STAFF MEMO-ATTACHMENT 3

MEMORANDUM

To: Jeff Morgan, The Spanos Corporation

From: Amy Lapin and Kate O'Beirne

Subject: El Dorado Hills Town Center East Revenue Impact Analysis; EPS #172158

Date: January 31, 2018

The Economics of Land Use

Introduction

Economic & Planning Systems, Inc. (EPS) was retained by The Spanos Corporation (Client) to prepare an analysis detailing estimated revenue associated with development of a 4.5-acre site located in the El Dorado Hills Town Center East Commercial Development Plan area (Town Center). The Town Center is located in the community of El Dorado Hills (EDH), California, in unincorporated El Dorado County (County).

The Town Center was approved in August 1995 to accommodate a maximum of 925,000 square feet of commercial space and a 150-room hotel.[1] In 2008, the 4.5-acre site, specifically, was designated to accommodate the hotel, as well as general commercial/retail land uses.[2] The Client now proposes to rezone the site to exclusively accommodate a 214-unit multifamily residential project (Project).

The purpose of this memorandum is to provide the Client and County with the results of an analysis of key, annual County General Fund revenues and one-time development impact fee revenues estimated to be generated by the proposed Project. These revenue estimates are updated from a revenue analysis EPS completed for the Client in 2014 for a similar multifamily residential project.

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[1] County of El Dorado Development Services Planning Commission Staff Report, June 26, 2014.

[2] Ibid.

Summary of Findings

EPS presents the following key revenue impact conclusions from the analysis contained herein. These revenues reflect the net present value (NPV) of cumulative, key, annual County General Fund tax revenues under three time frames: 10 years (2018-2027); 15 years (2018-2032); and 20 years (2018-2037). Also included in this memorandum are estimated one-time development impact fee revenues paid to the County and special agencies when the Client acquires building permits. All NPV figures are presented in adjusted 2017 dollars.[3] The revenue impact analysis assumptions and methodology and additional economic information underpinning these conclusions are described in detail in the remaining sections of this memorandum.

Market Findings

- **The State is experiencing a housing crisis, supporting demand for additional housing.** The additional housing supply from the proposed Project is estimated to be immediately absorbed in the market, given the desirable neighborhood and urban development pattern surrounding the site, and existing Statewide housing crisis.

- **It is unlikely that sufficient market demand could support an additional hotel on the Project site for many years.** Demand for hotels is driven by commercial (corporate or public-sector travel), meeting/group (conferences), and leisure (family travel) segments. An additional hotel in 2016 in Folsom and three planned hotels in and close to the Town Center are estimated to meet current and projected long-term future demand for hotel rooms.

Key Annual General Fund Revenues

- **Over the next 10 years (2018-2027), the proposed Project is estimated to generate about $1.5 million (in adjusted 2017$) in cumulative, key, annual County General Fund revenues.** This estimate of revenues is based on the assumption that there is immediate market support for the proposed multifamily residential project, with construction occurring between 2019 and 2021 and revenue accruing annually to the County starting in Fiscal Year (FY) 2021-22. Key County General Fund revenues include property tax, property tax in lieu of vehicle license fees (VLF), sales tax, and Proposition 172 Public Safety sales tax revenues.[4]

- **Over the next 15-20 years, the proposed Project is estimated to generate about $2.8 million and $4.0 million (in adjusted 2017$), respectively, in cumulative, key, annual County General Fund Revenues.** These annual revenues will continue to accrue to the County General Fund as long as the Project is in operation.

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[3] In this analysis, NPV is based on a revenue-escalation rate of 3.0 percent and a discount rate of 3.0 percent. Both rates are based on a rate that approximates the average, long-term consumer price index (CPI).

[4] This analysis is not intended to be a complete fiscal impact analysis and only includes top revenue sources estimated to be generated by the proposed Project to the County General Fund. This analysis does not estimate General Fund costs to serve the project.

County and Other Agency Development Impact Fee Revenues

- **The proposed Project is estimated to generate about $9.4 million (in adjusted 2017$) in one-time development impact fee revenues for the County and other agencies and special districts in the County.** This revenue estimate reflects current fees established by the County and other special agencies in the County as of January 2018. This analysis assumes these fees will be remitted to applicable agencies when building permits are acquired in FY 2018-19. Fee revenue generated by the Project will contribute to funding capital facilities included in each agency's fee program to serve the Project and surrounding development.

Site and Project Description

Site Description

The Town Center functions as a hybrid shopping center, combining a pedestrian-oriented "main street" presence with a traditional, suburban neighborhood- and community-serving retail center. Town Center Boulevard serves as the primary entrance to the retail center, providing immediate access and visibility from U.S. Highway 50. The "main street" element of the center contains a mix of small boutique retail, other retail, and office uses, while the remainder of the retail center is anchored by a grocery store, movie theater, and big box retail.

