



December 4, 2025

Sacramento-area fees to build new homes now average \$109,000, study finds

BIA calls on local governments to work with builders to lower fees, improve affordability

Fees builders must pay to local governments in order to build a new home in the Sacramento region now average \$109,000 per home – and a new analysis shows that fees have hit the point where many proposed new home projects may not be built.

The study, conducted by Economic & Planning Systems (EPS) for the North State Building Industry Association, found that the fees charged for homes on standard-sized lots have risen by 25% since 2020.

Fees on homes on smaller lots – generally homes that can be profitably sold at lower prices – have risen by 15% since 2020 to an average of \$90,000. These rising fees are an important factor in reduced housing affordability, said Tim Murphy, the BIA’s President & CEO.

“High fees mean that only higher-priced homes can be profitably built, which adds to the region’s growing housing affordability crisis,” Murphy said. “But the study shows that rising fee burdens have reached the point where some projects may not be feasible.

“Housing production in our region is already far below levels needed to meet the need for new housing. Rather than adding to the cost to build, our partners in local governments need to carefully evaluate their fees and keep them as low as possible.”

The study analyzed a comprehensive set of projects underway in Sacramento, Placer, El Dorado and Yolo counties. The EPS study found that fees totaling between 15% and 20% of a home's sale price poses potential feasibility problems, while fees exceeding 20% may cause challenges. Fee ranges for six of the 16 higher density projects studied were at or above 20%, while two others were touching that level.

"Homebuilders recognize that they must pay their fair share for infrastructure needed to accommodate growth," said Clifton Taylor, President of Taylor Builders and the BIA's 2025 President. "But the fees many jurisdictions are charging have gotten to the point where many projects simply won't pencil out.

"For our members to continue building the new homes the region needs, this study shows that jurisdictions need to be thoughtful and careful about how they set their fees, and that the total fee burden needs to be evaluated both in terms of absolute dollar amounts and as a percentage of the finished home value."

Fees for new homes on standard-sized lots average \$125,000 in El Dorado County jurisdictions (up 30% from five years ago); \$114,000 in Yolo County communities (up 15%), \$109,000 in Sacramento County jurisdictions (up 24%); and \$95,000 in Placer County communities (up 17%).

Murphy noted that many local jurisdictions do work hard to keep their fees justified and affordable, and some have reduced fees when studies show their levels were excessive.

"Builders and local officials all recognize that the region is in the middle of a worsening housing crisis that can only be resolved by finding ways to reduce costs and speed the development process to bring the supply of housing more into line with the demand," he said.

Jamie Gomes, Managing Director at EPS and the lead analyst on the report, said while impact fees are an important tool for local jurisdictions to help fund expanded infrastructure and utilities, the impacts of the fees need to be considered as well.

“Higher than average impact fee burdens are usually only sustainable in higher-income developments or communities, where home prices may be unattainable for many buyers,” he said. “High costs and fee burdens eliminate the ability to hit lower home prices that are attainable to broader household income ranges. That’s why fees should be carefully evaluated.”

EPS is a land economics consulting firm that provides municipalities, developers, and builders with realistic assessments of the feasibility of projects and works with local governments throughout the West in preparing development impact fee nexus studies and impact fee comparisons.

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About the North State BIA

Representing over 500 members, including 50,000 industry jobs, the BIA is committed to preserving and furthering the economic interests of its members, while also working to enhance the industry’s standing as a significant contributor to the regional economy creating a variety of homeownership options for local residents and families. Additionally, the BIA also serves as the umbrella organization for HomeAid Sacramento and the Building Careers Foundation.

The fee study project was supported in part by a donation from the California Homebuilding Foundation

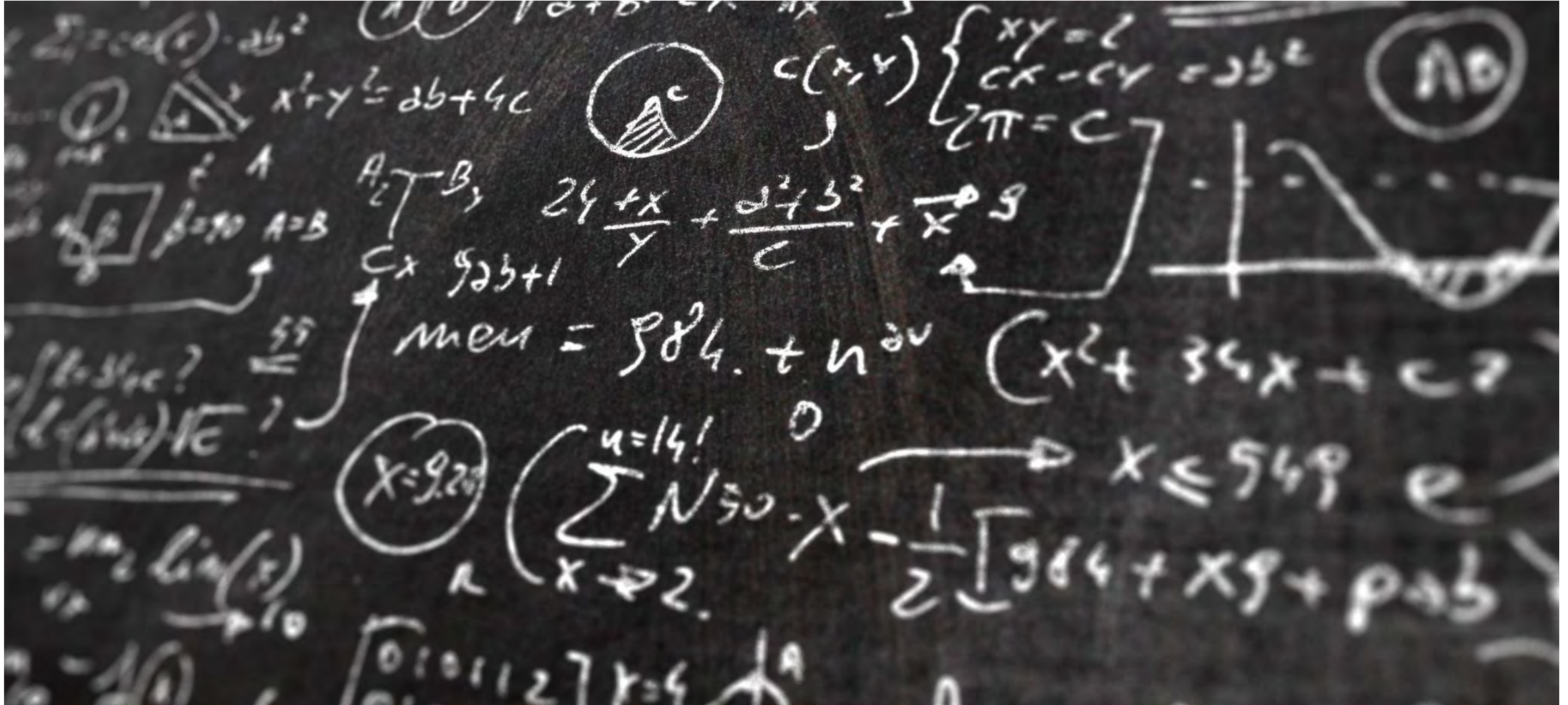
SACRAMENTO REGION MULTI-JURISDICTIONAL DEVELOPMENT IMPACT FEE COMPARISON

OCTOBER 2025



**NORTH STATE
BUILDING INDUSTRY
ASSOCIATION**

ANALYSIS ASSUMPTIONS AND METHODOLOGY



DEVELOPMENT ASSUMPTIONS

- Comparison of impact fees and infrastructure costs (included in fees) for Sacramento area jurisdictions
- Low Density Prototype
 - 2,400 sq. ft unit, 4 bed / 3 bath, 450 sq. ft. garage
 - 55x100 lot, 5.5 units/acre
- Medium Density Prototype
 - 1,700 sq. ft. unit, 3 bed / 2.5 bath, 250 sq. ft. garage
 - 40x50 lot, 15.2 units/acre



Low Density Example: Placer at Rio Del Oro, Rancho Cordova. Source: Elliot Homes.



Medium Density Example: Rockress II at Folsom Ranch. Source: Lennar.

ANALYSIS METHODOLOGY/CONDITIONS

IMPACT FEE COMPARISONS ARE ALWAYS CHALLENGING TO PERFECTLY ALIGN

Quantifies all impact fees, in-lieu fees or development agreement exactions that are published on an agency's impact fee schedules

- Impact fees add to the cost of development (funding new infrastructure and public facilities required to serve new development).
- Allocated equitably to new development based on proportional demand and can not be used to cure existing deficiencies.

Documented impact fees often exclude other costs of development that are significant and unavoidable

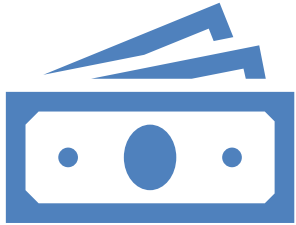
- Environmental mitigation (wetlands, agriculture, protected species).
- Affordable housing requirements (inclusionary requirements, DA obligations, etc.).
- Cost to carry front-loading of backbone infrastructure investments.

Development costs vary by project

- Many project's plan area fees are "equalizing method" for required backbone infrastructure while other projects (i.e., those with a single owner) may not include/require a plan area fee program.
- Some jurisdictions impose fees for affordable housing while others achieve outcomes via DA requirements.
- Unique project circumstances or mitigation requirements are not created equal.

COSTS OF HOUSING DEVELOPMENT

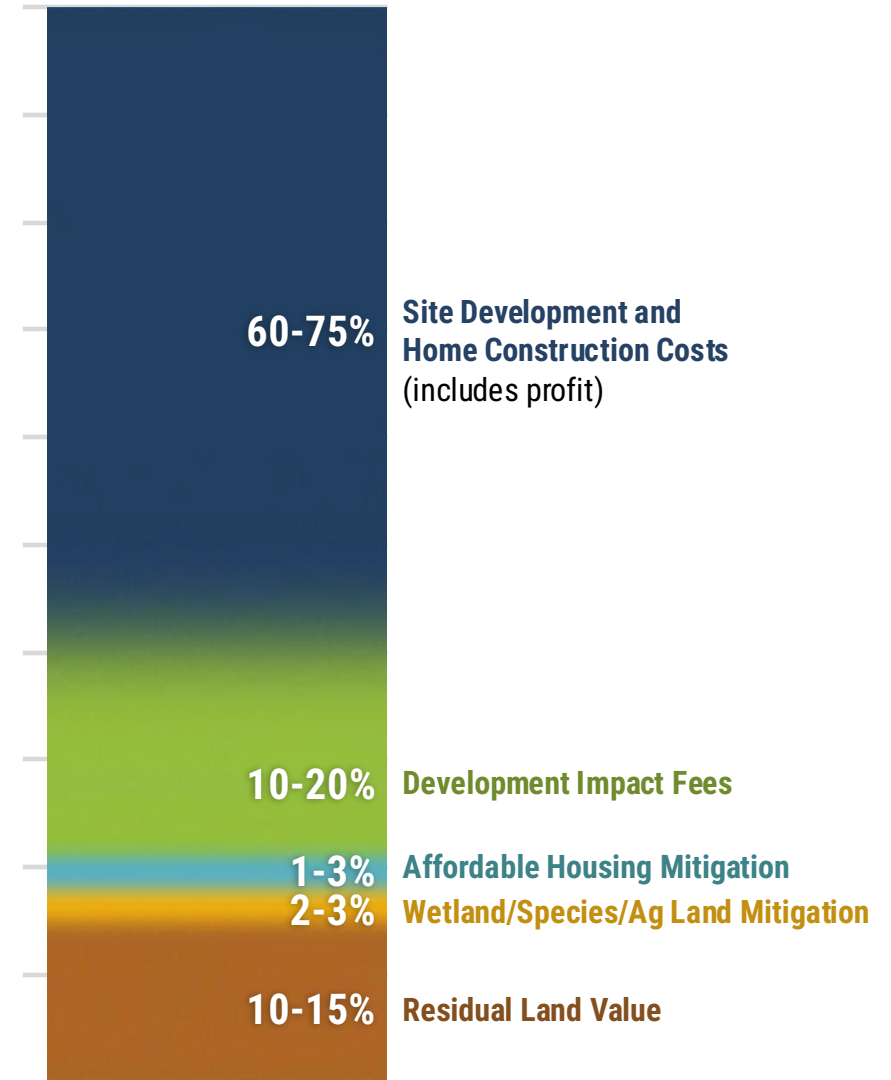
Not all development costs are reflected in impact fee calculations.



