E.4 Introduction of an Ordinance amending Chapter 17.18 (Affordable Housing Program) of the Newark Municipal Code to replace Inclusionary Housing requirements with a Housing Impact Fee and approval of a Resolution setting Housing Impact Fees and establishing affordable units needed to mitigate impacts of Residential Development - from Assistant City Manager Grindall. (ORDINANCE)(RESOLUTION)

Background/Discussion – Newark has an inclusionary housing program which requires that 15% percent of housing units that are developed be price restricted and reserved for moderate and lower income households. The required units are envisioned to be located within the particular housing developments. The goal of the program is to provide a community benefit by addressing the need for housing affordable to lower income households. The City of Newark adopted the Inclusionary Housing Ordinance in 2004. Due to limited housing development since that time; no inclusionary housing units have actually been produced. However there were a number of project that agreed to alternative means of compliance with the Ordinance either through agreeing to build senior housing or payment of a fee. Because there are a number of issues with inclusionary housing programs, staff is recommending that this approach to the problem of housing affordability be replaced with an Affordable Housing Impact Fee.

There have been several successful legal challenges to inclusionary housing requirements and there are other challenges pending. At this point application of an inclusionary requirement to a rental project is illegal and the application to for sale projects is in question as well.

Staff is recommending that the Affordable Housing Program (Municipal Code Section 17.18) be amended to require that residential developments pay a housing impact fee, to be established by resolution of the City Council, rather than provide a percentage of affordable housing within the development.

The reasons for this change include:

- Legal questions surrounding inclusionary housing fees requirements.
- Inclusionary Housing Programs do not allow the flexibility needed to provide the type and location of housing assistance that the community most needs.
- A housing fee would provide resources for the City to leverage other housing funds, such as State Tax Exempt Bonds or Federal Community Development Block Grant funds.
- A housing fee would allow the City to utilize funds collected to simultaneously address other community issues, such as spurring sustainable developments such at the Dumbarton Transit Oriented Development or Old Town.

The establishment of a Housing Impact Fee requires the completion of a study to determine the connection (nexus) between the fee and the impact. The City hired Keyser Marston Inc. to conduct such a study. The study is attached. As shown in the table below the Study would support a fee ranging between $59,600 and 30,300 depending on the size of the unit.

Prototype:	*Single Family (2500 sf)*	*Small Single Family (2,000 sf)*	*Townhome (1,500 sf)*	*Condo (1,300 sf)*	*Apartment (850 sf)*
Maximum Fee Supported by 2014 Residential Nexus	$59,600	$52,600	$42,900	$45,900	$30,300

It is important that the existing impact fee that is charged for commercial property be taken in to account to avoid "double mitigation" of the impacts and further that the fee be set in a way that does not discourage the development of higher density housing then our General Plan encourages. The fee would set by the City Council by Resolution and is not a part of the ordinance itself. Staff is recommending that the City Council set the initial fee at $20 per square foot of building area for the first 1000 square feet and for $8 per square foot above 1000 square feet. This fee structure results in proposed fee for typical units as shown in the table below:

Prototype:	*Single Family (2,500 sf)*	*Small Single Family (2,000 sf)*	*Townhome (1,500 sf)*	*Condo (1,300 sf)*	*Apartment (850 sf)*
Proposed Housing Impact Fee	$32,000	$28,000	$24,000	$22,400	$17,000

The ordinance includes provisions whereby the fee can be waived if the Planning Commission and City Council find that there is a substantial public benefit in doing so. This could include support for major economic development initiatives or providing incentives to removing objectionable uses.

Approved projects and any project that had made a development application prior to the fee's effectiveness would not be subject to the impact fee and would instead be subject to the existing inclusionary housing ordinance. The first 200 square feet of an expansion of an existing residence would be exempt from the fee.

On March 25, 2014 the Planning Commission recommended that the City Council approve the Ordinance and that the initial fee be set as $20 per square foot of building area for the first 1000 square feet and for $8 per square foot above 1000 square feet.

Action – It is recommended that the City Council introduce an ordinance amending the Newark Municipal Code by repealing Chapter 17.18 (Affordable Housing Program) and adding a new Chapter 17.18 (Affordable Housing Program) and approve a resolution establishing affordable units needed to fully mitigate the impact of residential development on the need for affordable housing; and Housing Impact Fees for Residential Developments.

KEYSER MARSTON ASSOCIATES

RESIDENTIAL NEXUS ANALYSIS
Newark, California

Prepared for
City of Newark

Prepared by:
Keyser Marston Associates, Inc.

March 2014

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TABLE OF CONTENTS

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EXECUTIVE SUMMARY

Keyser Marston Associates (KMA) prepared this residential nexus analysis for the City of Newark pursuant to a contractual agreement. The report will form one of the bases for recommendations for the adoption of a housing impact fee consistent with the applicable requirements of the Mitigation Fee Act. This Executive Summary contains a concise overview of the residential nexus analysis; full documentation of the analysis is contained in the body of the Report and its Appendices.

A. Residential Nexus Analysis

A residential nexus analysis demonstrates and quantifies the impact of new market rate housing development on the demand for affordable housing. The underlying nexus concept is that the newly constructed market rate units represent net new households in Newark. These households represent new income in Newark that will consume goods and services, either through purchases of goods and services or 'consumption' of government 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 Newark and therefore need affordable housing.

1. 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 input into the IMPLAN model is net new personal income in Newark available for expenditures; the IMPLAN model then estimates a distribution of expenditures and ultimately produces a quantification of jobs generated by industry. The KMA Jobs Housing Nexus model, which was initially developed over 25 years ago to analyze the income structure of job growth, is used to determine the household income of new employee households and identify how many are in three housing affordability tiers including Very Low-, Low-, and Moderate-Income.

2. Market Survey and Residential Prototypes

The first step of the nexus analysis is to identify residential prototypes that are representative of what is generally being built by the private marketplace in Newark. KMA developed programmatic assumptions in consultation with the City of Newark for five residential prototypes – four ownership prototypes and one rental prototype. KMA then undertook a market survey of projects covering these prototypes to estimate sales prices and rent levels for the prototype units. The prototypes are summarized in the following table.

Prototypical Residential Units					
	Single Family / Large Lot	*Single Family / Small Lot*	*Townhome*	*Condo*	*Apartment*
Avg. Unit Size	2,500 SF	2,000 SF	1,500 SF	1,300 SF	850 SF
Avg. No. of Bedrooms	4 BR	3 BR	3 BR	2 BR	2 BR
Avg. Sales Price / Rent	$787,500	$700,000	$562,500	$580,000	$2,000 /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, property taxes, home owner association dues, and insurance). Renters are assumed to spend 30% of their income on rent. These relationships are grounded in state housing policy and reflective of the current averages for Alameda County.

Gross household income is adjusted to a net amount available for expenditures after deducting the portion of income dedicated to income taxes, contributions to Social Security and Medicare, savings, and repayment of household debt. Housing costs are not deducted as part of this adjustment step because they are addressed separately as expenditures within the IMPLAN model. The adjusted household income available for expenditures becomes the input into the IMPLAN model. As a result, household income associated with each of the prototypes is as follows:

Household Income					
	Single Family / Large Lot	*Single Family / Small Lot*	*Townhome*	*Condo*	*Apartment*
Gross Household Income	$159,000	$142,000	$116,000	$124,000	$80,000
Percent Income Available for Expenditures	67%	67%	67%	67%	71%
Household Income Available for Expenditures [Input to IMPLAN model]	$107,000	$95,000	$78,000	$83,000	$57,000

The nexus analysis is conducted on 100-unit project modules (i.e., 100 new households) for ease of presentation and to avoid awkward fractions.

3. *IMPLAN Model Results*

The IMPLAN model was applied to link household income to job growth occurring in Alameda County. The IMPLAN model 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, is projected for each of the industries that will serve the new households. The employment generated by this new household spending is summarized below.

