

SACRAMENTO REGION MULTI-JURISDICTIONAL DEVELOPMENT IMPACT FEE COMPARISON

OCTOBER 2025



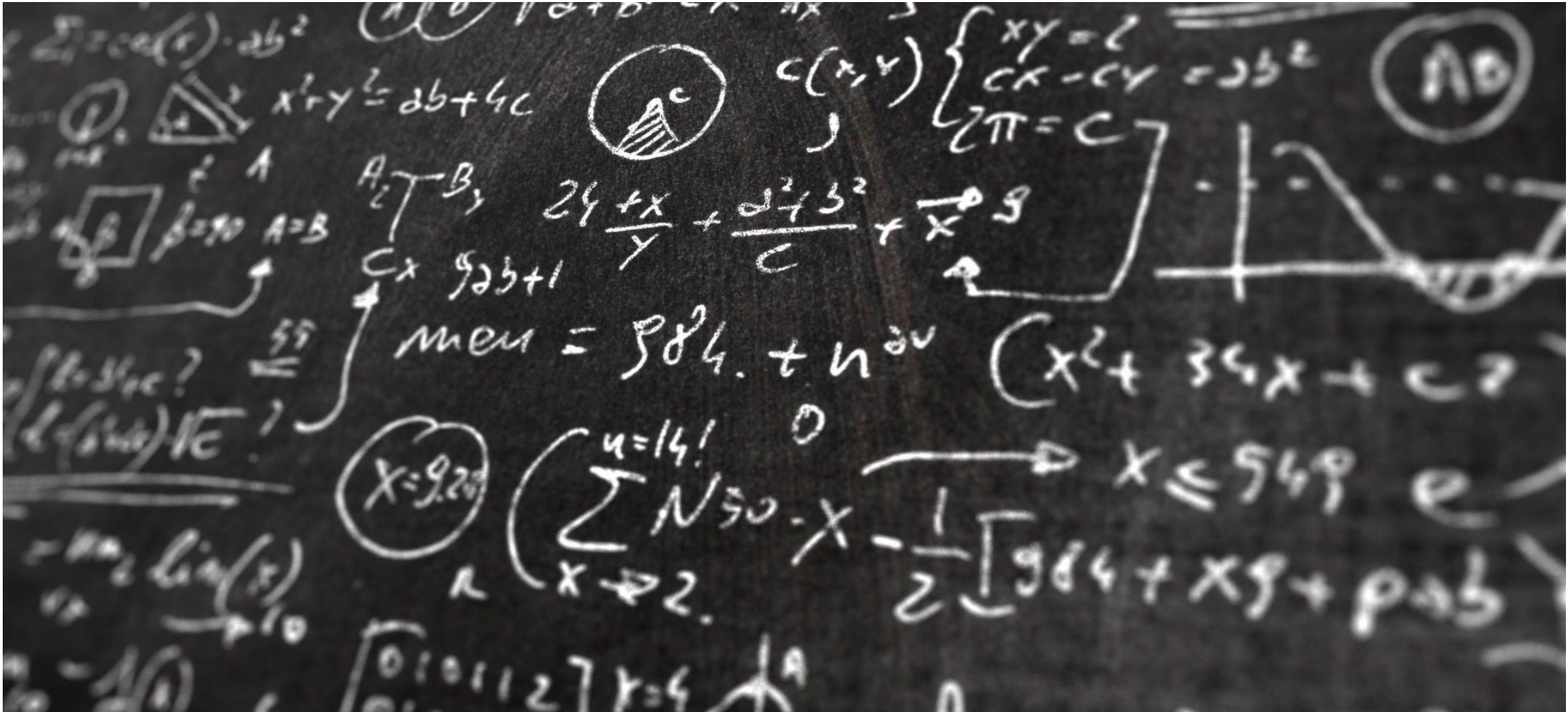
**NORTH STATE
BUILDING INDUSTRY
ASSOCIATION**



**Economic & Planning
Systems, Inc.**
The Economics of Land Use

455 Capitol Mall, Suite 701 • Sacramento, CA 95814
916. 649.8010 • www.epsys.com

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

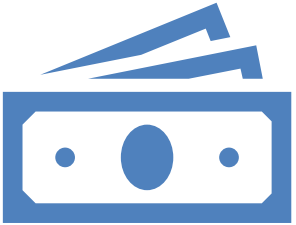
- Environmental mitigation (wetlands, agriculture, protected species).
- Affordable housing requirements (inclusionary requirements, DA obligations, etc.).
- Cost to carry front-loading of backbone infrastructure investments.

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

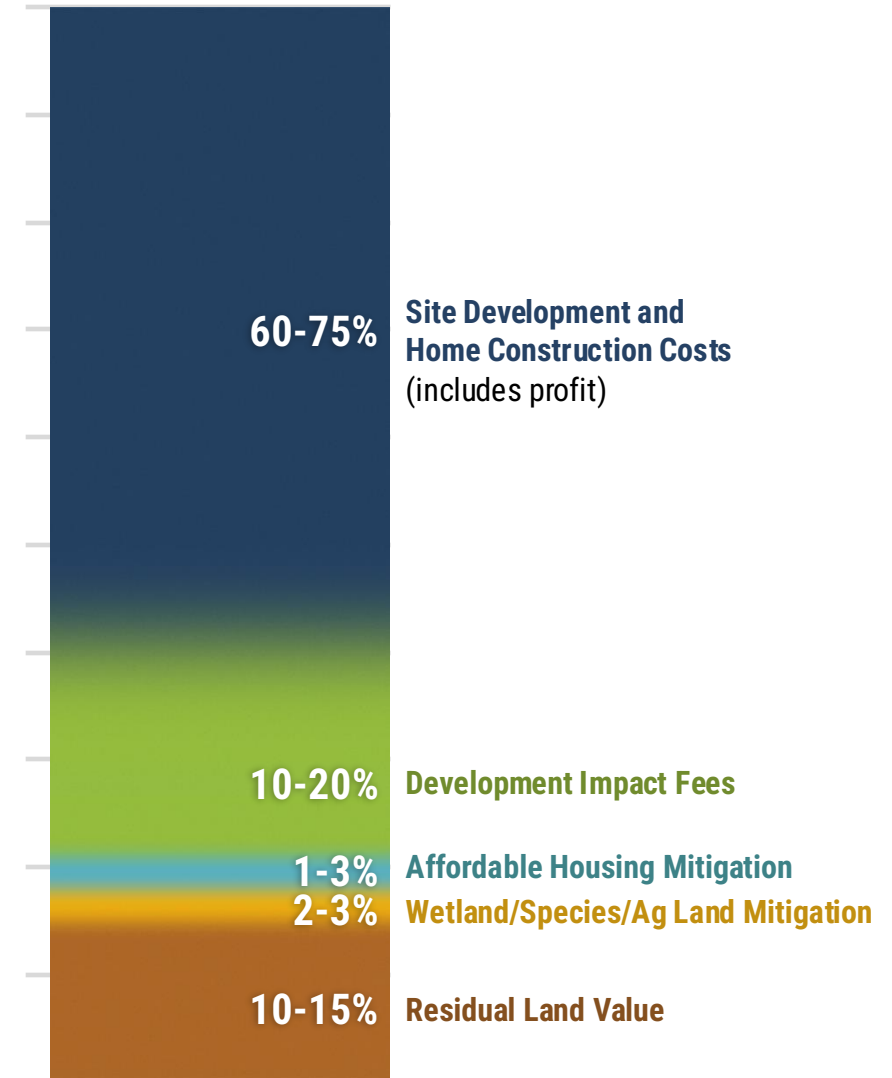
Not all development costs are reflected in impact fee calculations.



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
City of Lincoln	Liberty	X	X
	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

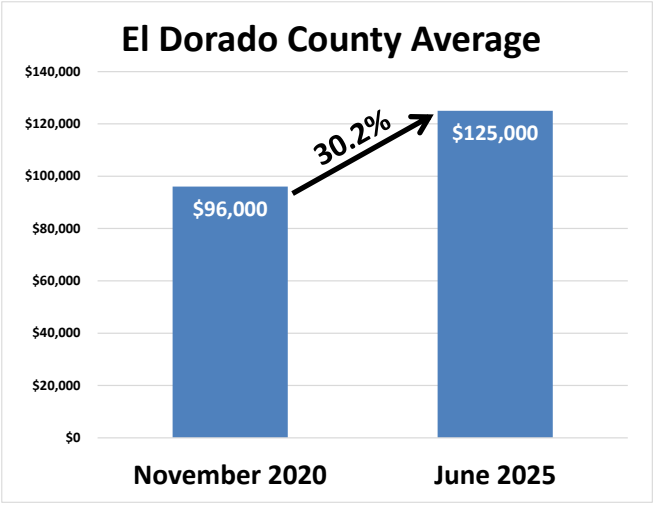
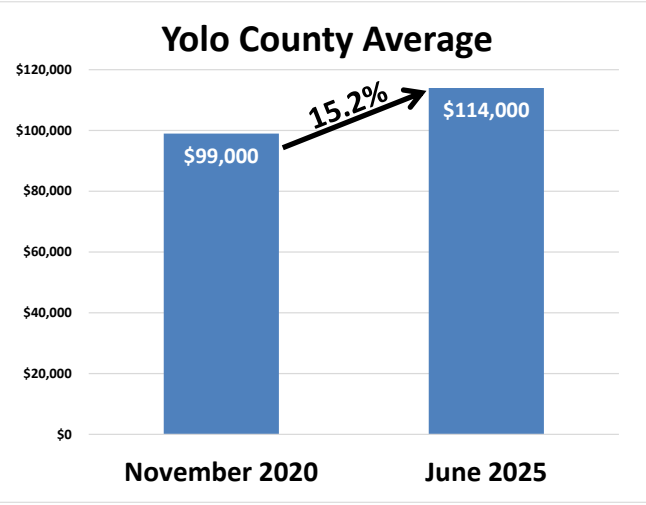
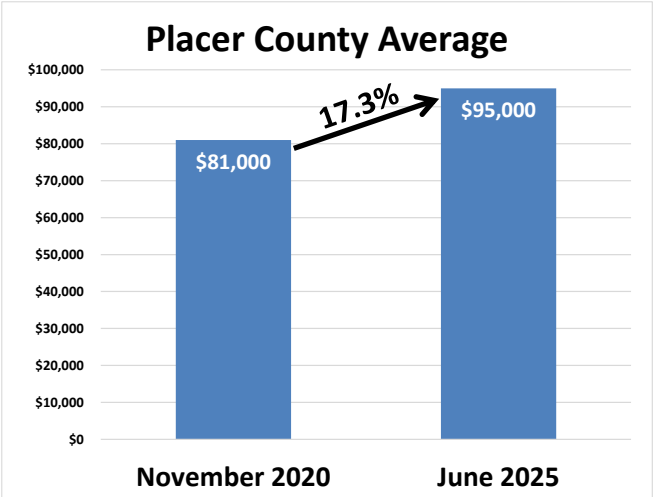
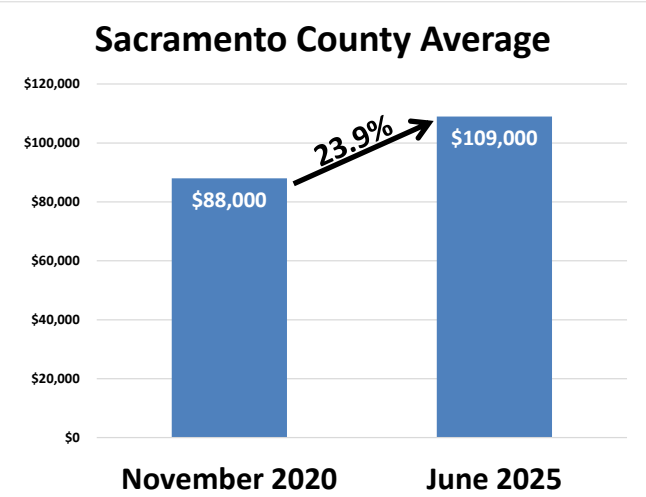
- The analysis includes a comprehensive set of projects and jurisdictions.
- The prototypes reflect the two most prevalent land use densities and typical home sizes being delivered in the market.
- Projects include development in incorporated cities and unincorporated county areas.
- Almost all projects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