Residual land values must be sufficient to fund the following costs:

- Land acquisition
- Entitlement costs
- Operating costs, carrying costs, and return
- Environmental mitigation
- Litigation defense

Housing Development Cost Components



METHODOLOGY AND APPROACH

Quantitative metrics - indicate whether fee burdens *may* be factors affecting development feasibility.

Total Fee Burden as a % of Home Sales Price	
> 20%	May face feasibility challenges
15% - 20%	Potential feasibility challenges
< 15%	Likely to be feasible

Qualitative factors and considerations

- **Fee Categories**
 - Essential, Critical, Desirable, School Mitigation, Processing/Other
- **Collection Timing**
 - Building Permit Issuance
 - Final Map Submittal
 - Improvement Plan Submittal
 - Facility Acceptance
 - Certificate of Occupancy
- **Fee Burden by Entity**
 - State, County, City, Plan Area, School District, Special District



Services Special Tax Analysis

- Remaining bonding capacity for infrastructure after satisfying special tax obligations for maintenance and municipal services

JURISDICTIONS/PROTOTYPES ANALYZED

Jurisdiction	Project	Prototype	
		LDR	MDR
SACRAMENTO COUNTY			
City of Sacramento	Delta Shores	X	X
	Panhandle	X	
City of Elk Grove	Southeast Policy Area	X	X
City of Folsom	Folsom Ranch	X	X
City of Rancho Cordova	Rio Del Oro	X	
	Arista Del Sol		X
Unincorporated	Braden	X	X
	NewBridge Specific Plan	X	X
PLACER COUNTY			
City of Roseville	Amoruso Ranch	X	X
	Creekview Specific Plan	X	X
	Liberty	X	X
City of Lincoln	Independence	X	X
	Joiner Ranch East		X
Unincorporated	Placer Vineyards Specific Plan	X	X
	Bickford Ranch Specific Plan	X	X
	Placer One	X	X
EL DORADO COUNTY			
Unincorporated	Saratoga	X	
	Hidden Ridge	X	
	East Ridge	X	
	Silver Springs	X	
YOLO COUNTY			
City of Woodland	Spring Lake	X	X
City of West Sacramento	Liberty Specific Plan	X	X

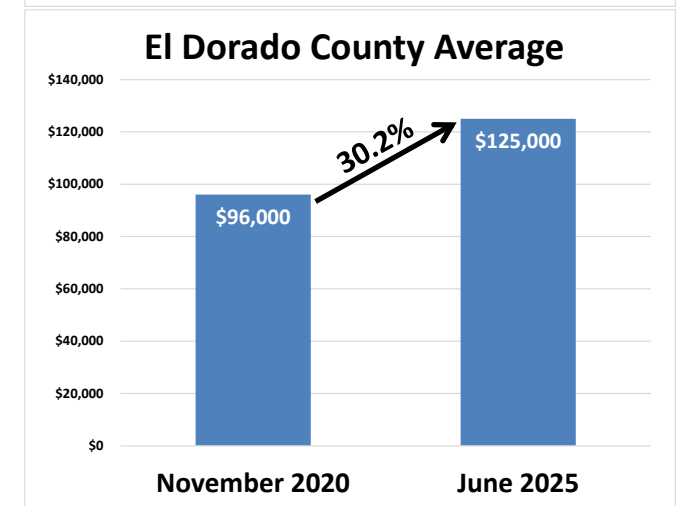
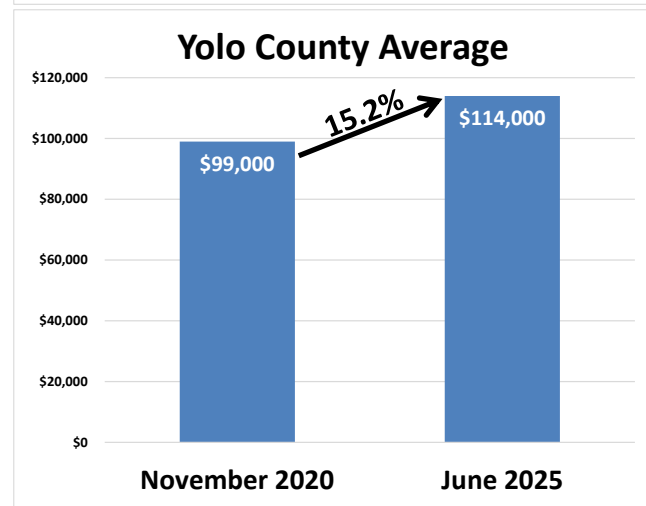
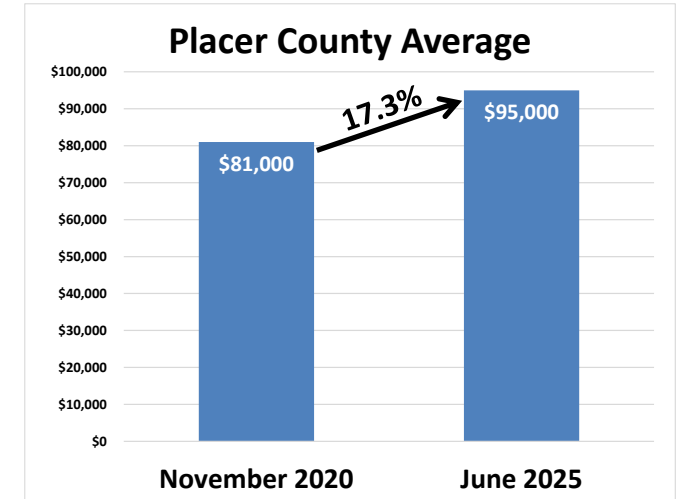
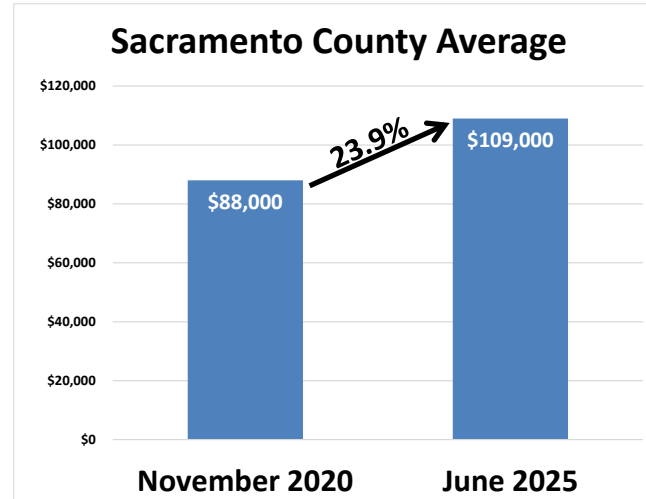
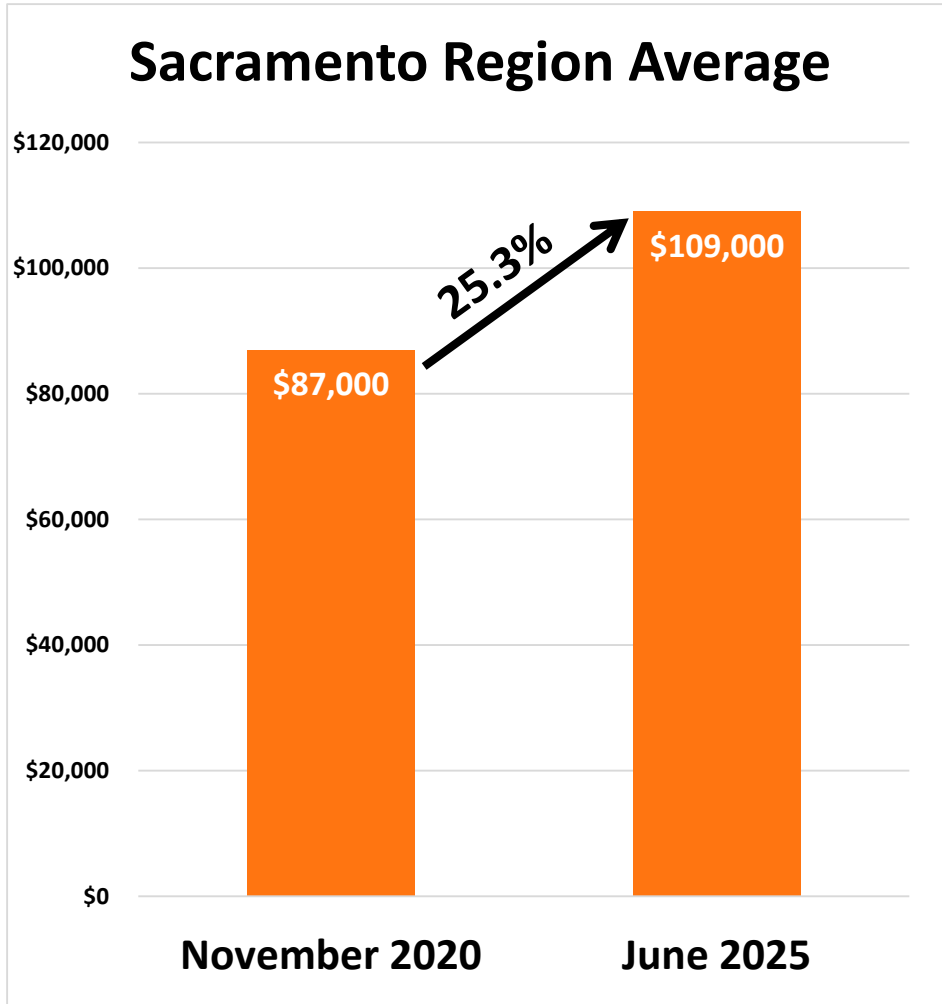
- The analysis includes a comprehensive set of projects and jurisdictions.
- The prototypes reflect the two most prevalent land use densities and typical home sizes being delivered in the market.
- Projects include development in incorporated cities and unincorporated county areas.
- Almost all projects are actively developing and selling new single family homes.

PRIMARY ANALYSIS FINDINGS AND OBSERVATIONS

- LDR fee burdens across the Sacramento region average \$109,000 per unit (up 25% since 2020), while MDR fee burdens average \$90,000 per unit (up 15%)*
- Home prices have generally kept pace with rising fee burdens, but headwinds on new home prices, increasing incentive requirements, coupled with ongoing increases in labor and material costs will constrain increases to total fee burdens.
- Moving forward, future home price increases are anticipated to be impacted by uncertain macroeconomic conditions.
- Further increases to fee burdens in selected areas will impact the ability to develop land suitable for new housing supply.
- Higher than average impact fee burdens are usually only sustainable in higher income developments or communities, where home prices may be unattainable for many.
- High costs and fee burdens eliminate the ability to hit lower home prices that are attainable to broader household income ranges.

