupation Group ²	% of Total Workers
Page 1 of 3			
<i>Management Occupations</i>			
General and Operations Managers	\$121,400	32.2%	1.4%
Sales Managers	\$112,100	6.0%	0.3%
Financial Managers	\$111,300	10.0%	0.4%
Food Service Managers	\$49,600	4.5%	0.2%
Medical and Health Services Managers	\$118,000	5.1%	0.2%
Property, Real Estate, and Community Association Managers	\$73,000	10.0%	0.4%
All other Management Occupations (Avg. All Categories)	<u>\$106,900</u>	<u>32.1%</u>	<u>1.4%</u>
	Weighted Mean Annual Wage	100.0%	4.3%
<i>Business and Financial Operations Occupations</i>			
Claims Adjusters, Examiners, and Investigators	\$62,900	4.7%	0.2%
Human Resources, Training, and Labor Relations Specialists, All Other*	\$63,700	6.2%	0.3%
Management Analysts	\$83,100	6.1%	0.3%
Market Research Analysts and Marketing Specialists*	\$81,200	4.9%	0.3%
Business Operations Specialists, All Other*	\$70,600	10.8%	0.6%
Accountants and Auditors	\$66,800	16.2%	0.8%
Financial Analysts	\$80,600	7.2%	0.4%
Personal Financial Advisors	\$80,000	9.2%	0.5%
Loan Officers	\$74,100	9.6%	0.5%
All Other Business and Financial Operations Occupations (Avg. All Categories)	<u>\$73,000</u>	<u>25.2%</u>	<u>1.3%</u>
	Weighted Mean Annual Wage	100.0%	5.2%
<i>Education, Training, and Library Occupations</i>			
Vocational Education Teachers, Postsecondary	\$66,400	4.3%	0.1%
Preschool Teachers, Except Special Education	\$29,300	17.1%	0.4%
Elementary School Teachers, Except Special Education	\$66,900	8.8%	0.2%
Secondary School Teachers, Except Special and Career/Technical Education	\$65,500	6.1%	0.1%
Self-Enrichment Education Teachers	\$39,200	9.4%	0.2%
Teachers and Instructors, All Other*	\$45,300	10.6%	0.2%
Teacher Assistants	\$30,900	17.0%	0.4%
All Other Education, Training, and Library Occupations (Avg. All Categories)	<u>\$43,000</u>	<u>26.7%</u>	<u>0.6%</u>
	Weighted Mean Annual Wage	100.0%	2.3%
<i>Healthcare Practitioners and Technical Occupations</i>			
Pharmacists	\$124,500	4.8%	0.3%
Physicians and Surgeons, All Other	\$181,000	4.6%	0.3%
Registered Nurses*	\$100,500	31.3%	2.0%
Pharmacy Technicians	\$40,300	6.5%	0.4%
Licensed Practical and Licensed Vocational Nurses	\$55,000	8.7%	0.5%
All Other Healthcare Practitioners and Technical Occupations (Avg. All Categories)	<u>\$95,000</u>	<u>44.1%</u>	<u>2.8%</u>
	Weighted Mean Annual Wage	100.0%	6.3%

Sources: U.S. Bureau of Labor Statistics, California Employment Development Department, Minnesota IMPLAN Group
 Keyser Marston Associates, Inc.

APPENDIX I TABLE C-4
 AVERAGE ANNUAL WORKER COMPENSATION, 2012
 EMPLOYMENT GENERATED BY HOUSEHOLDS EARNING \$75,000 - \$100,000 / YEAR
 MIXED INCOME HOUSING ORDINANCE UPDATE
 CITY OF SACRAMENTO, CA

Occupation ³	EMPLOYMENT GENERATED BY HOUSEHOLDS EARNING \$75,000 - \$100,000 / YEAR		
	2012 Avg. Compensation ¹	% of Total Occupation Group ²	% of Total Workers
Page 2 of 3			
<i>Healthcare Support Occupations</i>			
Home Health Aides	\$23,700	22.1%	0.8%
Nursing Aides, Orderlies, and Attendants*	\$32,400	29.4%	1.0%
Dental Assistants	\$38,200	11.0%	0.4%
Medical Assistants	\$33,100	18.3%	0.6%
Healthcare Support Workers, All Other*	\$36,400	4.8%	0.2%
All Other Healthcare Support Occupations (Avg. All Categories)	<u>\$31,300</u>	<u>14.5%</u>	<u>0.5%</u>
	Weighted Mean Annual Wage	100.0%	3.5%
<i>Food Preparation and Serving Related Occupations</i>			
First-Line Supervisors of Food Preparation and Serving Workers	\$31,200	6.9%	0.9%
Cooks, Fast Food	\$19,000	4.9%	0.6%
Cooks, Restaurant	\$24,000	8.8%	1.1%
Food Preparation Workers	\$22,100	6.5%	0.8%
Bartenders	\$22,500	4.9%	0.6%
Combined Food Preparation and Serving Workers, Including Fast Food	\$20,600	26.0%	3.2%
Waiters and Waitresses	\$21,400	21.3%	2.7%
Dishwashers	\$19,600	4.5%	0.6%
All Other Food Preparation and Serving Related Occupations (Avg. All Categories)	<u>\$22,100</u>	<u>16.1%</u>	<u>2.0%</u>
	Weighted Mean Annual Wage	100.0%	12.5%
<i>Building and Grounds Cleaning and Maintenance Occupations</i>			
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	\$27,700	52.5%	2.7%
Maids and Housekeeping Cleaners	\$24,600	11.1%	0.6%
Landscaping and Groundskeeping Workers	\$28,100	25.6%	1.3%
All Other Building and Grounds Cleaning and Maintenance Occupations (Avg. All Categories)	<u>\$27,400</u>	<u>10.9%</u>	<u>0.6%</u>
	Weighted Mean Annual Wage	100.0%	5.2%
<i>Personal Care and Service Occupations</i>			
Nonfarm Animal Caretakers	\$21,300	5.2%	0.2%
Amusement and Recreation Attendants	\$20,000	6.2%	0.3%
Hairdressers, Hairstylists, and Cosmetologists	\$26,400	17.4%	0.7%
Childcare Workers	\$22,600	15.1%	0.6%
Personal Care Aides	\$22,300	22.4%	0.9%
Fitness Trainers and Aerobics Instructors	\$38,100	5.8%	0.2%
Recreation Workers	\$24,500	5.2%	0.2%
All Other Personal Care and Service Occupations (Avg. All Categories)	<u>\$24,400</u>	<u>22.6%</u>	<u>0.9%</u>
	Weighted Mean Annual Wage	100.0%	4.1%
<i>Sales and Related Occupations</i>			
First-Line Supervisors of Retail Sales Workers	\$41,500	9.3%	1.5%
Cashiers	\$24,100	24.0%	3.9%
Retail Salespersons	\$26,100	35.6%	5.7%
Securities, Commodities, and Financial Services Sales Agents	\$83,500	5.6%	0.9%
Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Products	\$67,900	4.3%	0.7%
All Other Sales and Related Occupations (Avg. All Categories)	<u>\$33,700</u>	<u>21.1%</u>	<u>3.4%</u>
	Weighted Mean Annual Wage	100.0%	16.0%

Sources: U.S. Bureau of Labor Statistics, California Employment Development Department, Minnesota IMPLAN Group
 Keyser Marston Associates, Inc.

\\Sf-fs2\wp\18\18996\027\75-100K Sacramento; C4 Compensation; 7/1/2013; dd

APPENDIX I TABLE C-4
 AVERAGE ANNUAL WORKER COMPENSATION, 2012
 EMPLOYMENT GENERATED BY HOUSEHOLDS EARNING \$75,000 - \$100,000 / YEAR
 MIXED INCOME HOUSING ORDINANCE UPDATE
 CITY OF SACRAMENTO, CA

Occupation ³	EMPLOYMENT GENERATED BY HOUSEHOLDS EARNING \$75,000 - \$100,000 / YEAR		
	2012 Avg. Compensation ¹	% of Total Occupation Group ²	% of Total Workers
Page 3 of 3			
<i>Office and Administrative Support Occupations</i>			
First-Line Supervisors of Office and Administrative Support Workers	\$62,400	6.7%	1.2%
Bookkeeping, Accounting, and Auditing Clerks	\$41,800	7.6%	1.4%
Customer Service Representatives	\$37,800	11.6%	2.1%
Receptionists and Information Clerks	\$29,000	6.0%	1.1%
Stock Clerks and Order Fillers	\$28,000	10.6%	1.9%
Executive Secretaries and Executive Administrative Assistants	\$50,500	4.2%	0.8%
Secretaries and Administrative Assistants, Except Legal, Medical, and Executive	\$37,700	8.5%	1.5%
Office Clerks, General	\$34,100	13.0%	2.4%
All Other Office and Administrative Support Occupations (Avg. All Categories)	<u>\$38,400</u>	<u>31.9%</u>	<u>5.8%</u>
	Weighted Mean Annual Wage	100.0%	18.1%
<i>Installation, Maintenance, and Repair Occupations</i>			
First-Line Supervisors of Mechanics, Installers, and Repairers	\$67,800	7.7%	0.3%
Automotive Body and Related Repairers	\$44,900	4.9%	0.2%
Automotive Service Technicians and Mechanics	\$45,900	19.2%	0.7%
Maintenance and Repair Workers, General	\$43,000	33.8%	1.3%
All Other Installation, Maintenance, and Repair Occupations (Avg. All Categories)	<u>\$46,900</u>	<u>34.5%</u>	<u>1.3%</u>
	Weighted Mean Annual Wage	100.0%	3.9%
<i>Transportation and Material Moving Occupations</i>			
Driver/Sales Workers	\$29,000	8.4%	0.4%
Heavy and Tractor-Trailer Truck Drivers	\$41,300	14.5%	0.8%
Light Truck or Delivery Services Drivers	\$36,600	11.8%	0.6%
Industrial Truck and Tractor Operators	\$37,100	4.2%	0.2%
Cleaners of Vehicles and Equipment	\$21,100	6.2%	0.3%
Laborers and Freight, Stock, and Material Movers, Hand	\$29,400	25.4%	1.3%
Packers and Packagers, Hand	\$26,300	8.7%	0.5%
All Other Transportation and Material Moving Occupations (Avg. All Categories)	<u>\$32,000</u>	<u>20.8%</u>	<u>1.1%</u>
	Weighted Mean Annual Wage	100.0%	5.3%
			86.8%

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

² Occupation percentages are based on the 2011 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics. Wages are based on the 2011 Occupational Employment Survey data for Sacramento, updated by the California Employment Development Department to 2012 wage levels.

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

APPENDIX I TABLE C-5
AVERAGE ANNUAL WORKER COMPENSATION, 2012
EMPLOYMENT GENERATED BY HOUSEHOLDS EARNING \$50,000 - \$75,000 / YEAR
MIXED INCOME HOUSING ORDINANCE UPDATE
CITY OF SACRAMENTO, CA

EMPLOYMENT GENERATED BY HOUSEHOLDS
EARNING \$50,000 - \$75,000 / YEAR

Occupation ³	2012 Avg. Compensation ¹	% of Total Occupation Group ²	% of Total Workers
Page 1 of 3			
<i>Management Occupations</i>			
General and Operations Managers	\$121,400	31.1%	1.4%
Sales Managers	\$112,100	5.4%	0.2%
Financial Managers	\$111,300	9.6%	0.4%
Food Service Managers	\$49,600	4.4%	0.2%
Medical and Health Services Managers	\$118,000	5.7%	0.3%
Property, Real Estate, and Community Association Managers	\$73,000	10.5%	0.5%
All other Management Occupations (Avg. All Categories)	<u>\$106,500</u>	<u>33.4%</u>	<u>1.5%</u>
	Weighted Mean Annual Wage	\$106,500	100.0%
<i>Business and Financial Operations Occupations</i>			
Claims Adjusters, Examiners, and Investigators	\$62,900	4.5%	0.2%
Human Resources, Training, and Labor Relations Specialists, All Other*	\$63,700	6.6%	0.3%
Management Analysts	\$83,100	6.2%	0.3%
Market Research Analysts and Marketing Specialists*	\$81,200	5.0%	0.3%
Business Operations Specialists, All Other*	\$70,600	11.4%	0.6%
Accountants and Auditors	\$66,800	16.4%	0.9%
Financial Analysts	\$80,600	6.7%	0.4%
Personal Financial Advisors	\$80,000	8.3%	0.4%
Loan Officers	\$74,100	9.6%	0.5%
All Other Business and Financial Operations Occupations (Avg. All Categories)	<u>\$72,800</u>	<u>25.4%</u>	<u>1.3%</u>
	Weighted Mean Annual Wage	\$72,800	100.0%
<i>Education, Training, and Library Occupations</i>			
Vocational Education Teachers, Postsecondary	\$66,400	5.3%	0.2%
Preschool Teachers, Except Special Education	\$29,300	16.7%	0.5%
Elementary School Teachers, Except Special Education	\$66,900	7.9%	0.2%
Secondary School Teachers, Except Special and Career/Technical Education	\$65,500	5.5%	0.2%
Self-Enrichment Education Teachers	\$39,200	10.6%	0.3%
Teachers and Instructors, All Other*	\$45,300	11.5%	0.3%
Teacher Assistants	\$30,900	16.6%	0.5%
All Other Education, Training, and Library Occupations (Avg. All Categories)	<u>\$42,900</u>	<u>25.9%</u>	<u>0.8%</u>
	Weighted Mean Annual Wage	\$42,900	100.0%
<i>Healthcare Practitioners and Technical Occupations</i>			
Physicians and Surgeons, All Other	\$181,000	4.3%	0.3%
Registered Nurses*	\$100,500	34.2%	2.4%
Pharmacy Technicians	\$40,300	5.2%	0.4%
Licensed Practical and Licensed Vocational Nurses	\$55,000	9.5%	0.7%
All Other Healthcare Practitioners and Technical Occupations (Avg. All Categories)	<u>\$93,000</u>	<u>46.7%</u>	<u>3.2%</u>
	Weighted Mean Annual Wage	\$93,000	100.0%

APPENDIX I TABLE C-5
 AVERAGE ANNUAL WORKER COMPENSATION, 2012
 EMPLOYMENT GENERATED BY HOUSEHOLDS EARNING \$50,000 - \$75,000 / YEAR
 MIXED INCOME HOUSING ORDINANCE UPDATE
 CITY OF SACRAMENTO, CA