At the terminus of Town Center Boulevard is the Regal Cinema Theater, and to the south and east of the "main street" shops are: a 93-room upper midscale class hotel (Holiday Inn Express & Suites), a Spare Time gym, a Target, and numerous outparcels containing various retail and medical office uses. To the north of the "main street" portion of the project, and separated by a large surface parking lot, is a grocery-anchored (Nugget Markets) strip retail center called MarketPlace at Town Center. East of the grocery store is a Mercedes-Benz automobile dealership.

To date, the Town Center consists of approximately 687,000 square feet of neighborhood-, community-, and regional-serving retail uses and commercial office space. This total square footage includes the 128,000-square-foot Target; the 62,000-square-foot Regal Cinema Theater; and about 135,000 square feet in the Nugget-anchored MarketPlace at Town Center.

The Project site is in the heart of the Town Center, bordered by existing commercial uses, including the Regal Cinema Theater to the east; the Holiday Inn Express & Suites hotel, restaurants, and retail shops to the west and south; and the Mercedes-Benz dealership to the north, with two major access points from Town Center Boulevard and Vine Street. The Project site is within walking distance to nearby amenities and stores, with easy access to the highway and nearby employment centers.

Proposed Project Description

The proposed Project evaluated in this analysis consists of two 4-story buildings, with 214 units comprising studio, one-bedroom, and two-bedroom renter-occupied apartments. The targeted rents for apartments reflect a proposed price point of $2.50 per square foot per month. This translates into estimated average monthly rents ranging from about $1,400 for studios, $1,900 for one-bedrooms, and $2,800 for two-bedrooms. The proposed Project also features a four-story parking garage located in between the two residential buildings.

To achieve the targeted rents, the proposed Multifamily Residential Project is anticipated to offer a variety of amenities to supplement the Project site's surrounding walkable environment with proximity to retail, restaurants, and entertainment. On-site features that may be incorporated into the project include swimming pools, outdoor Jacuzzi, clubhouse, business center, community garden, and a dog park. Service-oriented amenities may include valet, trash collection, concierge services, off-site dry cleaning and laundry service, and personal trainers. Technology-oriented amenities may include complimentary internet/television connections, centralized smart technology and control, remote access to thermostats, and built-in wireless speakers. Other rental premium characteristics may include energy-efficient appliances; insulated and Low E windows; LED lighting; recycled and natural materials; passive solar features; and architectural features such as high ceilings, large windows, additional storage, and balcony or yard access.

Refer to **Table A-1** in **Appendix A** for the number of units by apartment size proposed in the Project. Refer to **Table A-2** for the assessed value and population density assumptions used to estimate revenues.

Development Absorption of Proposed Project

The additional housing supply from the 214-unit multifamily Project is estimated to be immediately absorbed in the market, given the desirable neighborhood and urban development pattern surrounding the site, and existing market conditions.

California is in the midst of a severe housing shortage. Statewide, the housing industry is building about half the homes needed every year, resulting in high home prices, unaffordable rents, long commutes, increased homelessness and reduced economic activity.[5] To keep up with population growth California needs to build more than 100,000 housing units in addition to what is already planned.[6] As a good start to mitigating the crisis, the California Legislature passed multiple bills in 2017 to help create affordable housing, incentivize and help developers build housing, and incentivize local jurisdictions to plan for more housing.[7] These bills emphasize that mitigating the housing crisis will require both private-sector and local government participation.

The multifamily housing market, both nationally and regionally, has been growing steadily since 2011 with demand for rentals reaching a historic high in 2017 according to the vice president of research and modeling for Freddie Mac Multifamily, who also noted that the Sacramento region is one of the top ten housing markets in demand.[8] Locally, EDH appears ready to capitalize on the recent multifamily development uptick and emerging trends in multifamily demand.

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[5] "The next steps to ease California's housing crisis," The Sacramento Bee, January 2, 2018.

[6] "Gov. Brown just signed 15 housing bills. Here's how they're supposed to help the affordability crisis," Los Angeles Times, September 29, 2017.

[7] Ibid.

[8] Multifamily Biz, "Freddie Mac Releases Outlook Report on Multifamily Housing Demand and Oversupply Risks," February 2017.

As described previously, this analysis is based on the assumption that the proposed Project would be constructed beginning in calendar year 2019 (with development impact fees remitted in FY 2018-19) and ending in January 2021 (with annual property and sales tax revenues accruing to the County General Fund beginning in FY 2021-22).

Hotel Market Conditions

This memorandum does not include any revenue projections related to a hotel and retail project on the 4.5-acre site based on existing and planned hotels and existing market conditions, as described below.