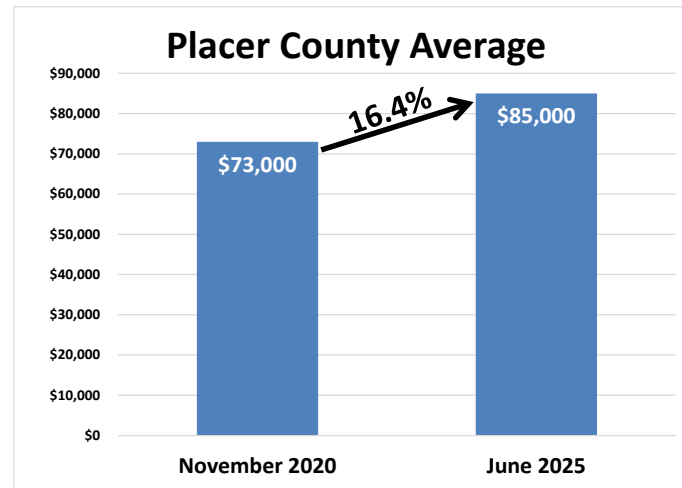
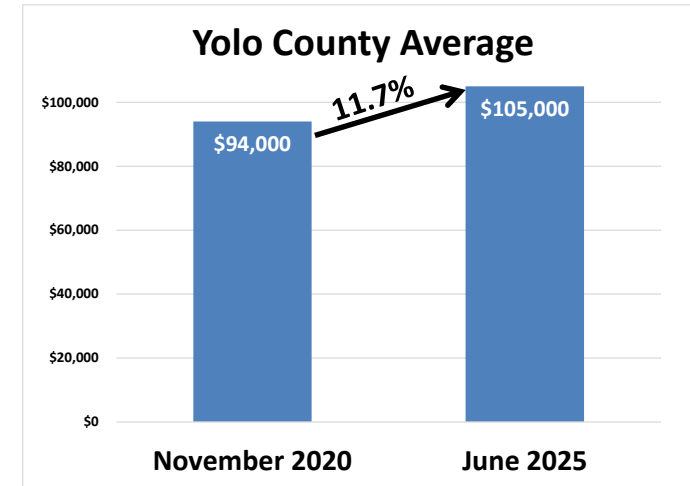
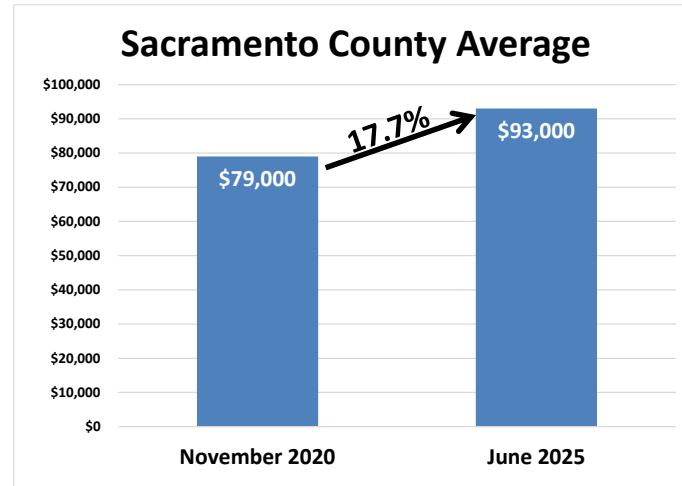
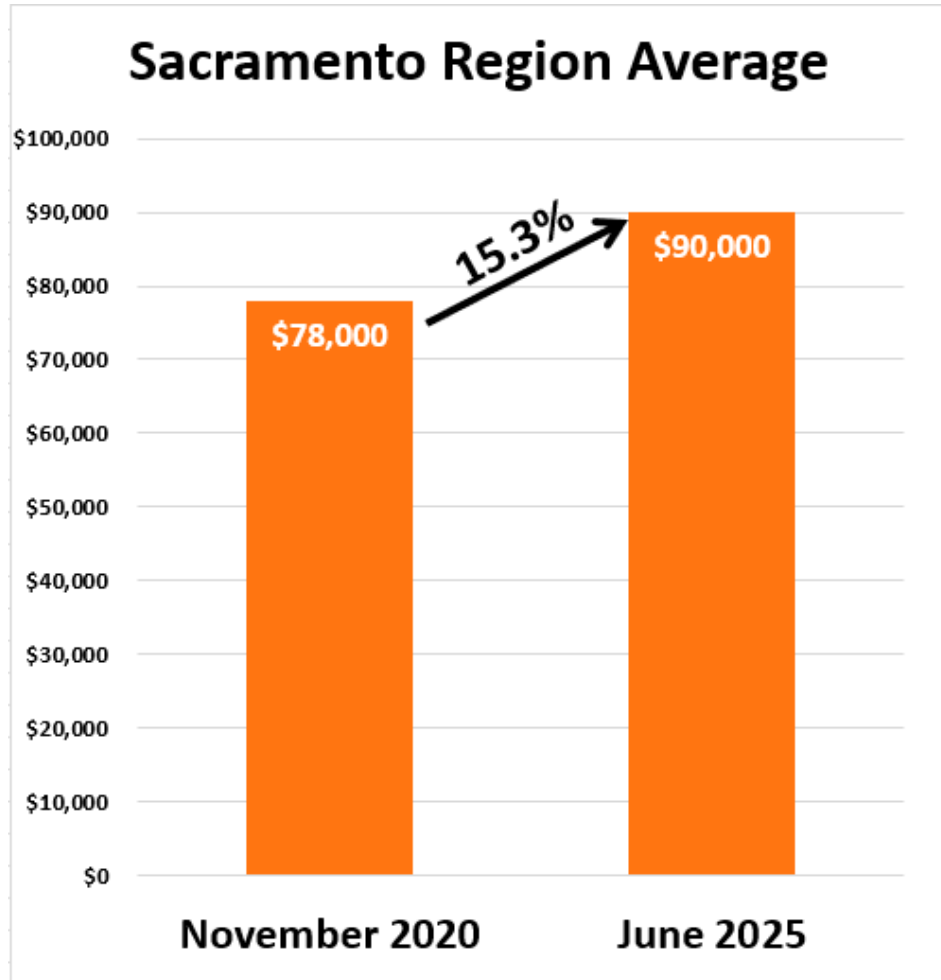
**Fee burdens include permit and processing fees and development impact fees charges by regional cities, counties, and special districts, including those that fund plan-area specific infrastructure*

FEE BURDENS ACROSS THE SACRAMENTO REGION HAVE INCREASED OVER THE PAST 5 YEARS FOR LOW DENSITY HOMES



Source: North State BIA; Various cities, counties, special districts, and homebuilders; EPS. Economic & Planning Systems, Inc.

FEE BURDENS ACROSS THE SACRAMENTO REGION HAVE INCREASED OVER THE PAST 5 YEARS FOR MEDIUM DENSITY HOMES



Source: North State BIA; Various cities, counties, special districts, and homebuilders; EPS.
Economic & Planning Systems, Inc.

ADDITIONAL FINDINGS/OBSERVATIONS

- Housing production/supply in the Sacramento region is too low to keep housing attainable for most area households.
- Regional home prices are up approx. 34% since 2019, outpacing inflation by 8 percentage points (26%).*
- Impact fees are one of many types of fees and exactions levied on new development.
- Additional environmental mitigation, affordable housing or other development agreement exactions are often “hidden costs” that don’t always appear in impact fee comparisons.
- Fees should be evaluated both in terms of absolute dollar amounts and as a percentage of finished home values.
- Increasing demands for annual services funding is reducing CFD bonding capacity for infrastructure.

**Home price change via Zillow Home Value Index, average of Sacramento/Placer/El Dorado/Yolo Counties; Inflation from BLS CPI-U*

MOST CALIFORNIANS CAN'T AFFORD HOMES

The Median Californian Can't Afford a Bottom-Tier Home



- CA home prices outpacing incomes needed to purchase homes.
- Approximately 70% of area households don't earn enough to qualify for a starter home.*
- Statewide median incomes less than half of amount needed to qualify for a “mid-tier” home mortgage.

Qualifying income is based on 30 percent front-end debt-to-income ratio.

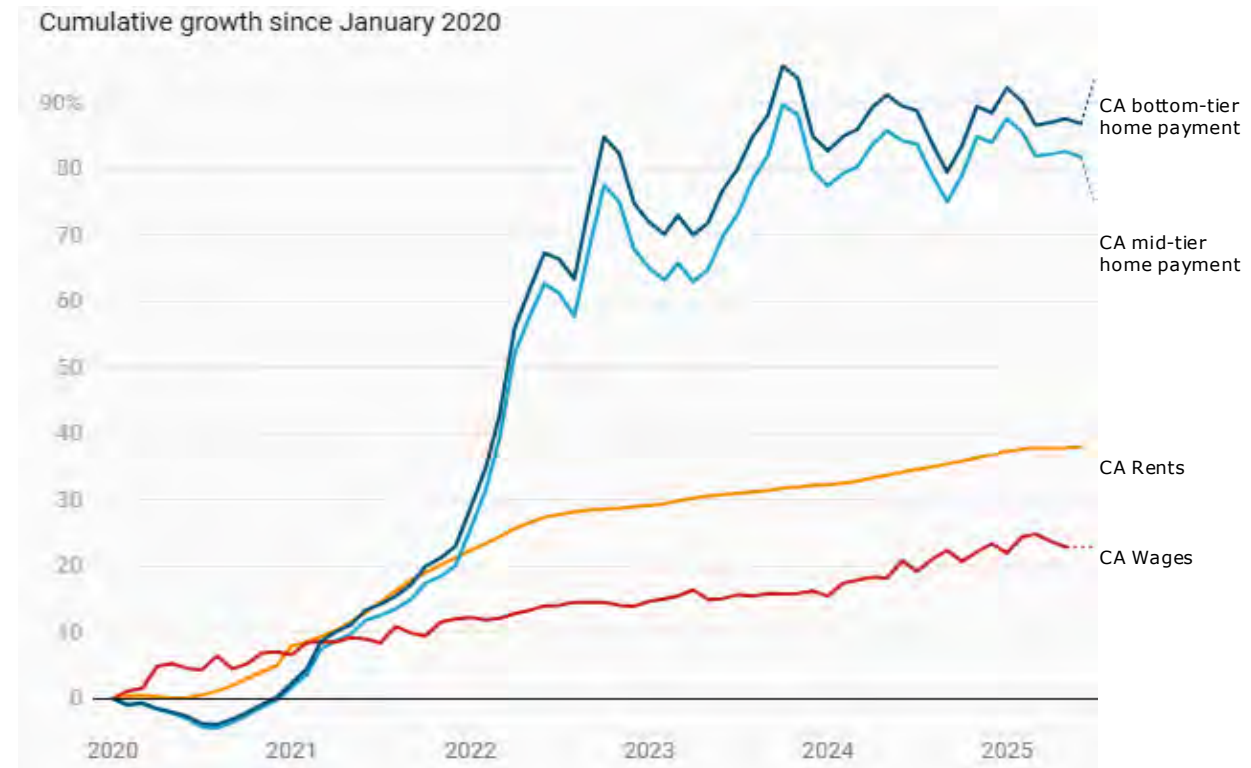
Source: CA Legislative Analyst's Office calculations based on Zillow and Census Bureau data.

**Based on ACS data for household incomes in the Sacramento-Roseville-Folsom MSA and income needed to qualify for a home in the 5th-35th percentile of price*

MOST CALIFORNIANS CAN'T AFFORD HOME PURCHASES

- Monthly mortgage costs for CA households has almost doubled in 5 years.
- Rate of change for mortgage costs has significantly outpaced rate of change in incomes and rental costs.
- Many factors influencing increase in monthly mortgage costs (prices, mortgage rates, insurance, etc.)