New Worker Households by Income Level per 100 Market Rate Units					
	Single Family / Large Lot	*Single Family / Small Lot*	*Townhome*	*Condo*	*Apartment*
Very Low (Under 50% AMI)	13.2	11.7	9.5	10.2	6.7
Low (50%-80% AMI)	7.4	6.5	5.3	5.7	3.7
Moderate (80%-120% AMI)	7.2	6.3	5.2	5.5	3.7
Total, Less than 120% AMI	**27.8**	**24.5**	**20.0**	**21.4**	**14.1**
Greater than 120% AMI	6.3	5.7	4.7	5.0	3.4
Total, New Households	**34.1**	**30.2**	**24.7**	**26.4**	**17.5**

5. *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; this subsidy is referred to as the 'affordability gap.'

Affordability gaps are calculated for each of the three affordable tiers. The analysis assumes households earning less than 80% of Area Median Income will be assisted in rental units, while households earning between 80% and 120% of Area Median Income will be assisted in ownership units.

The resulting affordability gaps are as follows:

- $240,000 for households in the under 50% AMI category;
- $214,000 for households in the 50% to 80% AMI category; and,
- $169,000 for households in the 80% to 120% AMI category.

When the affordability gap conclusions for each income tier are linked to the number of affordable units required as a result of market rate development (as indicated in the inset table on the next page) and divided by 100 units, the result is a Total Nexus Cost per new market rate residential unit. The results per unit are:

Nexus Per Market Rate Unit or Maximum Supported Impact Fee per Unit						
Income Category	*Affordability Gap*	*Single Family / Large Lot*	*Single Family / Small Lot*	*Townhome*	*Condo*	*Apartment*
Very Low (30% - 50% AMI)	$240,000	$31,600	$28,000	$22,900	$24,500	$16,100
Low (50%-80% AMI)	$214,000	$15,800	$13,900	$11,300	$12,100	$8,000
Moderate (80%-120% AMI)	$169,000	$12,200	$10,700	$8,700	$9,300	$6,200
Total Nexus Costs		**$59,600**	**$52,600**	**$42,900**	**$45,900**	**$30,300**

Jobs Generated Per 100 Units					
	Single Family / Large Lot	*Single Family / Small Lot*	*Townhome*	*Condo*	*Apartment*
Annual Household Expenditures, 100 Units	$10,650,000	$9,510,000	$7,770,000	$8,310,000	$5,680,000
Total Jobs Generated, 100 Units	73.1	64.8	53.0	56.6	37.5

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. Retail, restaurants, and health care represent the largest share of jobs generated by household expenditures.

4. Compensation Levels of Jobs and Household Income

The output of the IMPLAN model – the numbers of jobs by industry – is then entered into the Keyser Marston Associates jobs housing nexus analysis model to quantify the compensation levels of new jobs and the income of the new 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 Alameda 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 Newark. Three categories of addressed: Very Low (under 50% of AMI), Low (50% to 80% of AMI) and Moderate (80% to 120% of AMI).

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

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The Total Nexus Costs, or Mitigation Costs, indicated above, may also be expressed on a per square foot level. The results per square foot of building area (net rentable or sellable Sq.Ft.) are as follows:

Total Nexus Cost or Maximum Supported Impact Fee Per Sq.Ft. of Building Area							
Income Category	*Affordability Gap*	*Single Family / Large Lot*	*Single Family / Small Lot*	*Townhome*	*Condo*	*Apartment*
Prototype Size		*2,500 SF*	*2,000 SF*	*1,500 SF*	*1,300 SF*	*850 SF*
Very Low (30% - 50% AMI)	$240,000	$12.60	$14.00	$15.30	$18.80	$18.90
Low (50%-80% AMI)	$214,000	$6.30	$7.00	$7.50	$9.30	$9.40
Moderate (80%-120% AMI)	$169,000	$4.90	$5.40	$5.80	$7.20	$7.30
Total Nexus Costs		**$23.80**	**$26.40**	**$28.60**	**$35.30**	**$35.60**

These costs express the total linkage or nexus costs for the five prototype developments in Newark. 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.**

Use of This Study

The nexus study has been prepared for the limited purpose of determining nexus support for a Housing Impact Fee in the City of Newark affecting new residential construction. 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.

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 income available for expenditures on goods and services, the jobs associated with the purchases and delivery of those services, the income of the workers doings 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 available for expenditures 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 portion of income available for expenditures. Households will "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 Newark.

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 Newark. If purchasers or renters have relocated from

INTRODUCTION AND OVERVIEW

The following report documents and quantifies the linkages between new market-rate residential development in the City of Newark and the demand for additional affordable housing. The analysis, which demonstrates support for a Housing Impact Fee, has been prepared by Keyser Marston Associates (KMA) for the City of Newark in accordance with a contractual agreement.

The City of Newark has an Inclusionary Housing Ordinance adopted in 2004 requiring all residential projects with five or more units to set-aside 15% of units as affordable. Payment of a fee in-lieu of providing units is subject to approval by the Council. Due to limited housing development since the time the Inclusionary Housing Ordinance was adopted, no inclusionary units have been produced under the program.

Since the 2004 adoption of the City's inclusionary housing program, there have been several court cases affecting inclusionary housing programs. The *Palmer* case in particular precludes cities from requiring the inclusion of affordable units in rental projects unless the developer receives a density bonus or certain regulatory concessions and agrees by contract to restrict the rents. *Palmer* and other recent and pending cases have encouraged cities to seek alternative strategies to address the need for affordable housing.

At this time, the City is considering replacement of its inclusionary program with a Housing Impact Fee applicable to new market rate residential development. Fee revenues would be used to assist construction of new affordable units as mitigation for increased affordable housing needs linked to new market rate residential construction. Advantages of housing impact fees compared to inclusionary include the ability to apply requirements to rental projects and greater flexibility to produce affordable units of the type and in the locations that best fit community needs. The City already has a Housing Impact Fee that applies to non-residential development.

Analyses of the impacts of new development are called linkage or nexus analyses. This nexus analysis establishes maximum supportable Housing Impact Fee levels based on a quantification of the impact that new market rate residential development has on the need for affordable housing.

The Nexus Concept

At its most simplified level, the underlying nexus concept is that the newly constructed units represent net new households in Newark. These households represent new income in Newark 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 Newark and therefore need affordable housing.

- Single Family Detached (SFD) / Large Lot
- Single Family Detached / Small Lot
- Townhomes
- Stacked Flat Condominiums
- Apartments

Affordability Tiers

The nexus analysis addresses the following three income or affordability tiers:

- Very Low Income (under 50% of Area Median Income or AMI)
- Low Income (50% to 80% AMI)
- Moderate Income (80% to 120% AMI)

Report Organization

The report is organized into four sections as follows:

- Section A. presents information regarding the prototypical new market rate residential units and the estimated household income of purchases or renters of those units.

- Section B. describes the IMPLAN model which is used in the nexus analysis to translate household income into the estimated number of jobs in retail, restaurants, healthcare, and other sectors serving new residents.

- Section C. presents the linkage between employment growth associated with residential development and the need for new lower income housing units required in each of three income categories.

- Section D. quantifies the nexus or mitigation cost based on the cost of delivering affordable units to new worker households in each of the three lower income categories.

elsewhere in the city, vacancies have been created that will be filled. An adjustment to new construction of units would be warranted if Newark 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 Newark 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

Housing impacts, like most types of impacts, occur irrespective of political boundaries. Like other types of impact analyses, such as traffic, impacts beyond city boundaries are experienced, are relevant, and are important. The City of Newark regulates land use within its boundaries and is the only jurisdiction in a position to require mitigation of impacts from new residential development occurring there, including mitigation of impacts extending beyond the City's boundaries.