The Project site has remained vacant since the Town Center was approved in August 1995. As mentioned previously, the Client's 4.5-acre site was specifically designated in 2008 to accommodate a hotel and general commercial land uses. The hotel was envisioned to be an upper midscale class of hotel with conference facility space, and the general commercial land uses were envisioned to be separate pads accommodating up to 33,000 gross building square feet of retail space.

EPS's 2014 memorandum evaluated the performance of proximate upscale and upper midscale hotels.[9] At that time, hotel market fundamentals were down (occupancy rates around 60 percent, on average, and stagnant room rates), consistent with the effects of the Great Recession and slow recovery. For this memorandum, EPS reviewed current hotel market performance indicators. The data indicated that as the economy continued to rebound from the recession, market fundamentals improved. Occupancy rates strengthened, remaining slightly above 70 percent for the past two years (2015 and 2016, the most recent annual figures available).[10] However, average room rates have not experienced any real growth. Room rates increased by about 10 percent ($105 in 2011 and $115 in 2016), matching the rate of inflation for the same time period.[11]

Based on a review of upper midscale and upscale hotels in the submarket surrounding EDH over the last three decades (reflecting multiple real estate cycles and significant growth in the Sacramento region), one new hotel is constructed, on average, every seven years.[12] The Town Center (and larger EDH community) is currently home to one hotel, the Holiday Inn Express & Suites, constructed in 2005. In 2016, Folsom added a new hotel—a Fairfield Inn & Suites—to its existing inventory, which includes the Hampton Inn Suites and Larkspur Landing. Placerville is home to two upper midscale hotels (Best Western Plus and the Historic Cary House Hotel).

Currently, there are three planned hotels in EDH: a 115-room upscale class Aloft Hotel by Marriot located in the Town Center close to the Project site, with construction estimated to begin in

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[9] Smith Travel Research data for five upper midscale class hotels located in El Dorado Hills (Holiday Inn Express & Suites), Folsom (Fairfield Inn & Suites and Hampton Inn Suites), and Placerville (Best Western Plus and Historic Cary House Hotel) and one upscale class hotel in Folsom (Larkspur Landing).

[10] Ibid.

[11] Ibid.

[12] The submarket surrounding EDH includes Folsom and Placerville.

2018; a 99-room hotel with conference facility space, which is part of a proposed 74,000 square foot retail center (the second phase of Montano De El Dorado, on the southeast corner of Latrobe Road and White Rock Road adjacent to the Town Center); and an 80-room, 4-story hotel, which is part of a proposal to develop two retail centers called EDH 52, located on the corner of Silva Valley Road and Tong Road and comprising 290,000 square feet.[13] [14] [15] In addition, the existing Holiday Inn Express within the Town Center is undergoing a $1.0 million renovation.[16]

Demand for hotels is driven by commercial (corporate or public-sector travel), meeting/group (conferences), and leisure (family travel) segments. With the addition of the Fairfield Inn & Suites in Folsom in 2016, as well as the planned hotels in EDH and the significant investment in the existing Holiday Inn Express, it is unlikely that sufficient market demand from any of these segments could support an additional hotel on the Project site for many years.

In addition, with planned new retail at Montano De El Dorado and EDH 52, and existing vacant retail space in and surrounding the Town Center, it is unlikely that sufficient market demand exists for the designated retail space on the Project site.

Overall retail vacancy rates in Folsom and EDH have reached a healthy equilibrium at approximately 5 to 6 percent (as of 3Q 2017), respectively, down from 12 to 13 percent, respectively, in 2009. The Town Center, specifically, has vacancy rate of 15 percent ("main street" retail portion) and 19 percent (MarketPlace portion).[17] Generally, long-term vacancy rates for stabilized neighborhood/community-serving retail centers are around 5 to 9 percent.[18]

New demand for retail space in the Town Center will be derived primarily from new household growth in EDH and the surrounding unincorporated County. To date, while household incomes in EDH and the surrounding community are very strong, projected household growth is uncertain. The timing of major master-planned projects in the greater area is such that additional demand is unlikely to affect the prospects for developing a viable near-term retail project at the site.

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[13] "Growing hotel chain aimed at tech-savvy traveler's lands in Town Center," Sacramento Business Journal, September 15, 2017.

[14] "EXCLUSIVE: New El Dorado Hills retail center would include hotel, amphitheater," Sacramento Business Journal, August 8, 2017.

[15] El Dorado County Planning Pending Projects website and email correspondence with El Dorado County planning staff, January 2018.

[16] "Growing hotel chain aimed at tech-savvy traveler's lands in Town Center," Sacramento Business Journal, September 15, 2017.

[17] Interview with the Town Center Management Group, January 2018.

[18] Email correspondence with Garrick Brown, National Retail Research Director, Cushman & Wakefield, January 2018.