Monthly Home Payments Have Grown Much Faster Than Wages and Rents

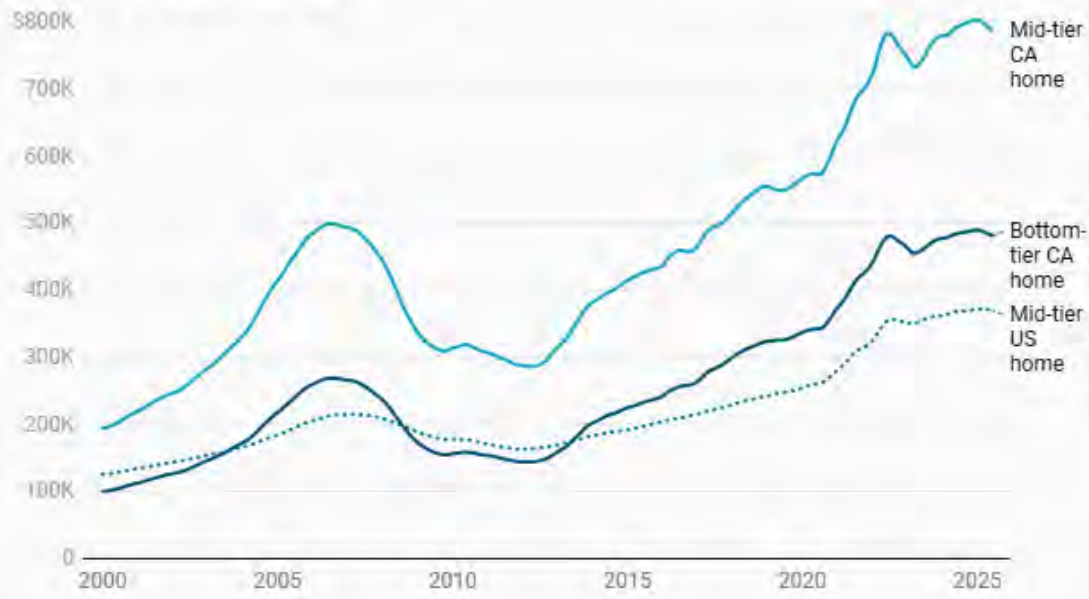


Source: CA Legislative Analyst's Office calculations based on rents and home value data from Zillow. Wages are average hourly earnings for private employees in California (Current Employment Statistics, Moody's adjusted).

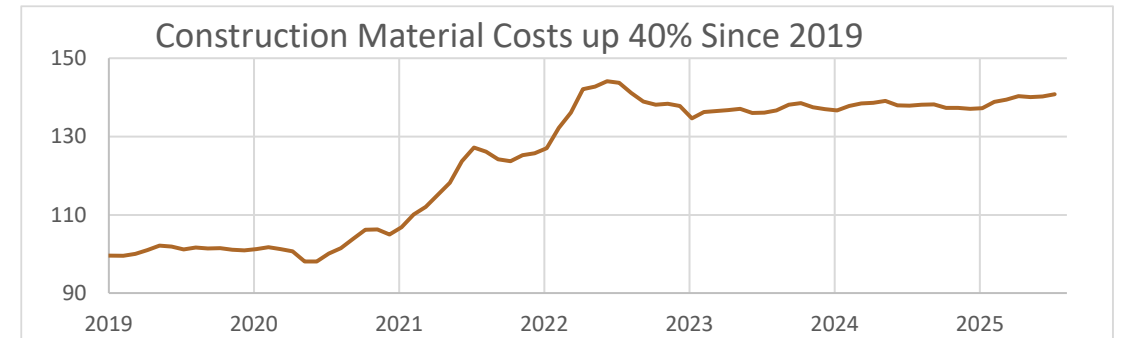
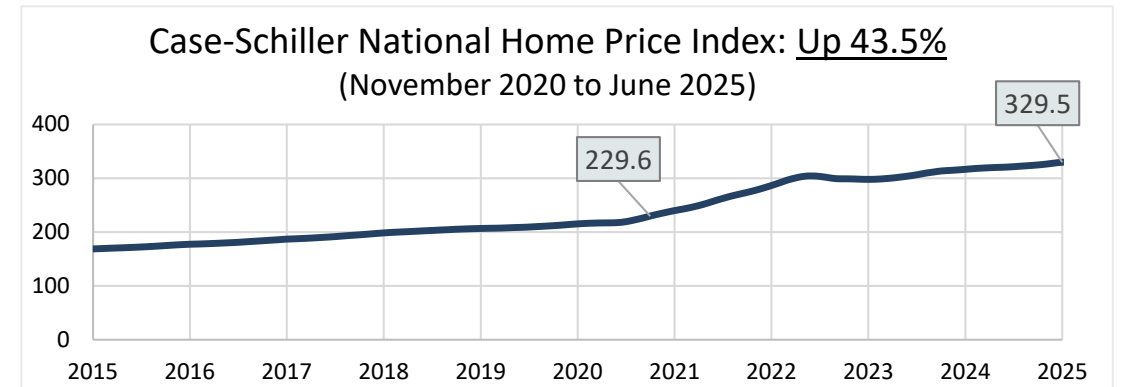
HOME PRICE INCREASES AND COST TRENDS

- A bottom-tier (5th-35th percentile) CA home costs about 30 percent more than a mid-tier US home (35th to 65th percentile); mid-tier CA homes cost twice as much as mid-tier US homes
- Nationally, home prices have increased 43.5% since November 2020.
- Construction material costs are up over 40% since the end of 2018.

California Homes Are About Twice as Expensive as the Typical US Home



Source: CA Legislative Analyst's Office analysis of Zillow data.

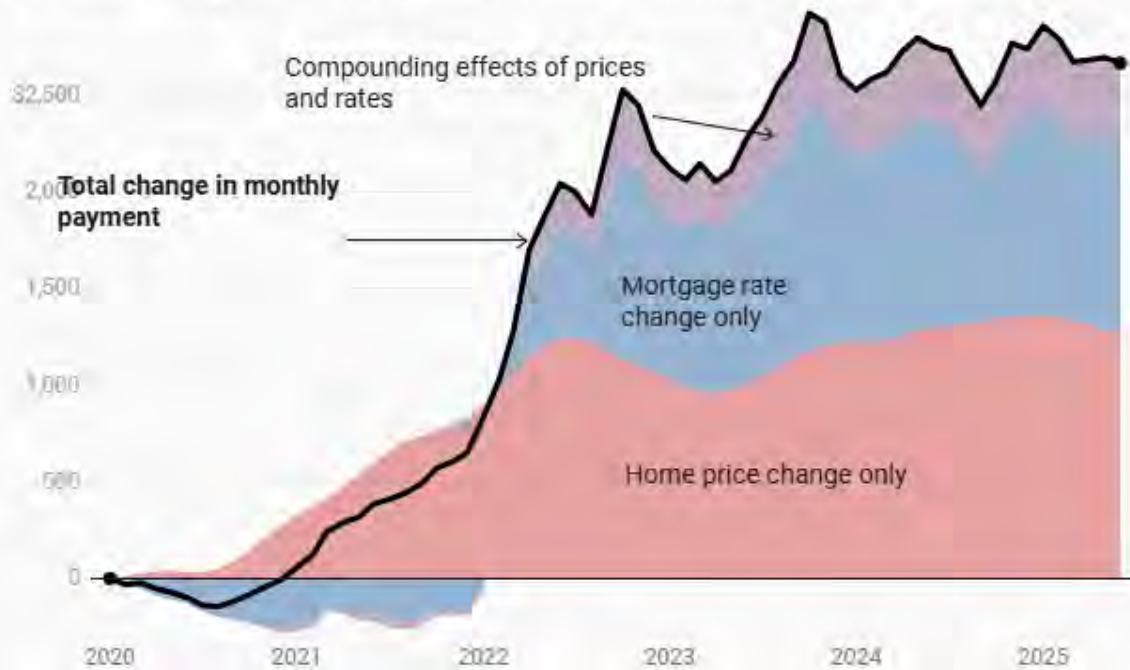


Source: BLS satellite series, Inputs to New construction (indexed to 100 in December 2018), excluding Capital Investment and Labor; EPS analysis.

MULTIPLE PRESSURES IMPACTING HOUSING ATTAINABILITY

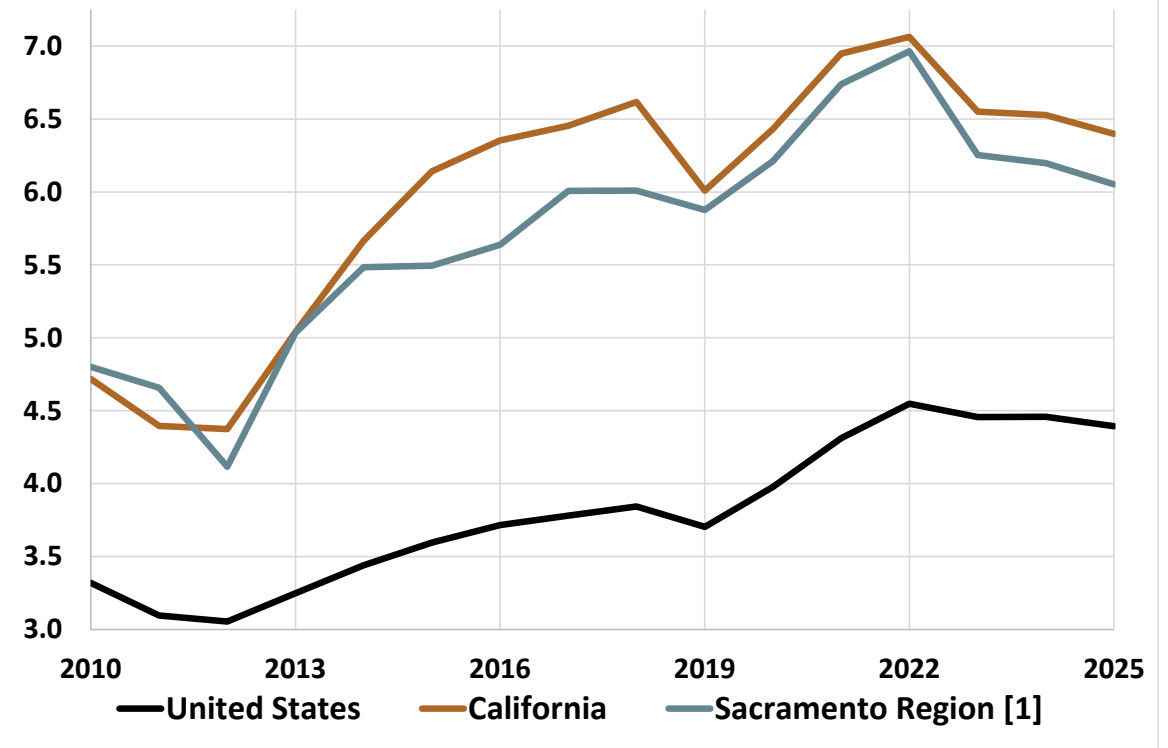
Growth in Monthly Home Payments Since 2020 Driven by Both Home Prices and Mortgage Rates

Cumulative change in monthly payment for a newly purchased mid-tier home in California



Source: CA Legislative Analyst's Office analysis via multivariate regression of Zillow data and monthly mortgage rates.

Ratio of Median Home Price to Median Household Income in Sacramento Region Nearly Doubles US Average



[1] Average of Sacramento, Placer, El Dorado, and Yolo Counties.