PRIMARY ANALYSIS FINDINGS AND OBSERVATIONS

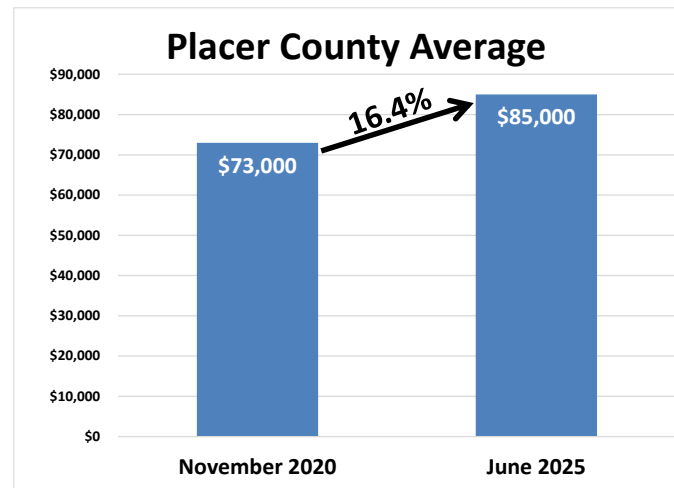
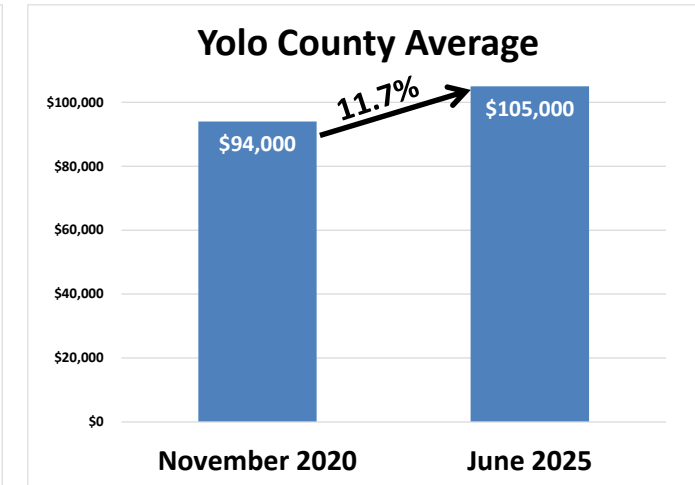
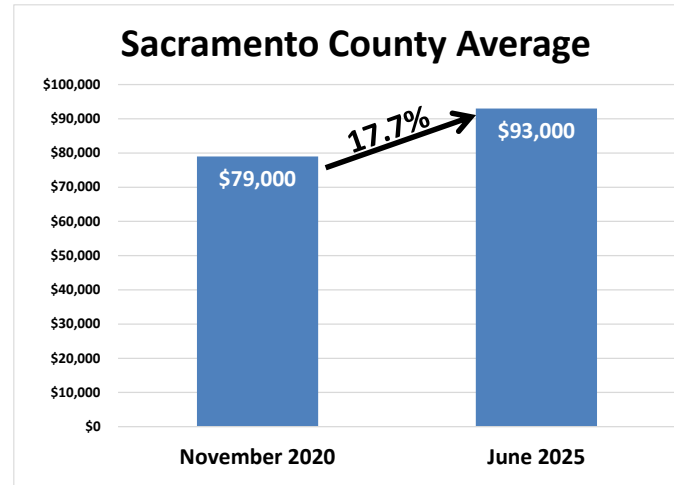
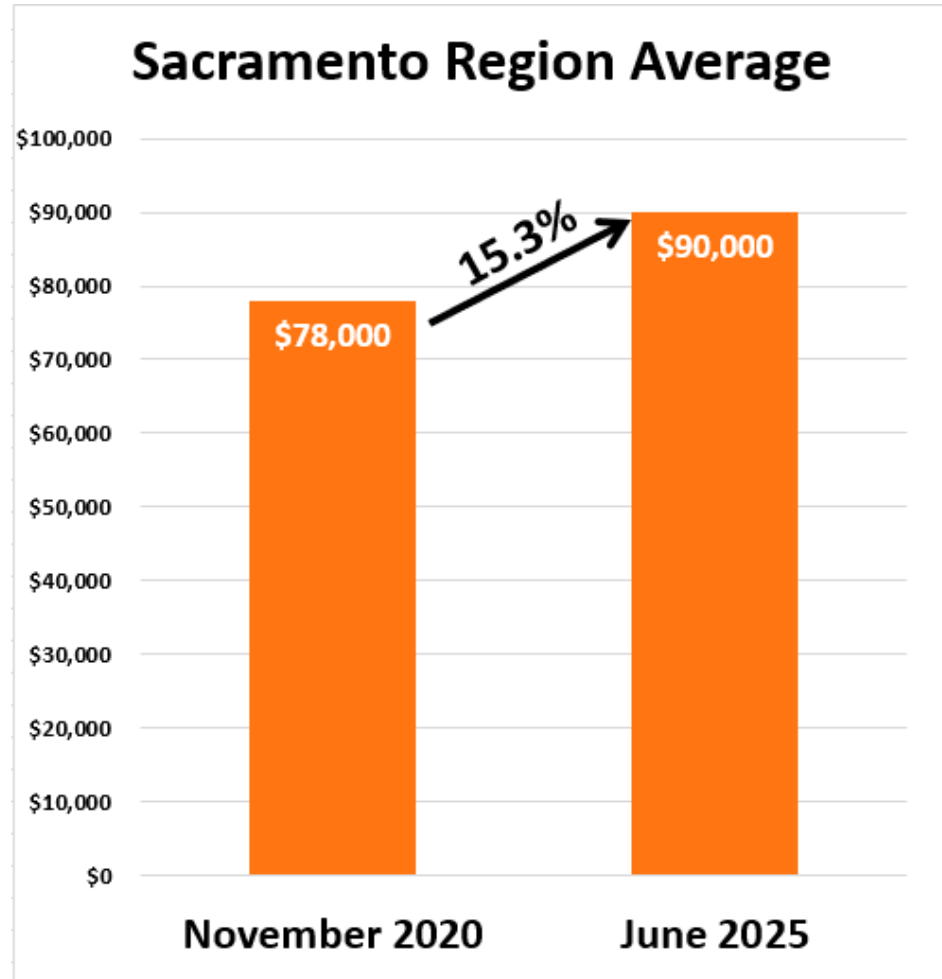
- LDR fee burdens across the Sacramento region average \$109,000 per unit (up 25% since 2020), while MDR fee burdens average \$90,000 per unit (up 15%)*
- Home prices have generally kept pace with rising fee burdens, but headwinds on new home prices, increasing incentive requirements, coupled with ongoing 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



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.