Summary of Revenue Impacts for Proposed Project

Key County General Fund Revenues

Development of the Project will generate annual revenues for the County's General Fund.[19] In this analysis, EPS estimated key annual General Fund tax revenues generated by the proposed Project at buildout, including property tax, property tax in lieu of VLF, sales and use tax, and Proposition 172 public safety sales tax revenues.[20]

EPS estimated the NPV (in adjusted 2017$) of cumulative, key, annual General Fund revenues, assuming three time frames following construction of the project: 10 years (2018–2027), 15 years (2018–2032), and 20 years (2018–2037).[21]

Table 1 shows that, over the next 10 years, the Project is estimated to generate about $1.5 million (in adjusted 2017$) in cumulative, annual County General Fund revenues. For the 15-year and 20-year timeframes, the Project will generate about $2.8 million and $4.0 million (in adjusted 2017$) for the County's General Fund, respectively. Refer to **Table 2** for the cash flow analysis of the Project (10-year timeframe shown only).

The key, annual General Fund revenues that inform the NPV analysis are summarized in **Table 3** and described in further detail in the following sections.

County and Other Agency Development Impact Fee Revenues

EPS also estimated the NPV of one-time development impact fees that would be generated for the County and other special agencies in the County at building permit. As shown in **Table 1**, the Project is estimated to generate about $9.4 million (in adjusted 2017$) in one-time revenues for the County and other agencies and special districts in the County.[22] The detailed one-time development impact fee estimates for the Project that inform the NPV analysis are provided in **Table 4**.

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[19] Note that this analysis does not evaluate all County General Fund revenues that would be generated by each project. Further, this analysis does not estimate the net fiscal impacts of development on the Project site; EPS did not estimate County General Fund expenditures to provide services to the site.

[20] This analysis is not intended to be a complete fiscal impact analysis and only includes top revenue sources estimated to be generated by the proposed project to the County General Fund. This analysis does not estimate General Fund costs to serve the project.

[21] In this analysis, NPV is based on a revenue-escalation rate of 3.0 percent and a discount rate of 3.0 percent. Both rates are based on a rate that approximates the average, long-term consumer price index (CPI).

[22] The one-time development impact fee estimates shown in this analysis reflect current fees established by the County and other agencies and special districts in the County as of January 2018.

Detailed Information Related to Revenue Impacts

Key Annual General Fund Revenues

As described previously, EPS estimated key annual County General Fund tax revenues generated by development of each project at buildout, including property tax, sales and use tax, and Proposition 172 public safety sales tax. At buildout, the Project is estimated to generate about $259,000 in annual property and sales tax revenues for the County General Fund (in current 2017$). The following sections describe the methodology for estimating these annual key County General Fund revenues.

Property Tax

Estimated annual property tax revenue resulting from the proposed project is shown in **Table B-1** in **Appendix B**. The property tax revenue the County will receive from the proposed project is derived from the County's General Fund percentage share of the 1-percent ad valorem property tax rate as shown in **Table C-1** in **Appendix C** and the estimated, total assessed value of the project as shown in **Table C-2**.

The total assessed value of the Project was estimated based on the assumed average, annual rents by apartment size to derive annual rent and divided by a capitalization rate of 7.0 percent to derive an asset value per unit. As of fourth quarter 2016, capitalization rates in the Sacramento Region ranged between 4.6 percent and 7.1 percent; although capitalization rates are projected to continue decreasing, the higher capitalization rate was used in the analysis as a more conservative estimate of value.[23] These assumptions translate into a total assessed value for the project of $83.5 million and approximately $157,000 in annual property tax revenue for the County General Fund.

Property Tax in Lieu of Vehicle License Fees

This analysis uses a formula provided by the California State Controller's Office to forecast Property Tax in Lieu of Vehicle License Fees (PTIL VLF). PTIL VLF is calculated by taking the percentage increase of the County's assessed value resulting from the Project and applying that percentage share to the County's current State allocation of PTIL VLF. This calculation is shown in **Table B-1** in **Appendix B**. EPS estimates the Project will generate about $52,000 annually for the County General Fund.

Sales Tax

Sales tax revenues to the County are summarized in **Table B-2** in **Appendix B**. As shown, the Project is estimated to generate about $34,000 in annual sales tax revenues based on estimated taxable spending from Project residents and the Bradley-Burns local 1-percent rate.

Based on estimated annual rent, EPS estimated annual household incomes and the percentage of household income spent on taxable retail goods and services. New residential households are estimated to spend between approximately 26 percent and 36 percent of their household income on taxable retail expenditures. EPS assumed the unincorporated County could capture about 65 percent of project households' taxable retail expenditures. That is, 65 percent of the taxable

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[23] Source: Cushman and Wakefield Northern California Multifamily Advisory Group, "Market Insight – Multifamily Report, Fourth Quarter 2016".

retail expenditures of project households likely would occur in the unincorporated County and 35 percent of taxable retail expenditures would occur in competing retail outlets in nearby jurisdictions.