EMPLOYMENT GENERATED BY HOUSEHOLDS
 EARNING \$50,000 - \$75,000 / YEAR

Occupation ³	2012 Avg. Compensation ¹	% of Total Occupation Group ²	% of Total Workers
Page 2 of 3			
<i>Healthcare Support Occupations</i>			
Home Health Aides	\$23,700	22.7%	0.9%
Nursing Aides, Orderlies, and Attendants*	\$32,400	34.4%	1.4%
Dental Assistants	\$38,200	9.2%	0.4%
Medical Assistants	\$33,100	15.7%	0.6%
Healthcare Support Workers, All Other*	\$36,400	4.5%	0.2%
All Other Healthcare Support Occupations (Avg. All Categories)	<u>\$31,100</u>	<u>13.5%</u>	<u>0.5%</u>
Weighted Mean Annual Wage	\$31,100	100.0%	4.0%
<i>Food Preparation and Serving Related Occupations</i>			
First-Line Supervisors of Food Preparation and Serving Workers	\$31,200	6.9%	0.9%
Cooks, Fast Food	\$19,000	4.9%	0.6%
Cooks, Restaurant	\$24,000	8.7%	1.1%
Food Preparation Workers	\$22,100	6.4%	0.8%
Bartenders	\$22,500	5.0%	0.6%
Combined Food Preparation and Serving Workers, Including Fast Food	\$20,600	25.6%	3.2%
Waiters and Waitresses	\$21,400	21.2%	2.6%
Dishwashers	\$19,600	4.5%	0.6%
All Other Food Preparation and Serving Related Occupations (Avg. All Categories)	<u>\$22,100</u>	<u>16.7%</u>	<u>2.1%</u>
Weighted Mean Annual Wage	\$22,100	100.0%	12.4%
<i>Building and Grounds Cleaning and Maintenance Occupations</i>			
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	\$27,700	51.6%	2.6%
Maids and Housekeeping Cleaners	\$24,600	12.4%	0.6%
Landscaping and Groundskeeping Workers	\$28,100	25.2%	1.3%
All Other Building and Grounds Cleaning and Maintenance Occupations (Avg. All Categories)	<u>\$27,400</u>	<u>10.7%</u>	<u>0.5%</u>
Weighted Mean Annual Wage	\$27,400	100.0%	5.1%
<i>Personal Care and Service Occupations</i>			
Nonfarm Animal Caretakers	\$21,300	4.5%	0.2%
Amusement and Recreation Attendants	\$20,000	5.8%	0.3%
Hairdressers, Hairstylists, and Cosmetologists	\$26,400	16.1%	0.8%
Childcare Workers	\$22,600	16.2%	0.8%
Personal Care Aides	\$22,300	22.9%	1.1%
Fitness Trainers and Aerobics Instructors	\$38,100	5.7%	0.3%
Recreation Workers	\$24,500	5.5%	0.3%
All Other Personal Care and Service Occupations (Avg. All Categories)	<u>\$24,300</u>	<u>23.3%</u>	<u>1.1%</u>
Weighted Mean Annual Wage	\$24,300	100.0%	4.7%
<i>Sales and Related Occupations</i>			
First-Line Supervisors of Retail Sales Workers	\$41,500	8.8%	1.2%
Cashiers	\$24,100	23.1%	3.3%
Counter and Rental Clerks	\$31,100	4.6%	0.6%
Retail Salespersons	\$26,100	33.4%	4.7%
Securities, Commodities, and Financial Services Sales Agents	\$83,500	5.8%	0.8%
Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Products	\$67,900	4.9%	0.7%
All Other Sales and Related Occupations (Avg. All Categories)	<u>\$34,100</u>	<u>19.5%</u>	<u>2.7%</u>
Weighted Mean Annual Wage	\$34,100	100.0%	14.1%

Sources: U.S. Bureau of Labor Statistics, California Employment Development Department, Minnesota IMPLAN Group
 Keyser Marston Associates, Inc.

**APPENDIX I TABLE C-5
AVERAGE ANNUAL WORKER COMPENSATION, 2012
EMPLOYMENT GENERATED BY HOUSEHOLDS EARNING \$50,000 - \$75,000 / YEAR
MIXED INCOME HOUSING ORDINANCE UPDATE
CITY OF SACRAMENTO, CA**

Occupation ³	EMPLOYMENT GENERATED BY HOUSEHOLDS EARNING \$50,000 - \$75,000 / YEAR		
	2012 Avg. Compensation ¹	% of Total Occupation Group ²	% of Total Workers
Page 3 of 3			
<i>Office and Administrative Support Occupations</i>			
First-Line Supervisors of Office and Administrative Support Workers	\$62,400	6.6%	1.2%
Bookkeeping, Accounting, and Auditing Clerks	\$41,800	7.7%	1.4%
Customer Service Representatives	\$37,800	11.3%	2.0%
Receptionists and Information Clerks	\$29,000	6.3%	1.1%
Stock Clerks and Order Fillers	\$28,000	9.1%	1.6%
Executive Secretaries and Executive Administrative Assistants	\$50,500	4.5%	0.8%
Secretaries and Administrative Assistants, Except Legal, Medical, and Executive	\$37,700	9.1%	1.6%
Office Clerks, General	\$34,100	13.5%	2.4%
All Other Office and Administrative Support Occupations (Avg. All Categories)	<u>\$38,600</u>	<u>31.9%</u>	<u>5.7%</u>
	Weighted Mean Annual Wage	100.0%	17.8%
<i>Installation, Maintenance, and Repair Occupations</i>			
First-Line Supervisors of Mechanics, Installers, and Repairers	\$67,800	7.7%	0.3%
Automotive Body and Related Repairers	\$44,900	4.8%	0.2%
Automotive Service Technicians and Mechanics	\$45,900	17.8%	0.7%
Maintenance and Repair Workers, General	\$43,000	36.9%	1.4%
All Other Installation, Maintenance, and Repair Occupations (Avg. All Categories)	<u>\$46,800</u>	<u>32.8%</u>	<u>1.3%</u>
	Weighted Mean Annual Wage	100.0%	3.8%
<i>Transportation and Material Moving Occupations</i>			
Driver/Sales Workers	\$29,000	8.2%	0.4%
Heavy and Tractor-Trailer Truck Drivers	\$41,300	14.2%	0.7%
Light Truck or Delivery Services Drivers	\$36,600	11.3%	0.6%
Industrial Truck and Tractor Operators	\$37,100	4.1%	0.2%
Cleaners of Vehicles and Equipment	\$21,100	6.1%	0.3%
Laborers and Freight, Stock, and Material Movers, Hand	\$29,400	25.0%	1.3%
Packers and Packagers, Hand	\$26,300	8.2%	0.4%
All Other Transportation and Material Moving Occupations (Avg. All Categories)	<u>\$32,000</u>	<u>22.8%</u>	<u>1.1%</u>
	Weighted Mean Annual Wage	100.0%	5.0%
			86.5%

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

² Occupation percentages are based on the 2011 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics. Wages are based on the 2011 Occupational Employment Survey data for Sacramento, updated by the California Employment Development Department to 2012 wage levels.

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

APPENDIX I TABLE C-6

EXTREMELY LOW INCOME EMPLOYEE HOUSEHOLDS¹ GENERATED
MIXED INCOME HOUSING ORDINANCE UPDATE
CITY OF SACRAMENTO, CA

PROTOTYPE 1: SUBURBAN INFILL SMALL SFR PROJECT	PROTOTYPE 2: OUTER-EDGE SUBURBAN LARGE SFR	PROTOTYPE 3: OUTER-EDGE SUBURBAN SMALL LOT/ CLUSTER SFR	PROTOTYPE 4: SUBURBAN INFILL LARGE CONDO	PROTOTYPE 5: URBAN INFILL CONDOMINIUM	PROTOTYPE 6: SUBURBAN INFILL SMALL APARTMENT COMPLEX	PROTOTYPE 7: URBAN INFILL SMALL APARTMENT COMPLEX	PROTOTYPE 8: URBAN INFILL LARGE APARTMENT COMPLEX
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Step 4, 5, & 6 - Extremely Low Income Households (under 30% AMI) within Major Occupation Categories

Management	-	-	-	-	-	-	-	-
Business and Financial Operations	-	-	-	-	-	-	-	-
Computer and Mathematical	-	-	-	-	-	-	-	-
Architecture and Engineering	-	-	-	-	-	-	-	-
Life, Physical and Social Science	-	-	-	-	-	-	-	-
Community and Social Services	-	-	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-	-
Education Training and Library	0.04	0.05	0.04	0.05	0.04	0.04	0.05	0.05
Arts, Design, Entertainment, Sports, & Media	-	-	-	-	-	-	-	-
Healthcare Practitioners and Technical	-	-	-	-	-	-	-	-
Healthcare Support	0.05	0.05	0.04	0.05	0.05	0.04	0.05	0.05
Protective Service	-	-	-	-	-	-	-	-
Food Preparation and Serving Related	1.06	0.95	0.79	0.94	1.07	0.73	0.91	0.91
Building Grounds and Maintenance	0.19	0.17	0.14	0.17	0.19	0.13	0.16	0.16
Personal Care and Service	0.21	0.22	0.18	0.21	0.21	0.17	0.21	0.21
Sales and Related	0.56	0.45	0.37	0.44	0.57	0.34	0.43	0.43
Office and Admin	0.11	0.09	0.07	0.08	0.11	0.07	0.08	0.08
Farm, Fishing, and Forestry	-	-	-	-	-	-	-	-
Construction and Extraction	-	-	-	-	-	-	-	-
Installation Maintenance and Repair	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Production	-	-	-	-	-	-	-	-
Transportation and Material Moving	0.13	0.11	0.09	0.11	0.13	0.08	0.10	0.10
Extremely Low Income Households - Major Occupations	2.35	2.08	1.72	2.05	2.37	1.60	2.00	2.00
Extremely Low Inc. Households ¹ - all other occupations	0.36	0.32	0.27	0.32	0.36	0.25	0.31	0.31
Total Extremely Low Income Households¹	2.70	2.41	1.98	2.37	2.74	1.85	2.31	2.31

¹ Includes households earning from zero through 30% of Sacramento County Area Median Income.

² See Tables C-2 and C-3 for additional information on Major Occupation Categories.

APPENDIX I TABLE C-7
IMPACT ANALYSIS SUMMARY
EMPLOYEE HOUSEHOLDS GENERATED
MIXED INCOME HOUSING ORDINANCE UPDATE
CITY OF SACRAMENTO, CA

RESIDENTIAL UNIT DEMAND IMPACTS
PER 100 MARKET RATE UNITS

	PROTOTYPE 1: SUBURBAN INFILL SMALL SFR PROJECT	PROTOTYPE 2: OUTER-EDGE SUBURBAN LARGE SFR	PROTOTYPE 3: OUTER-EDGE SUBURBAN SMALL LOT/ CLUSTER SFR	PROTOTYPE 4: SUBURBAN INFILL LARGE CONDO	PROTOTYPE 5: URBAN INFILL CONDOMINIUM	PROTOTYPE 6: SUBURBAN INFILL SMALL APARTMENT COMPLEX	PROTOTYPE 7: URBAN INFILL SMALL APARTMENT COMPLEX	PROTOTYPE 8: URBAN INFILL LARGE APARTMENT COMPLEX
Number of New Households¹								
Under 30% Area Median Income	2.7	2.4	2.0	2.4	2.7	1.9	2.3	2.3
30% to 50% Area Median Income	9.7	8.7	7.1	8.6	9.8	6.7	8.3	8.3
50% to 80% Area Median Income	11.8	10.6	8.7	10.4	11.9	8.1	10.1	10.1
Subtotal through 80% of Median	24.2	21.6	17.8	21.4	24.5	16.7	20.8	20.8
Over 80% Area Median Income	16.5	15.3	12.6	15.1	16.7	11.8	14.7	14.7
Total Employee Households	40.7	37.0	30.5	36.5	41.2	28.5	35.5	35.5
Percent of New Households¹								
Under 30% Area Median Income	7%	7%	7%	7%	7%	7%	7%	7%
30% to 50% Area Median Income	24%	23%	23%	23%	24%	23%	23%	23%
50% to 80% Area Median Income	29%	29%	29%	29%	29%	29%	29%	29%
Subtotal through 80% of Median	59%	59%	59%	59%	59%	59%	59%	59%
Over 80% Area Median Income	41%	41%	41%	41%	41%	41%	41%	41%
Total Employee Households	100%	100%	100%	100%	100%	100%	100%	100%

Notes

¹ Households of retail, education, healthcare and other workers that serve residents of new market rate units.

**APPENDIX I TABLE C-8
 MAXIMUM INCLUSIONARY REQUIREMENT SUPPORTED
 MIXED INCOME HOUSING ORDINANCE UPDATE
 CITY OF SACRAMENTO, CA**

MAXIMUM SUPPORTED INCLUSIONARY REQUIREMENT

	PROTOTYPE 1: SUBURBAN INFILL SMALL SFR PROJECT	PROTOTYPE 2: OUTER-EDGE SUBURBAN LARGE SFR	PROTOTYPE 3: OUTER-EDGE SUBURBAN SMALL LOT/ CLUSTER SFR	PROTOTYPE 4: SUBURBAN INFILL LARGE CONDO	PROTOTYPE 5: URBAN INFILL CONDOMINIUM
Supported Inclusionary Requirement					
Per 100 Market Rate Units - Cumulative Through ¹					
30% OF MEDIAN INCOME	2.7 Units	2.4 Units	2.0 Units	2.4 Units	2.7 Units
50% OF MEDIAN INCOME	12.4 Units	11.1 Units	9.1 Units	10.9 Units	12.5 Units
80% OF MEDIAN INCOME	24.2 Units	21.6 Units	17.8 Units	21.4 Units	24.5 Units
Supported Inclusionary Percentage - Cumulative Through ²					
30% OF MEDIAN INCOME	2.6%	2.3%	1.9%	2.3%	2.7%
50% OF MEDIAN INCOME	11.0%	10.0%	8.4%	9.8%	11.2%
80% OF MEDIAN INCOME	19.5%	17.8%	15.1%	17.6%	19.7%

Notes:

¹ See Appendix 1, Table C-7.

² Calculated by dividing the supported number of affordable units by the total number of units (supported affordable units + 100 market rate units).

D. MITIGATION COSTS

This section takes the conclusions of the previous section on the number of households in the lower income categories associated with the market rate units and identifies the total cost of assistance required to make housing affordable. This section puts a cost on the units for each income level to produce the “total nexus cost.” This is done for each of the prototype units.

A key component of the analysis is the size of the gap between what households can afford and the cost of producing new housing in Sacramento, known as the ‘affordability gap.’ Affordability gaps are calculated for each of the three categories of area median income: Extremely Low (under 30% of median), Very Low (30% to 50% of median), and Low (50% to 80%). A detailed description of calculation of affordability gaps is contained in Appendix II. A brief summary is included below.

City Assisted Prototypes

For estimating the affordability gap, there is a need to match a household of each income level with a unit type and size according to governmental regulations and City practices and policies. The Sacramento Mixed-Income Housing Program has as a goal the production of units affordable to Extremely Low, Very Low and Low Income Households. The City intends to assist in the production of rental units for households in these income categories.

KMA prepared an estimate of total development cost (inclusive of land, all fees and permits, financing and other indirect costs) for typical affordable rental units. KMA drew this estimate from a review of development pro forma for recent affordable rental developments assisted by the Sacramento Housing & Redevelopment Agency (SHRA). KMA concluded that, on average, the new affordable rental units have 1.5 bedrooms and total development costs equal to \$223,000.