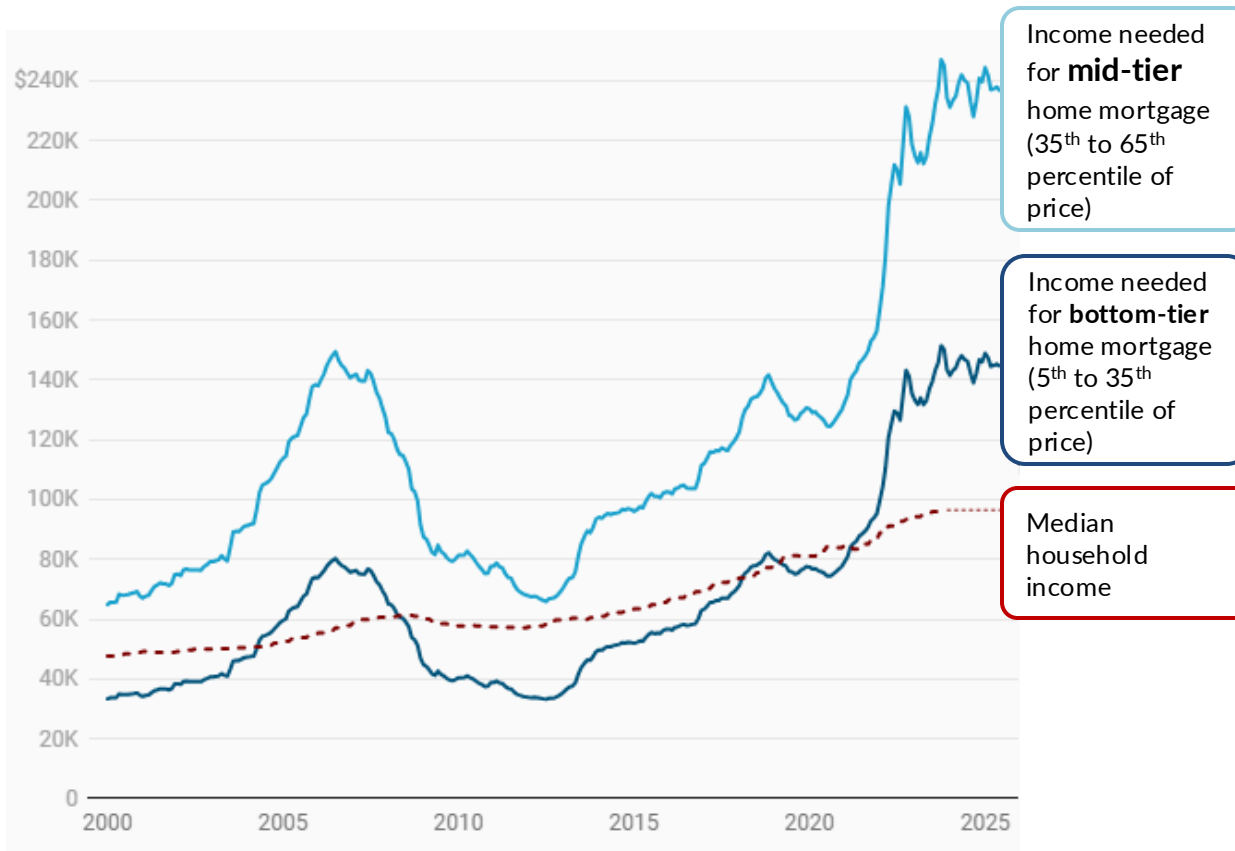
ADDITIONAL FINDINGS/OBSERVATIONS

- 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.

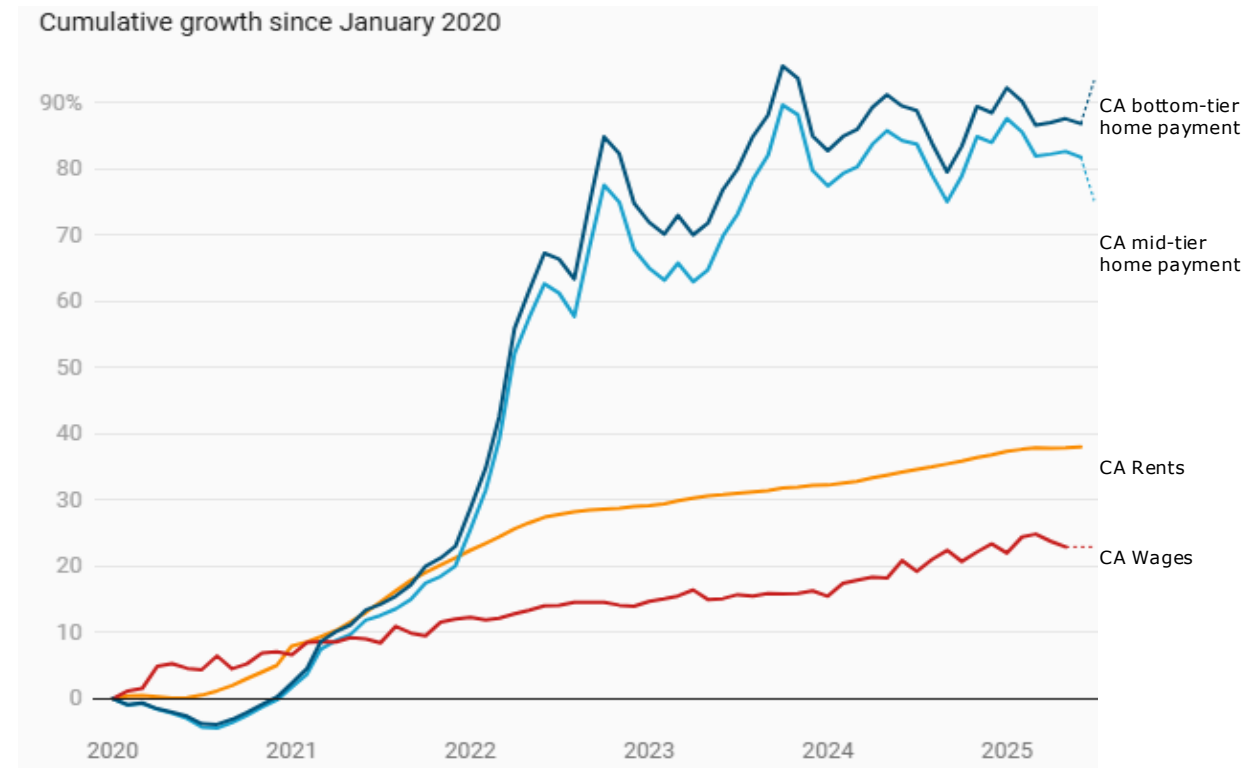
Source: CA Legislative Analyst's Office calculations based on Zillow and Census Bureau data.

**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

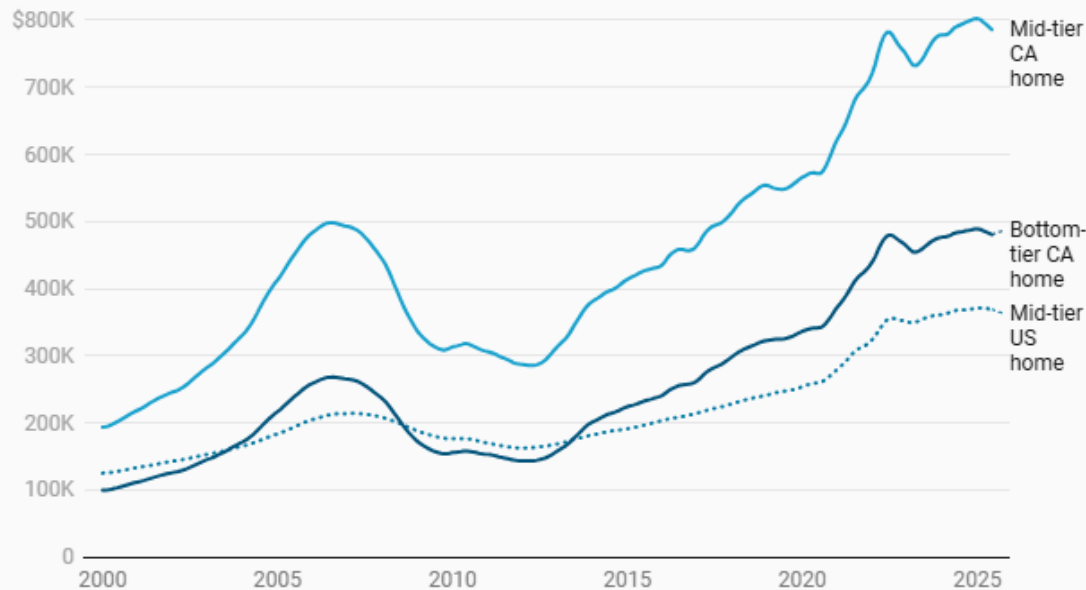


Source: CA Legislative Analyst's Office calculations based on rents and home value data from Zillow. Wages are average hourly earnings for private employees in California (Current Employment Statistics, Moody's adjusted).

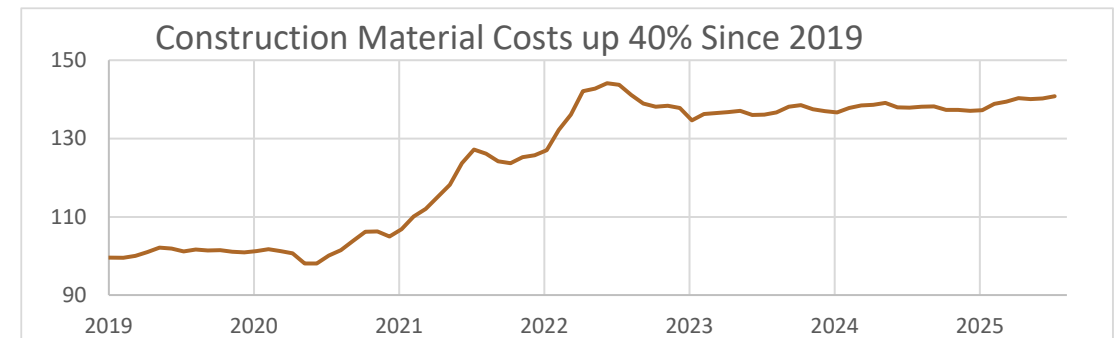
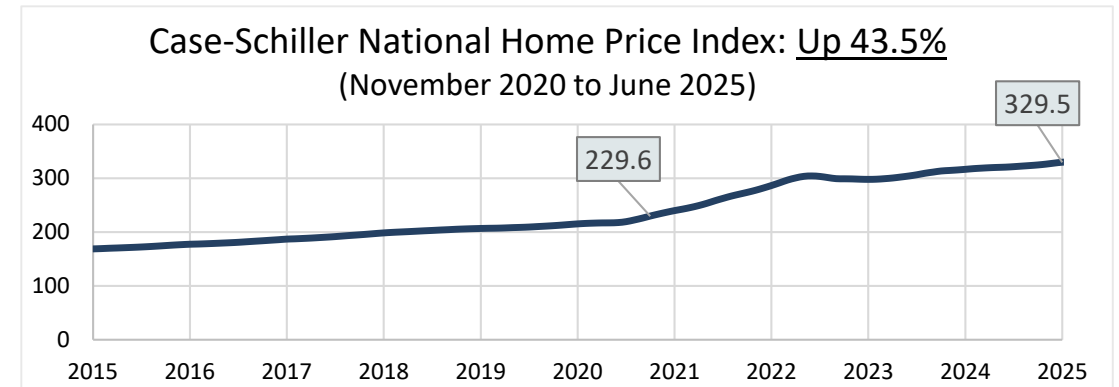
HOME PRICE INCREASES AND COST TRENDS