While much of the housing impacts documented in the nexus analysis will occur within the City of Newark, some impacts will be experienced elsewhere in the County and beyond. The nexus analysis focuses on impacts occurring within Alameda County but includes impacts outside the County boundaries to the limited degree that households make some expenditures or seek certain services in neighboring counties. The IMPLAN model uses a data set specific to Alameda County that computes the jobs generated within the County. The input to the IMPLAN model used in the analysis is household income available for expenditures, without adjusting to a local share. While it is expected that households will make most expenditures within Alameda County, some expenditures on goods and services may occur in neighboring counties. Given the precise share is difficult to quantify particularly as relates to services such as medical care, and because expenditures occurring outside the County and the resulting impacts are still appropriately included in the nexus analysis, no adjustment to a local share is made.

Market Rate Residential Project Types

Five prototypical residential project types were selected for analysis in this nexus study. The prototypes were intended to represent the range of product types currently being built in Newark or which are expected in the future including:

A. MARKET RATE UNITS AND HOUSEHOLD INCOME

This section describes the prototypical market rate residential units and the income of the purchaser and renter households. Market rate prototypes are representative of new residential units currently being built in Newark or that are likely to be built in Newark over the next several years. Household income is estimated based on the amount necessary for the mortgage or rent payments associated with the prototypical new market rate units and becomes the basis for 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 1.

Recent Housing Market Activity and Prototypical Units

KMA identified five residential prototypes in consultation with City staff; these prototypes are representative of the types of development that the City of Newark expects to see over the coming years. KMA then undertook a market survey of projects covering these prototypes. The survey was conducted in December 2013 and January 2014 and included the City of Newark as well as the neighboring cities of Fremont and Union City. At that time, there were no new residential projects actively marketing in Newark; however, Fremont has one new single family and two new townhome developments. KMA also obtained data on sales of existing homes in Newark, Union City and Fremont built since 1990. Stacked flat condos have been absent from the market in Newark but are included in the nexus analysis to address the potential for stacked flat condos to be built in Newark at some point in the future. For stacked flat condos, the sales price is based on an estimate of the price required for development of this prototype to become feasible.

The results of the market survey and the selection of five 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 Newark. Table A-1 at the end of this section provides a more detailed summary of the five market rate prototypes.

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

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

Prototypical Residential Units					
	Single Family / Large Lot	*Single Family / Small Lot*	*Townhome*	*Condo*	*Apartment*
Avg. Unit Size	2,500 SF	2,000 SF	1,500 SF	1,300 SF	850 SF
Avg. No. of Bedrooms	4 BR	3 BR	3 BR	2 BR	2 BR
Avg. Sales Price / Rent	$787,500	$700,000	$562,500	$580,000	$2,000 /mo.

Income of Housing Unit Purchaser 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.

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: 20% down payment, 30 year fixed rate mortgage, 5.25% interest rate. The assumption of a 20% down payment is based on the median for purchase loans in Alameda County[1]. The interest rate at 5.25% reflects an estimate of the longer term average based on the experience over the past ten years.[2] Current rates as of February 2014 are about 1% lower. Tables A-2 through A-5 at the end of this section provide the details.

All ownership product types include an estimate of homeowners' insurance, homeowner association dues, and property taxes which are included along with the mortgage payment as part of housing expenses for purposes of determining mortgage eligibility[3]. The analysis estimates gross household income based on the assumption that these housing costs represent, on average, approximately 35% of gross income. The assumption that housing expenses represent 35% of gross income is reflective of the average for new purchase loans originated in Alameda County[4] and is consistent with criteria used by lenders to determine mortgage eligibility[5].

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[1] Median down payment at 20% is based on Freddie Mac data on its portfolio of mortgages within zip codes corresponding to Alameda County and is specific to principal residence purchase loans originated during 2nd quarter of 2012, the most recent period available at the time the data was accessed.

[2] Based on Freddie Mac Primary Mortgage Market Survey weekly average rates for 30 year fixed rate mortgages during the period from 2004 through 2013.

[3] Housing expenses are combined with other debt payments such as credit cards and auto loans to compute a Debt To Income (DTI) ratio which is a key criteria used for determining mortgage eligibility.

[4] New purchase loans in Alameda County have an average debt to income ratio of 34.96% based on data from Freddie Mac on its portfolio of mortgages within zip codes corresponding to Alameda County and specific to principal residence purchase loans originated during 2nd quarter of 2012, the most recent period available at the time the data was accessed. Debt to income ratio includes other forms of debt such as student loans, credit cards, and auto loans which suggests a ratio including only housing expenses would be less than 35%. Applying a ratio below 35% in the analysis would have produced a higher estimate of gross household income and higher resulting nexus findings; therefore, application of a 35% ratio represents a conservative assumption for purposes of the nexus analysis.

Apartment Units

Household income for renter households is estimated based on the assumption that rent represents, on average, 30% of gross household income, a percentage that is consistent with the average for Newark reported by the Census of 28.9%.[6] While slightly above the average from the Census, the 30% factor was selected for consistency with the California Health and Safety Code standard for relating income to affordable rent levels[7]. Selection of 30% produces a lower estimate of gross household income and lower resulting nexus conclusions than if the exact average from the Census at 28.9% were used; therefore, this represents a conservative approach for purposes of the nexus analysis. While leasing agents and landlords may permit rental payments to represent a slightly higher share of total income, use of the 30% factor, which is representative of the average, is appropriate. Further, many renters will choose to spend less than 30% of their income on rent where possible, 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-6, and summarized below.

Household Income					
	Single Family / Large Lot	*Single Family / Small Lot*	*Townhome*	*Condo*	*Apartment*
Gross Household Income	$159,000	$142,000	$116,000	$124,000	$80,000

Income Available for Expenditures

The input into the IMPLAN model used in this analysis is the net income available for expenditures. To arrive at income available for expenditures, gross income must be adjusted for Federal and State income taxes, contributions to Social Security and Medicare, savings, and payments on household debt. Per KMA correspondence with the producers of the IMPLAN model (IMPLAN Group LLC), other taxes including sales tax, gas tax, and property tax are handled internally within the model as part of the analysis of expenditures. Housing costs are addressed separately, as described below, and so are not deducted as part of this adjustment step. Table A-7 at the end of this section shows the calculation of income available for expenditures.

Income available for expenditures is estimated at approximately 67% of gross income in the case of the ownership prototypes. The estimate is based on a review of data from the Internal

[5] Fannie Mae mortgage underwriting eligibility criteria establishes a debt to income threshold of 36% above which tighter credit standards apply. A debt to income ratio of up to 45% is permitted for borrowers meeting specified credit criteria; however, most households have other forms of debt such as credit cards, student loans, and auto loans that would be considered as part of this ratio.

[6] 2010-2012 American Community Survey.

[7] Health and Safety Code Section 50052.5 defines affordable rent levels based on 30% of income.

Income Available for Expenditures					
	Single Family / Large Lot	*Single Family / Small Lot*	*Townhome*	*Condo*	*Apartment*
Gross Household Income	$159,000	$142,000	$116,000	$124,000	$80,000
Percent Income Available for Expenditures	67%	67%	67%	67%	71%
Household Income Available for Expenditures [Input to IMPLAN model]	$107,000	$95,000	$78,000	$83,000	$57,000

The nexus analysis is conducted on 100-unit building modules for ease of presentation, and to avoid awkward fractions. Tables A-8 and A-9 summarize the conclusions of this section and calculate the household income for the 100-unit building modules. This is the input into the IMPLAN model.

Revenue Service and California Franchise Tax Board tax tables. Per the Internal Revenue Service, households earning between $100,000 and $200,000 per year, or the residents of our prototypical ownership units, will pay an average of 13% of gross income for federal taxes. State taxes are estimated to average 5% of gross income based on tax rates per the California Franchise Tax Board. The employee share of the FICA payroll taxes for Social Security and Medicare is 7.65% of gross income (conservatively assumes all earners in the household are within the $117,000 ceiling on income subject to Social Security taxes).