For many new developments, particularly City-assisted developments, total development costs could be higher than those estimated here. The conservative estimate of development costs results in a lower supportable nexus amount.

For the purposes of estimating the affordability gaps, we do not assume additional sources of affordable housing financing such as the federal income tax credit program. While many of the recent housing developments assisted by SHRA utilized these additional funding sources, it is not assured that these sources will be available in the future. Accessing these sources is also highly competitive due to the limited supply. Finally, the value of tax credits to the project can fluctuate widely. Determining the affordability gap assuming no outside sources is a sound and legitimate approach, and one that the City has employed in other similar analyses.

Affordability Gap

The affordability gap is the difference between the cost of developing a residential unit and the amount a household can afford to pay for the unit. For rental units, the Affordability Gap is the difference between the Total Development Cost and the Unit Value, which is the capitalized value of the project's net operating income. Appendix II includes a full discussion of the affordable rent levels, the calculation of unit value supported by the restricted rent levels, and affordability gaps.

To calculate Net Operating Income, gross rent is adjusted for vacancy rates during turnover, and then operating costs are netted out. Operating costs cover management, property taxes, and certain other expenses. Net operating income is then capitalized at 6.75% to estimate the Supported Unit Value. This value is then subtracted from Total Development Costs to calculate the gap.

The resulting affordability gaps are as follows:

- \$218,400 for households in the under 30% AMI category;
- \$173,000 for households in the 30% to 50% AMI category;
- \$105,000 for households in the 50% to 80% AMI category;

Total Linkage Costs

The last step in the linkage fee analysis marries the findings on the numbers of households in each of the lower income ranges associated with the eight prototypes to the affordability gaps, or the costs of delivering housing to them in Sacramento.

Table D-1 summarizes the analysis. The Affordability Gaps are drawn from the prior discussion. The "Nexus Cost per Market Rate Unit" shows the results of the following calculation: the affordability gap times the number of affordable units demanded per market rate unit. (Demand for affordable units for each of the income ranges is drawn from Table C-7 in the previous section and is adjusted to a per-unit basis from the 100 unit building module.)

The total nexus costs for each of the prototypes are as follows:

Total Nexus Cost Per Market Rate Unit, Ownership Prototypes						
<i>Income Category</i>	<i>Affordability Gap</i>	<i>Suburban Infill Small SFR</i>	<i>Outer-Edge Suburban Large SFR</i>	<i>Outer-Edge Suburban Small Lot SFR</i>	<i>Suburban Infill Large Condo</i>	<i>Urban Infill Condo</i>
Extr. Low Income	\$218,400	\$5,900	\$5,300	\$4,300	\$5,200	\$6,000
Very Low Income	\$173,000	\$16,800	\$15,000	\$12,400	\$14,800	\$17,000
Low Income	\$105,000	\$12,400	\$11,100	\$9,200	\$11,000	\$12,500
Total Nexus Costs		\$35,100	\$31,400	\$25,900	\$31,000	\$35,500

Total Nexus Cost Per Market Rate Unit, Rental Prototypes				
<i>Income Category</i>	<i>Affordability Gap</i>	<i>Suburban Infill Small Project Rental</i>	<i>Urban Infill Small Project Rental</i>	<i>Urban Infill Larger Project Rental</i>
Extr. Low Income	\$218,400	\$4,000	\$5,000	\$5,000
Very Low Income	\$173,000	\$11,600	\$14,400	\$14,400
Low Income	\$105,000	\$8,600	\$10,700	\$10,700
Total Nexus Costs		\$24,200	\$30,100	\$30,100

The Total Nexus Costs, or Mitigation Costs, indicated above, may also be expressed on a per square foot level. The square foot area of the prototype unit used throughout the analysis becomes the basis for the calculation. Again, see Appendix II for more discussion of the prototypes. The results per square foot are as follows:

Total Nexus Cost Per Sq. Ft., Ownership Prototypes						
<i>Income Category</i>	<i>Affordability Gap</i>	<i>Suburban Infill Small SFR</i>	<i>Outer-Edge Suburban Large SFR</i>	<i>Outer-Edge Suburban Small Lot SFR</i>	<i>Suburban Infill Large Condo</i>	<i>Urban Infill Condo</i>
Prototype Size (Sq Ft)		2,200 SF	2,200 SF	1,600 SF	1,200 SF	950 SF
Extr. Low Income	\$218,400	\$2.68	\$2.41	\$2.69	\$4.33	\$6.32
Very Low Income	\$173,000	\$7.64	\$6.82	\$7.75	\$12.33	\$17.89
Low Income	\$105,000	\$5.64	\$5.05	\$5.75	\$9.17	\$13.16
Total Nexus Costs		\$15.95	\$14.27	\$16.19	\$25.83	\$37.37

Total Nexus Cost Per Sq. Ft., Rental Prototypes				
<i>Income Category</i>	<i>Affordability Gap</i>	<i>Suburban Infill Small Project Rental</i>	<i>Urban Infill Small Project Rental</i>	<i>Urban Infill Larger Project Rental</i>
Prototype Size (Sq Ft)		950 SF	850 SF	850 SF
Extr. Low Income	\$218,400	\$4.21	\$5.88	\$5.88
Very Low Income	\$173,000	\$12.21	\$16.94	\$16.94
Low Income	\$105,000	\$9.05	\$12.59	\$12.59
Total Nexus Costs		\$25.47	\$35.41	\$35.41

These costs express the total linkage or nexus costs for the eight prototype developments in the City of Sacramento. These total nexus costs represent the ceiling for any requirement placed on market rate development. **The totals are not recommended levels for fees; they represent only the maximums established by this analysis, below which fees or other requirements may be set.**

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APPENDIX I TABLE D-1
SUPPORTED FEE / NEXUS SUMMARY PER UNIT
MIXED INCOME HOUSING ORDINANCE UPDATE
CITY OF SACRAMENTO, CA

TOTAL NEXUS COST PER MARKET RATE UNIT

		Nexus Cost Per Market Rate Unit							
Affordability Gap ¹		PROTOTYPE 1: SUBURBAN INFILL SMALL SFR PROJECT	PROTOTYPE 2: OUTER-EDGE SUBURBAN LARGE SFR	PROTOTYPE 3: OUTER-EDGE SUBURBAN SMALL LOT/ CLUSTER SFR	PROTOTYPE 4: SUBURBAN INFILL LARGE CONDO	PROTOTYPE 5: URBAN INFILL CONDOMINIUM	PROTOTYPE 6: SUBURBAN INFILL SMALL APARTMENT COMPLEX	PROTOTYPE 7: URBAN INFILL SMALL APARTMENT COMPLEX	PROTOTYPE 8: URBAN INFILL LARGE APARTMENT COMPLEX
Household Income Level									
Under 30% Area Median Income	\$218,400	\$5,900	\$5,300	\$4,300	\$5,200	\$6,000	\$4,000	\$5,000	\$5,000
30% to 50% Area Median Income	\$173,000	\$16,800	\$15,000	\$12,400	\$14,800	\$17,000	\$11,600	\$14,400	\$14,400
50% to 80% Area Median Income	\$105,000	\$12,400	\$11,100	\$9,200	\$11,000	\$12,500	\$8,600	\$10,700	\$10,700
Total Supported Fee / Nexus		\$35,100	\$31,400	\$25,900	\$31,000	\$35,500	\$24,200	\$30,100	\$30,100

TOTAL NEXUS COST PER SQUARE FOOT

		Nexus Cost Per Square Foot							
Affordability Gap ¹		PROTOTYPE 1: SUBURBAN INFILL SMALL SFR PROJECT	PROTOTYPE 2: OUTER-EDGE SUBURBAN LARGE SFR	PROTOTYPE 3: OUTER-EDGE SUBURBAN SMALL LOT/ CLUSTER SFR	PROTOTYPE 4: SUBURBAN INFILL LARGE CONDO	PROTOTYPE 5: URBAN INFILL CONDOMINIUM	PROTOTYPE 6: SUBURBAN INFILL SMALL APARTMENT COMPLEX	PROTOTYPE 7: URBAN INFILL SMALL APARTMENT COMPLEX	PROTOTYPE 8: URBAN INFILL LARGE APARTMENT COMPLEX
Unit Size (SF)		2,200 SF	2,200 SF	1,600 SF	1,200 SF	950 SF	950 SF	850 SF	850 SF
Household Income Level									
Under 30% Area Median Income	\$218,400	\$2.68	\$2.41	\$2.69	\$4.33	\$6.32	\$4.21	\$5.88	\$5.88
30% to 50% Area Median Income	\$173,000	\$7.64	\$6.82	\$7.75	\$12.33	\$17.89	\$12.21	\$16.94	\$16.94
50% to 80% Area Median Income	\$105,000	\$5.64	\$5.05	\$5.75	\$9.17	\$13.16	\$9.05	\$12.59	\$12.59
Total Supported Fee / Nexus		\$15.95	\$14.27	\$16.19	\$25.83	\$37.37	\$25.47	\$35.41	\$35.41

¹ Household earning less than 80% of Area Median Income are presumed to receive assistance for rental housing.

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ADDENDUM: NOTES ON SPECIFIC ASSUMPTIONS

Geographic Area of Impact

The analysis quantifies impacts occurring within Sacramento County. While many of the impacts will occur within the city, some impacts will be experienced elsewhere in Sacramento County and beyond. The IMPLAN model computes the jobs generated within the County and sorts out those that occur beyond the county boundaries. The KMA Jobs Housing Nexus Model analyzes the income structure of jobs and their worker households, without assumptions as to where the worker households live.

In summary, the nexus analysis quantifies all the jobs impacts occurring within Sacramento County and related workers households. Job impacts, like most types of impacts, occur irrespective of political boundaries. And like other types of impact analyses, such as traffic, impacts beyond city boundaries are experienced, are relevant, and are important.

For clarification, counting all impacts associated with new housing units does not result in double counting, even if all jurisdictions were to adopt similar programs. The impact of a new housing unit is only counted once, in the jurisdiction in which it occurs. Obviously, within a metropolitan region, there is much commuting among jurisdictions, and cities house each others' workers in a very complex web of relationships. The important point is that impacts of residential development are only counted once.

With rental projects there is an additional issue of whether additional sources of assistance should be assumed in the analysis. Most rental projects built for lower income households have in recent years been developed using federal tax credits, state low interest financing from bond funds, and other resources. There is a difficulty in assuming that all projects for the lower income households will be developed using these outside sources, because these sources are not reliably available. Accessing these sources is also highly competitive due to the limited supply. Finally, the value of tax credits to the project can fluctuate widely. Determining the affordability gap assuming no outside sources is a sound and legitimate approach and one that the City has employed in other similar analyses.

The use of the affordability gap for establishing a maximum fee supported from the nexus analysis is grounded in the concept that a jurisdiction will be responsible for delivering affordable units to mitigate impacts. The nexus analysis has established that units will be needed at one or more different affordability levels and, per local policy, the type of unit to be delivered depends on the income/affordability level. In Sacramento, the City will assist in the development of rental units.

The units assisted by the public sector for affordable households are usually small in square foot area (for the number of bedrooms) and modest in finishes and amenities. As a result, in some communities these units are similar in physical configuration to what the market is

delivering at market rate; in other communities (particularly very high income communities), they may be smaller and more modest than what the market is delivering. Parking, for example, is usually the minimum permitted by the code. In some communities where there is a wide range in land cost per acre or per unit, it may be assumed that affordable units are built on land parcels in the lower portion of the cost range. KMA tries to develop a total development cost summary that represents the lower half of the average range, but not so low as to be unrealistic.

If the affordability gap is the difference between total development cost and the affordable sales price, the question sometimes arises as to how total development cost is defined. KMA defines total development costs as including land costs, construction costs, site improvements, architectural and engineering, financing and all other indirect costs, and an allowance for an industry profit (non-profit developers receive a development fee instead).

In a healthy and stable economy, when projects are feasible, the sales price is therefore the same as the total development cost inclusive of profit. In some economic cycles sales prices might enable larger than standard profits, as was the case in the 2002 to 2004 period, for example, when sales prices escalated ahead of construction and land costs, and sales prices were achieved that enabled higher than standard profit margins. In other market cycles, such as the 2009 to today, sales prices are so depressed that they are not high enough to cover total development costs and there is no profit. Projects are not feasible during these periods.

Excess Capacity of Labor Force

At the time this analysis has been conducted, the nation, regional and local economy are all experiencing a severe recession. Unemployment in California averages almost 10%. In this context, the question has been raised as to whether there is excess capacity in the labor force to the extent that consumption impacts generated by new households will be in part, absorbed by existing jobs and workers, thus resulting in fewer net new jobs.

In response, an impact analysis of this nature is a one time impact requirement to address impacts generated over the life of the project. The current recession is a temporary condition; a healthy economy will return and the impacts will be experienced. In addition, because the nexus analysis is based on reduced housing prices, the impacts analyzed are less than would have been shown had the analysis been prepared when housing prices were at their peak, and the economy was healthier.

Finally, the economic cycle self adjusts. Development of new residential units is not likely to occur until conditions improve or there is confidence that improved conditions are imminent. When this occurs, the improved economic condition of the households in the local area will absorb the current underutilized capacity of existing workers, employed and unemployed. By the time new units become occupied, current conditions will have likely improved.

The Burden of Paying for Affordable Housing

Sacramento's inclusionary program does not place all burdens for the creation of affordable housing on new residential construction. The burden of affordable housing is borne by many sectors of the economy and society. A most important source in recent years of funding for affordable housing development comes from the federal government in the form of tax credits (which result in reduced income tax payment by tax credit investors in exchange for equity funding). Additionally there are other federal grant and loan programs administered by the Department of Housing and Urban Development and other federal agencies. The State of California also plays a major role with a number of special financing and funding programs. Much of the state money is funded by voter approved bond measures paid for by all Californians.

Local governments play a large role in affordable housing. In addition, private sector lenders play an important role, some voluntarily and others less so with the requirements of the Community Reinvestment Act. Then there is the non-profit sector, both sponsors and developers that build much of the affordable housing.

In summary, all levels of government and many private parties, for profit and non-profit contribute to supplying affordable housing. Residential developers are not being asked to bear the burden alone any more than they are assumed to be the only source of demand or cause for needing affordable housing in our communities. Based on past experience, the inclusionary program will fund only a small percentage of the affordable housing needed in the City of Sacramento.