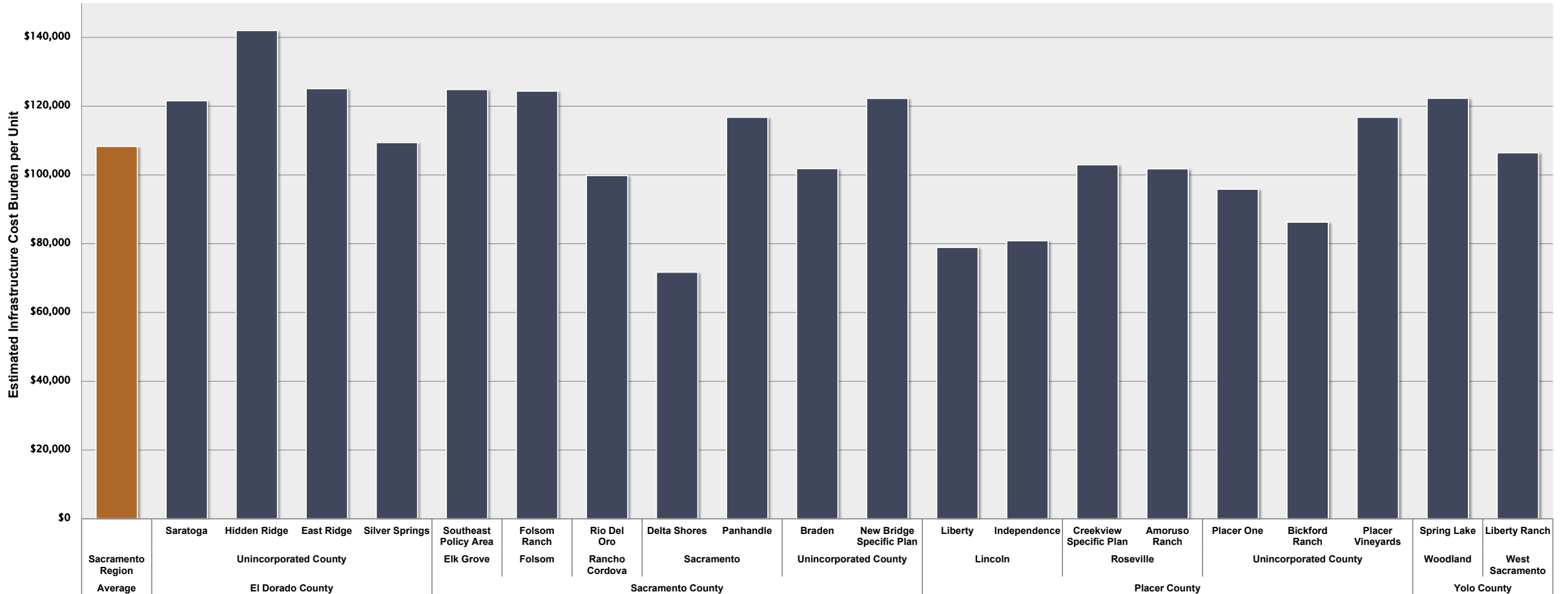
Source: EPS analysis. Median home prices are based on the Zillow Home Value Index for a "typical" single-family home. Median household incomes for 2010-2023 are based on ACS estimates. For 2024 and 2025, 2023 median household incomes were inflated by the annual change in the January Western Region Urban CPI as ACS estimates for 2024 and 2025 were not yet available at the time of this analysis.

DETAILED IMPACT FEE CALCULATIONS BY JURISDICTION



LDR BURDENS AVERAGE \$109,000 PER UNIT

EL DORADO COUNTY FEES HIGHEST (\$125K), FOLLOWED BY YOLO (\$114K), SAC COUNTY (\$109K), PLACER (\$95K)*

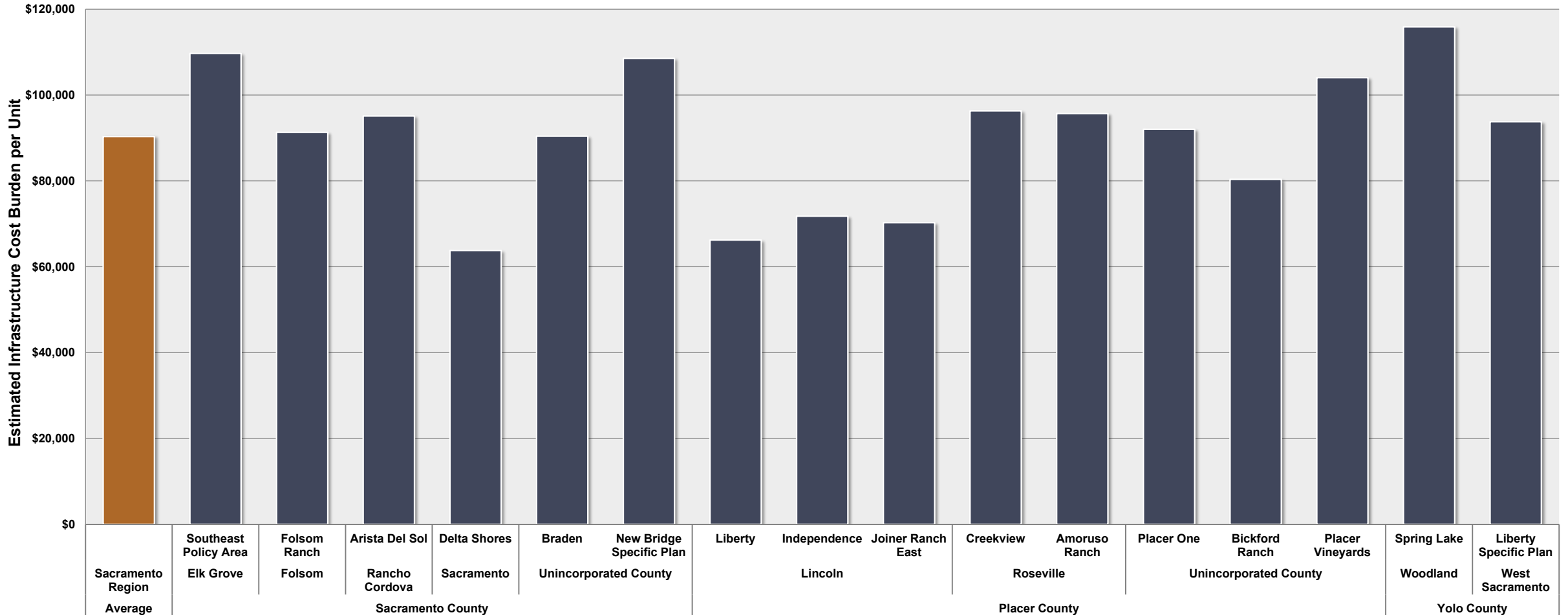


Source: North State BIA; Various cities, counties, special districts, and homebuilders; EPS.

*Fees shown don't fully account for costs from wetland/habitat mitigation, affordable/inclusionary housing requirements, and privately-equalized infrastructure costs

MDR BURDENS AVERAGE \$90,000 PER UNIT

YOLO CHARGES HIGHEST MDR FEES (\$105K), FOLLOWED BY SAC COUNTY (\$93K), PLACER (\$85K)*

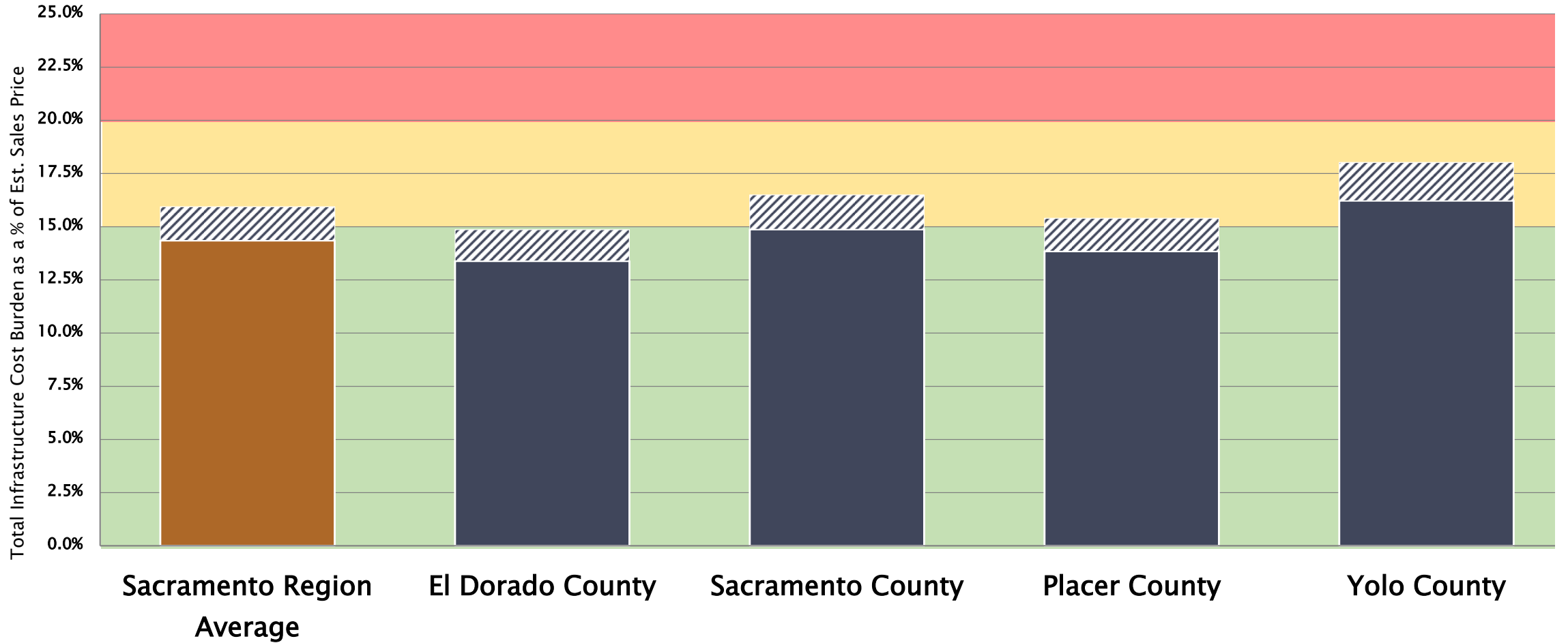


Source: North State BIA; Various cities, counties, special districts, and homebuilders; EPS.

*Fees shown don't fully account for costs from wetland/habitat mitigation, affordable/inclusionary housing requirements, privately-equalized infrastructure costs. El Dorado County was not included in MDR calculations as not enough development within EPS's prototype density range/unit size has occurred in recent years

LDR INFRASTRUCTURE COST BURDENS AS A PERCENTAGE OF HOME PRICE

THOUGH PROJECTS ARE ACTIVELY BUILDING, MANY RELY ON LEGACY COST BASES; FUTURE DEVELOPMENT MAY FACE CHALLENGES

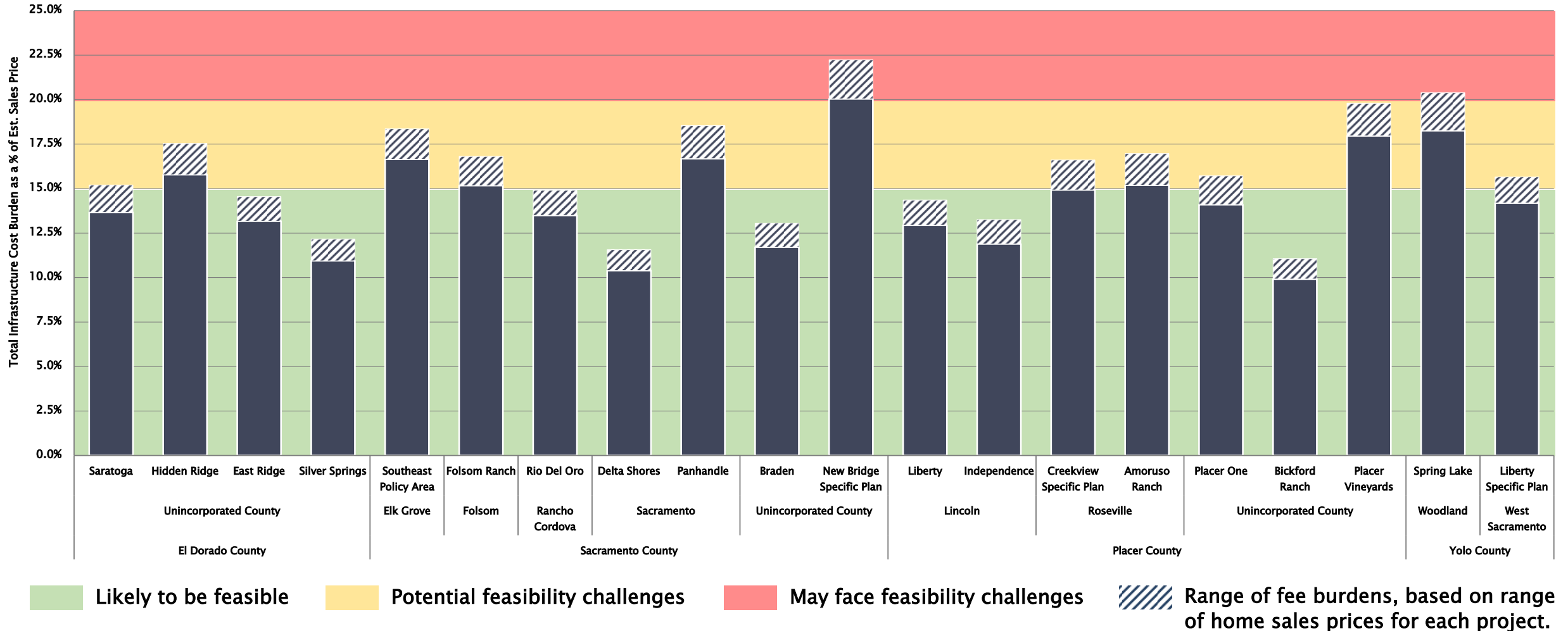


Likely to be feasible
 Potential feasibility challenges
 May face feasibility challenges
 Range of fee burdens, based on range of home sales prices for each project.