- 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

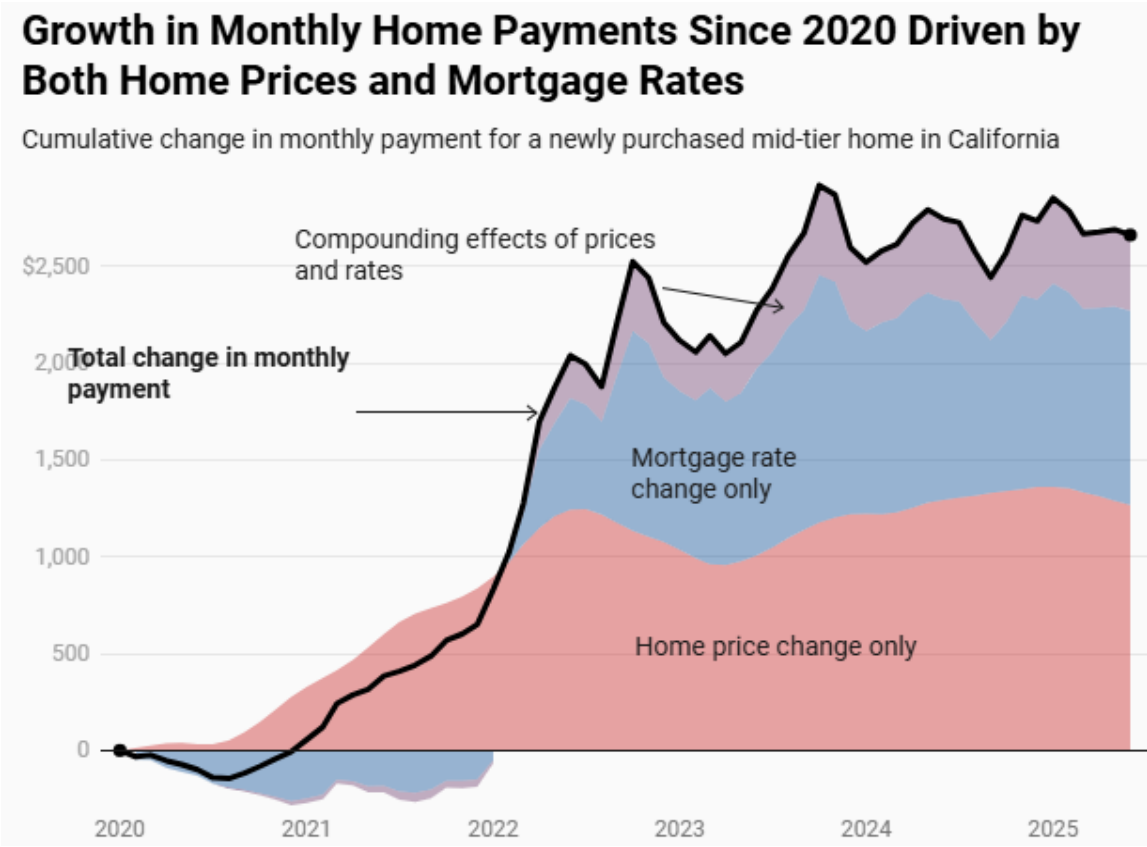


Source: CA Legislative Analyst's Office analysis of Zillow data.

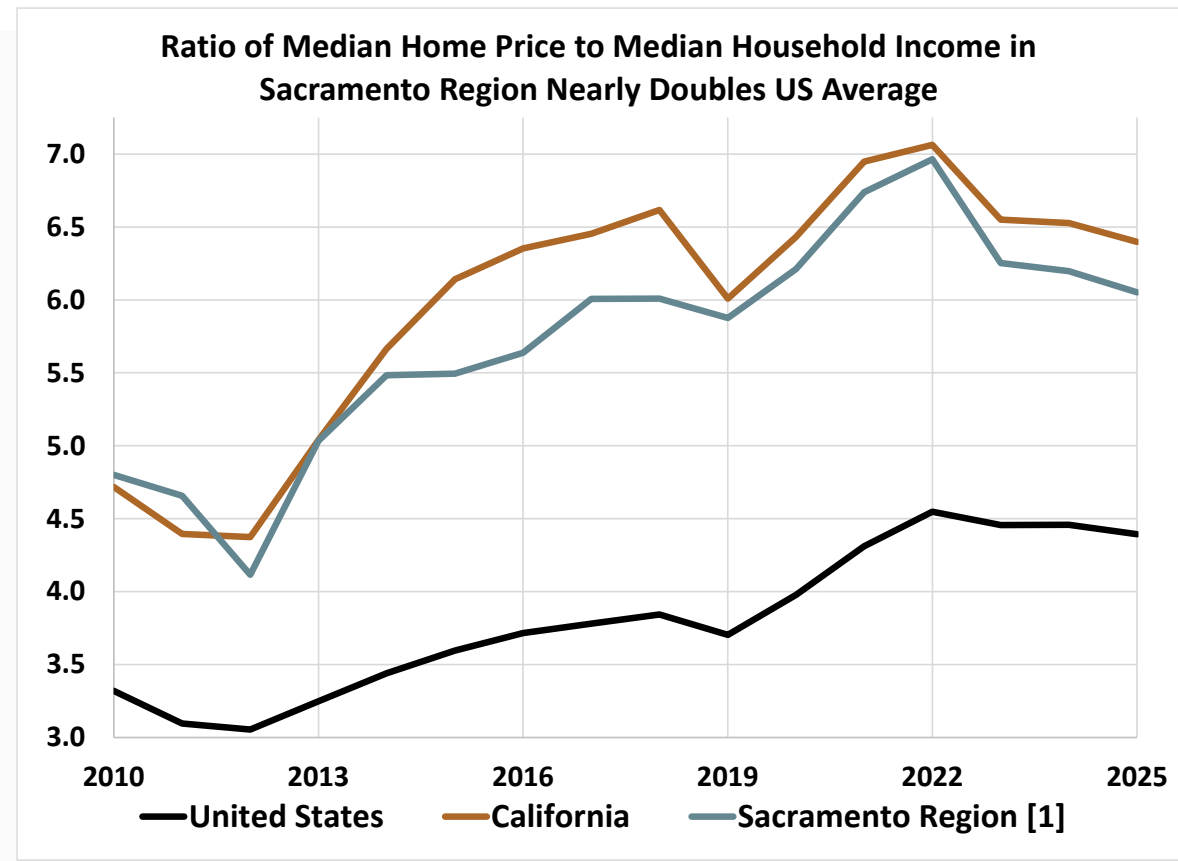


Source: BLS satellite series, Inputs to New construction (indexed to 100 in December 2018), excluding Capital Investment and Labor; EPS analysis.

MULTIPLE PRESSURES IMPACTING HOUSING ATTAINABILITY



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



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

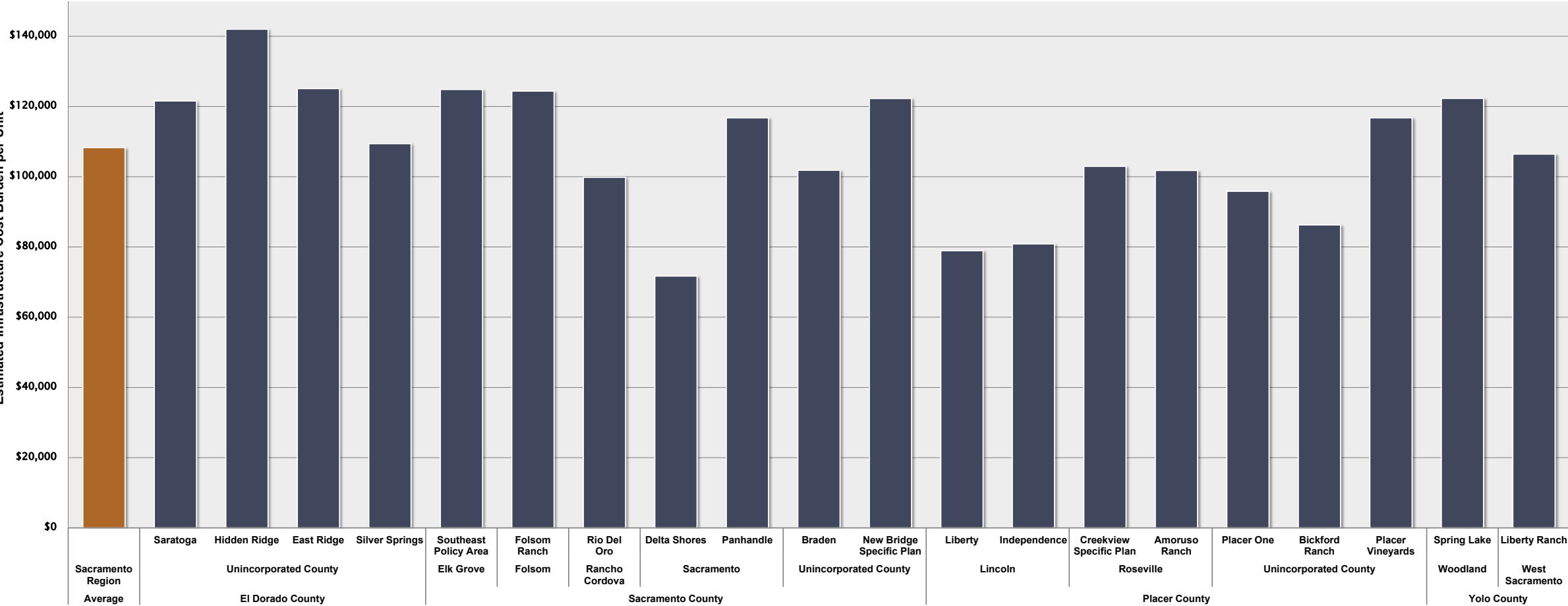
Source: EPS analysis. Median home prices are based on the Zillow Home Value Index for a “typical” single-family home. Median household incomes for 2010-2023 are based on ACS estimates. For 2024 and 2025, 2023 median household incomes were inflated by the annual change in the January Western Region Urban 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)*