See **Tables B-2** and **B-2A** in **Appendix B** for detailed calculations.

Proposition 172

The County receives approximately 93.5 percent of the gross Proposition 172 Public Safety Sales Tax rate of 0.5 percent. As shown in **Table B-2**, the Project is estimated to generate about $16,000 annually in Proposition 172 sales tax revenue.

Development Impact Fees

The County and other agencies and special districts in the County collect development impact fees on new development based on a project's building valuation, square footage, or other building characteristics.[24] EPS, with assistance from County and other special agency staff, estimated the one-time development impact fees estimated to be collected from development of the Project.[25] As shown on **Table 4**, total one-time development impact fees for the project are approximately $9.7 million (in current 2017$). The estimated total development fees are approximately $45,000 per unit or $24 per gross building square foot (in current 2017$).

[24] Note that a project's building valuation is set by a local jurisdiction's building official. A project's building valuation differs from its estimated total assessed value, which is based on the estimated market value of land and improvements.

[25] The one-time development impact fee estimates shown in this analysis reflect current fees established by the County and other agencies and special districts in the County as of January 2018.

Table 1
El Dorado Hills Town Center East
Revenue Impact Analysis
Net Present Value Analysis (2017$)

Item	Net Present Value of Key Revenues [1] [2]
Total Key General Fund Revenues [3]	
10-Yr Timeframe (FY 2017-18 - 2026-27)	$1,508,738
15-Yr Timeframe (FY 2017-18 - 2031-32)	$2,751,371
20-Yr Timeframe (FY 2017-18 - 2036-37)	$3,972,033
Total Development Impact Fee Revenues [4]	
10-Yr Timeframe (FY 2017-18 - 2026-27)	$9,433,365

npv sum

Source: The Spanos Corporation; EPS.

[1] This analysis assumes that revenue to El Dorado County's General Fund will be generated one fiscal year following completion of project construction. In this analysis, development for the Multifamily Project is assumed to occur from 2019 to January 2021, with the first full year of revenue accruing to the County in Fiscal Year 2021-22.
[2] Net present value (NPV) is presented in adjusted 2017 dollars and is based on the following assumptions:

Revenue Escalation	3.00%
Discount Rate	3.00%

Refer to Table 2 for the cash flow analysis of the proposed project (10-yr timeframe only).
[3] Key General Fund Revenues include property tax and sales tax revenues. See Table 3 for annual key revenues in 2017 dollars.
[4] Refer to Table 4 for Project development impact fee revenues in 2017 dollars.

Table 2
El Dorado Hills Town Center East
Revenue Impact Analysis
General Fund Revenue Cash Flow Analysis [1]

Item	Source/ Assumption	Total (2018-2027)	Fiscal Year 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
			1	2	3	4	5	6	7	8	9	10
Revenue Escalation [2]	**3.00%**		1.000	1.030	1.061	1.093	1.126	1.159	1.194	1.230	1.267	1.305
Multifamily Residential Project												
Key County General Fund Revenues	**Table 3**											
Property Tax		$1,143,000	$0	$0	$0	$0	$176,705	$182,006	$187,466	$193,090	$198,883	$204,849
Property Tax in Lieu of Vehicle License Fees		$378,573	$0	$0	$0	$0	$58,526	$60,282	$62,091	$63,953	$65,872	$67,848
Sales and Use Tax		$247,529	$0	$0	$0	$0	$38,267	$39,415	$40,598	$41,816	$43,070	$44,362
Prop. 172 Public Safety Sales Tax		$116,484	$0	$0	$0	$0	$18,008	$18,548	$19,105	$19,678	$20,268	$20,876
Total General Fund Revenue		**$1,885,585**	**$0**	**$0**	**$0**	**$0**	**$291,507**	**$300,252**	**$309,260**	**$318,537**	**$328,093**	**$337,936**
Development Impact Fees	**Table 4**	**$10,007,857**	**$0**	**$10,007,857**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Total Revenue		**$11,893,442**	**$0**	**$10,007,857**	**$0**	**$0**	**$291,507**	**$300,252**	**$309,260**	**$318,537**	**$328,093**	**$337,936**

cf

Source: The Spanos Corporation; EPS.

[1] This analysis assumes the Multifamily Residential Project, based on demand for multifamily housing units, would be constructed between 2019-2021, with revenues accruing to the County beginning in Fiscal Year 2021-22.
[2] Based on 2017 General Fund revenues shown in Table 3 and development impact fees shown in Table 4, escalated annually to the year in which revenues are estimated to be generated for the County.