Source: North State BIA; Various cities, counties, special districts, and homebuilders; ZONDA; EPS.

MIXED FEASIBILITY FINDINGS AMONGST LDR PROJECTS IN THE REGION

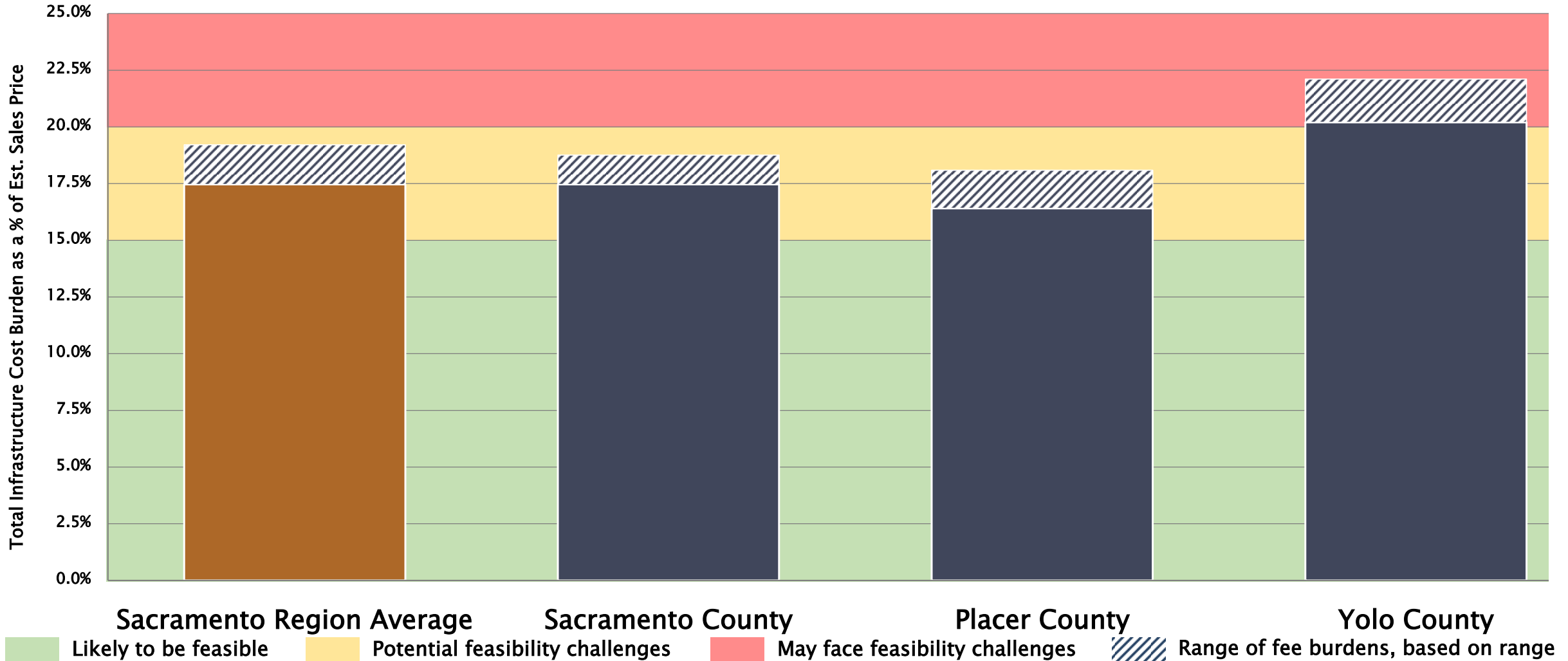
SEVERAL PROJECTS FACE BURDENS THAT ARE INCREASINGLY CHALLENGING FEASIBILITY



Source: North State BIA; Various cities, counties, special districts, and homebuilders; ZONDA; EPS.

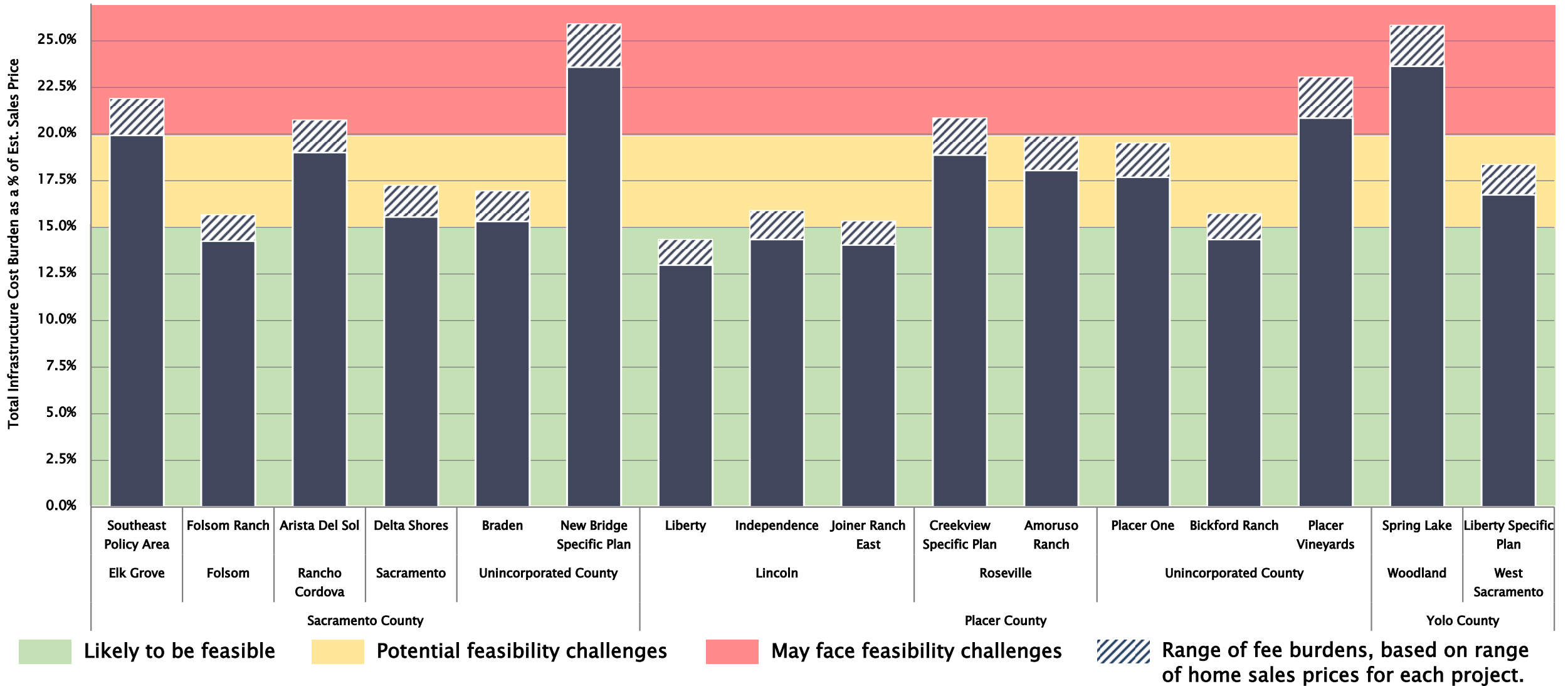
MDR INFRASTRUCTURE COST BURDENS AS A PERCENTAGE OF HOME PRICE

TIGHT BUILDER MARGINS RESTRICT INCENTIVE TO EXPAND SUPPLY OF STARTER HOMES/SMALLER UNITS



Source: North State BIA; Various cities, counties, special districts, and homebuilders; ZONDA; EPS.
Economic & Planning Systems, Inc.

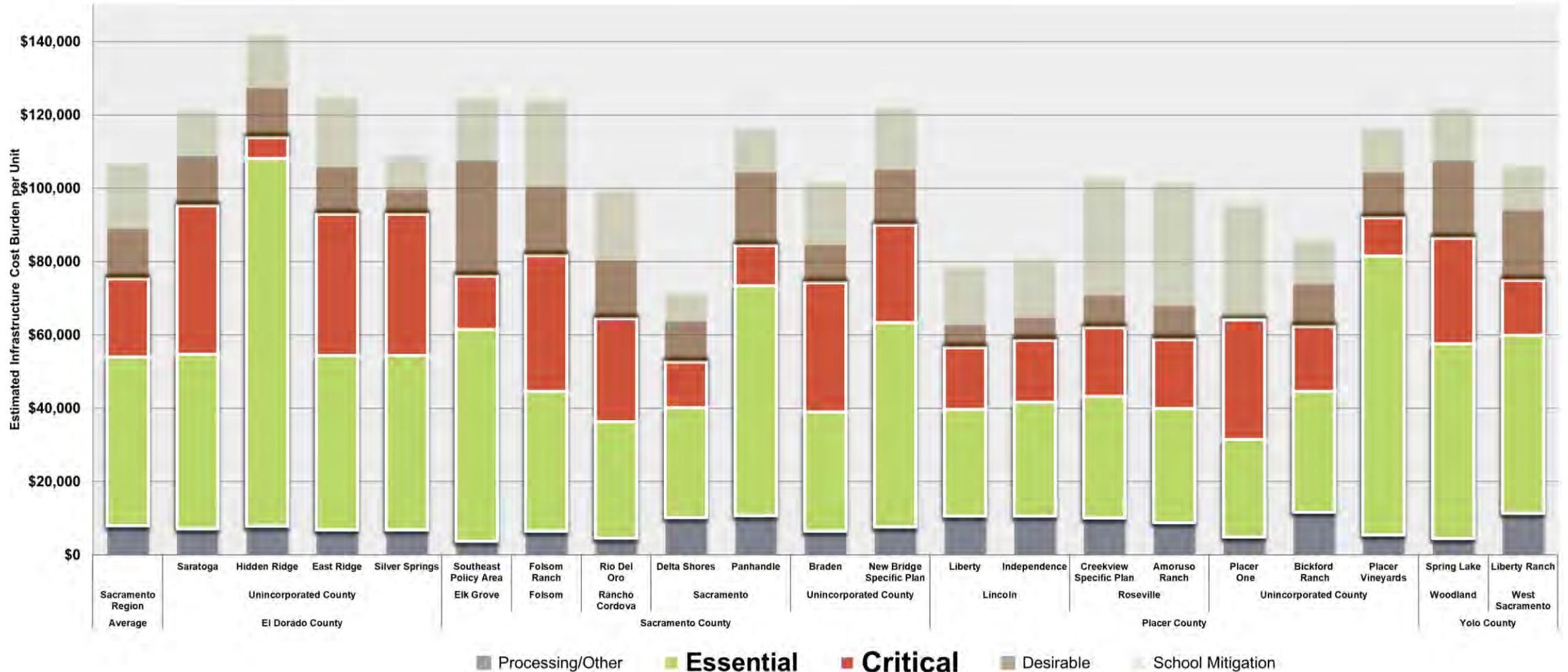
SMALLER/HIGHER DENSITY UNITS HAVE HIGHER BURDENS AS A % OF HOME SALES PRICE



Source: North State BIA; Various cities, counties, special districts, and homebuilders; ZONDA; EPS.