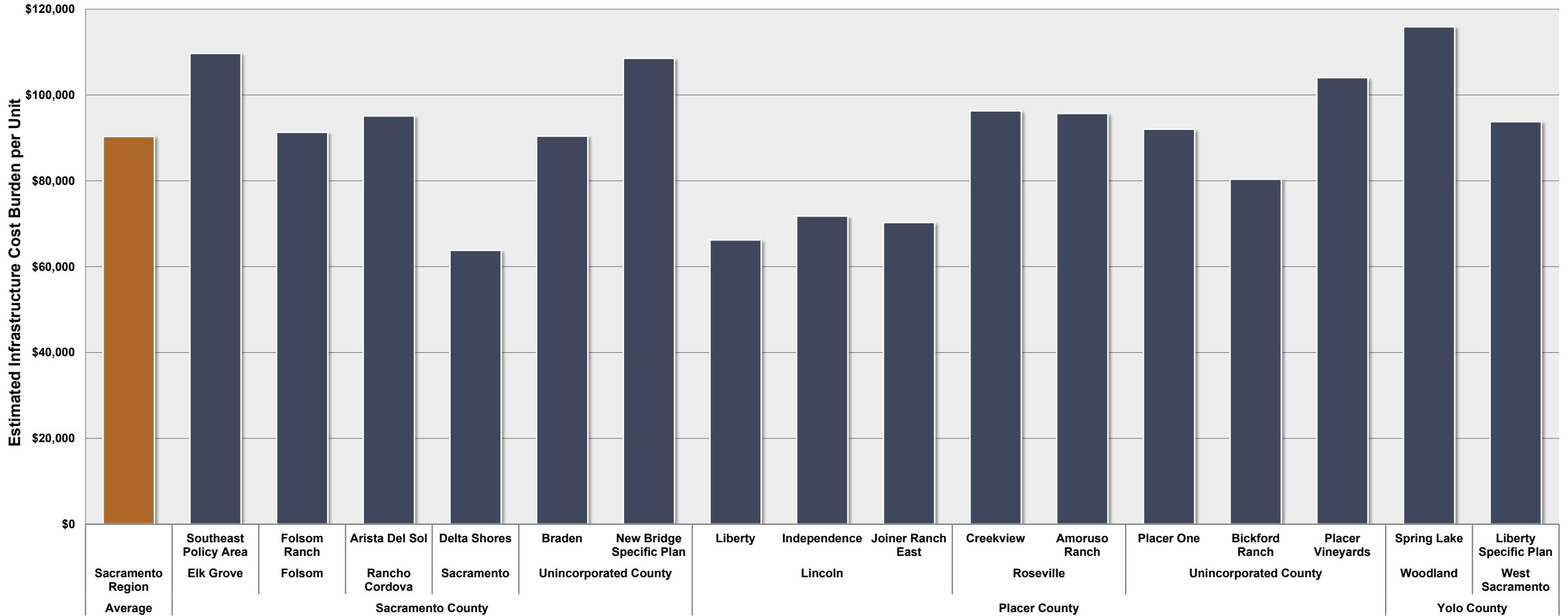


Source: North State BIA; Various cities, counties, special districts, and homebuilders; EPS.

*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)*

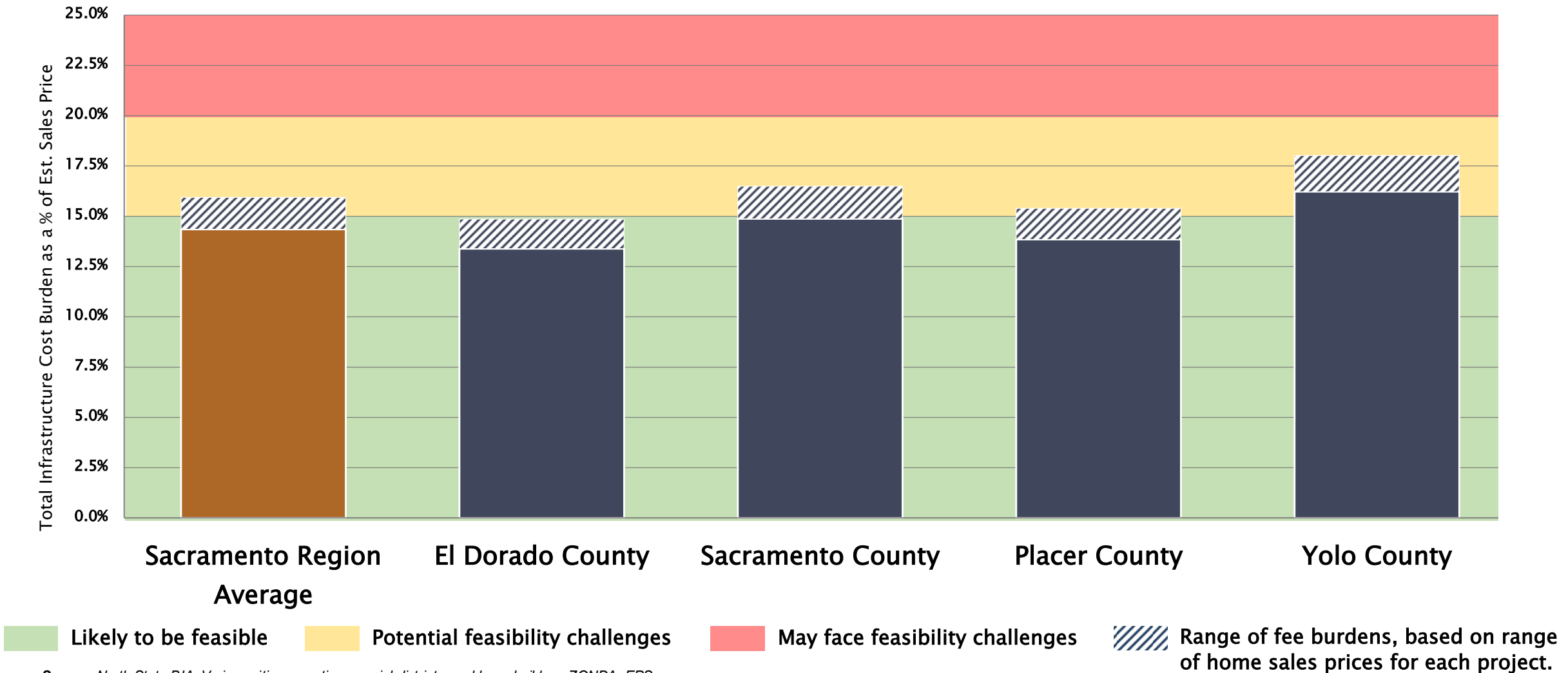


Source: North State BIA; Various cities, counties, special districts, and homebuilders; EPS.

*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

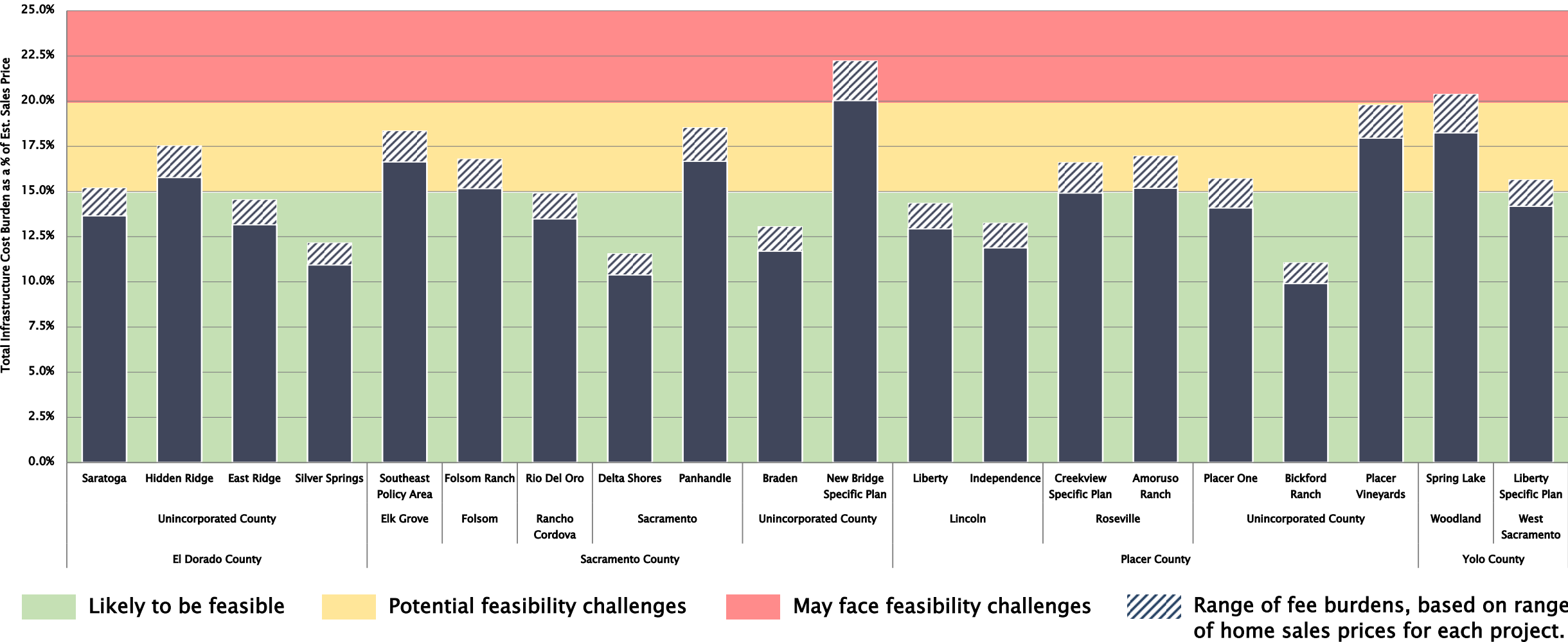
THOUGH PROJECTS ARE ACTIVELY BUILDING, MANY RELY ON LEGACY COST BASES; FUTURE DEVELOPMENT MAY FACE CHALLENGES