Savings and repayment of household debt represent another necessary adjustment to gross income. Savings includes various IRA and 401 K type programs as well as non-retirement household savings and investments. Debt repayment includes auto loans, credit cards, and all other non-mortgage debt. Savings and repayment of debt are estimated to represent a combined 8% of gross income based on the 20 year average derived from United States Bureau of Economic Analysis data.

The percentage of income available for expenditure for input into the IMPLAN model is prior to deducting housing costs. The reason is for consistency with the IMPLAN model which defines housing costs as expenditures. The IMPLAN model addresses the fact that expenditures on housing do not generate employment to the degree other expenditures such as retail or restaurants do, but there is some limited maintenance and property management employment generated.

After deducting income taxes, Social Security, Medicare, savings, and repayment of debt, for purchasers of one of the new ownership prototypes, the estimated income available for expenditures is 67%. This is the factor used to adjust from gross income to the income available for expenditures for input into the IMPLAN model. As indicated above, other forms of taxation such as property tax are handled internally within the IMPLAN model.

Income available for expenditures for the prototypical renter household is based on the same evaluation, but a lower income tax bracket applies to the renter households. The result is that the renter household would have an estimated 71% of income available for expenditures. The rate of savings and debt repayment is assumed to be the same for the renter household as for households in the ownership prototypes.

Estimates of household income available for expenditures are presented in the following table:

TABLE A-1
SUMMARY OF PROTOTYPES
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

	Large Lot Single Family Detached		Small Lot Single Family Detached		Townhomes		Stacked Flat Condominiums		2-3 Story Apartments	
Density	8	du/acre	12	du/acre	18	du/acre	50	du/acre	25	du/acre
Average Unit Size	2,500	sf	2,000	sf	1,500	sf	1,300	sf	850	sf
Avg. Number of Bedrooms	4	BR	3	BR	3	BR	2	BR	2	BR
Market Rate Price	$315	$787,500	$350	$700,000	$375	$562,500	$446	$580,000 [1]	$2.35	$2,000

[1] Stacked Flat Condominium based on feasible price.

TABLE A-3
PROTOTYPE 2: SFD / SMALL LOT
SALES PRICE TO INCOME RATIO
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

			Prototype 2 SFD / Small Lot
Sales Price	$350 /SF	2,000 SF [1]	$700,000 [1]
Mortgage Payment			
Downpayment @ 20%		20% [2]	$140,000
Loan Amount			$560,000
Interest Rate			5.25% [3]
Term of Mortgage			30 years
Annual Mortgage Payment			$37,100
Other Costs			
Property Taxes	1.25%	of sales price [4]	$8,800
HOA Dues / Maintenance	$200	per month [5]	$2,400
Homeowner Insurance	0.20%	sale price [6]	$1,400
Total Annual Housing Cost			$49,700
% of Income Spent on Hsg			35% [7]
Annual Household Income Required			**$142,000**
Sales Price to Income Ratio			4.9

Notes
(1) Based on Market Survey.
(2) Median down payment at 20% is based on Freddie Mac data on its portfolio of mortgages within zip codes corresponding to Alameda County and specific to principal residence purchase loans originated during 2nd quarter of 2012.
(3) Average mortgage interest rate for prior 10 years derived from Freddie Mac Primary Mortgage Market Survey and about 0.75% above current favorable rates. Based on weekly average rates for 30 year fixed rate mortgages during the period from 2004 through 2013.
(4) 1.25% property tax rate is inclusive of ad valorem taxes plus estimated fixed charges and assessments.
(5) Based on HOA dues for new single family project currently selling in Fremont from the Market Survey.
(6) Estimated from quote obtained from Progressive Insurance.
(7) Based on Freddie Mac data on mortgages originated in Alameda County which reflect an average debt to income ratio of 35% including both housing expenses and other debt like auto loans and credit cards. Were other debt excluded, the ratio would likely be lower than 35%. Using a ratio less than 35% would have increased the supported maximum fee levels from those reflected in the analysis; therefore, 35% represents a conservative estimate.

TABLE A-2
PROTOTYPE 1: SFD / LARGE LOT
SALES PRICE TO INCOME RATIO
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

			Prototype 1 SFD / Large Lot
Sales Price	$315 /SF	2,500 SF [1]	$787,500 [1]
Mortgage Payment			
Downpayment @ 20%		20% [2]	$157,500
Loan Amount			$630,000
Interest Rate			5.25% [3]
Term of Mortgage			30 years
Annual Mortgage Payment			$41,700
Other Costs			
Property Taxes	1.25%	of sales price [4]	$9,800
HOA Dues / Maintenance	$200	per month [5]	$2,400
Homeowner Insurance	0.20%	sale price [6]	$1,600
Total Annual Housing Cost			$55,500
% of Income Spent on Hsg			35% [7]
Annual Household Income Required			**$159,000**
Sales Price to Income Ratio			5.0

Notes
(1) Based on Market Survey.
(2) Median down payment at 20% is based on Freddie Mac data on its portfolio of mortgages within zip codes corresponding to Alameda County and specific to principal residence purchase loans originated during 2nd quarter of 2012.
(3) Average mortgage interest rate for prior 10 years derived from Freddie Mac Primary Mortgage Market Survey and about 0.75% above current favorable rates. Based on weekly average rates for 30 year fixed rate mortgages during the period from 2004 through 2013.
(4) 1.25% property tax rate is inclusive of ad valorem taxes plus estimated fixed charges and assessments.
(5) Based on HOA dues for new single family project currently selling in Fremont from the Market Survey.
(6) Estimated from quote obtained from Progressive Insurance.
(7) Based on Freddie Mac data on mortgages originated in Alameda County which reflect an average debt to income ratio of 35% including both housing expenses and other debt like auto loans and credit cards. Were other debt excluded, the ratio would likely be lower than 35%. Using a ratio less than 35% would have increased the supported maximum fee levels from those reflected in the analysis; therefore, 35% represents a conservative estimate.

TABLE A-4
PROTOTYPE 3: TOWNHOME
SALES PRICE TO INCOME RATIO
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

			Prototype 3 Townhome
Sales Price	$375 /SF	1,500 SF [1]	$562,500 [1]
Mortgage Payment			
Downpayment @ 20%		20% [2]	$112,500
Loan Amount			$450,000
Interest Rate			5.25% [3]
Term of Mortgage			30 years
Annual Mortgage Payment			$29,800
Other Costs			
Property Taxes	1.25%	of sales price [4]	$7,000
HOA Dues / Maintenance	$235	per month [5]	$2,820
Homeowner Insurance	0.20%	sale price [6]	$1,100
Total Annual Housing Cost			$40,720
% of Income Spent on Hsg			35% [7]
Annual Household Income Required			**$116,000**
Sales Price to Income Ratio			4.8

Notes
(1) Based on Market Survey.
(2) Median down payment at 20% is based on Freddie Mac data on its portfolio of mortgages within zip codes corresponding to Alameda County and specific to principal residence purchase loans originated during 2nd quarter of 2012.
(3) Average mortgage interest rate for prior 10 years derived from Freddie Mac Primary Mortgage Market Survey and about 0.75% above current favorable rates. Based on weekly average rates for 30 year fixed rate mortgages during the period from 2004 through 2013.
(4) 1.25% property tax rate is inclusive of ad valorem taxes plus estimated fixed charges and assessments.
(5) Based on average HOA dues for two townhome projects currently selling in Fremont identified in the market survey.
(6) Estimated from quote obtained from Progressive Insurance for HO-6 "walls in" policy covering interior of unit and personal property. Exterior of structure and common area assumed to be covered by separate homeowners association policy.
(7) Based on Freddie Mac data on mortgages originated in Alameda County which reflect an average debt to income ratio of 35% including both housing expenses and other debt like auto loans and credit cards. Were other debt excluded, the ratio would likely be lower than 35%. Using a ratio less than 35% would have increased the supported maximum fee levels from those reflected in the analysis; therefore, 35% represents a conservative estimate.