Table 3
El Dorado Hills Town Center East
Revenue Impact Analysis
Estimated Annual Key Revenues (2017$)

Item	Source	Annual Revenues at Buildout
Key General Fund Revenues [1]		
Property Tax	Table B-1	$157,000
Property Tax in Lieu of Vehicle License Fees	Table B-1	$52,000
Sales and Use Tax	Table B-2	$34,000
Prop. 172 Public Safety Sales Tax	Table B-2	$16,000
Total General Fund Revenues		**$259,000**

revenues

Source: El Dorado County FY 2017-18 BOS Adopted Budget; El Dorado County CAO; EPS.

Note: Values are rounded to the nearest $1,000.

[1] This analysis is not intended to be a complete fiscal impact analysis and only includes top revenue sources estimated to be generated by development to the El Dorado County General Fund. This analysis does not estimate General Fund costs to serve development.

Table 4
El Dorado Hills Town Center East
Revenue Impact Analysis
Estimated Development Impact Fees (2017$)

Fees Current as of January 2018

Fee Category	Amount: Dwelling Space	Clubhouse	Parking Garage	Total	Comments
Development Assumptions					
	194,229	-	-	**194,229**	Living Area Square Feet
	12,840	-	-	**12,840**	Patio Square Feet (covered)
	-	-	112,760	**112,760**	Parking Garage Square Feet
	-	8,000	-	**8,000**	Clubhouse Square Feet [1]
	$23,149,953	**$974,560**	**$8,558,484**	**$32,682,997**	**Total Building Valuation**
				4.56	Gross Acreage
				214	Dwelling Units
				398,692	Gross Square Feet
Building Permit Fees					
Existing City/County Fees					
Building Permit	$321,784	$13,546	$118,963	**$454,294**	Based upon valuation shown above x $.0139
Technology Fee	$300	$300	$300	**$900**	.0356% of value ($300 max)
General Plan Implementation Fee	$300	$260	$300	**$860**	.0267% of value ($300 max)
Encroachment	$327	-	-	**$327**	If applicable, $327
Plan Review	$500	$423	$250	**$1,173**	$250 review fee MFD + $423 Commercial
Strong Motion Instrumentation Fee	$3,009	$273	$1,113	**$4,395**	0.013% of building valuation MFD, 0.028% Commercial
California Building Standards Commission (Green Fee)	$926	$39	$343	**$1,308**	$1.00 per $25,000 building valuation
Rare Plant Mitigation	$61,953	-	-	**$61,953**	$289.50 per unit
Surveyors Office Addressing Fee	$50	$25	-	**$75**	$25 fee per building
Traffic (Zone 8)	$2,776,650	-	-	**$2,776,650**	$12,975 per unit - effective 2/10/18
El Dorado Hills CSD Park Fee	$433,350	-	-	**$433,350**	$2,025 per unit - effective 2018
Subtotal City/County Fees	**$3,599,150**	**$14,866**	**$121,269**	**$3,735,285**	
Other Agency/Special District Fees					
School Mitigation Fee	$695,752	$4,320	-	**$700,072**	$3.36 per residential sq. ft.+ $0.54 per commercial sq. ft.
El Dorado Hills Fire Fee	$240,200	$9,280	-	**$249,480**	$1.16 per sq. ft.
Sewer - EID	$2,304,299	-	-	**$2,304,299**	$10,767.75 per unit (includes 25% discount for MFR)
Sewer Inspection Fee - EID	$175	-	-	**$175**	$175 for wastewater inspection fee
Water - EID	$2,727,056	-	-	**$2,727,056**	$12,743.25 per unit
Subtotal Other Fees	**$5,967,481**	**$13,600**	**$0**	**$5,981,081**	
Total All Permit Fees	**$9,566,631**	**$28,466**	**$121,269**	**$9,716,366**	
Estimated Fees Per Unit	*$44,704*	*$133*	*$567*	***$45,404***	
Estimated Fees Per Building Sq. Ft.	*$24.00*	*$0.07*	*$0.30*	***$24.37***	

fees

Source: El Dorado County; County special districts; EPS.

[1] For valuation purposes, the County considers the Clubhouse to be commercial space.

APPENDICES:

Appendix A:	Project Assumptions
Appendix B:	County General Fund Revenue Calculations
Appendix C:	County General Fund Revenue Supporting Assumptions

APPENDIX A:

Project Assumptions

Table A-1
El Dorado Hills Town Center East
Revenue Impact Analysis
Land Use Summary

Land Use	Acreage	Average Density	Dwelling Units	Estimated Residential Population [1]
Residential Land Uses		*Units/Acre*		
Studio	-	-	26	26
1 Bed/1 Bath	-	-	88	122
2 Bed/2 Bath	-	-	100	202
Total Residential Land Uses	**4.5**	**47.6**	**214**	**350**

lu prop

Source: The Spanos Corporation; ParcelQuest; EPS.