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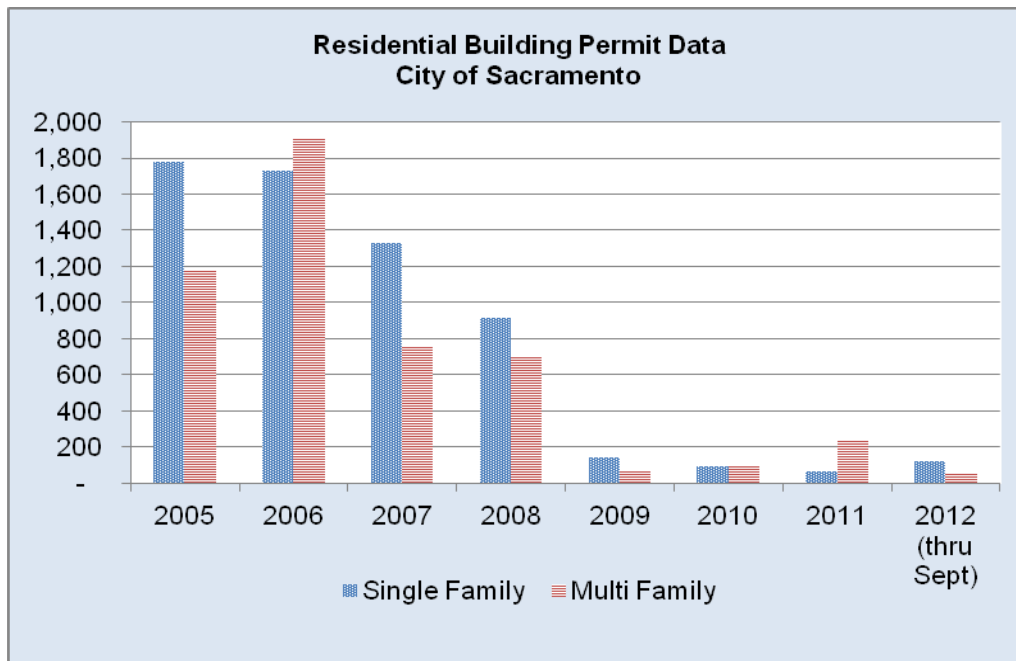
APPENDIX II: RESIDENTIAL VALUES – MARKET AND AFFORDABLE

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This Appendix II section provides the building blocks for the values used in other sections of this report, by establishing both market values and affordable values for various types of residential units or projects potentially developed in the City of Sacramento.

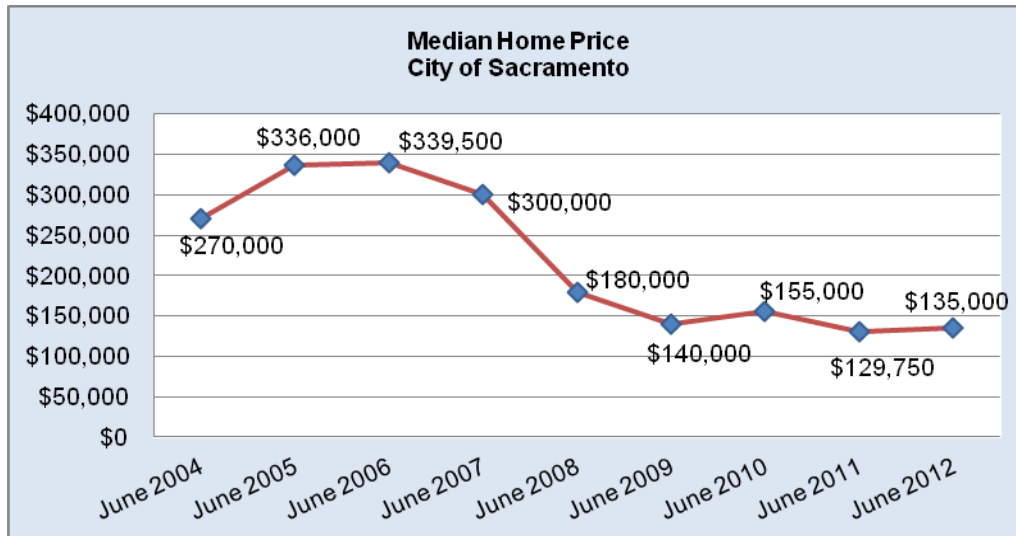
A. MARKET OVERVIEW

As has been the case in most localities throughout the State of California, the city of Sacramento has experienced a steep decline in both home values and construction activity since the onset of the recession. As shown in the following chart, building permit activity has declined precipitously between 2005 and 2012.



Source: Construction Industry Research Board

The median sale home price in Sacramento (single family and condominiums combined) has declined by about 60% - from \$340,000 in June 2006 to \$130,000 in June 2011 (there was a slight uptick in pricing in 2010 resulting from a temporary federal homebuyer tax credit).



Source: Dataquick

Median home prices can sometimes be a misleading indicator of actual changes in home values because median prices are affected by the mix of homes being sold. For example, the homes that were purchased with sub-prime mortgages tended to be weighted toward the lower end of the price range, and many of these homes were sold or foreclosed upon during the recession. However, data from the Case-Shiller Index, which eliminates the issue of housing mix by focusing solely on repeat sales of the same homes, indicated a similar percentage decline in home prices as the median home prices shown above. For example, in the Sacramento MSA, the Case-Shiller Index indicated a nearly 50% decline in home values from Q1 2006 to Q1 2009, tapering to a 6% decline from Q2 2009 to Q2 2012. In either case, it is clear that the Sacramento housing market has been significantly weakened by the area's recessionary conditions.

Of significance, the median priced home in Sacramento has dropped to levels that are well within affordable prices for Low Income households (up to 80% of AMI), although it is recognized that it remains very difficult for many Low Income households to come up with the down payment and to secure the mortgage financing necessary to buy a home. In addition it is difficult for homebuyers to compete against the many investors in the market who are willing to purchase homes with cash and without many of the common homebuyer contingencies. The fact that market rate home prices in Sacramento are, in some cases, below the restricted affordable prices will present some challenges for successfully marketing and selling affordably priced homes, which is an issue that will be addressed later when revisions to the city's current program are discussed.

Maximum Affordable Home Prices	2-Bedroom	3-Bedroom	4-Bedroom
Very Low Income	\$98,000	\$113,700	\$126,200
Low Income	\$182,500	\$207,300	\$227,400

Source: SHRA and KMA; assumes HOA dues equal to \$300 per month.

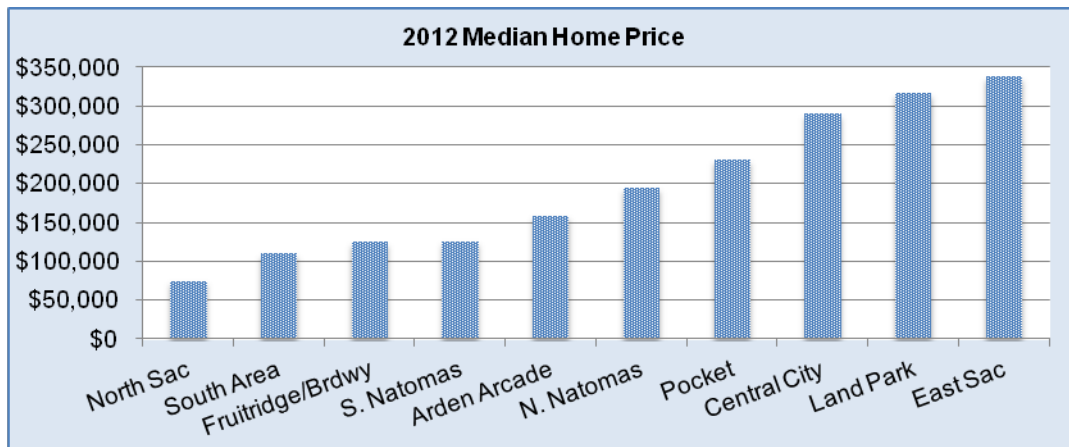
Current Trends/Outlook

Residential market conditions improved in 2012 with the median home price moving up slightly to \$135,000. Additionally, a recent report by the Gregory Group indicated that home inventories (available homes for sale) in the Sacramento region are decreasing, which is having the effect of pushing home prices higher. In September, the National Association of Home Builders added Sacramento to their list of improving housing markets based on increased employment, home prices, and building permits.

In another encouraging sign, several economists and market participants including Beacon Economics and the National Association of Realtors, believe that a variety of regulatory and policy factors will help prevent the remaining shadow inventory of homes in the foreclosure process from swamping the market and undermining the housing recovery. Nonetheless, the housing recovery is expected to be a measured one, with the pace of recovery ultimately depending upon a number of factors such as continued improvement in the U.S. and regional economies, consumer confidence, and the ability of federal policy makers to keep mortgage interest rates at or near record lows.

Intra-City Variation

As a large metropolitan area, home values within the city of Sacramento vary significantly from one area to another. In general terms, home values in the Central City area and some of the more established and conveniently located neighborhoods close to the Central City tend to be higher than the newer subdivisions in the outer edge suburban areas and the more socio-economically challenged infill areas of the city. The following chart indicates the 2012 median home prices in each of the city's Community Plan Areas (a map of Sacramento's Community Plan Areas is included in Appendix II Table 1 at the end of this section).

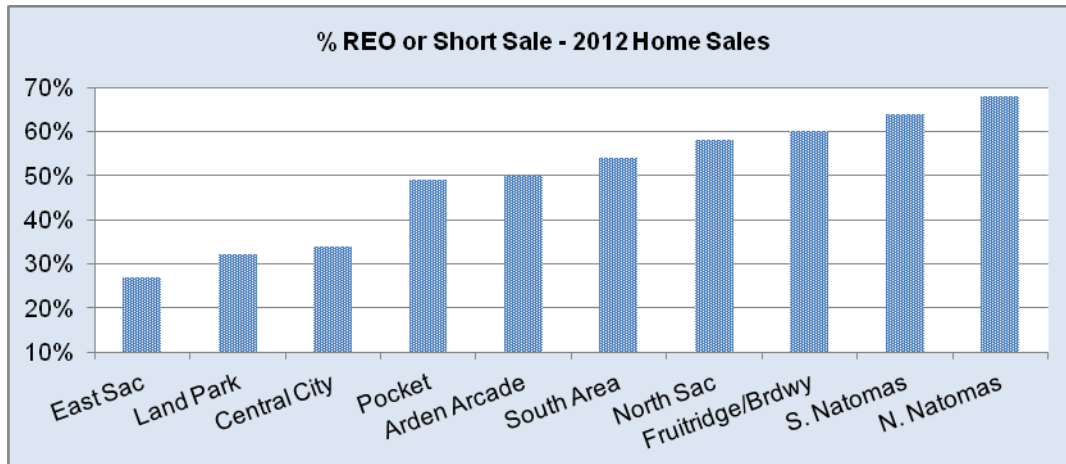


Source: Dataquick based on data through October 2012.

Note: Source data is based on zip codes, which do not conform exactly with Sacramento Community Plan Area boundaries.

REO's & Short-Sales

The median home prices in Sacramento are heavily influenced by the number of short sales and bank real estate owned (REO) sales. As shown in the following chart, a significant percentage of 2012 sales in the city of Sacramento were REO or short sales, ranging from slightly below 30% in East Sacramento to slightly below 70% in North Natomas.



Source: Dataquick based on data through October 2012.

The large magnitude of foreclosure-related sales continues to significantly drag down median home prices, which has the effect of distorting home prices that can be achieved in non-distressed sale situations. Nationwide home sales data indicates that homes in foreclosure or bank-owned were selling for about one-third less than non-foreclosure homes as of August 2012¹.

New Home Projects and Pricing

Focusing next on newly built homes, KMA researched asking prices of newly constructed homes currently on the market in Sacramento. Market research firm Hanley Wood identified ten single family home developments currently being marketed for sale in the city of Sacramento and one attached condominium development.

¹ Source: Inman News (August 30, 2012).

Newly Built Residential Projects	Community Plan Area	Home Size Range*	Price Range*	Price PSF*
<u>Attached Condos</u>				
1) Pavilions	Arden Arcade**	2,006 – 2,537	\$499k–\$545k	\$215-\$249
<u>Single Family Detached</u>				
1) Tapestri Square	Central City	1,320 – 2,900	\$599k-\$795k	\$272-\$274
2) Wilhaggin Terrace	Arden Arcade**	2,253	\$400k	\$178
3) Islands at Riverlake	Pocket	2,284	\$372k	\$163
4) Vineyard Point	Fruitridge/Bwy	1,268-2,811	\$208k-\$317k	\$113-\$164
5) Wickford Square	South Area	1,200-2,200	\$140k-\$229k	\$104-\$125
6) Villa Terrassa	South Area	1,041-1,784	\$155k-\$216k	\$121-\$149
7) East 34 th	Fruitridge/Bwy	1,335	\$195k	\$146
8) Park Place East	Fruitridge/Bwy	1,335-1,407	N/Av	N/Av
9) Hampton Station	South Area	1,033-2,036	\$149k-204k	\$100-\$144
10) Del Paso Nuevo	North Sac	768-2,370	\$99k-\$205k	\$86-\$129

Source: Hanley Wood, project websites, KMA. See Appendix II Table 2 for additional details.

*Only includes models that are currently available and with a listed home price.

**Not technically in the City; in the unincorporated area but similar to the City.

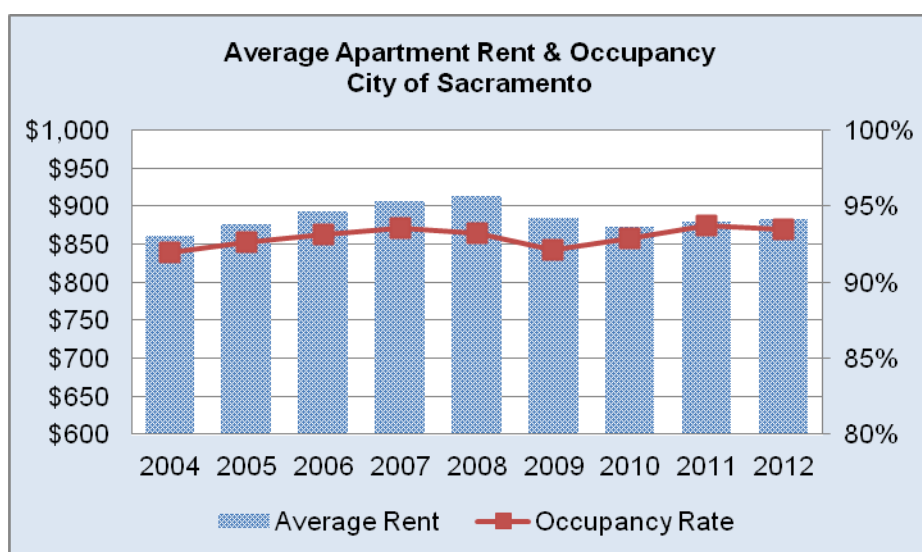
As can be seen, there is a wide range of prices depending on the project's location in Sacramento. The project with the highest asking prices, both in absolute and per square foot terms, is Tapestri Square located at 20th and T Streets in Midtown (Central City). The lowest prices are the Del Paso Nuevo project in North Sacramento, and while half of these units are deed restricted affordable to Low Income households, the asking prices are actually significantly below the Low Income prices that are permitted to be charged (as shown on the earlier table in this memo). As another example of the wide price range, at Hampton Station (South Area) a roughly 2,000 sq. ft. home is selling for \$100 per sq. ft. while a roughly 2,200 sq. ft. home at Wilhaggin Terrace (Arden Arcade) is selling for \$178 per sq. ft. For more detailed information about the projects in the above table, see Appendix II Table 2. KMA also researched home prices in nearby areas outside the city's boundaries, which is also included in Appendix II Table 3.