TABLE A-5
PROTOTYPE 4: CONDO
SALES PRICE TO INCOME RATIO
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

			Prototype 4 Condo
Sales Price	$446 /SF	1,300 SF [1]	$580,000 [1]
Mortgage Payment			
Downpayment @ 20%		20% [2]	$116,000
Loan Amount			$464,000
Interest Rate			5.25% [3]
Term of Mortgage			30 years
Annual Mortgage Payment			$30,700
Other Costs			
Property Taxes	1.25%	of sales price [4]	$7,300
HOA Dues / Maintenance	$350	per month [5]	$4,200
Homeowner Insurance	0.20%	sale price [6]	$1,200
Total Annual Housing Cost			$43,400
% of Income Spent on Hsg			35% [7]
Annual Income Required			**$124,000**
Sales Price to Income Ratio			4.7

Notes

(1) No new or newer stacked flat condos were identified in the market survey. Price represents an estimate of the sales price required for development feasibility.

(2) Median down payment at 20% is based on Freddie Mac data on its portfolio of mortgages within zip codes corresponding to Alameda County and specific to principal residence purchase loans originated during 2nd quarter of 2012.

(3) Average mortgage interest rate for prior 10 years derived from Freddie Mac Primary Mortgage Market Survey and about 0.75% above current favorable rates. Based on weekly average rates for 30 year fixed rate mortgages during the period from 2004 through 2013.

(4) 1.25% property tax rate is inclusive of ad valorem taxes plus estimated fixed charges and assessments.

(5) Based on average HOA dues for a sampling of existing 2 bedroom condos in Newark as reported by MLS.

(6) Estimated from quote obtained from Progressive Insurance for HO-6 "walls in" policy covering interior of unit and personal property. Exterior of structure and common area assumed to be covered by separate homeowners association policy.

(7) Based on Freddie Mac data on mortgages originated in Alameda County which reflect an average debt to income ratio of 35% including both housing expenses and other debt like auto loans and credit cards. Were other debt excluded, the ratio would likely be lower than 35%. Using a ratio less than 35% would have increased the supported maximum fee levels from those reflected in the analysis; therefore, 35% represents a conservative estimate.

TABLE A-6
PROTOTYPE 5: RENTAL
RENT TO INCOME RATIO
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

			Prototype 5 Rental
Market Rent			
Monthly	$2.35 /SF	850 SF [1]	$2,000 [2]
Annual			$24,000
% of Income Spent on Rent (excludes utilities)			30% [3]
Annual Household Income Required			**$80,000**
Annual Rent to Income Ratio			3.3

Notes
(1) No new or newer stacked flat condos were identified in the market survey. Price represents an estimate of the sales price required for development feasibility.

(2) Based on the results of the market survey. Represents rent levels applicable to new units.

(3) Renter households are assumed to spend 30% of income on rent, or slightly more than the median for Newark renter households at 29.1% and slightly less than the median for all of Alameda County at 31% per the 2008 - 2012 American Community Survey. While landlords may permit rental payments to represent a slightly higher share of total income, 30% represents an average.

TABLE A-7
INCOME AVAILABLE FOR EXPENDITURES [1]
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

	Prototype 1: SFD / Large Lot	Prototype 2: SFD / Small Lot	Prototype 3: Townhome	Prototype 4: Condo	Prototype 5: Rental
Gross Income	100%	100%	100%	100%	100%
(Less) Federal Income Taxes (avg. rate) [2]	12.7%	12.7%	12.7%	12.7%	9.5%
(Less) Average State Income Tax Rate [3]	5%	5%	5%	5%	4%
(Less) FICA Tax Rate [4]	7.65%	7.65%	7.65%	7.65%	7.65%
(Less) Savings and other deductions [5]	8%	8%	8%	8%	8%
Percent of Income Available for Expenditures [6] [Input to IMPLAN model]	***67%***	***67%***	***67%***	***67%***	***71%***

Notes:

1 Gross income after deduction of taxes and savings. Income available for expenditures is the input to the IMPLAN model which is used to estimate the resulting employment impacts. Housing costs are not deducted as part of this adjustment step because they are addressed separately as expenditures within the IMPLAN model.

2 Reflects average tax rates (as opposed to marginal) based on U.S. Internal Revenue Services, Tax Statistics, Table 3.2 Returns with Total Income Tax: Total Income Tax as a Percentage of Adjusted Gross Income, by Selected Marital Status and Size of Adjusted Gross Income, Tax Year 2011 (2011 tax year is the most recent available). For Prototypes 1 - 4, the average tax rate for AGI of $100,000 to $200,000 of 12.7% is applied. For Prototype 5, the average tax rate for AGI of $75,000 to $100,000 of 9.5% is applied.

3 Average tax rate estimated by KMA based on marginal rates per the California Franchise Tax Board and ratios of taxable income to gross income estimated based on U.S. Internal Revenue Service data. The higher average tax rates applicable to single or married filing separately tax filers is applied in the analysis so as to produce a conservative (likely understated) estimate.

4 For Social Security and Medicare. Conservatively assumes all income will be subject to Social Security taxes. The current ceiling on applicability of Social Security taxes is $117,000 (ceiling applies per earner not per household).

5 Household savings including retirement accounts like 401k / IRA and other deductions such as interest costs on credit cards, auto loans, etc, necessary to determine the amount of income available for expenditures. The 8% rate used in the analysis is based on the average over the past 20 years computed from U.S. Bureau of Economic Analysis data, specifically the National Income and Product Accounts, Table 2.1 "Personal Income and It's Disposition."

6 Deductions from gross income to arrive at the income available for expenditures are consistent with the way the IMPLAN model and National Income and Product Accounts (NIPA) defines income available for personal consumption expenditures. Income taxes, contributions to Social Security and Medicare, and savings are deducted; however, property taxes and sales taxes are not. Housing costs are not deducted as part of the adjustment because they are addressed separately as expenditures within the IMPLAN model.

TABLE A-8
FOR SALE PROTOTYPES: SALES PRICE TO INCOME SUMMARY
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

		Per Unit	Per Sq.Ft.	100 Unit Building Module
PROTOTYPE 3: TOWNHOME				
Units				***100 Units***
Building Sq.Ft. (net salable area)		1,500		150,000
Sales Price		$562,500	$375	$56,250,000
Sales Price to Income Ratio		4.8		4.8
Gross Household Income		$116,000		$11,600,000
Income Available for Expenditur	67% of gross	$78,000		**$7,770,000**
PROTOTYPE 4: CONDO				
Units				***100 Units***
Building Sq.Ft. (net salable area)		1,300		130,000
Sales Price		$580,000	$446	$58,000,000
Sales Price to Income Ratio		4.7		4.7
Gross Household Income		$124,000		$12,400,000
Income Available for Expenditur	67% of gross	$83,000		**$8,310,000**

Notes:
(1) Represents net income available for expenditures after income tax, payroll taxes, and savings. See Table A-7 for derivation.

Source: See Tables A-2 to A-7.

TABLE A-8
FOR SALE PROTOTYPES: SALES PRICE TO INCOME SUMMARY
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

		Per Unit	Per Sq.Ft.	100 Unit Building Module
PROTOTYPE 1: SFD / LARGE LOT				
Units				*100 Units*
Building Sq.Ft. (net salable area)		2,500		250,000
Sales Price		$787,500	$315	$78,750,000
Sales Price to Income Ratio		5.0		5.0
Gross Household Income		$159,000		$15,900,000
Income Available for Expenditur	67% of gross	$107,000		**$10,650,000**
PROTOTYPE 2: SFD / SMALL LOT				
Units				*100 Units*
Building Sq.Ft. (net salable area)		2,000		200,000
Sales Price		$700,000	$350	$70,000,000
Sales Price to Income Ratio		4.9		4.9
Gross Household Income		$142,000		$14,200,000
Income Available for Expenditur	67% of gross	$95,000		**$9,510,000**

TABLE A-9
NEW MARKET RATE RESIDENTIAL HOUSEHOLD SUMMARY
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

	Per Unit	Per Sq.Ft.	100 Unit Building Module
PROTOTYPE 5: RENTAL			
Units			*100 Units*
Building Sq.Ft. (net rentable area)	850		85,000
Rent			
Monthly	$2,000	$2.35 /SF	$200,000
Annual	$24,000	$28.20 /SF	$2,400,000
Rent to Income Ratio	3.3		3.3
Gross Household Income	$80,000		$8,000,000
Income Available for Expenditure[1] 71% of gross	$57,000		**$5,680,000**

Notes:
(1) Represents net income available for expenditures after income tax, payroll taxes, and savings. See Table A-7 for derivation.