[1] Based on persons per residential unit type as shown in Table A-2.

Table A-2
El Dorado Hills Town Center East
Revenue Impact Analysis
Analysis Assumptions

Residential Land Uses	Estimated Assessed Value per Unit [1]	Persons per Dwelling Unit [2]
Studio	$250,000	1.00
1 Bed/1 Bath	$330,000	1.39
2 Bed/2 Bath	$480,000	2.02

lu assumps

Source: The Spanos Corporation; EPS.

[1] Residential values calculated by multiplying the weighted average square footage by residential type by the rent per square foot as provided by The Spanos Corporation and then multiplying that by 12 months to determine the rent value and dividing that by a capitalization rate of 7 percent. These figures are then rounded.
[2] Persons per dwelling unit based on a weighted average of persons per household per residential type as provided by the Spanos Corporation.

Appendix B:

County General Fund Revenue Calculations

Table B-1
El Dorado Hills Town Center East
Revenue Impact Analysis
Estimated Annual Property Tax Revenues (2017$)

Item	Assumptions/ Source	Formula	Annual Revenue at Buildout
Property Tax Revenue (1% of Assessed Value)			
Assessed Value (2017$) [1]	Table C-2	*a*	$83,540,000
Property Tax Revenue (1% of Assessed Value)	1.00%	*b = a * 1.00%*	$835,400
Estimated Property Tax Allocation [2]			
County General Fund	**18.82%**	***c = b * 18.82%***	**$157,241**
County Road District Tax	2.44%	*d = b * 2.44%*	$20,394
CSA #7	1.31%	*e = b * 1.31%*	$10,914
EID	5.71%	*f = b * 5.71%*	$47,663
EDH County Water/Fire	17.54%	*g = b * 17.54%*	$146,556
El Dorado Hills CSD	8.14%	*h = b * 8.14%*	$68,002
Other Agencies/ERAF	46.04%	*i = b * 46.04%*	$384,630
Property Tax In-Lieu of Motor Vehicle In-Lieu Fee Revenue (VLF)			
Total Countywide Assessed Value [3]		*j*	$31,815,185,131
Total Assessed Value of Project		*a*	$83,540,000
Total Assessed Value		*k = a + j*	**$31,898,725,131**
Percent Change in AV		*l = a / j*	0.26%
Property Tax In-Lieu of VLF [4]	**$19,779,103**	*m = l * $19,779,103*	**$51,936**

prop tax

Source: El Dorado County Auditor-Controller; The Spanos Corporation; EPS.

[1] For assumptions and calculation of assessed value, see Table C-2.
[2] For assumptions and calculation of the estimated property tax allocation, refer to Table C-1.
[3] Reflects total Assessed Valuation for FY 2017-18 from the Agency/District Assessed Values from August 20 Equalized Assessment Roll (Includes State BOE Roll) (R&T §2052). Includes Countywide secured, unsecured, homeowner exemption, and public utility roll.
[4] Property tax in-lieu of VLF amount is from the El Dorado County FY 2017-18 BOS Adopted Budget.

Table B-2
El Dorado Hills Town Center East
Revenue Impact Analysis
Estimated Annual Taxable Sales and Use Tax Revenue (2017$)

Item	Formula	Source/ Assumptions	Annual Revenue at Buildout
Estimated Annual Taxable Sales			
Annual County Taxable Sales from New HH Expenditures	*a*	Table B-2A	$3,424,200
Total Bradley Burns Sales Tax Revenue	*b = a * 1.0%*	1.0000%	**$34,242**
Gross Prop 172 Public Safety Sales Tax Revenue	*c = a * 0.5000%*	0.5000%	**$17,121**
El Dorado County Allocation [1]	*d = c * 93.5100%*	93.5100%	**$16,010**

sales tax

Source: El Dorado County; California State Board of Equalization; EPS.

[1] According to El Dorado County, the County receives 93.5 percent of all Prop. 172 Sales Tax revenues generated in the County.

Table B-2A
El Dorado Hills Town Center East
Revenue Impact Analysis
Estimated Annual Taxable Sales from Proposed Development, Market Support Method (2017$)

Item	Assumption	Annual Revenue at Buildout
Annual Taxable Sales from New Households		
Residential Development (Units)	Table A-1	
Studio		26
1 Bed/1 Bath		88
2 Bed/2 Bath		100
Total Residential Development		**214**
Retail Expenditures [1]		
Studio	$18,000	$468,000
1 Bed/1 Bath	$25,000	$2,200,000
2 Bed/2 Bath	$26,000	$2,600,000
Total Retail Expenditures		**$5,268,000**
Taxable Sales from New Households		
Est. Retail Capture Rate within Unincorp. El Dorado Co. [2]		65%
Total Taxable Sales from New Households		**$3,424,200**
Total Annual Taxable Sales from Market Support		**$3,424,200**
Estimated Total Annual Taxable Sales Onsite (within the Project) [3]	0%	$0
Estimated Total Annual Taxable Sales Offsite (within the unincorporated County) [3]	100%	$3,424,200

sales a

Source: U.S. Department of Labor, Bureau of Labor Statistics; EPS.