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

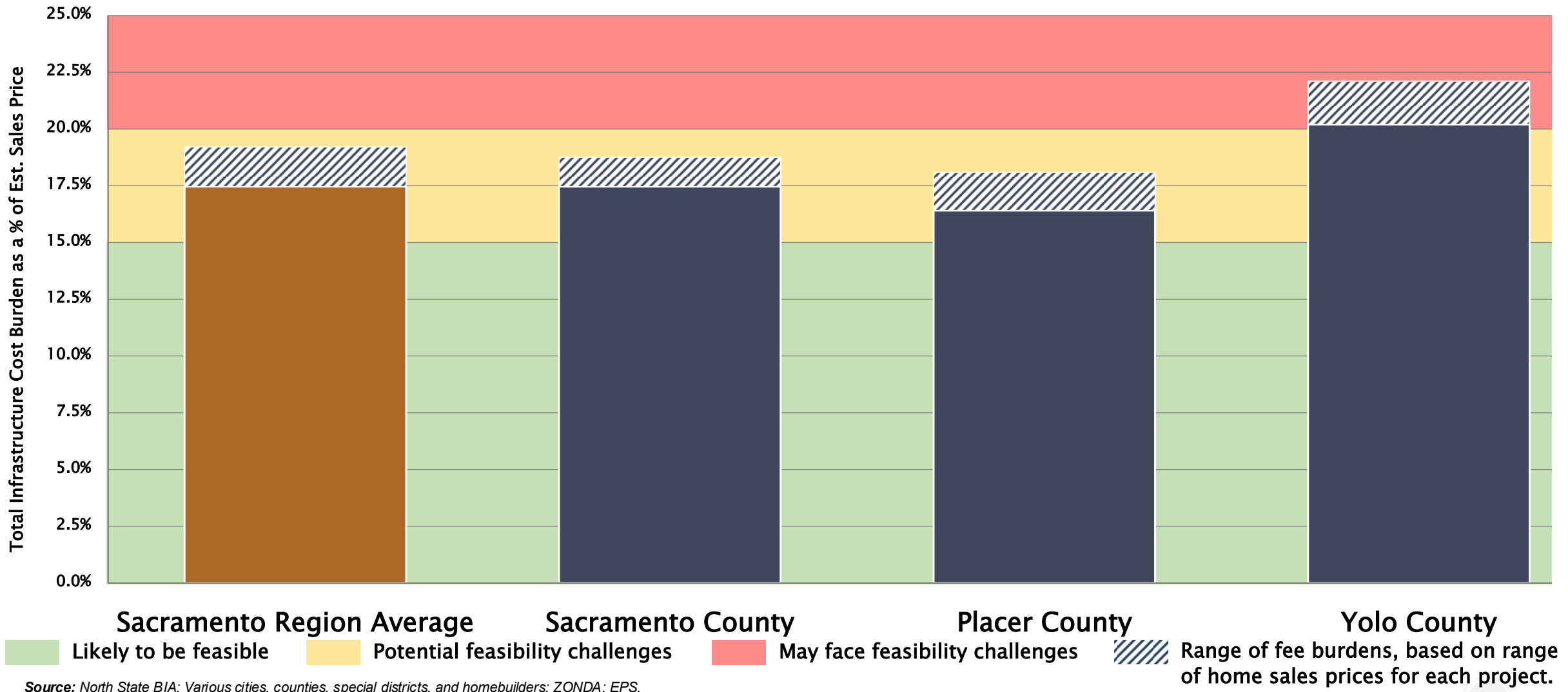
MIXED FEASIBILITY FINDINGS AMONGST LDR PROJECTS IN THE REGION

SEVERAL PROJECTS FACE BURDENS THAT ARE INCREASINGLY CHALLENGING FEASIBILITY



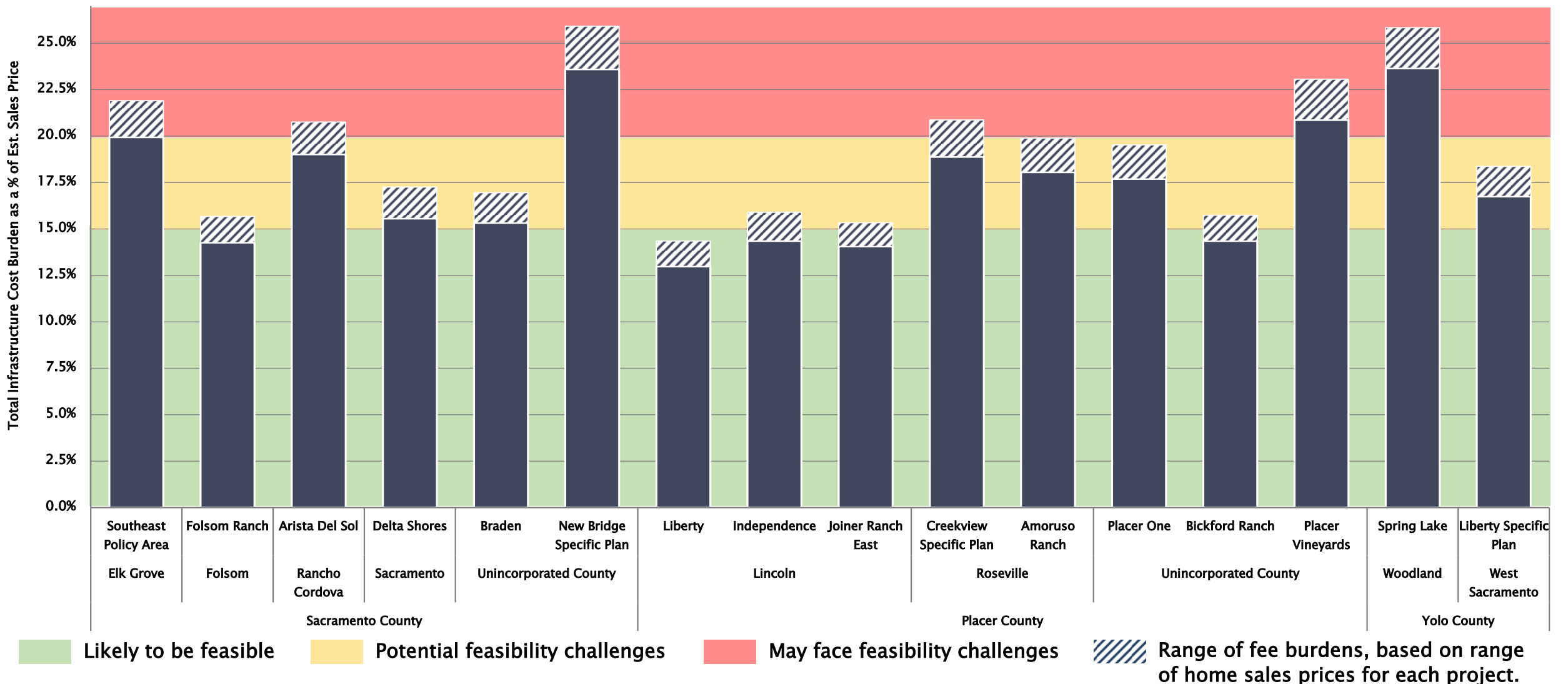
MDR INFRASTRUCTURE COST BURDENS AS A PERCENTAGE OF HOME PRICE

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.