Source: Table A-6 and A-7.

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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 IMPLAN Group, LLC. 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 Alameda 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 Newark or nearby. In addition, the employment impacts will extend throughout the County and beyond based on where jobs are located that serve Newark residents. In fact, Newark is part of the larger Bay Area economy and impacts will likewise extend throughout the region.

Application of the IMPLAN Model to Estimate Job Growth

The IMPLAN model was applied to link income to household expenditures to job growth. 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 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					
	Single Family / Large Lot	*Single Family / Small Lot*	*Townhome*	*Condo*	*Apartment*
Annual Household Expenditures, 100 Units	$10,650,000	$9,510,000	$7,770,000	$8,310,000	$5,680,000
Total Jobs Generated, 100 Units	73.1	64.8	53.0	56.6	37.5

Table B-1 provides a detailed summary of employment generated by industry. The table shows industries sorted by projected employment. The Consumer Expenditure Survey published by the Bureau of Labor Statistics tracks expenditure patterns by income level. IMPLAN utilizes this data to reflect the pattern by income bracket. In the case of the Newark prototypes, the large lot single family units are in the $150,000 and up income category, while the other ownership prototypes are in the $100,000 to $150,000 category and the apartment prototype is in the $75,000 to $100,000 category. Estimated employment is shown for each IMPLAN industry sector representing 1% or more of total employment. The jobs that are generated are heavily retail jobs, jobs in restaurants and other eating establishments, and in services that are provided locally such as health care. 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).

TABLE B-1
IMPLAN MODEL OUTPUT
EMPLOYMENT GENERATED
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

Per 100 Market Rate Units

	Prototype 1: SFD / Large Lot	Prototype 2: SFD / Small Lot	Prototype 3: Townhome	Prototype 4: Condo	Prototype 5: Rental	% of Jobs
Household Expenditures (100 Market Rate Unit[s]	$10,650,000	$9,510,000	$7,770,000	$8,310,000	$5,680,000	
Jobs Generated by Industry [2]						
Retail Stores - Food and beverage	2.7	2.3	1.9	2.0	1.2	4%
Retail Stores - General merchandise	2.6	2.2	1.8	2.0	1.2	3%
Retail Stores - Motor vehicle and parts	1.6	1.4	1.1	1.2	0.7	2%
Retail Stores - Miscellaneous	1.6	1.4	1.1	1.2	0.7	2%
Retail Stores - Clothing and accessories	1.5	1.3	1.1	1.1	0.7	2%
Retail Stores - Health and personal care	1.1	0.9	0.8	0.8	0.5	1%
Retail Stores - Building and garden supply	0.9	0.7	0.6	0.6	0.4	1%
Retail Nonstores - Direct and electronic sales	0.8	0.7	0.6	0.6	0.4	1%
Subtotal Retail	12.9	11.0	9.0	9.6	5.8	17%
Offices of physicians and dentists	4.0	4.1	3.4	3.6	2.5	6%
Private hospitals	3.4	3.5	2.8	3.0	2.1	5%
Nursing and residential care facilities	2.4	2.5	2.0	2.2	1.5	4%
Medical and diagnostic labs and outpatient care	1.0	1.0	0.8	0.9	0.6	2%
Subtotal Health Care	10.8	11.1	9.1	9.7	6.8	17%
Food services and drinking places	9.5	9.0	7.4	7.9	5.3	14%
Real estate including property management	2.3	2.4	1.9	2.1	1.8	4%
Private household operations	2.6	2.1	1.8	1.9	1.2	3%
Wholesale trade businesses	1.6	1.8	1.5	1.6	1.4	3%
Individual and family services	1.9	1.6	1.3	1.4	0.8	2%
Civic, social, professional organizations	1.3	1.1	0.9	1.0	0.6	2%
Other private educational services	1.8	1.1	0.9	1.0	0.5	2%
Elementary and secondary schools	1.7	1.1	0.9	1.0	0.5	2%
Personal care services	1.1	1.0	0.8	0.9	0.6	2%
Employment services	1.1	1.0	0.8	0.9	0.6	2%
Banking and depository credit	1.0	0.9	0.7	0.8	0.5	1%
Home health care services	0.8	0.8	0.7	0.7	0.5	1%
Securities, investments, and related	0.9	0.7	0.6	0.7	0.4	1%
Automotive repair and maintenance	0.8	0.7	0.6	0.6	0.4	1%
Services to buildings and dwellings	0.8	0.7	0.6	0.6	0.4	1%
Child day care services	1.2	0.7	0.6	0.6	0.3	1%
Grantmaking and social advocacy organizations	0.8	0.6	0.5	0.5	0.3	1%
Colleges, universities, and professional schools	0.9	0.5	0.4	0.4	0.2	1%
All Other	17.2	14.7	12.0	12.8	8.3	23%
Total Number of Jobs Generated	73.1	64.8	53.0	56.6	37.5	100%

1 Estimated employment generated by expenditures of households within 100 prototypical market rate units. Employment estimates are based on the IMPLAN Group's economic model, IMPLAN, for Alameda County.

2 For Industries representing more than 1% of total employment.

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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 five 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 units per 100 market rate units.

The analysis addresses the affordable unit demand associated with single family detached, townhomes, condos, and rental units in Alameda County. The table below shows the 2014 Alameda County Area Median Income (AMI), as well as the income limits for the three categories that were evaluated: Very Low (50% of AMI), Low (80% of AMI), and Moderate (120% of AMI). The income definitions used in the analysis are those published by the California Department of Housing and Community Development (HCD).

2014 Income Limits for Alameda County	Household Size (Persons)					
	1	2	3	4	5	6 +
Very Low (30% - 50% AMI)	$32,750	$37,400	$42,100	$46,750	$50,500	$54,250
Low (50%-80% AMI)	$47,350	$54,100	$60,850	$67,600	$73,050	$78,450
Moderate (80%-120% AMI)	$78,550	$89,750	$101,000	$112,200	$121,200	$130,150
Median (100% of Median)	$65,450	$74,800	$84,150	$93,500	$101,000	$108,450

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 –Changing Industries Adjustment and Net New Jobs

The local economy, like that of the U.S. as a whole, is constantly evolving. In the Oakland, Fremont, Hayward Metropolitan Division (defined as Alameda and Contra Costa Counties), over the past twenty years, employment in manufacturing sectors of the economy has continued to decline along with employment in State and Federal government, telecommunications, and banking. Defense related employment has also declined from around 12,000 jobs twenty years ago to near zero today. Jobs lost over the last decade in these declining sectors were replaced by job growth in other industry sectors.

Step 2 makes an adjustment to take these declines, changes and shifts within all sectors of the economy into account recognizing that jobs added are not 100% net new in all cases. A 25% adjustment is utilized based on the long term shifts in employment that have occurred in some sectors of the local economy and the likelihood of continuing changes in the future. Long term declines in employment experienced in some sectors of the economy mean that some of the new jobs are being filled by workers that have been displaced from another industry and who are presumed to already have housing locally. Existing workers downsized from declining industries are assumed to be available to fill a portion of the new retail, restaurant, health care, and other jobs associated with services to residents. This is a conservative assumption given some displaced workers may exit the workforce entirely by retiring rather than seek a new job in one of the industries serving new residents.