It is notable that there is only one attached residential project currently being marketed for sale, the 60-unit Pavilions project in Arden Arcade. Several higher density condominium projects that were completed in the midst of the recession have halted sales and units are instead being rented. As one example, the 92-unit L Street Lofts sold 25 units before the bank took the project back from the developer in 2008. The 67 remaining unsold units were sold to a southern California developer earlier this year who is now renting the units with the intent of making them available for sale when the condo market improves.²

² Sacramento Business Journal (May 25, 2012).

Rental Housing Market

The rental housing market in Sacramento tends to be older building stock and primarily weighted to Class C product. Of the 198 Sacramento apartment projects tracked by market research firm RealFacts, over 85% were built in the 1980s or earlier and only 16 are considered Class A. Unlike the ownership housing market, the Sacramento rental housing market did not experience a major downturn during the recent recession. Rather, the rental housing market has maintained relatively stable rents and occupancy rates, as summarized in the following chart. The average apartment rent declined only about 5% from its high in 2008 to its low in 2010. The occupancy rate ranged from a low of 92% in 2009 to almost 94% currently. An occupancy rate of $\pm 95\%$ is generally considered healthy in a normal market.



Source: RealFacts (October 2012)

KMA has conducted a survey of newer apartment developments in the city of Sacramento (i.e. built between 2003 and 2012). Of these properties, the rough range of rents is as follows (additional information is contained in Appendix II Table 4):

Newer Sacramento Apartment Developments	Rent/Unit	Rent/Sq. Ft.
<u>Central City</u>		
Studio	\$1,100 - \$1,300	\$2.00 - \$2.50
1-Bedroom	\$1,500 - \$1,600	\$1.90 - \$2.00
2-Bedroom	\$1,700 - \$2,500	\$1.60 - \$2.00
<u>Suburban Areas</u>		
1-Bedroom	\$1,000 - \$1,200	\$1.10 - \$1.50
2-Bedroom	\$1,100 - \$1,500	\$1.10 - \$1.20
3-Bedroom	\$1,500 - \$1,600	\$1.00 - \$1.15

Source: KMA Survey (October 2012)

Sales of existing apartment developments in the Sacramento region have generally been of older Class C product, mirroring the predominance of older properties in the market. These sales transacted with cap rates in the 6% to 7% range. Higher quality, Class A product is in high demand by investors, but owners of these properties have been reluctant to put their properties on the market for lack of quality alternative investments. The few Class A properties that have sold recently have done so with cap rates closer to the 5% range.³

Unlike other housing markets like San Francisco, which are benefitting from strong growth in tech employment, the rental housing market in Sacramento has not experienced substantially increased rents. As a result, there are few new apartment projects nearing construction other than subsidized affordable housing projects and the East End Gateway projects under the jurisdiction of CADA. At this point, rents have not increased to a level that makes new construction of most apartment projects financially feasible.

B. MARKET RATE RESIDENTIAL PROTOTYPES

In collaboration with City staff, a total of eight market rate residential prototypes were selected for analysis – five ownership prototypes and three rental prototypes. The intent of the selected prototypes is to identify representative developments generally being built by the private marketplace in Sacramento in order to gain a general understanding of the economic opportunities and challenges of new residential development today.

The first five prototypes (all ownership prototypes) were utilized in the 2008/09 Mixed Income Housing Ordinance “Feasibility Analysis” performed for SHRA. These five ownership prototypes are again being utilized for KMA’s assignment, to which the three rental prototypes have been added. The eight prototypes are as follows:

Residential Prototypes	Units	Density	Avg. Unit Size
<u>Ownership Prototypes</u>			
1) Suburban Infill Small SFR Project	16 units	5 du/acre	2,200 sq. ft.
2) Outer-edge Suburban Large SFR Project	103 units	5 du/acre	2,200 sq. ft.
3) Outer-edge Suburban Small Lot/ Cluster SFR	118 units	10 du/acre	1,600 sq. ft.
4) Suburban Infill Large Condo Project	135 units	30 du/acre	1,200 sq. ft.
5) Urban Infill Condo Project	92 units	84 du/acre	950 sq. ft.
<u>Rental Prototypes</u>			
6) Suburban Infill Small Apartment Project	25 units	30 du/acre	950 sq. ft.
7) Urban Infill Small Apartment Project	25 units	60 du/acre	850 sq. ft.
8) Urban Infill Larger Apartment Project	150 units	100 du/acre	850 sq. ft.

These prototypes were selected because they generally represent the range of project densities being built in Sacramento (or expected to be built when the market recovers) ranging from a low

³ Cassidy Turley (3rd Quarter 2012).

density single family prototype which is the predominant prototype in the outer-edge suburban areas of the city, to higher density condominium and apartment complexes, which are found in some parts of the Central City. The lower density prototypes are all Type V wood frame construction, while the higher density Central City prototypes would include concrete parking podiums and possibly steel frame construction. More detailed information about the prototypes is included in Appendix II Table 5.

Since the purpose of the analysis is to examine the impact that the city's Mixed Income Housing ordinance has on market rate development projects that would be impacted by the city's affordable housing requirements, these are all 100% market rate projects. There are no prototypes that are intended to reflect 100% deed-restricted affordable housing projects. A separate analysis will address the economics of deed-restricted affordable projects, including the amount of public subsidies that are typically required to make these projects feasible.

C. FINANCIAL FEASIBILITY ANALYSIS

The purpose of the financial feasibility analysis is to gain an understanding of the economic opportunities and challenges of developing new market rate residential projects in the city of Sacramento today and how the possible modifications to the city's Mixed Income Housing Ordinance might impact project economics.

The intent is to evaluate the economics as they apply to the eight aforementioned residential prototypes, recognizing that the economics of specific projects even within the same prototype can vary significantly based on a variety of factors. For example, the pricing of homes in "infill" areas of the city will vary widely from Land Park or the Pocket, which are generally on the higher end, to North Sacramento or South Area, which are generally on the lower end. Land values also will vary significantly from one part of the city to another, with the highest land sale prices being achieved in the Central City area. However, the dearth of recent comparable land sale data at this time makes it especially difficult to analyze land values in a fine grained fashion, particularly among the city's many infill residential neighborhoods.

The need to replace or upgrade offsite infrastructure represents a significant cost in some infill areas to a greater degree than others. Fees and permits costs is also a variable in that the outer suburban edge or "new growth areas" of the city generally have higher impact fees in order to help finance the cost of area-wide infrastructure while most of the infill areas do not. As a consequence, the economics of residential projects in Sacramento are wide ranging, and therefore it is not possible to say what the economics of a "typical" prototype project are on a general level. For purposes of informing the overall assignment however, KMA has modeled the economics of each of the prototypes by estimating a "mid-point" condition with respect to both prices and development costs. By doing so, it is understood that there will be some projects that will look somewhat better and some that will look somewhat worse than what is shown.

The assumptions used in the financial feasibility analysis were based on data gathered from a variety of sources including third party market and cost data sources, KMA's experience with residential projects in other assignments, and discussions with Sacramento developers and other housing stakeholders recommended by City staff. The following are the individuals KMA spoke with for the financial feasibility assessment:

1. Rachel Green, St. Anton Partners
2. John Griffin, Griffin Industries
3. John Mansfield, Keusder-Mansfield Homes
4. David Nybo, formerly Signature Properties
5. Gregory Thatch, Law Offices of Gregory Thatch
6. Ron Vrilakas, Vrilakas Architects

It is recognized that given the still challenging real estate market conditions, there is relatively little residential development occurring in Sacramento today, and some of the eight prototypes in this analysis are essentially not being built at all. For example, there is no residential development occurring in the outer-edge suburban areas of North Natomas (due to a flood-related building moratorium imposed by FEMA) or in Delta Shores (due to poor market conditions more generally), and there are also no urban infill condominiums (ownership) being built. Most of the new residential product on the market today is single family detached homes of small to medium size, roughly in the range of 1,200 to 2,500 sq. ft. and in the suburban infill areas of the city.

Summary of Financial Feasibility

The following table summarizes the outcome of the financial feasibility analysis. What it indicates is that the estimated mid-point price and development cost for all eight prototypes does not yield a financially feasible project. For the Outer-edge Suburban Large SFR Project prototype, the achievable sale price based on today's market is actually less than the costs of development (including land acquisition), resulting in a negative return for the developer. For the other ownership prototypes, the development returns are not sufficient to justify the costs (should be at least 10% as further discussed later in this section). For the rental prototypes, the estimated value of the project at completion is either less than the costs of development or the returns are substandard (more detailed information on the financial feasibility assumptions is contained in Appendix II Table 6).

Summary of Project Returns		Sale Price/ Apt Value	(Less) Costs	Project Return	% of Costs
<u>Ownership Prototypes</u>					
1)	Suburban Infill Small SFR Project	\$310,000	(\$305,200)	\$4,800	1.6%
2)	Outer-edge Suburban Large SFR Project	\$270,000	(\$276,800)	(\$6,800)	-2.5%
3)	Outer-edge Suburban Small Lot/ Cluster SFR	\$220,000	(\$220,000)	\$0	0%
4)	Suburban Infill Large Condo Project	\$280,000	(\$268,800)	\$11,200	4.2%
5)	Urban Infill Condo Project	\$330,000	(\$310,500)	\$19,500	6.3%
<u>Rental Prototypes</u>					
6)	Suburban Infill Small Apartment Project	\$196,400	(\$191,600)	\$4,800	2.5%
7)	Urban Infill Small Apartment Project	\$252,700	(\$253,400)	(\$700)	-0.3%
8)	Urban Infill Larger Apartment Project	\$250,900	(\$257,400)	(\$6,500)	-2.5%

As indicated above, the Suburban Infill ownership prototypes (#1 and #4) are more feasible than the master planned outer-edge suburban prototypes. The continued high inventory of foreclosure sales particularly in the outer-edge suburban areas is having the effect of constraining price improvement until the inventory is significantly reduced. The Urban Infill Condo prototype (#5) actually generates the highest theoretical return (though still substandard for financial feasibility) however financing for large, higher density condo projects is extremely difficult to obtain even in the strongest of markets today, thus rendering this prototype virtually unbuildable in today's market. In this residential market, developers prefer to build homes in small phase increments ("sell as you go") in order to reduce the risk of holding high unsold inventories.

For the rental prototypes, the Suburban Infill apartments are the most feasible although in general rents are still not at a point that supports new development. The Urban Infill apartment prototypes are challenging due to the high land and construction costs. It is noted that, in general terms, both sale prices and construction costs are lower today than the assumptions that were used in the previously mentioned 2008/09 "Feasibility Analysis" study performed for SHRA.

Required developer returns vary depending upon a variety of factors including the product type, project size, cost of capital, general market outlook, and overall risk profile of the project. For purposes of this initial feasibility analysis, we are assuming returns would need to be at least 10% of total development costs for the typical residential project. In order to achieve a return of 10% of total costs, sale prices and rental rates would need to increase in the range of 5% to 15% from today's values for financial feasibility, assuming development costs remain flat. Should development costs increase going forward, which will likely be the case to some degree, market prices and rents would need to increase even further.

Notwithstanding the conclusions of this preliminary prototype analysis, there are in fact new residential projects that are proceeding in today's market. There are several reasons why this

might be the case: (1) higher achievable prices than the mid-point analysis based on superior location; (2) lower land acquisition costs (for example if land was acquired many years ago or if land costs are treated as “sunk costs” by developers); or (3) lower offsite infrastructure requirements.

In conclusion, it is clear that residential market conditions in Sacramento today are such that only a limited number of projects are financially feasible (or close enough to be feasible for developers to proceed in order to remain active and keep their crews employed). Furthermore, with most market observers expecting only a measured housing recovery, the economic challenges facing new project development is a condition, to one degree or another, that will likely last for some time to come.

D. AFFORDABLE UNITS AND AFFORDABILITY GAPS

A key component of the nexus analysis is the size of the gap between what households can afford and the cost of producing new housing in Sacramento, known as the “affordability gap.” In this section, we document the calculation of the affordability gaps used in the nexus analysis.

For estimating the affordability gap, there is a need to match a household of each income level with a unit type and size according to governmental regulations and City practices and policies. The Sacramento Mixed-Income Housing Program has as a goal the production of units affordable to Extremely Low, Very Low and Low Income Households. The City intends to assist in the production of rental units for households in these income categories. KMA reviewed development pro formas for recent affordable rental developments assisted by the Sacramento Housing and Redevelopment Agency (SHRA) and concluded that, on average, the new affordable rentals have 1.5 bedrooms.

Affordable Rent Levels

Affordable rent levels are a function of the income level for which the unit is aimed to be affordable; affordable rent levels are estimated by KMA in accordance with the City’s Mixed-Income Housing Program.

Affordable rent is based on 30% of household income available for rent and utilities. KMA calculated the gross rents based on the 2013 California Housing and Community Development Department’s (HCD) income limits, and used SHRA’s estimated utility allowance. Typically, HCD uses the U.S. Department of Housing and Urban Development’s income limits. However, the 2013 HUD income limits for Sacramento County actually dropped from 2012 levels. The 2013 income limits for Sacramento, therefore, reflect the implementation of HCD’s ‘hold harmless’ policy, which allows the 2012 income limits to remain in effect instead of the lower income limits. Projects receiving federal assistance would have to meet the more strict HUD income limits.

Because the prototype has an average unit size of 1.5 bedrooms, KMA estimated the rent as an average of the affordable one-bedroom rent and the affordable two-bedroom rent and the utility allowance as the average of one and two-bedroom allowances. A one-bedroom unit is assumed to house a two-person household and a two-bedroom unit is assumed to house a three-person household, consistent with most local and state programs. In the table below, the affordable rents for the Extremely Low Income category are calculated.

Sample Calculation of Affordable Rents, Extremely Low Income Households			
	1 Bedroom	2 Bedroom	1.5 Bedroom
Area Median Income (AMI)	\$60,900	\$68,500	\$64,700
Extremely Low Income Limit (30% of AMI)	\$18,270	\$20,550	\$19,410
Gross Rent (30% of Monthly Household Income)	\$457	\$514	\$485
Utility Allowance	\$(52)	\$(70)	\$(61)
Affordable Rent Net of Utilities	\$405	\$444	\$424

Affordable rents for the three income limits adjusted for the utility allowance are presented below:

Affordable Rents by Income Level		
Extremely Low Income	1.5 bedroom unit	\$424 per month
Very Low Income	1.5 bedroom unit	\$748 per month
Low Income	1.5 bedroom unit	\$1,234 per month

For more information on the calculation of these rents, see Appendix II Table 7. The rent levels as defined above (by unit size and income category) govern what the building owner may charge for a particular unit.