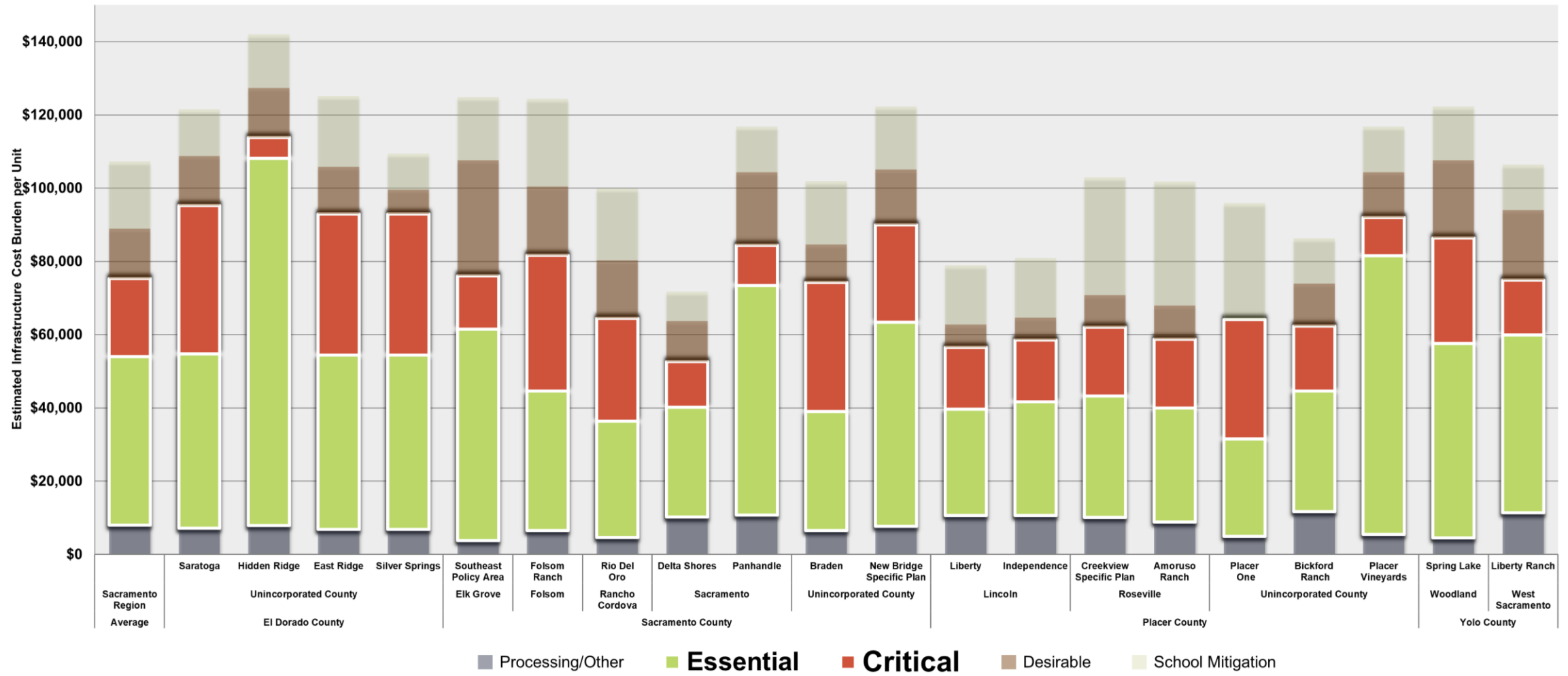
SMALLER/HIGHER DENSITY UNITS HAVE HIGHER BURDENS AS A % OF HOME SALES PRICE



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

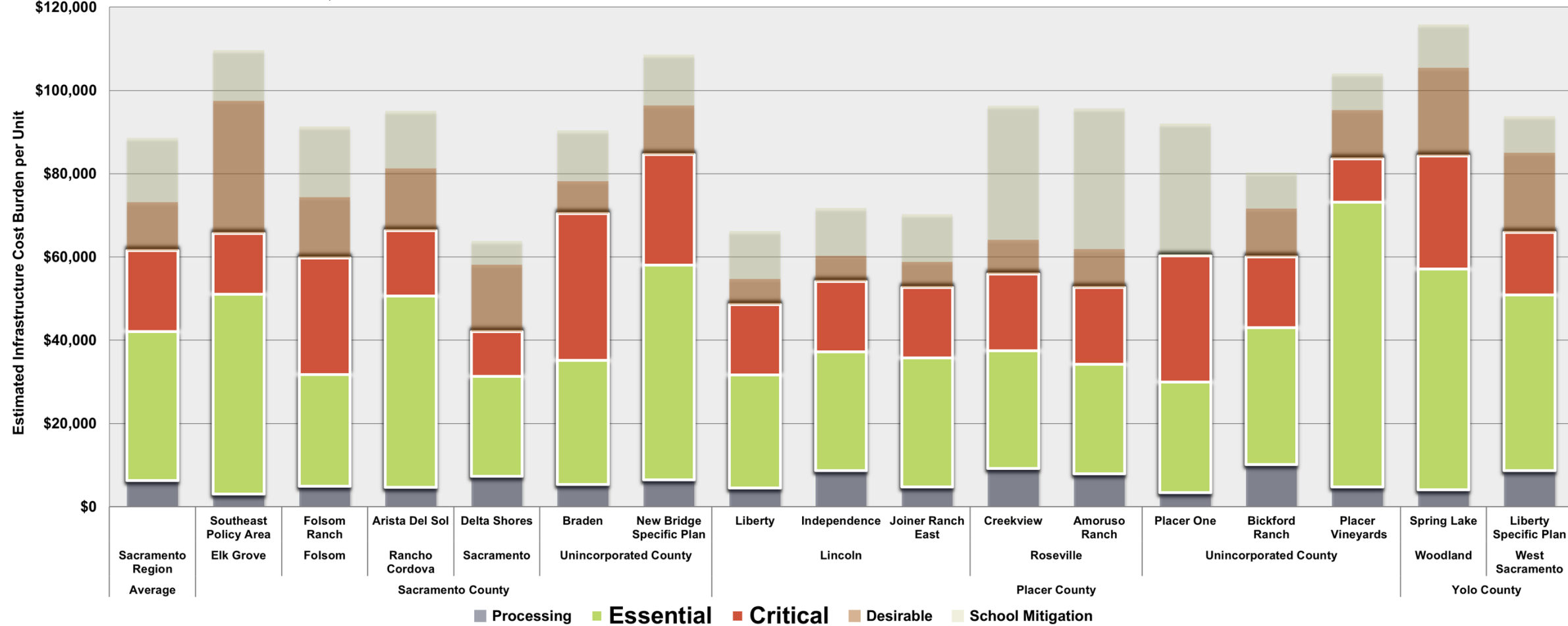
ESSENTIAL & CRITICAL FEES DRIVE LDR COST BURDENS

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



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



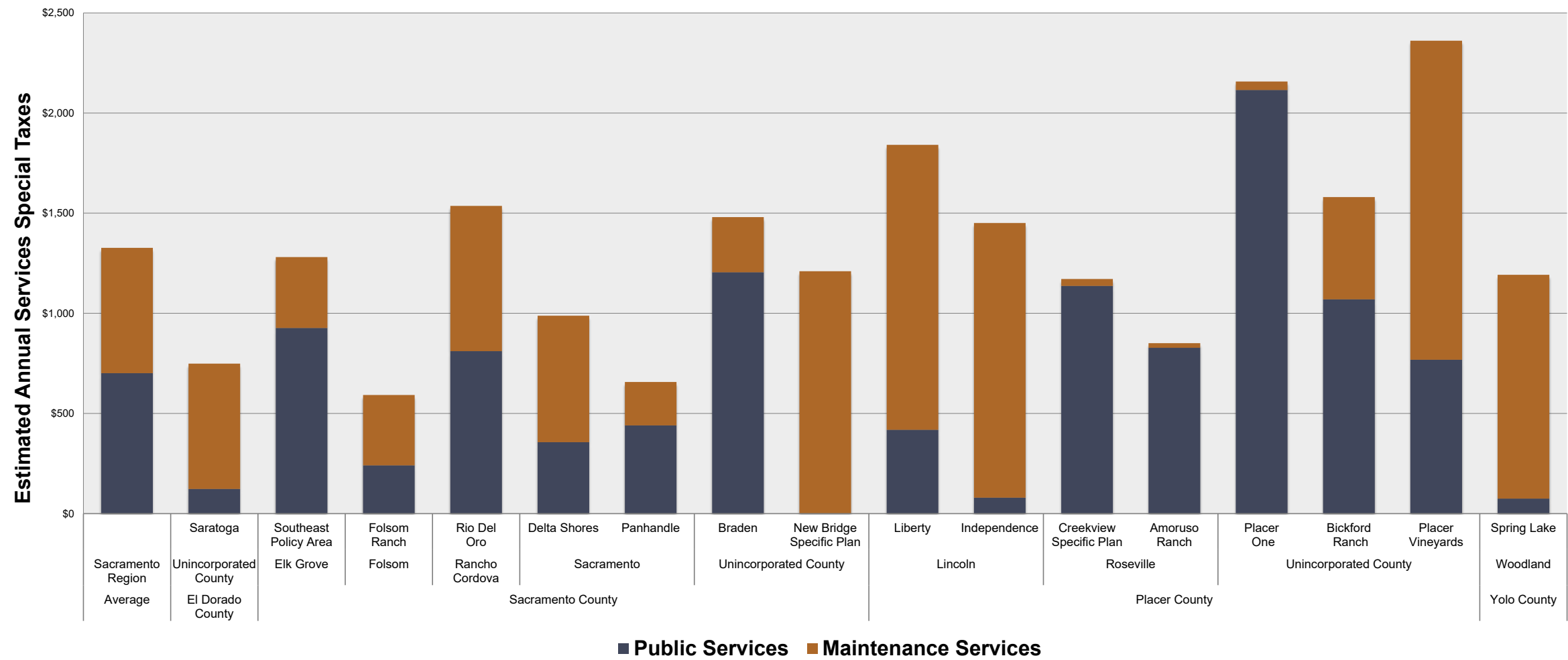
*Fees shown don't fully account for full costs of wetland/habitat mitigation, affordable/inclusionary housing requirements, and privately-equalized infrastructure costs