The 25% downward adjustment used for purposes of the analysis was derived from California Employment Development Department data on employment by industry in Alameda and Contra Costa County over the twenty year period from 2012 to 1992. The 2012 data set reflects a higher unemployment rate at 9% than the 6.6% unemployment rate in 1992 which will tend to overstate any long term declines since the 2012 data also reflects some cyclical or short term declines relative to the 1992 employment data. Over this period, approximately 38,000 jobs were lost in declining industry sectors. Over the same period, growing and stable industries added a total of 158,000 jobs. Figures are adjusted to exclude losses in department of defense employment given there are almost no defense jobs left in the area and so continuing declines in this sector is not expected to be a factor in the in the future. The figures are used to establish a ratio between jobs lost in declining industries to jobs gained in growing and stable industries at 25%[8]. The 25% factor is applied as an adjustment in the analysis, effectively assuming one in

[8] The 25% ratio is calculated as 38,000 jobs lost in declining sectors excluding defense divided by 158,000 jobs gained in growing and stable sectors = 23.9% (rounded to 25%).

every four new jobs is filled by a worker down-sized from a declining industry and who already lives locally.

Step 3 – 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 1.61 workers per worker household (from the U. S. Census Bureau 2010-2012 American Community Survey) is used for this step in the analysis. The number of jobs is divided by 1.61 to determine the number of worker households. This ratio is distinguished from the overall number of workers per household in that the denominator includes only households with at least one worker. If the average number of workers in all households were used, it would have produced a greater demand for housing units. The 1.61 ratio covers all workers, full and part time.

Step 4 – 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, shown in Table B-1. The IMPLAN output is paired with data from the Department of Labor, Bureau of Labor Statistics May 2012 Occupational Employment Survey (OES) to estimate the occupational composition of employees for each industry sector.

Step 4a - Translation from IMPLAN Industry Codes to NAICS Industry Codes

The output of the IMPLAN model is jobs by industry sector using IMPLAN's own industry classification system which consists of 440 industry sectors. The OES occupation data uses the North American Industry Classification System (NAICS). Estimates of jobs by IMPLAN sector must be translated into estimates by NAICS code for consistency with the OES data.

The NAICS system is organized into industry codes ranging from two- to six-digits. Two-digit codes are the broadest industry categories and six-digit codes are the most specific. Within a two-digit NAICS code, there may be several three-digit codes and within each three digit code, several four-digit codes, etc. A chart published by IMPLAN relates each IMPLAN industry sector with one or more NAICS codes, with matching NAICS codes ranging from the two-digit level to the five-digit level. For purposes of the nexus analysis, all employment estimates must be aggregated to the four digit NAICS code level to align with OES data which is organized by four-digit NAICS code. For some industry sectors, an allocation is necessary between more than one four-digit NAICS code. Where required, allocations are made proportionate to total employment at the national level from the OES.

The table below illustrates analysis Step 4a in which employment estimates by IMPLAN Code are translated to NAICS codes and then aggregated at the four digit NAICS code level. The examples used are Child Day Care Centers and Food and Drinking Places. The process is applied to all the industry sectors.

Illustration of Model Step 4a.						
A. IMPLAN Output by IMPLAN Industry Sector		B. Link to Corresponding NAICS Code		C. Aggregate at 4-Digit NAICS Code Level		
Jobs	IMPLAN Sector	Jobs	NAICS Code	Jobs	% Total Employment	4-Digit NAICS
1.2	399 - Child day care services	1.2	6244 Child day care services	1.2	100%	6244 Child day care services
9.5	413 - Food and Drinking Places	9.5	722 Food and Drinking Places	8.60	90%	7225 Restaurants and Other Eating Places
				0.57	6%	7223 Special Food Services
				0.34	4%	7224 Drinking Places (Alcoholic Beverages)

Step 4b – Apply OES Data to Estimate Occupational Distribution

Employment estimates by four-digit NAICS code from step 4a are paired with data on occupational composition within each industry from the OES to generate an estimate of employment by detailed occupational category. 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 (16%), sales (15%), and food preparation and serving (14%-15%). Step 4 of Table C-1 indicates the percentage and number of employee households by occupation associated with 100 market rate units.

Step 5 – Estimates of Employee Households Meeting the Lower Income Definitions

In this step, occupations are translated to employee incomes based on recent Alameda County wage and salary information from the California Employment Development Department (EDD). The wage and salary information summarized in Appendix 2 Tables 2, 4, and 6 provided the income inputs to the model.

For each occupational category shown in Table C-1, the OES data provides a distribution of specific occupations within the category. For example, within the Food Preparation and Serving Category, there are Supervisors, Cooks, Bartenders, Waiters and Waitresses, Dishwashers, etc. In total there are over 100 detailed occupation categories included in the analysis as shown

Step 6 – Distribution of Household Size and Number of Workers

In this step, the model examines the demographics of Alameda County in order to develop probability factors for each potential combination of household size and number of workers.

The table below presents the probability factors used in the model. The factors represent the probability that a worker is a member of a household of a given size and number of workers.

Step 6: Probability Factors for Combinations of Number of Workers and Household Size

	Household Size (Persons)					
	1	2	3	4	5	6+
No. Workers in Household						
1	0.190781	0.148746	0.084114	0.060346	0.027678	0.023864
2	N/A	0.147885	0.095065	0.071567	0.032824	0.028302
3 or more	N/A	N/A	0.024071	0.034927	0.016019	0.013812

Note: probability factors sum to 1.00000

Probability factors are specific to Alameda County and are derived from the 2010 – 2012 American Community Survey. Application of these probability factors accounts for the following:

- Households have a range in size and a range in the number of workers.
- Large households generally have more workers than smaller households.

The result of Step 6 is a distribution of Alameda County working households by number of workers and household size.

Step 7 – Estimate of Number of Households that Meet Size and Income Criteria

Step 7 is the final step to calculate the number of worker households meeting the size and income criteria for the three affordability tiers. The calculation combines the matrix of results from Step 5 on percentage of worker households that would meet the income criteria at each potential household size / no. of workers combination, with Step 6, the probability of a worker household having a given household size / number of workers combination. The result is the percentage of households that fall into each affordability tier. The percentages are then multiplied by the number of households from Step 3 to arrive at number of households in each affordability tier.

Table C-2 shows the result after completing Steps 5, 6, and 7. The results shown are for the under 50% of AMI category. The methodology is repeated for each of the three income tiers, resulting in a total count of worker households per 100 units.

in Appendix 2, Tables 2, 4, and 6. Each of these over 100 occupation categories has a different distribution of wages which was obtained from EDD and is specific to workers in Alameda County as of 2013.

For each detailed occupational category, the model uses the distribution of wages to calculate the percent of worker households that would fall into each income category. The calculation is performed for each possible combination of household size and number of workers in the household. For households with more than one worker, individual *employee* income data was used to calculate the household income by assuming multiple earner households are, on average, formed of individuals with similar incomes.

The table below illustrates Step 5 as applied to food preparation and serving workers. Annual compensation for food preparation and serving workers in Alameda County as of 2013 is distributed[9] around a mean of $21,500. For households with one worker, 100% are estimated to qualify as Very Low. For households with two or more workers between 37% and 100% are estimated to qualify as Very Low depending on the household size. For households with three or more workers, only larger households with than six or more people are estimated to qualify as Very Low.