ESSENTIAL & CRITICAL FEES DRIVE LDR COST BURDENS

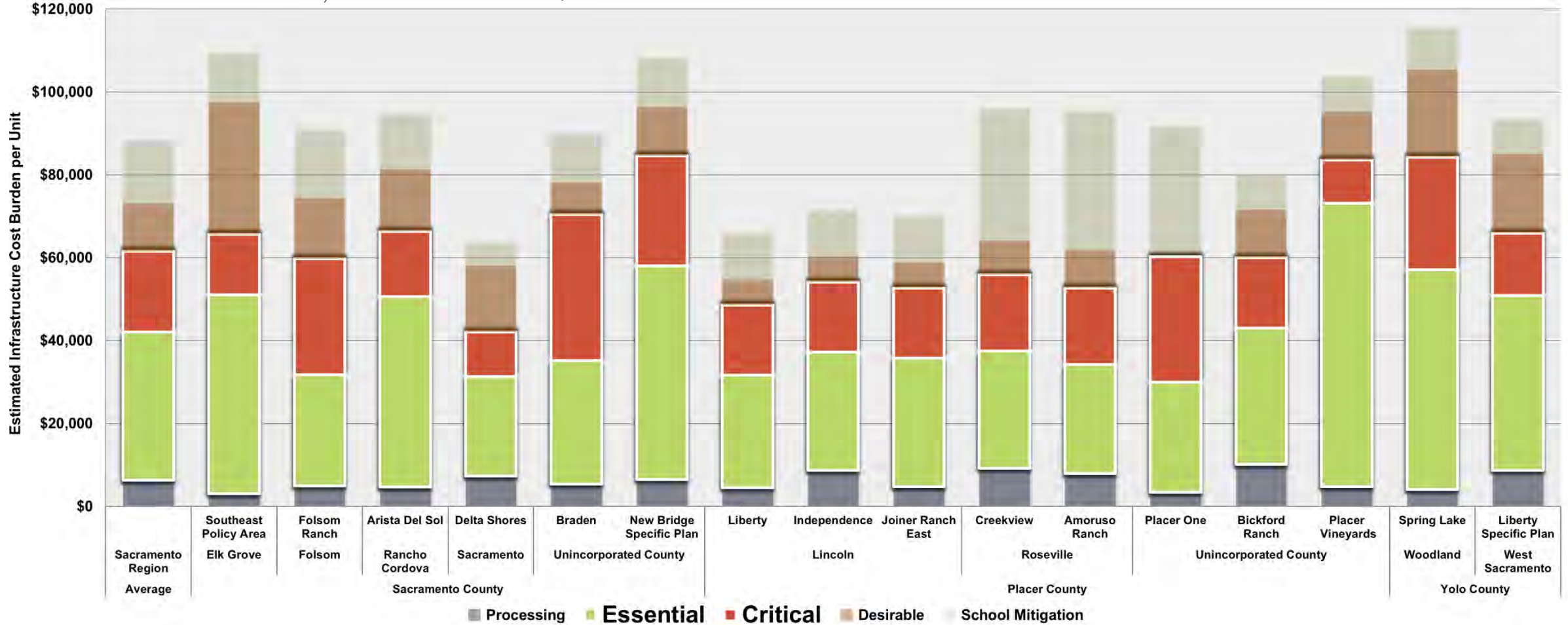
ESSENTIAL/CRITICAL FEES FUND: ROADS AND TRANSIT; WET UTILITIES AND SOLID WASTE; POLICE, FIRE, PUBLIC, AND GOVERNMENT FACILITIES; AND AGRICULTURE/HABITAT MITIGATION* COSTS



*Fees shown don't fully account for full costs of wetland/habitat mitigation, affordable/inclusionary housing requirements, and privately-equalized infrastructure costs

ESSENTIAL & CRITICAL FEES ALSO DRIVE MDR COST BURDENS

ESSENTIAL/CRITICAL FEES FUND: ROADS AND TRANSIT; WET UTILITIES AND SOLID WASTE; POLICE, FIRE, PUBLIC, AND GOVERNMENT FACILITIES; AND AGRICULTURE/HABITAT MITIGATION* COSTS



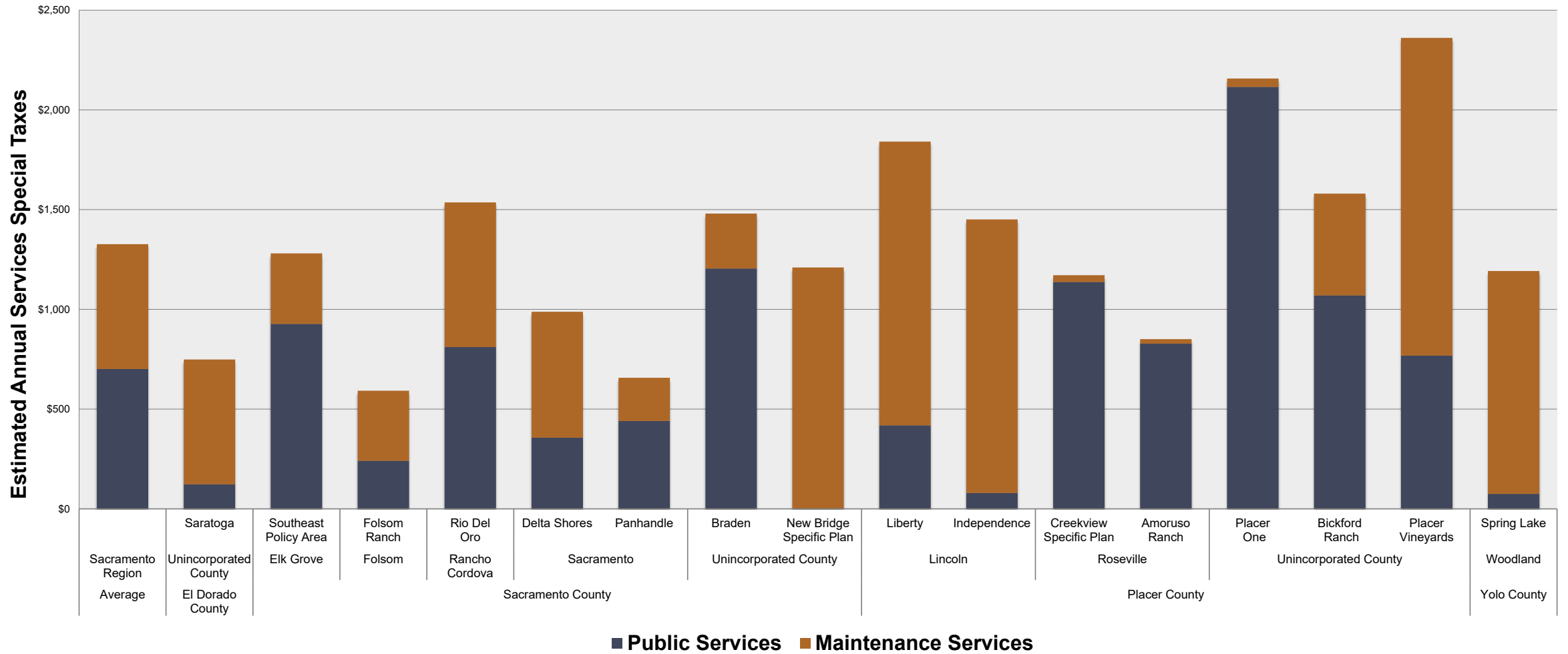
*Fees shown don't fully account for full costs of wetland/habitat mitigation, affordable/inclusionary housing requirements, and privately-equalized infrastructure costs

Source: North State BIA; Various cities, counties, special districts, and homebuilders; EPS.

IMPACTS OF INCREASING ANNUAL SERVICES TAXES

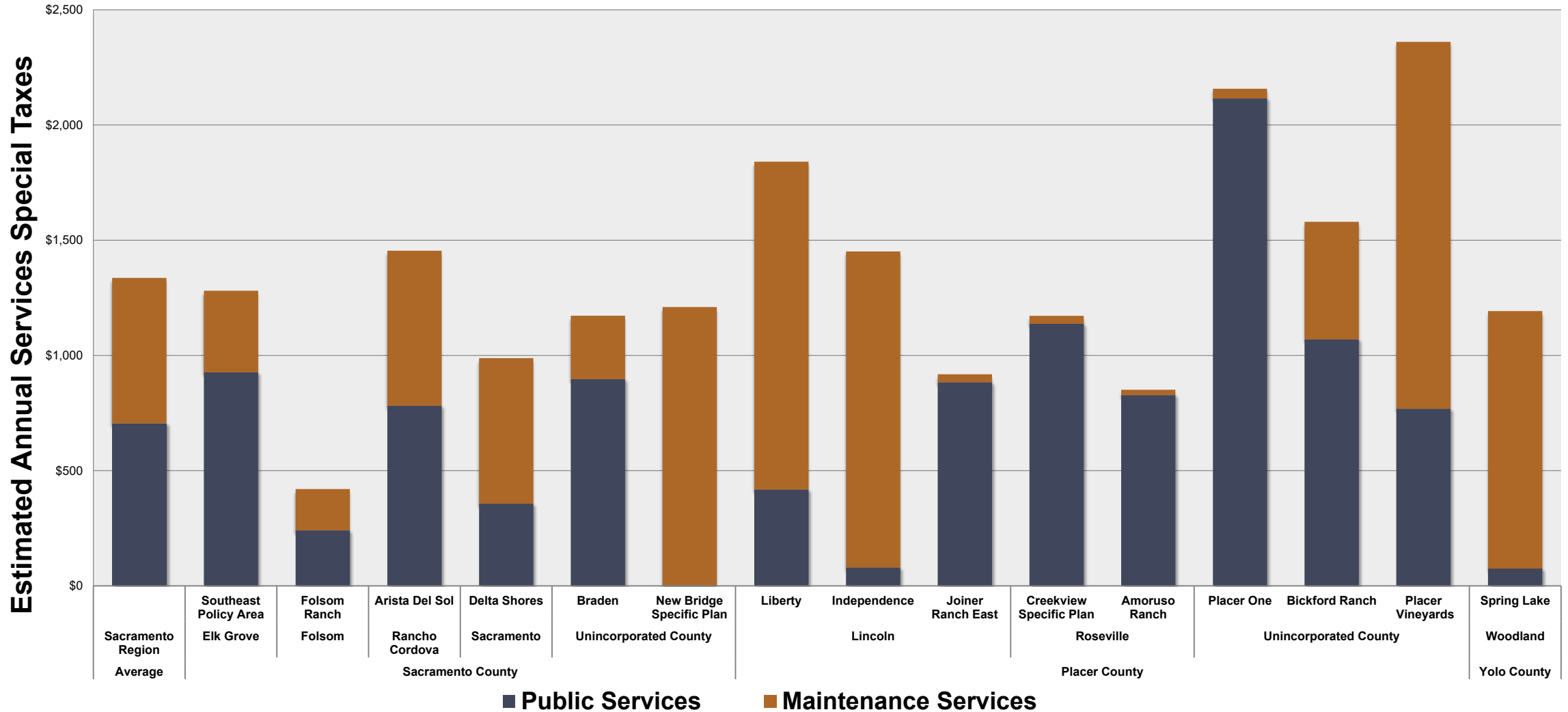


LDR ANNUAL SERVICES SPECIAL TAXES



Source: Various counties, special districts, and special tax administrators; EPS.