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

IMPACTS OF INCREASING ANNUAL SERVICES TAXES

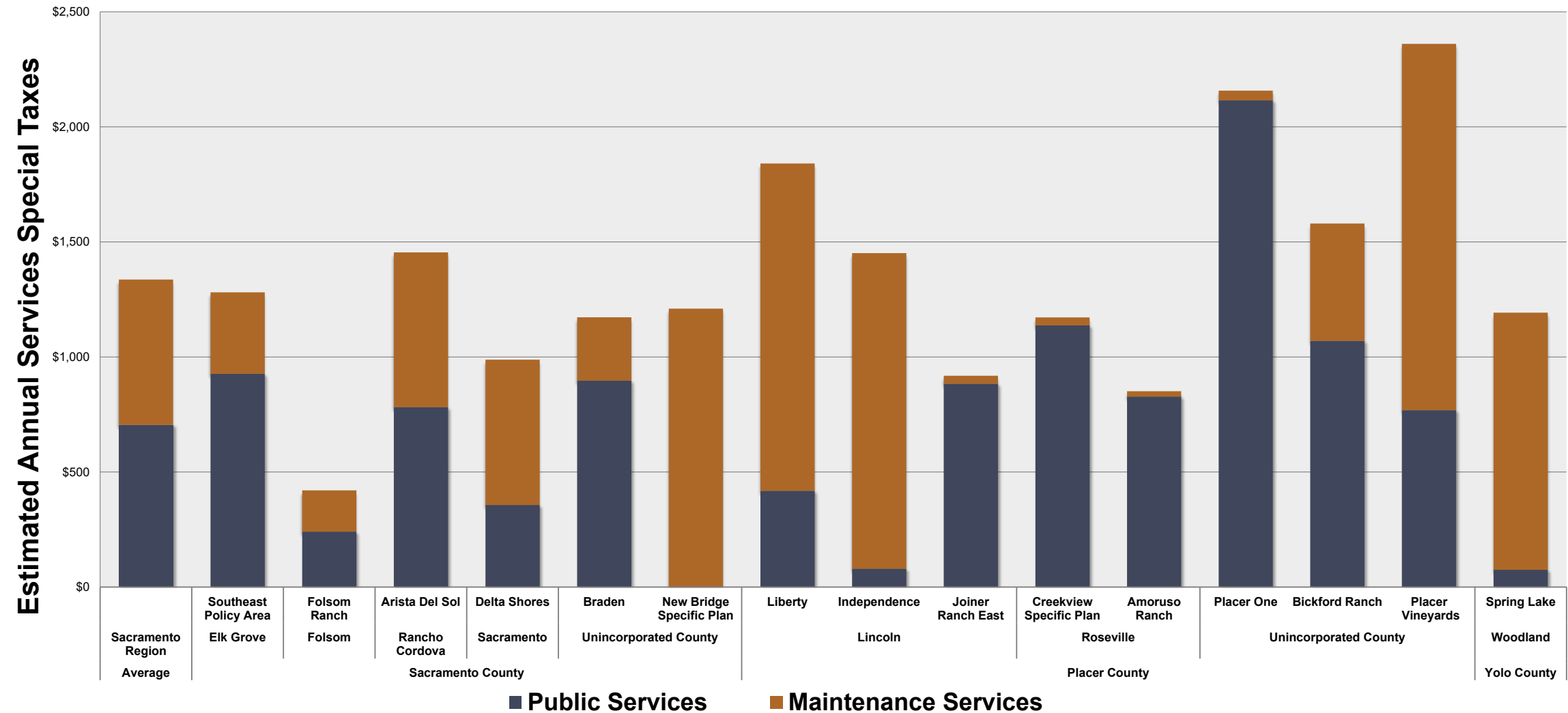


LDR ANNUAL SERVICES SPECIAL TAXES



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

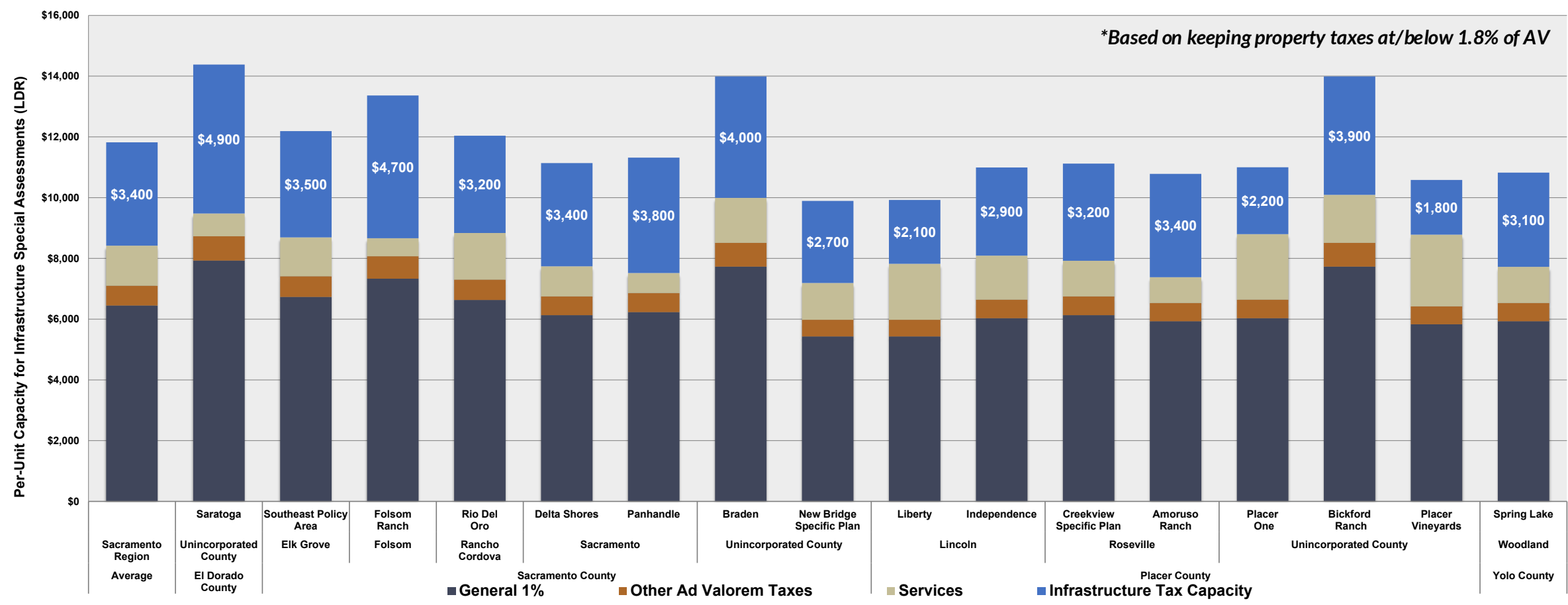
MDR ANNUAL SERVICES SPECIAL TAXES



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

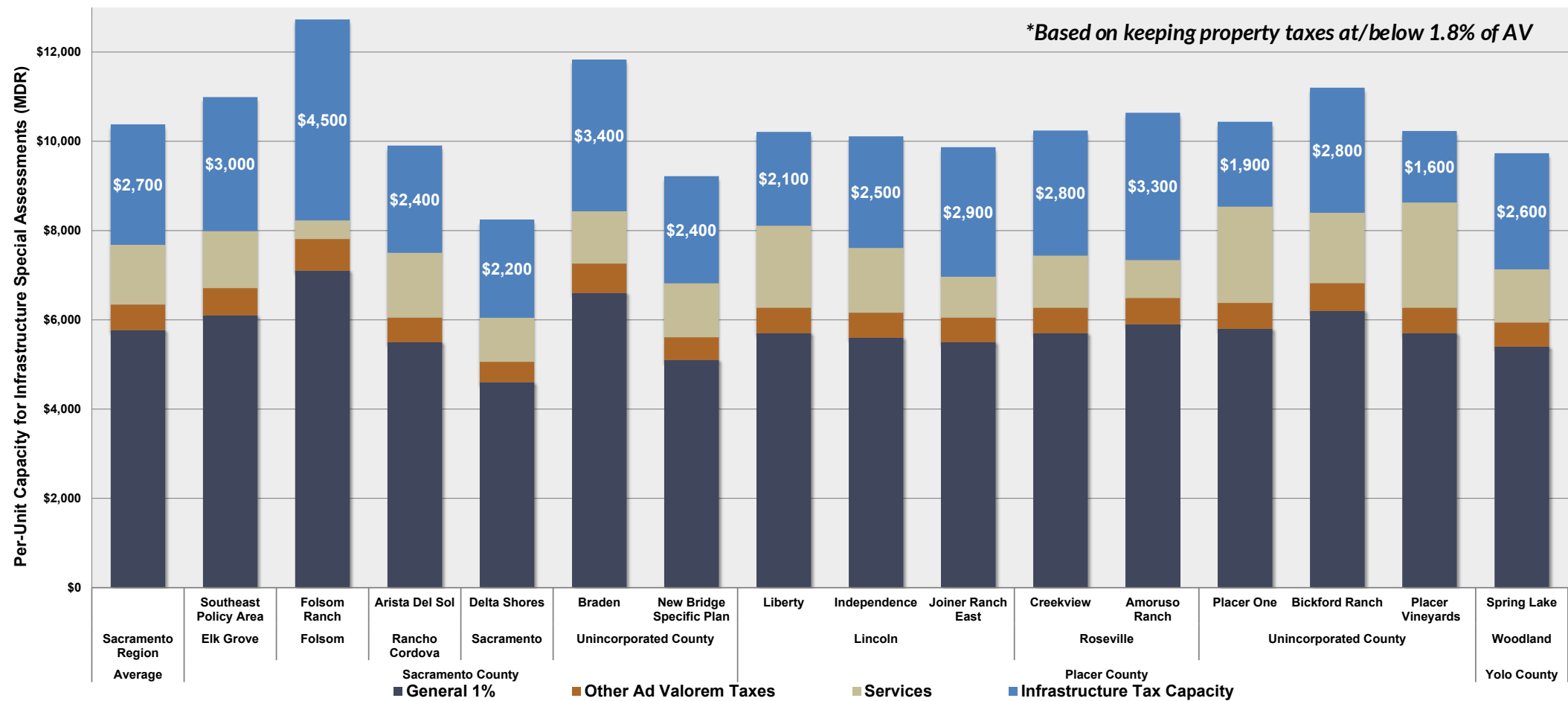
Estimated Capacity for Annual Infrastructure Special Taxes/Assessments per LDR Unit



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



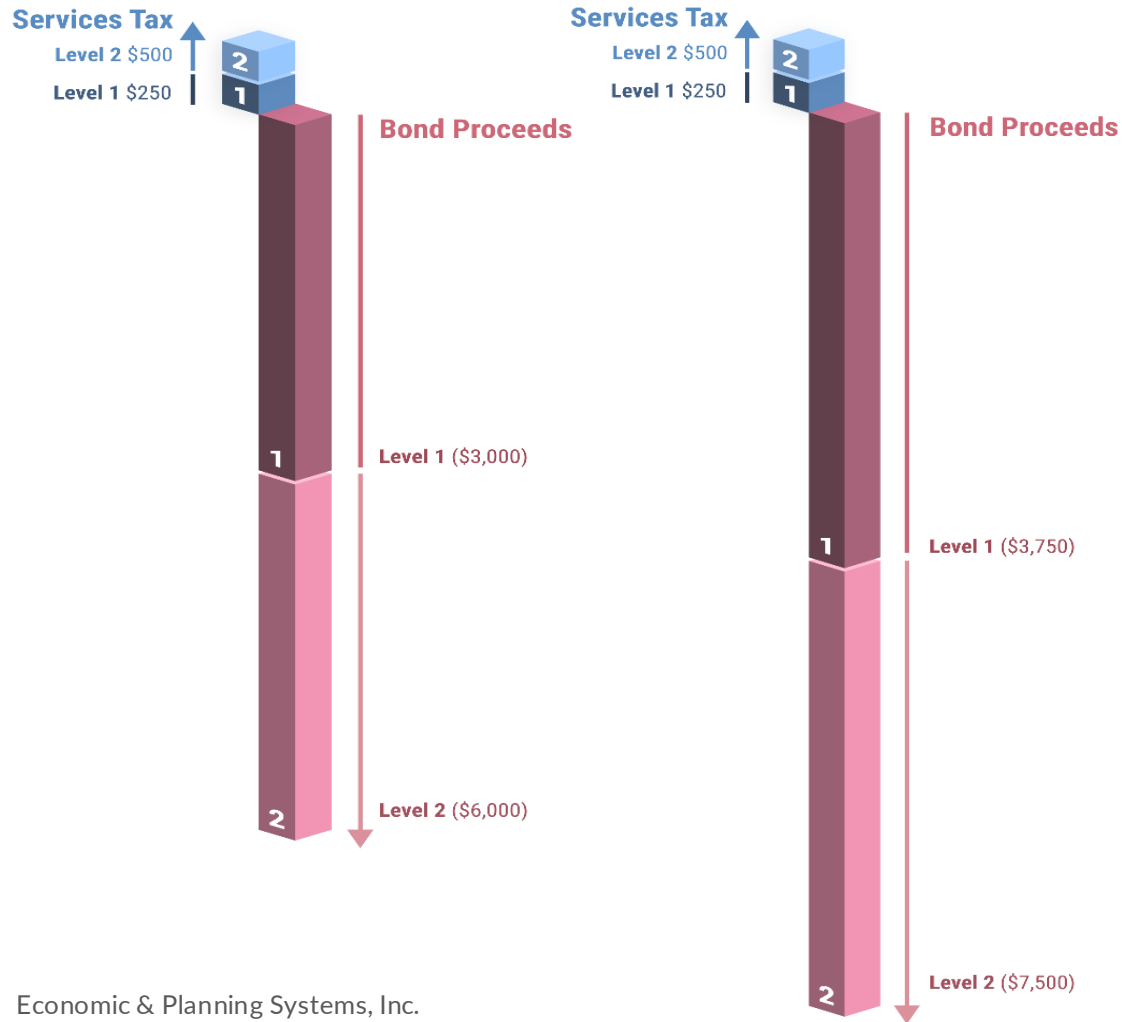
Source: Various counties, special districts, and special tax administrators; EPS.

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.