E. AFFORDABILITY GAPS

In a nexus study, the affordability gap is the amount of subsidy dollars required to bridge the difference between total development costs and the unit value of the rental units. The unit value of an affordable rental unit is calculated by capitalizing the net operating income generated by the unit.

Development Costs

For the purposes of the nexus analysis, KMA prepared an estimate of total development cost for typical affordable rental units. Total development costs include land, direct construction, all fees and permits, financing and other indirect costs, including profit. KMA drew this estimate from a review of development pro forma for recent affordable rental developments assisted by the Sacramento Housing & Redevelopment Agency (SHRA). KMA concluded that, on average, the new affordable rental units have 1.5 bedrooms and total development costs equal to \$223,000.

For many new developments, particularly City assisted developments, total development costs could be higher than those estimated here. The conservative estimate of development costs results in a lower supportable nexus amount.

For the purposes of estimating the affordability gaps, we do not assume additional sources of affordable housing financing such as the federal income tax credit program. While many of the recent housing developments assisted by SHRA utilized these additional funding sources, it is not assured that these sources will be available in the future. Accessing these sources is also highly competitive due to the limited supply. Finally, the value of tax credits to the project can fluctuate widely. Determining the affordability gap assuming no outside sources is a sound a legitimate approach, and one that the City has employed in other similar analyses.

Unit Values

To calculate the value of the restricted units, KMA first estimated the Net Operating Income generated by the units. The first step is to convert monthly gross rent to an annual gross rent by multiplying by 12. Annual gross rent is then adjusted for vacancy rates during turnover, and then operating costs are netted out. Lost income due to vacancy is estimated at 5% of gross rents. Operating costs cover management, property taxes, and certain other expenses. Based on KMA's experience reviewing operating budgets for affordable apartment projects proposed or built in Sacramento, the operating expenses are estimated at \$4,800 per unit per year excluding property taxes. Property taxes are estimated at 1.25% of the unit's capitalized value. Net Operating Income is calculated by netting out vacancy, operating costs and property taxes from the gross income generated by the unit. NOI is then capitalized at 6.75% to estimate the value of the restricted units. The results are summarized below and shown in Appendix II Table 7.

Supported Unit Values		
	<i>Net Operating Income</i>	<i>Unit Value</i>
Extremely Low Income	\$313 per year	\$4,600
Very Low Income	\$3,366 per year	\$50,000
Low Income	\$7,960 per year	\$118,000

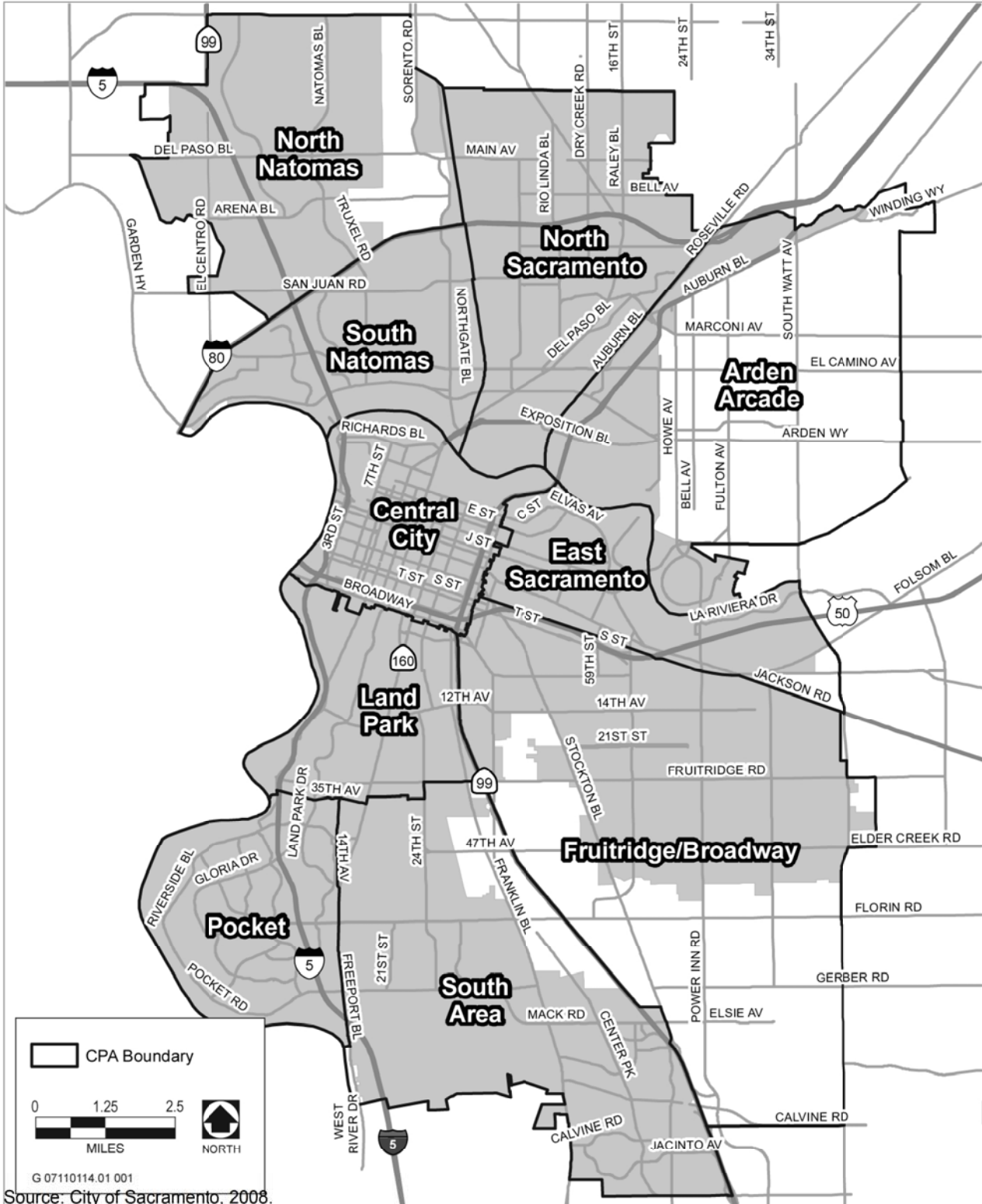
As shown in the table above, the rents generated by Extremely Low Income units barely cover the operating expenses associated with the units. Very Low and Low Income units generate a small amount of income in excess of operating expenses. However, neither unit generates enough capitalized value to cover total development costs of the unit. The resulting gap between unit value and development costs is referred to as the Affordability Gap.

Affordability Gap

The affordability gap conclusions are presented in Appendix II Table 7 and summarized below.

Affordability Gaps			
<i>Income Level</i>	<i>Unit Value</i>	<i>Development Cost</i>	<i>Affordability Gap</i>
Extremely Low Income	\$4,600		\$218,400
Very Low Income	\$50,000	\$223,000	\$173,000
Low Income	\$118,000		\$105,000

These affordability gaps represent the mitigation cost to the City per affordable unit, by income level. They are entered into the nexus analysis to calculate the maximum supported impact fees.



Source: City of Sacramento, 2008.

Figure H 3-3: Community Plan Areas

APPENDIX II Table 2
Asking Prices of New Residential Projects (as of December 2012)
Mixed Income Housing Update
City of Sacramento

	BR	BA	Sq. Ft.	Base Price	\$/SF	Notes
I. Attached Residential						
<i>Pavilions*</i>						
Lucca	3	3	2,006	\$499,000	\$249	- Location: 2430 Pavilions Place Lane (Arden Arcade)
Volterra	3	3	2,277	\$499,000	\$219	- 60 units
Cortona	3	4	2,367	\$555,000	\$234	- Complex includes clubhouse & pool
Siena	4	3	2,537	\$545,000	\$215	
II. Single Family Detached						
<i>Tapestri Square</i>						
Brookfield	2	2	1,320	Sold Out		- Location: 2010 20th Street at T Street (Midtown)
Highland	3	2.5	2,200	\$599,000	\$272	- 58 Brownstone-style units
Madison	3	2.5	2,900	\$795,000	\$274	
<i>Wilhaggin Terrace*</i>						
Residence 1	3	3	2,253	\$399,990	\$178	- Location: 912 Baytree Place (Arden Arcade)
Residence 2	5	4	3,110	N/Av		- Developer: Warmington
Residence 3	3	3	2,420	N/Av		- 10 units
Residence 4	4	3	3,140	N/Av		- Most units sold in the \$400,000's
<i>Islands at Riverlake</i>						
Iris	3	2	1,428	N/Av		- Location: 8002 Linda Isle Lane (Pocket)
Taro	3	2	1,500	N/Av		- Developer: Regis Homes
Orchid	3	3	2,034	N/Av		
Papyrus	3	2.5	2,284	\$372,327	\$163	
Jasmine	3	3	2,318	N/Av		
<i>Gables/Gardens at Vineyard Point</i>						
The Ascot	3	2	1,268	\$208,490	\$164	- Location: 9582 Blue Mountain Way (Fruitridge/Broadway)
The Bristol	3	2	1,428	\$221,490	\$155	- Developer: Lennar
The Carlyle	3	2.5	1,876	\$249,490	\$133	
The Montiero	5	3	2,567	\$292,490	\$114	
The Boracay	4	2	1,794	\$257,690	\$144	
The Claremont	4	3	2,295	\$280,990	\$122	
The Montiero	5	3	2,567	\$299,490	\$117	
The Versatillion	5	3	2,811	\$316,990	\$113	
<i>Wickford Square</i>						
The Portchester	4	2.5	1,850	\$215,000	\$116	- Location: 5012 Wuthering Avenue (South Area)
The Whittington	4	2.5	2,200	\$229,000	\$104	- Developer: S360 Development
The Pembroke	3	2.5	1,550	\$194,000	\$125	
The Brancaster	3	2.5	1,850	\$209,000	\$113	
The Windsor	3	2.5	1,400	\$174,999	\$125	
The Newport	2	2.5	1,200	\$139,999	\$117	
<i>Villa Terrassa</i>						
Aria	3	2	1,041	\$154,999	\$149	- Location: 7836 Abramo Walk (South Area)
Serena	3	2.5	1,413	\$189,999	\$134	- Developer: S360 Development
Carmina	3	2.5	1,575	\$199,999	\$127	
Rosetta	4	2.5	1,784	\$215,999	\$121	

*These projects are in Arden Arcade which is in the unincorporated County area, but close to the City and under similar market conditions

APPENDIX II Table 2
Asking Prices of New Residential Projects (as of December 2012)
Mixed Income Housing Update
City of Sacramento

	BR	BA	Sq. Ft.	Base Price	\$/SF	Notes
<i>East 34th</i>						
Model 1	3	2.5	1,335	\$195,000	\$146	- Location: 3434 Trio Lane (Fruitridge/Broadway)
<i>Park Place East</i>						
Residence 1335	3	2.5	1,335	N/Av		- Location: 2123 34th Street (Fruitridge/Broadway)
Residence 1407	3	2.5	1,407	N/Av		- Developer: New Faze Development
<i>Hampton Station</i>						
Plan 7 Heritage	3	2	1,033	\$148,990	\$144	- Location: 7527 Wainscott Way (South Area)
Plan 8 Arlington	3	2.5	1,258	N/Av		- Developer: Woodside Homes
Plan 2 Huntington	3	2.5	1,693	N/Av		
Plan 5 Empire	4	2.5	2,036	\$203,990	\$100	
<i>Park at Del Paso Nuevo</i>						
Residence 1	2	1	768	\$99,000	\$129	- Location: 533 Hayes Ave (North Sacramento)
Residence 1A	2	1	768	\$99,000	\$129	- Developer: New American Communities
Residence 2	3	2.5	1,253	\$139,000	\$111	- Some units are deed-restricted affordable
Residence 3	3	2.5	2,034	\$180,000	\$88	
Residence 4	5	2.5	2,370	\$205,000	\$86	

Source: Hanley Wood; project websites; sales offices

APPENDIX II Table 3
Asking Prices of New Homes - County of Sacramento (excl. City of Sacramento) (As of December 2012)
Mixed Income Housing Update
City of Sacramento

	BR	BA	Sq. Ft.	Base Price	\$/SF	Notes
<u>South Sacramento County</u>						
<u>Aria at Madeira</u>						
The Melody	4	2	2,038	\$324,990	\$159	Location: 8005 Cellana Dr, Elk Grove
The Concerto	4	3	2,507	\$348,990	\$139	Developer: Lennar
The Harmony	3	3	2,410	\$352,990	\$146	70 Lots including 3 models
The Verismo	4	3	2,767	\$368,990	\$133	
The Legacy	3	3.5	2,785	\$375,990	\$135	
<u>Gardner Square</u>						
The Teddy L	4	2	2,186	\$269,990	\$124	Location: 9716 Babylon Dr, Elk Grove
The Janessa	4	2.5	2,740	\$309,990	\$113	Developer: Centex Homes
The Boz	4	3	2,886	\$323,990	\$112	SOLD OUT
The Prize	5	3	3,214	\$349,990	\$109	
<u>Glenbrooke</u>						
The Gianna	2	2	1,257	\$212,990	\$169	Location: 9985 Westminster Way, Elk Grove
The Randall	2	2	1,371	\$222,990	\$163	Developer: Del Webb
The Aidan	2	2	1,343	\$227,990	\$170	Retirement Community
The Maggie	3	2	1,569	\$263,990	\$168	
The Colby	3	2	1,644	\$266,990	\$162	
The Sanders	3	2	1,859	\$278,990	\$150	
The Julie Marie	2	2	2,066	\$324,990	\$157	
The Williams	2	2.5	2,252	\$339,990	\$151	
<u>Mirabela at Madeira</u>						
Meridien	3	2	1,561	\$300,000	\$192	Location: 9827 Joebar Cr, Elk Grove
Amadora	4	2	1,904	\$311,000	\$163	Developer: Taylor Morrison
Santana	4	2.5	2,062	\$321,000	\$156	
Marquesa	4	3	2,293	\$341,000	\$149	
Alameda	3	2.5	2,301	\$351,000	\$153	
Bandeira	3	3	2,568	\$361,000	\$141	
Marina	4	3	2,860	\$376,000	\$131	
<u>Providence/Jmc Homes</u>						
Jamestown	3	2.5	2,247	N/Av		Location: 9936 Winkle Cr, Elk Grove
Bristol	5	3	2,731	\$439,990	\$161	Developer: JMC Homes
Greenwich	5	3	3,227	N/Av		79 Total Lots
Charlestown	5	4.5	3,435	\$485,990	\$141	
Wickford	5	4	3,957	\$549,990	\$139	
<u>Ranch at Madeira</u>						
The Coronado	3	2	1,801	\$349,990	\$194	Location: 7020 Cordially Way, Elk Grove
The Dakota	4	3	2,234	\$369,990	\$166	Developer: JMC Homes
The Shenandoah	5	4	2,537	N/Av		
The Southfork	5	3	2,813	\$409,990	\$146	
<u>Ranch at Sheldon Hills</u>						
The Scottsdale	5	2.5	3,257	N/Av		Location: 11870 Trailrider Ct., Elk Grove
The Tucson	5	3.5	4,398	\$584,900	\$133	Developer: JMC Homes
<u>Rancho Verde</u>						
Cielo - Plan 1	3	2	1,657	\$259,000	\$156	Location: 10409 Fossil Way, Elk Grove
Cielo - Plan 2	3	2	1,768	\$269,000	\$152	Developer: Taylor Morrison
Cielo - Plan 3	4	2.5	1,940	\$279,000	\$144	
Cielo - Plan 4	4	3.5	2,168	\$292,000	\$135	
Vista - Plan 5	3	3	2,004	\$304,000	\$152	
Vista - Plan 6	3	3	2,194	\$314,000	\$143	
Vista - Plan 7	4	3	2,451	\$324,000	\$132	
Vista - Plan 8	5	3.5	2,920	\$352,000	\$121	