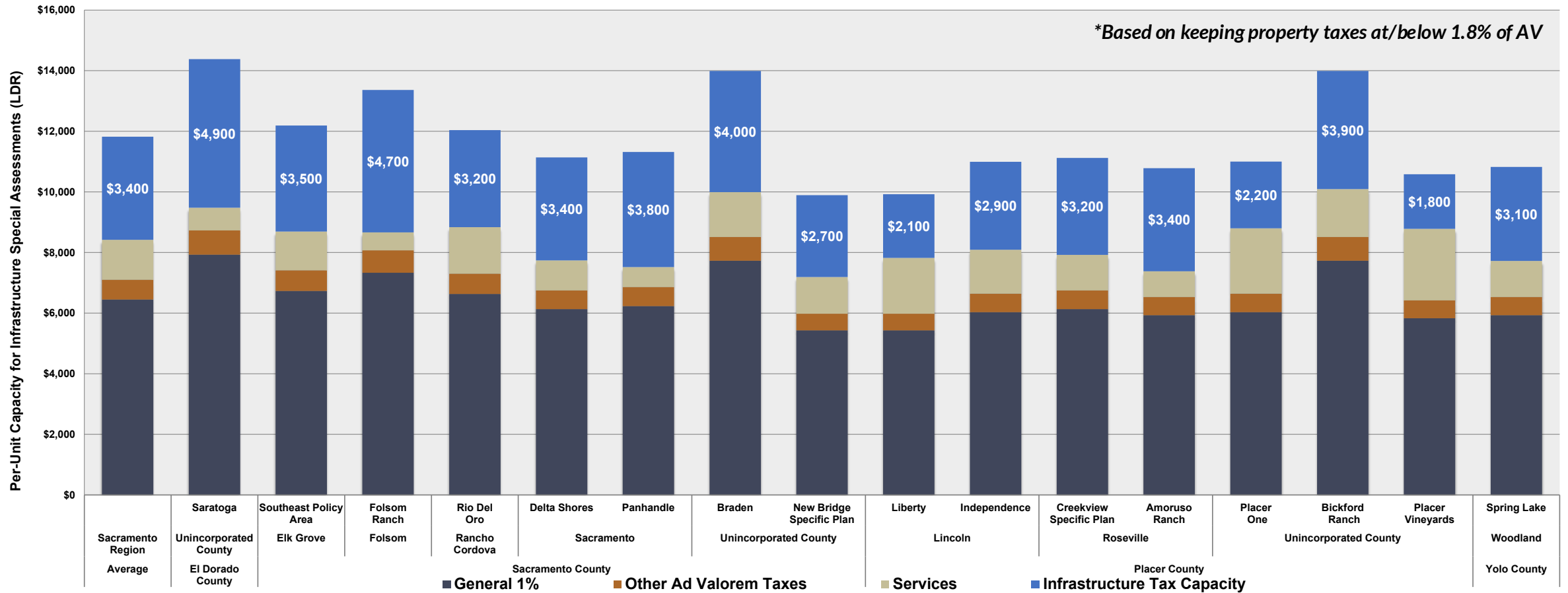
MDR ANNUAL SERVICES SPECIAL TAXES



Source: Various counties, special districts, and special tax administrators; EPS.

LDR UNITS RETAIN ~\$3,400 IN REMAINING INFRASTRUCTURE TAX CAPACITY* AFTER SATISFYING SERVICES/MAINTENANCE SPECIAL TAX OBLIGATIONS

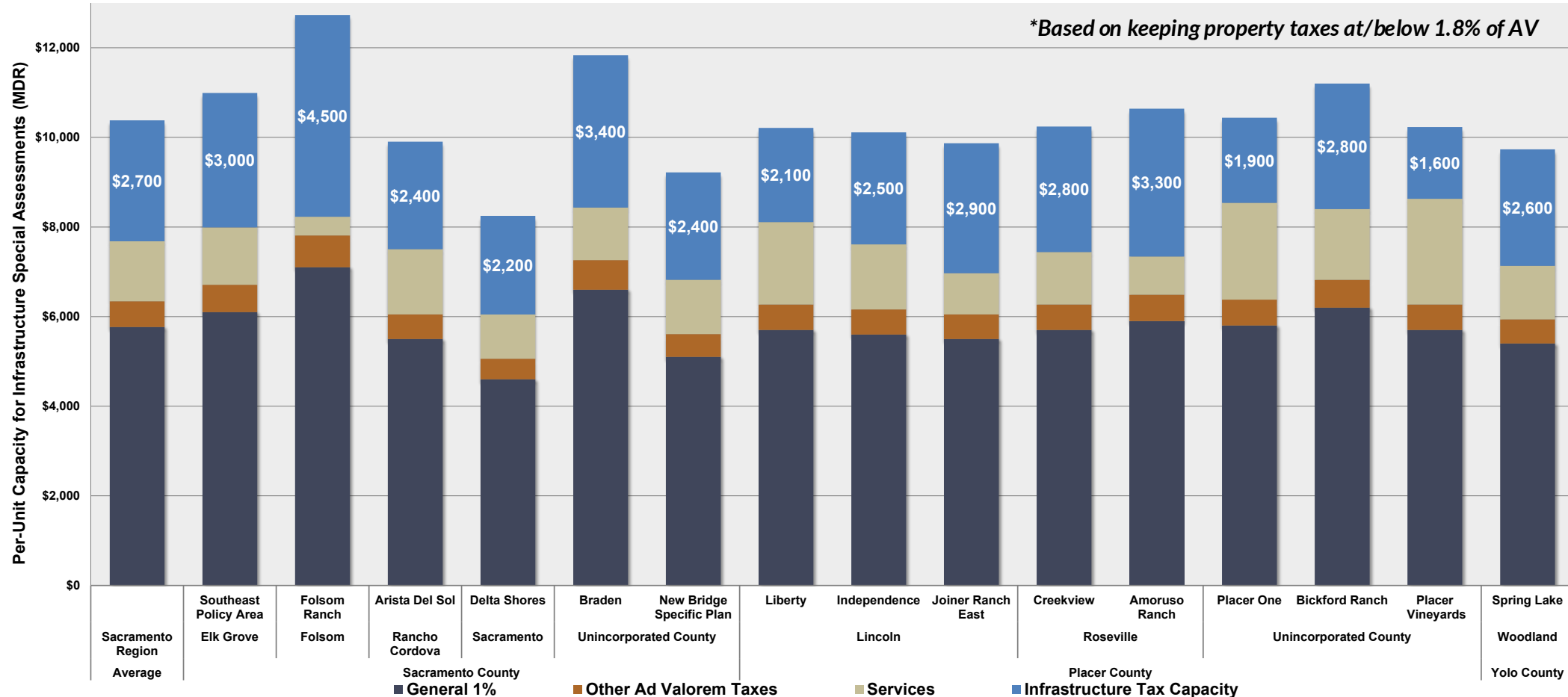
Estimated Capacity for Annual Infrastructure Special Taxes/Assessments per LDR Unit



Source: Various counties, special districts, and special tax administrators; EPS.

MDR UNITS RETAIN ~\$2,700 IN REMAINING INFRASTRUCTURE TAX CAPACITY* AFTER SATISFYING SERVICES/MAINTENANCE SPECIAL TAX OBLIGATIONS

Estimated Capacity for Annual Infrastructure Special Taxes/Assessments per MDR Unit



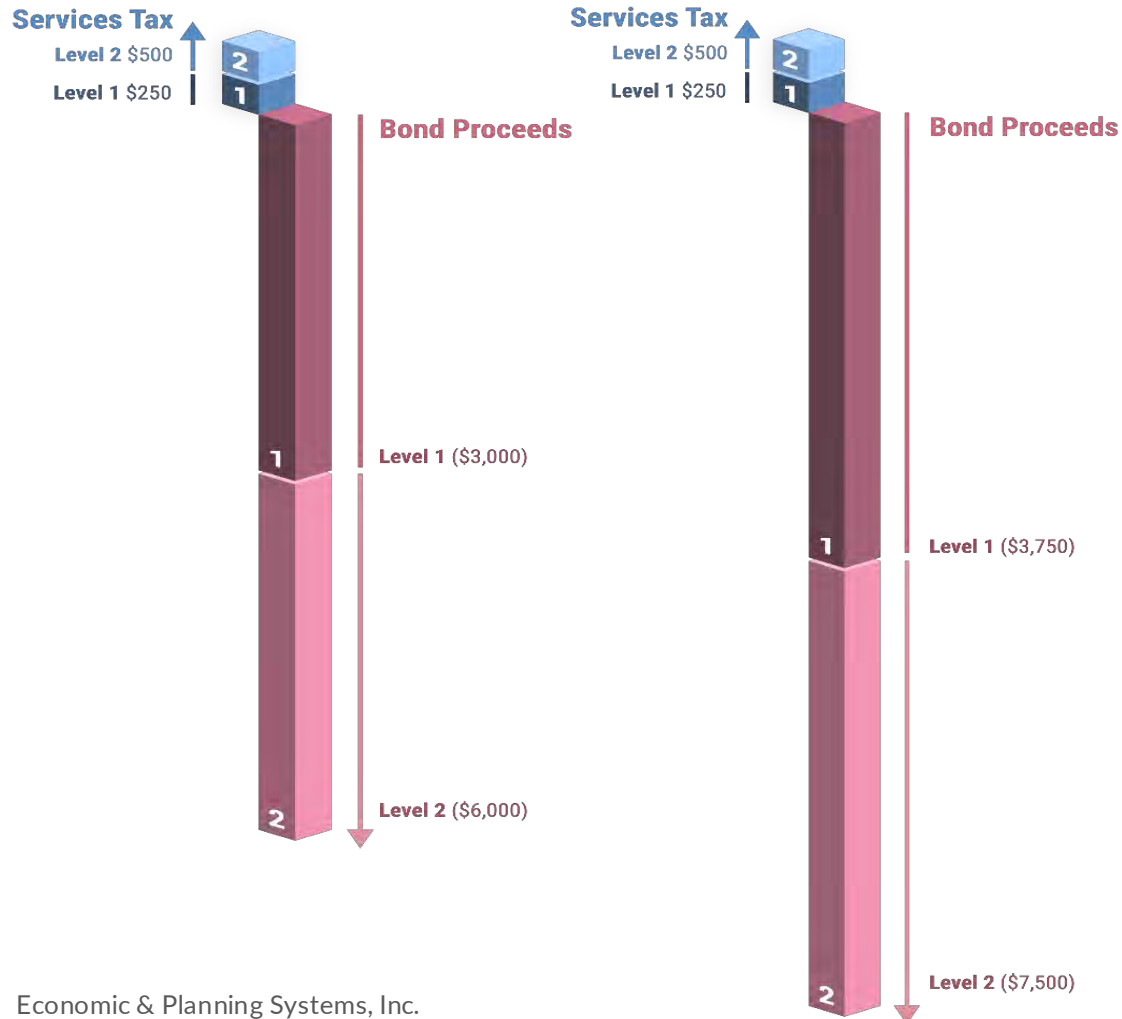
Source: Various counties, special districts, and special tax administrators; EPS.

EFFECTS OF HIGHER SERVICES TAXES ON INFRASTRUCTURE BOND PROCEEDS

Estimated Reduction in Infrastructure CFD Bond Proceeds for every Additional \$250 in Annual Services Special Taxes

Higher CFD Interest Rate Scenario

Lower CFD Interest Rate Scenario



- Increased demands for annual maintenance and public services taxes erodes infrastructure CFD bonding capacity.
- Every \$250 in additional services taxes reduces infrastructure CFD bond proceeds by approximately \$3,000 to \$3,750 per single family unit.
- On a 2,000 unit subdivision, an extra \$500 annual services tax could eliminate as much as \$15,000,000 in infrastructure CFD bond proceeds.

CONCLUSIONS

- Impact fees are an important tool for local jurisdictions to help fund expanded infrastructure/facilities needs – one of many types of fees and exactions levied on new development.
- Additional environmental mitigation, affordable housing or other development agreement exactions are often “hidden costs” that don’t always appear in impact fee comparisons.
- Fees should be evaluated both in terms of absolute dollar amounts and as a percentage of finished home values.
- As compared to 2020,
 - Home prices have generally kept pace with rising fee burdens, especially for larger less-dense move up housing.
 - Cost burdens on higher density, starter homes are facing feasibility constraints.
- Moving forward, future home price increases anticipated to be impacted by uncertain macroeconomic conditions and hindered by slower wage growth and ongoing increases in labor and material costs.
- The most likely projects to develop in future are those with the higher priced homes, which are the ones that can afford high fee burdens.
- Increasing demands for annual services funding is reducing CFD bonding capacity for infrastructure.