[1] Refer to Table C-3 for assumptions related to average household retail expenditures by residential unit.
[2] Estimated retail capture rate within unincorporated El Dorado County is based on EPS's qualitative appraisal of retail establishments within and outside of unincorporated El Dorado County.
[3] This analysis is based on the assumption that all taxable sales generated by new Project residents will occur outside of the Project.

APPENDIX C:

County General Fund Revenue Supporting Assumptions

Table C-1
El Dorado Hills Town Center East
Revenue Impact Analysis
Preliminary Property Tax Allocations

Fund/Agency	**Pre-ERAF Distribution by Tax Rate Area [1]** TRA 054-007	**Percentage Shift to ERAF [2]**	**Post-ERAF Distribution Factors**
Taxing Entities for Analysis			
County General Fund	26.2990%	28.4297%	18.8223%
Other Taxing Entities			
Road District Tax	2.6323%	7.26018%	2.4412%
Accum Capital Outlay	0.5454%	25.31728%	0.4073%
County Water Agency	0.8611%	9.69617%	0.7776%
CSA #7	1.7661%	26.02532%	1.3065%
EID	5.7054%	0.00000%	5.7054%
EDH County Water/Fire	17.5432%	0.00000%	17.5432%
El Dorado Hills CSD	10.4644%	22.21212%	8.1400%
Buckeye Elementary	14.8936%	0.00000%	14.8936%
El Dorado High	12.4190%	0.00000%	12.4190%
Los Rios Community	4.4377%	0.00000%	4.4377%
County School Services	2.4328%	0.00000%	2.4328%
Subtotal Property Tax Pre-ERAF	**100.0000%**		**89.3266%**
Educational Revenue Relief Fund (ERAF)			10.6734%
Total Gross Property Tax			**100.0000%**

tax alloc

Source: El Dorado County Auditor-Controller; EPS.

[1] Represents the percentage allocation of the 1% ad valorem property tax by Tax Rate Area (TRA) for FY 2017-18.
[2] Estimated by EPS based on information provided by the El Dorado County Auditor-Controller.

Table C-2
El Dorado Hills Town Center East
Revenue Impact Analysis
Estimated Assessed Valuation at Buildout (2017$)

Item	Rounded Value per Unit/Sq. Ft. [1]	Total Assessed Value (Rounded) Units/ Sq. Ft.	Assessed Value [2]
Residential Land Uses	*Per Unit*	*Units*	
Studio	$250,000	26	$6,500,000
1 Bed/1 Bath	$330,000	88	$29,040,000
2 Bed/2 Bath	$480,000	100	$48,000,000
Total Residential Land Uses		**214**	**$83,540,000**

av

Source: The Spanos Corporation; ParcelQuest; EPS.

[1] See Table A-2 for detail.
[2] Note that assessed values (AV)s are expressed in 2017$ and include no real AV growth.

Table C-3
El Dorado Hills Town Center East
Revenue Impact Analysis
Average Income and Retail Expenditures for Residential Units (2017$)

		Household Income and Retail Expenditures	
Residential Land Use	**Assumption [1]**	Total Annual Rent	Est. Household Income [2]
Average Household Income	*Avg Monthly Rent*		
Studio	$1,400	$16,800	$50,400
1 Bed/1 Bath	$1,900	$22,800	$68,400
2 Bed/2 Bath	$2,800	$33,600	$100,800
Total Households			
Average Retail Expenditures [3]	*Taxable Exp. as % of Income*		*Average Retail Expenditures*
Studio	36%	-	$18,000
1 Bed/1 Bath	36%	-	$25,000
2 Bed/2 Bath	26%	-	$26,000

income

Source: The Spanos Corporation; U.S. Bureau of Labor Statistics, "Table 1203. Income before taxes: Annual expenditure means, shares, standard errors, and coefficients of variation, Consumer Expenditure Survey, 2016"; U.S. Census of Retail Trade, "Estimated Quarterly U.S. Retail Sales (Adjusted1): Total and E-commerce"; EPS.

[1] Average monthly rent provided by The Spanos Corporation. Taxable expenditures as a percentage of income derived from the BLS Consumer Expenditure Survey and the U.S. Census of Retail Trade.
[2] Assumes estimated household income is three times total annual rent.
[3] Average retail expenditures per household used to estimate annual sales tax revenues, as shown in Table B-2A.