APPENDIX II Table 3

Asking Prices of New Homes - County of Sacramento (excl. City of Sacramento) (As of December 2012)

Mixed Income Housing Update

City of Sacramento

	BR	BA	Sq. Ft.	Base Price	\$/SF	Notes
<u>Destinations at Vineyard Point</u>						
The Catalina	2	2	996	\$173,990	\$175	Location: 7501 Chevelle Way, Sacramento
The Mendocino	2	2	1,057	\$182,990	\$173	Lennar Homes
The Pebble Beach	2	2	1,199	\$187,990	\$157	Retirement Community
The Sedona	2	2	1,117	\$191,990	\$172	
The Napa Valley	3	2	1,314	\$208,990	\$159	
<u>Rockwood Estates at Vineyard Point</u>						
Plan 2597 Modeled	5	2	2,597	N/Av		Location: 9578 Cherry Grove Cr, Sacramento
Plan 1774	3	2	1,774	N/Av		Developer: KB Home
Plan 1996 Modeled	4	2	1,996	N/Av		
Plan 1604	4	2	1,604	\$243,500	\$152	
Plan 2269 Modeled	4	2	2,269	\$261,000	\$115	
Plan 2308	5	3	2,308	\$270,500	\$117	
<u>Sandalwood/Kb Home</u>						
Plan 1659	4	2.5	1,659	N/Av		Location: 8895 Cobble Crest Dr, Sacramento
Plan 2078	5	3	2,078	N/Av		Developer: KB Home
Plan 2308 Modeled	5	3	2,308	N/Av		
Plan 1703 Modeled	4	2.5	1,703	N/Av		
Plan 1445	3	2.5	1,445	\$193,500	\$134	
Plan 1654	4	2.5	1,654	\$216,500	\$131	
<u>Northeast Sacramento County</u>						
<u>Woodlands</u>						
RESIDENCE 2 - Audubon	3	2.5	2,366	N/Av		Location: 4022 Braxton Ln, Fair Oaks
RESIDENCE 2X - Thoreau	3	2.5	2,328	N/Av		Developer: True Life Communities
<u>Enclave / Gentry Homes</u>						
Enclave Plan One	3	3.5	2,720	Homes start		Location: Close to Old Town Folsom
Enclave Plan Two	4	3.5	2,800	at \$500,000		Developer: Gentry Homes
Enclave Plan Three	4	3.5	3,000			10 Homes
Enclave Plan Four	4	3.5	3,250			
<u>Hideaway At Treehouse</u>						
Plan 4	3	2.5	1,332	\$253,500	\$190	Location: 900 Bullion Ln, Folsom
Plan 5	3	2.5	1,319	\$257,500	\$195	Developer: KB Home
Plan 1 Modeled	3	2.5	1,690	\$305,500	\$181	
Plan 2 Modeled	4	3	1,878	\$318,500	\$170	
Plan 3 Modeled	4	2.5	1,941	\$328,500	\$169	
<u>New Riata at Empire Ranch</u>						
The Caviata	3	2	1,777	\$461,950	\$260	Location: 661 Burlond Ct, Folsom
The Remuda	3	2	1,919	\$476,950	\$249	Developer: Elliott Homes
The Parada	4	2	2,943	\$486,950	\$165	
The Roderia	5	3	3,043	\$561,950	\$185	
The Alamar	4	3	2,735	\$560,950	\$205	
The Mirada	5	3.5	3,246	\$619,950	\$191	
<u>Parkside Signature Homes</u>						
The Blue Oak	3	2.5	1,633	Priced from the		Location: 306 Barnhill Dr, Folsom
The Cottonwood	4	2.5	1,856	mid \$300,000s		Developer: Signature Homes
The Alder	4	3	2,009			
<u>Trails at Folsom</u>						
Residence 1	3	3	1,874			Location: 1768 Parkway Dr, Folsom
Residence 2	4	3	1,997			Developer: The New Home Company
Residence 3	4	3	2,203			

APPENDIX II Table 3

Asking Prices of New Homes - County of Sacramento (excl. City of Sacramento) (As of December 2012)

Mixed Income Housing Update

City of Sacramento

	BR	BA	Sq. Ft.	Base Price	\$/SF	Notes
<u><i>Brentwood Villas</i></u>						
The Amber II	2	2	1,331	\$215,900	\$162	Location: 9025 Pecor Way, Orangevale
The Gardenia II	3	3	1,526	\$232,900	\$153	Developer: Tim Lewis Communities
The Cherry Blossom II	3	2.5	1,624	\$234,900	\$145	SOLD OUT
The Jasmine II	3	2.5	1,996	\$257,900	\$129	
<u><i>Cresleigh Almondwood</i></u>						
The Camellia	3	2.5	2,338	From the high		Location: 5805 Almond Ave, Orangevale
The Holly	4	3	2,535	\$300,000s		Developer: Cresleigh Homes
The Hawthorne	4	3.5	2,968			38 Total homes
The Laurel	5	3.5	3,183			
<u><i>Bella Brisas at Sunridge Park</i></u>						
4000 Avila	3	2	1,451			Location: 12378 Canyonlands Dr, Rancho Cordova
4011 Laguna	3	2	1,646			Developer: Woodside Homes
4015 Newport	4	2	1,832			120 houses incl. model
4022 Coronado	4	3	2,092			SOLD OUT
<u><i>Cazadero at Kavala Ranch</i></u>						
The Boracay	4	2	1,794	\$259,990	\$145	Location: 11886 Elk View Way, Rancho Cordova
The Claremont	4	3	2,295	\$282,990	\$123	Developer: Lennar Homes
The Montiero	5	3	2,567	\$300,990	\$117	
The Versatillion	5	4	2,811	\$319,990	\$114	
<u><i>Copper Ridge at Kavala Ranch</i></u>						
Eagle Peak	3	2	1,841	\$235,900	\$128	Location: 12089 Runswick Ct, Rancho Cordova
Kingston Peak II	3	2.5	2,817	\$284,900	\$101	Developer: Tim Lewis Communities
Mission Peak II	5	4	2,840	\$294,400	\$104	
Castle Peak	3	2	1,629	\$209,900	\$129	
<u><i>Eclipse at Sunridge Park</i></u>						
5001 Sunset	4	3	1,983	\$291,990	\$147	Location: 12409 Kibbie Lake Way, Rancho Cordova
5002 Star	4	2	2,256	N/Av		Developer: Woodside Homes
5003 Crescent	5	3.5	2,687	\$342,990	\$128	
<u><i>Mariposa at Sunridge Park</i></u>						
Plan 4 Hanford	4	2	2,245	\$318,990	\$142	Location: 12409 Kibbie Lake Way, Rancho Cordova
Plan 1 Kentfield	4	2	2,597	N/Av		Developer: Woodside Homes
Plan 2 Brookshire	5	3	2,983	\$372,990	\$125	
<u><i>Rio Del Sol</i></u>						
Residence One	3	2	1,768	\$233,500	\$132	Location: 12367 El Portal Way, Rancho Cordova
Residence Two	3	2	1,946	\$263,500	\$135	Developer: K. Hovanian Homes
Residence Three	3	2	2,100	\$273,500	\$130	64 Total houses
<u><i>Sky View at Sunridge Park</i></u>						
Starlight	3	2	1,667	\$225,990	\$136	Location: 12317 Edyth Lake Way, Rancho Cordova
Sunset	4	2	1,856	\$239,990	\$129	Developer: Beazer Homes
Horizon	4	3	2,249	\$276,490	\$123	

Source: Hanley Wood, project websites

APPENDIX II Table 4
Asking Rents for Newer Apartment Projects (Built between 2003 & 2012)
Mixed Income Housing Update
City of Sacramento

	Sq. Ft.	Rent Range	Rent PSF	Notes
Fremont Mews				
Studio	495	\$1,100	\$2.22	Location: 1400 P Street (Central City)
1 Bedroom/1 Bath	705	\$1,425	\$2.02	119 units
2 Bedroom/1 Bath	1,008	\$1,795	\$1.78	Built in 2005
2 Bedroom/2 Bath	1,008	\$1,795	\$1.78	
Alexan Midtown				
Studio	616	\$1,200	\$1.95	Location: 3111 South Street (Central City)
Studio	648	\$1,325	\$2.04	275 units
1 Bedroom/1 Bath	739	\$1,560	\$2.11	Built in 2010
1 Bedroom/1 Bath	747	\$1,575	\$2.11	
1 Bedroom/1 Bath	761	\$1,560	\$2.05	
1 Bedroom/1 Bath	794	\$1,525	\$1.92	
1 Bedroom/1 Bath	823	\$1,625	\$1.97	
1 Bedroom/1 Bath	842	\$1,575	\$1.87	
1 Bedroom/1 Bath	844	\$1,585	\$1.88	
1 Bedroom/1 Bath	904	\$1,625	\$1.80	
2 Bedroom/2 Bath	1,064	\$1,725	\$1.62	
2 Bedroom/2 Bath	1,148	\$2,100	\$1.83	
2 Bedroom/2 Bath	1,115	\$1,995	\$1.79	
2 Bedroom/2 Bath	1,171	\$1,859	\$1.59	
2 Bedroom/2 Bath	1,235	\$2,610	\$2.11	
2 Bedroom/2 Bath	1,354	\$2,900	\$2.14	
800 J Lofts				
Studio	547	\$1,120	\$2.05	Location: 800 J Street (Central City)
Studio	632	\$1,220	\$1.93	225 units
1 Bedroom/1 Bath	772	\$1,409	\$1.83	Built in 2006
1 Bedroom/1 Bath	851	\$1,600	\$1.88	
1 Bedroom/1 Bath	899	\$1,686	\$1.88	
2 Bedroom/2 Bath	944	\$1,530	\$1.62	
2 Bedroom/2 Bath	970	\$1,699	\$1.75	
2 Bedroom/2 Bath	1,100	\$2,048	\$1.86	
2 Bedroom/2 Bath	1,362	\$2,609	\$1.92	
1801 L Apartments				
1 Bedroom/1 Bath	712	\$1,425	\$2.00	176 units
2 Bedroom/2 Bath	1,025	\$1,875 - \$2,025	\$1.83 - \$1.98	Built in 2006
2 Bedroom/2 Bath	1,084	\$1,875	\$1.73	
Penthouse 3 Bed/3 Bath	1,920	\$3,000	\$1.56	
Ashton Parc				
1 Bedroom/1 Bath	790	\$1,125 - \$1,135	\$1.42 - \$1.44	Location: 2201 Arena Boulevard (North Natomas)
1 Bedroom/1 Bath	932	\$1,195 - \$1,205	\$1.28 - \$1.29	168 units
2 Bedroom/2 Bath	1,136	\$1,350 - \$1,375	\$1.19 - \$1.21	Built in 2008
2 Bedroom/2 Bath	1,240	\$1,450 - \$1,475	\$1.17 - \$1.19	
Medici				
1 Bedroom/1 Bath	815	\$1,025	\$1.26	Location: 4450 El Centro Road (North Natomas)
1 Bedroom/1 Bath	975	\$1,135	\$1.16	216 units
1 Bedroom/1 Bath	984	\$1,170	\$1.19	Built in 2005
1 Bedroom/1 Bath	1,083	\$1,215	\$1.12	
2 Bedroom/2 Bath	1,164	\$1,305	\$1.12	
2 Bedroom/2 Bath	1,214	\$1,365	\$1.12	
2 Bedroom/1 Bath	1,064	\$1,195	\$1.12	
3 Bedroom/2 Bath	1,401	\$1,575	\$1.12	

APPENDIX II Table 4
Asking Rents for Newer Apartment Projects (Built between 2003 & 2012)
Mixed Income Housing Update
City of Sacramento

	Sq. Ft.	Rent Range	Rent PSF	Notes
Natomas Park				
1 Bedroom/1 Bath	702	\$650 - \$825	\$0.93 - \$1.18	Location: 1850 Club Center Drive (North Natomas) 212 units Built in 2004
2 Bedroom/2 Bath	990	\$782 - \$999	\$0.79 - \$1.01	
3 Bedroom/2 Bath	1,271	\$904 - \$1,275	\$0.71 - \$1.00	
Lofts (The)				
1 Bedroom/1 Bath	780	\$995	\$1.28	Location: 3351 Duckhorn Drive (North Natomas) 149 units Built in 2004
1 Bedroom/1 Bath	812	\$1,010 - \$1,023	\$1.24 - \$1.26	
1 Bedroom/1 Bath	879	\$1,125	\$1.28	
1 Bedroom/1 Bath	1,182	\$1,299	\$1.10	
2 Bedroom/2 Bath	1,256	\$1,162 - \$1,450	\$0.93 - \$1.15	
2 Bedroom/2 Bath	1,478	\$1,349 - \$1,595	\$0.91 - \$1.08	
Homecoming At Creekside				
1 Bedroom/1 Bath	729	\$1,140	\$1.56	Location: 4800 Kokomo Drive (North Natomas) 450 units Built in 2004
1 Bedroom/1 Bath	764	\$1,060	\$1.39	
1 Bedroom/1 Bath	764	\$1,010	\$1.32	
1 Bedroom/1 Bath	808	\$1,190	\$1.47	
1 Bedroom/1 Bath	843	\$1,105	\$1.31	
1 Bedroom/1 Bath	861	\$1,275	\$1.48	
1 Bedroom/1 Bath	861	\$1,225	\$1.42	
2 Bedroom/2.5 Bath	1,092	\$1,300	\$1.19	
2 Bedroom/2 Bath	1,201	\$1,360	\$1.13	
2 Bedroom/2 Bath	1,244	\$1,425	\$1.15	
2 Bedroom/2.5 Bath	1,309	\$1,470	\$1.12	
2 Bedroom/2.5 Bath	1,383	\$1,550	\$1.12	
3 Bedroom/2.5 Bath	1,499	\$1,650	\$1.10	
3 Bedroom/2.5 Bath	1,488	\$1,675	\$1.13	
3 Bedroom/3.5 Bath	1,614	\$1,680	\$1.04	
3 Bedroom/3 Bath	1,730	\$1,715	\$0.99	
Granite Point				
1 Bedroom/1 Bath	662	\$895 - \$985	\$1.35 - \$1.49	Location: 4500 Truxel Road (North Natomas) 384 units Built in 2003
1 Bedroom/1 Bath	805	\$920 - \$1,025	\$1.14 - \$1.27	
1 Bedroom/1 Bath	940	\$960 - \$1,065	\$1.02 - \$1.13	
1 Bedroom/1 Bath	975	\$970 - \$1,075	\$0.99 - \$1.10	
1 Bedroom/1 Bath	1,079	\$1,065 - \$1,170	\$0.99 - \$1.08	
2 Bedroom/1 Bath	1,051	\$1,110 - \$1,230	\$1.06 - \$1.17	
2 Bedroom/2 Bath	1,151	\$1,195 - \$1,315	\$1.04 - \$1.14	
2 Bedroom/2 Bath	1,196	\$1,215 - \$1,335	\$1.02 - \$1.12	
3 Bedroom/2 Bath	1,337	\$1,405 - \$1,525	\$1.05 - \$1.14	
Villagio				
1 Bedroom/1 Bath	751	\$936 - \$1,024	\$1.25 - \$1.36	Location: 4101 Innovator Drive (North Natomas) 272 units Built in 2003
1 Bedroom/1 Bath	751	\$1,070 - \$1,150	\$1.42 - \$1.53	
1 Bedroom/1 Bath	800	\$1,190 - \$1,215	\$1.49 - \$1.52	
2 Bedroom/2 Bath	1,129	\$1,325 - \$1,325	\$1.17 - \$1.17	
2 Bedroom/2 Bath	1,149	\$1,425 - \$1,525	\$1.24 - \$1.33	
Regatta				
1 Bedroom/1 Bath	739	\$1,000 - \$1,075	\$1.35 - \$1.45	Location: 2751 West River Drive (South Natomas) 146 units Built in 2004
1 Bedroom/1 Bath	773	\$1,025 - \$1,100	\$1.33 - \$1.42	
1 Bedroom/1 Bath	741	\$1,125 - \$1,225	\$1.52 - \$1.65	
2 Bedroom/2 Bath	998	\$1,175 - \$1,275	\$1.18 - \$1.28	
2 Bedroom/2 Bath	1,048	\$1,225 - \$1,325	\$1.17 - \$1.26	
2 Bedroom/2 Bath	1,048	\$1,325 - \$1,425	\$1.26 - \$1.36	
3 Bedroom/2 Bath	1,296	\$1,500 - \$1,600	\$1.16 - \$1.23	

APPENDIX II Table 4
Asking Rents for Newer Apartment Projects (Built between 2003 & 2012)
Mixed Income Housing Update
City of Sacramento

	Sq. Ft.	Rent Range	Rent PSF	Notes
Broadstone At Strawberry Creek				
1 Bedroom/1 Bath	746	\$925	\$1.24	Location: 8282 Calvine Road (South Area) 264 units Built in 2005
1 Bedroom/1 Bath	822	\$1,160	\$1.41	
2 Bedroom/2 Bath	1,101	\$1,150	\$1.04	
2 Bedroom/2 Bath	1,126	\$1,195	\$1.06	
2 Bedroom/2 Bath	1,162	\$1,280	\$1.10	
3 Bedroom/2 Bath	1,331	\$1,420	\$1.07	
3 Bedroom/2 Bath	1,367	\$1,460	\$1.07	
Sycamore Terrace				
1 Bedroom/1 Bath	876	\$805	\$0.92	Location: 40 Park City Court (Pocket) 244 units Built in 2006
1 Bedroom/1 Bath	1,080	\$825	\$0.76	
1 Bedroom/1 Bath	827	\$830	\$1.00	
1 Bedroom/1 Bath	946	\$830	\$0.88	
2 Bedroom/2 Bath	1,223	\$935	\$0.76	
2 Bedroom/2 Bath	1,151	\$950	\$0.83	
2 Bedroom/2 Bath	1,372	\$995	\$0.73	
2 Bedroom/2 Bath	1,455	\$1,025	\$0.70	
2 Bedroom/2 Bath	1,217	\$1,090	\$0.90	
2 Bedroom/2 Bath	1,104	\$1,150	\$1.04	
3 Bedroom/2 Bath	1,630	\$1,110	\$0.68	
3 Bedroom/2 Bath	1,665	\$1,160	\$0.70	

Source: RealFacts, project websites, forrent.com

APPENDIX II Table 5
 Residential Prototypes
 Mixed-Income Housing Ordinance Update
 City of Sacramento

	Ownership Prototypes					Rental Prototypes		
	1	2	3	4	5	6	7	8
	Suburban Infill Small SFR Project	Outer-edge Suburban Large SFR Project	Outer-edge Suburban Small Lot/ Cluster SFR	Suburban Infill Large Condo Project	Urban Infill Condo Project	Suburban Infill Small Apt Project	Urban Infill Small Apt Project	Urban Infill Larger Apt Project
<i>Example Location</i>	<i>North Sac</i>	<i>North Natomas</i>	<i>North Natomas</i>	<i>South Area</i>	<i>Central City</i>	<i>East Sac</i>	<i>Central City</i>	<i>Central City</i>
Site Acres	3.1 acres	19.8 acres	11.2 acres	4.5 acres	1.1 acres	0.8 acres	0.4 acres	1.5 acres
Units	16 units	103 units	118 units	135 units	92 units	25 units	25 units	150 units
Density (units/acre)	5.2 du/acre	5.2 du/acre	10.5 du/acre	30.0 du/acre	83.6 du/acre	30.0 du/acre	60.0 du/acre	100.0 du/acre
Lot sq. ft.	5,000 lot sf	5,000 lot sf	2,500 lot sf	n/a lot sf	n/a lot sf	n/a lot sf	n/a lot sf	n/a lot sf
Avg Unit sq. ft.	2,200 sf	2,200 sf	1,600 sf	1,200 sf	950 sf	950 sf	850 sf	850 sf
Avg bedrooms	4 BR	4 BR	3 BR	3 BR	2 BR	2 BR	2 BR	2 BR
Parking Type	Garage	Garage	Garage	Garage	Podium	Surface	Podium	Podium
Dedicated spaces/unit	2.0 spaces	2.0 spaces	2.0 spaces	2.0 spaces	1.0 spaces	1.5 spaces	1.0 spaces	1.0 spaces
Example Projects <i>(Market Rate only)</i>	Iris Subdivision Del Paso Heights North Sac	Northborough Village II North Natomas	Natomas Central Ridgefield North Natomas	Copperstone Village Wolf Ranch Condos South Area	L Street Lofts Midtown	River View Apartments East Sac (proposed)		16th & N Project (CADA)
	Alta Vista Meadows North Sac	Hampton Station South Sac		Broadway Triangle Oak Park (rental & for-sale)				

APPENDIX II Table 6
Preliminary Feasibility Analysis
Mixed-Income Housing Ordinance Update
City of Sacramento

	Ownership Prototypes										Rental Prototypes					
	1		2		3		4		5		6		7		8	
	Suburban Infill Small SFR Project		Outer-edge Suburban Large SFR Project		Outer-edge Suburban Small Lot/ Cluster SFR		Suburban Infill Large Condo Project		Urban Infill Condo Project		Suburban Infill Small Apt Project		Urban Infill Small Apt Project		Urban Infill Larger Apt Project	
Development Program																
Total Units	16 units		103 units		118 units		135 units		92 units		25 units		25 units		150 units	
Site Size	3.1 acres		19.8 acres		11.2 acres		4.5 acres		1.1 acres		0.8 acres		0.4 acres		1.5 acres	
Density	5.2 du/acre		5.2 du/acre		10.5 du/acre		30.0 du/acre		83.6 du/acre		30.0 du/acre		60.0 du/acre		100.0 du/acre	
Average Unit Size	2,200 sf		2,200 sf		1,600 sf		1,200 sf		950 sf		950 sf		850 sf		850 sf	
Average Number of Bedrooms	4 BR		4 BR		3 BR		3 BR		2 BR		2 BR		2 BR		2 BR	
Parking Spaces / Unit	2.0 spaces		2.0 spaces		2.0 spaces		2.0 spaces		1.0 spaces		1.5 spaces		1.0 spaces		1.0 spaces	
Development Costs	Per SF	Per Unit	Per SF	Per Unit	Per SF	Per Unit	Per SF	Per Unit	Per SF	Per Unit	Per SF	Per Unit	Per SF	Per Unit	Per SF	Per Unit
Land *	\$23	\$50,000	\$5	\$10,000	\$3	\$5,000	\$8	\$10,000	\$26	\$25,000	\$11	\$10,000	\$41	\$35,000	\$24	\$20,000
On/Offsites	\$18	\$40,000	\$16	\$35,000	\$16	\$25,000	incl. below	incl. below	incl. below	incl. below	incl. below	incl. below	incl. below	incl. below	incl. below	incl. below
Construction	\$55	\$121,000	\$55	\$121,000	\$60	\$96,000	\$135	\$162,000	\$191	\$181,500	\$125	\$118,800	\$174	\$147,500	\$194	\$164,500
Fees & Permits	\$16	\$34,100	\$24	\$53,300	\$31	\$49,200	\$18	\$21,000	\$19	\$18,400	\$25	\$23,300	\$25	\$21,000	\$22	\$18,600
Other Soft Costs	\$22	\$48,300	\$21	\$46,800	\$23	\$36,300	\$50	\$59,900	\$71	\$67,200	\$31	\$29,700	\$43	\$36,900	\$48	\$41,100
Construction Financing	\$5	\$11,800	\$5	\$10,700	\$5	\$8,500	\$13	\$15,900	\$19	\$18,400	\$10	\$9,800	\$15	\$13,000	\$16	\$13,200
Total Development Costs	\$139	\$305,200	\$126	\$276,800	\$138	\$220,000	\$224	\$268,800	\$327	\$310,500	\$202	\$191,600	\$298	\$253,400	\$303	\$257,400
Revenue	Per SF	Per Unit	Per SF	Per Unit	Per SF	Per Unit	Per SF	Per Unit	Per SF	Per Unit	Per SF	Per Unit	Per SF	Per Unit	Per SF	Per Unit
Market Rate Units	\$141	\$310,000	\$123	\$270,000	\$138	\$220,000	\$233	\$280,000	\$347	\$330,000	\$1.42	\$16,200	\$2.00	\$20,400	\$2.00	\$20,400
Affordable Units	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0
Total Gross Sales	\$141	\$310,000	\$123	\$270,000	\$138	\$220,000	\$233	\$280,000	\$347	\$330,000	\$1.42	\$16,200	\$2.00	\$20,400	\$2.00	\$20,400
<Less> Sales Expense	included in costs		included in costs		included in costs		included in costs		included in costs		Exp	(\$5,400)	Exp	(\$6,500)	Exp	(\$6,600)
Sales Net of Sales Expenses	\$141	\$310,000	\$123	\$270,000	\$138	\$220,000	\$233	\$280,000	\$347	\$330,000	NOI	\$10,800	NOI	\$13,900	NOI	\$13,800
<Less> Development Costs	(\$139)	(\$305,200)	(\$126)	(\$276,800)	(\$138)	(\$220,000)	(\$224)	(\$268,800)	(\$327)	(\$310,500)	Cap	5.5%	Cap	5.5%	Cap	5.5%
Net Return ⁽¹⁾	\$2	\$4,800	(\$3)	(\$6,800)	\$0	\$0	\$9	\$11,200	\$21	\$19,500	Value	\$196,400	Value	\$252,700	Value	\$250,900
As % of Total Costs		1.6%		-2.5%		0.0%		4.2%		6.3%		\$4,800		(\$700)		(\$6,500)
As % of Gross Sales		1.5%		-2.5%		0.0%		4.0%		5.9%		(\$191,600)		(\$253,400)		(\$257,400)
* Land Value per Acre		\$258,065		\$52,020		\$52,679		\$300,000		\$2,090,909		\$300,000		\$2,100,000		\$2,000,000
Land Value per Sq. Ft.		\$5.92		\$1.19		\$1.21		\$6.89		\$48.00		\$6.89		\$48.21		\$45.91

⁽¹⁾ See report text for discussion of typical developer returns.

**Appendix II Table 7
Nexus Affordability Gaps
Mixed-Income Housing Ordinance Update
City of Sacramento**

	<u>Extremely Low Income (30% AMI)</u>	<u>Very Low Income (50% AMI)</u>	<u>Low Income (80% AMI)</u>
I. Affordable Rent¹			
Average Number of Bedrooms ²	1.5 Bedrooms	1.5 Bedrooms	1.5 Bedrooms
Average Household Size	2.5 Persons per HH	2.5 Persons per HH	2.5 Persons per HH
Household Income ³	\$19,410	\$32,350	\$51,800
Income Allocation to Housing	30%	30%	30%
Monthly Housing Cost	\$485	\$809	\$1,295
(Less) Utility Allowance ⁴	(\$61)	(\$61)	(\$61)
Maximum Monthly Rent	\$424	\$748	\$1,234
II. Net Operating Income (NOI)			
	<u>Per Unit</u>	<u>Per Unit</u>	<u>Per Unit</u>
Gross Scheduled Income (GSI)			
Monthly	\$424	\$748	\$1,234
Annual	\$5,091	\$8,973	\$14,808
Other Income	\$30	\$360	\$360
(Less) Vacancy	5%	(\$273)	(\$758)
Effective Gross Income (EGI)	\$5,178	\$8,866	\$14,410
(Less) Operating Expenses ⁵	(\$4,800)	(\$4,800)	(\$4,800)
(Less) Property Taxes	1.25%	(\$65)	(\$1,650)
Net Operating Income (NOI)	\$313	\$3,366	\$7,960
III. Capitalized Value and Affordability Gap			
I. Net Operating Income (NOI)	\$313	\$3,366	\$7,960
II. Target Return on Investment	6.75%	6.75%	6.75%
III. Total Capitalized Value	\$4,600	\$50,000	\$118,000
IV. (Less) Total Development Costs ⁶	(\$223,000)	(\$223,000)	(\$223,000)
V. Affordability Gap	(\$218,400)	(\$173,000)	(\$105,000)

¹ KMA calculated the rents per SHRA's methodology.

² Based on a review of projects assisted by SHRA; represents a mix of studio, one-bedroom, two-bedroom and three-bedroom units.

³ 2013 income limits published by California Dept. of Housing and Community Development

⁴ SHRA

⁵ Includes replacement reserves. Based on recent SHRA-assisted projects.

⁶ Based on recent SHRA-assisted projects.