Step 5 Illustration for Food Preparation and Serving Worker Households
Percent Qualifying as Very Low for Each Possible Household Size / No. of Workers Combination

	Percent of Worker Households That Would Qualify as Very Low For Each Possible Combination of Household Size and No. of Workers Applying 2014 Income Limits for Alameda County					
HH Size Limit	1 Person $32,750	2 Person $37,400	3 Person $42,100	4 Person $46,750	5 Person $50,500	6 Person $54,250
No. Workers in Household						
1	100%	100%	100%	100%	100%	100%
2	N/A	37%	61%	77%	100%	100%
3 or more[10]	N/A	N/A	0%	0%	0%	21%

The step illustrated above is repeated around 300 times for each of the over 100 detailed occupations and at each of the three affordable income tiers. At the end of Step 5, the nexus model has established a matrix indicating the percentages of households that would qualify in the affordable income tiers for every detailed occupational category and every potential combination of household size and number of workers in the household.

[9] In addition to the mean compensation, EDD reported 25th, 50th, and 75th percentile compensations are utilized.
[10] Census data aggregates households with three or more workers; therefore, a corresponding aggregation is necessary for purposes of the analysis.

Summary Findings

Table C-3 indicates the results of the analysis for each of the residential prototypes. The table presents the number of households generated in each affordability category and the total number over 120% of Area Median Income.

The findings in Table C-3 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					
	Single Family / Large Lot	*Single Family / Small Lot*	*Townhome*	*Condo*	*Apartment*
Very Low (Under 50% AMI)	13.2	11.7	9.5	10.2	6.7
Low (50%-80% AMI)	7.4	6.5	5.3	5.7	3.7
Moderate (80%-120% AMI)	7.2	6.3	5.2	5.5	3.7
Total, Less than 120% AMI	**27.8**	**24.5**	**20.0**	**21.4**	**14.1**
Greater than 120% AMI	6.3	5.7	4.7	5.0	3.4
Total, New Households	**34.1**	**30.2**	**24.7**	**26.4**	**17.5**

Housing demand for new worker households earning less than 120% of AMI ranges from 27.8 units per 100 market rate units for large lot Single Family units, to 14.1 units per 100 market rate units for apartments. Housing demand is distributed across the lower income tiers with the greatest number of households in the under 50% of AMI tier. 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.

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 a supported inclusionary percentage which represents the percentage of units provided on-site within a project that would fully mitigate the affordable housing impacts as documented in this nexus analysis. While the City is considering elimination of its existing inclusionary program in favor housing impact fees, these percentages are never-the-less provided for additional information which may potentially be useful; for example, in making required findings if affordable units are proposed to be included within a project as an alternative to payment of the Housing Impact Fee.

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-4. Each tier is cumulative, or inclusive of the tiers above. The analysis supports maximum inclusionary percentages between 12.4% and 21.7%, depending on the prototype.

Cumulative Inclusionary Percentage Supported by Nexus Analysis					
	Single Family / Large Lot	*Single Family / Small Lot*	*Townhome*	*Condo*	*Apartment*
Very Low (Under 50% AMI)	11.6%	10.5%	8.7%	9.3%	6.3%
Low (50%-80% AMI)	17.0%	15.4%	12.9%	13.7%	9.4%
Moderate (80%-120% AMI)	21.7%	19.7%	16.7%	17.6%	12.4%

The percentages shown above are not recommended inclusionary percentages. They are included for purposes of additional information relative to the alternative means of compliance provisions of the proposed Housing Impact Fee Ordinance which requires certain findings in connection with approval of a proposed alternative means of compliance.

TABLE C-1
NET NEW HOUSEHOLDS AND OCCUPATION DISTRIBUTION
EMPLOYEE HOUSEHOLDS GENERATED
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

	Prototype 1: SFD / Large Lot	Prototype 2: SFD / Small Lot	Prototype 3: Townhome	Prototype 4: Condo	Prototype 5: Rental
Step 1 - Employees [1]	73.1	64.6	53.0	56.6	37.5
Step 2 - Adjustment for Changing Industries (25%)	54.8	48.6	39.7	42.5	28.1
Step 3 - Adjustment for Number of Households (1.61) [2]	34.1	30.2	24.7	26.4	17.5
Step 4 - Occupation Distribution [3]					
Management Occupations	4.1%	4.0%	4.0%	4.0%	4.1%
Business and Financial Operations	3.6%	3.5%	3.5%	3.5%	3.5%
Computer and Mathematical	1.2%	1.2%	1.2%	1.2%	1.2%
Architecture and Engineering	0.3%	0.3%	0.3%	0.3%	0.3%
Life, Physical, and Social Science	0.4%	0.3%	0.3%	0.3%	0.3%
Community and Social Services	2.0%	2.0%	2.0%	2.0%	1.9%
Legal	0.6%	0.6%	0.6%	0.6%	0.6%
Education, Training, and Library	4.6%	3.3%	3.3%	3.3%	2.8%
Arts, Design, Entertainment, Sports, and Media	1.8%	1.6%	1.6%	1.6%	1.6%
Healthcare Practitioners and Technical	7.4%	8.3%	8.3%	8.3%	8.7%
Healthcare Support	4.3%	4.8%	4.8%	4.8%	5.0%
Protective Service	1.3%	1.3%	1.3%	1.3%	1.3%
Food Preparation and Serving Related	14.4%	15.1%	15.1%	15.1%	15.2%
Building and Grounds Cleaning and Maint.	6.0%	5.8%	5.8%	5.8%	5.8%
Personal Care and Service	5.7%	5.5%	5.5%	5.5%	5.3%
Sales and Related	15.3%	15.1%	15.1%	15.1%	14.6%
Office and Administrative Support	15.5%	15.6%	15.6%	15.6%	15.8%
Farming, Fishing, and Forestry	0.1%	0.1%	0.1%	0.1%	0.1%
Construction and Extraction	0.8%	0.8%	0.8%	0.8%	0.8%
Installation, Maintenance, and Repair	3.5%	3.6%	3.6%	3.6%	3.8%
Production	1.7%	1.7%	1.7%	1.7%	1.7%
Transportation and Material Moving	5.5%	5.4%	5.4%	5.4%	5.4%
Totals	100.0%	100.0%	100.0%	100.0%	100.0%
Management Occupations	1.4	1.2	1.0	1.1	0.7
Business and Financial Operations	1.2	1.1	0.9	0.9	0.6
Computer and Mathematical	0.4	0.4	0.3	0.3	0.2
Architecture and Engineering	0.1	0.1	0.1	0.1	0.1
Life, Physical, and Social Science	0.1	0.1	0.1	0.1	0.1
Community and Social Services	0.7	0.6	0.5	0.5	0.3
Legal	0.2	0.2	0.1	0.2	0.1
Education, Training, and Library	1.6	1.0	0.8	0.9	0.5
Arts, Design, Entertainment, Sports, and Media	0.6	0.5	0.4	0.4	0.3
Healthcare Practitioners and Technical	2.5	2.5	2.1	2.2	1.5
Healthcare Support	1.4	1.5	1.2	1.3	0.9
Protective Service	0.4	0.4	0.3	0.3	0.2
Food Preparation and Serving Related	4.9	4.6	3.7	4.0	2.7
Building and Grounds Cleaning and Maint.	2.0	1.7	1.4	1.5	1.0
Personal Care and Service	2.0	1.7	1.4	1.5	0.9
Sales and Related	5.2	4.6	3.7	4.0	2.6
Office and Administrative Support	5.3	4.7	3.9	4.1	2.8
Farming, Fishing, and Forestry	0.0	0.0	0.0	0.0	0.0
Construction and Extraction	0.3	0.2	0.2	0.2	0.1
Installation, Maintenance, and Repair	1.2	1.1	0.9	0.9	0.7
Production	0.6	0.5	0.4	0.4	0.3
Transportation and Material Moving	1.9	1.6	1.3	1.4	0.9
Totals	34.1	30.2	24.7	26.4	17.5

Notes:

[1] Estimated employment generated by expenditures of households within 100 prototypical market rate units. Employment estimates based on economic model, IMPLAN.

[2] Adjustment from number of workers to households using average of 1.61 workers per worker household derived from the U.S. Census American Community

[3] See Appendix 2, Tables 1 through 6 for additional information on Major Occupation Categories.

TABLE C-2
VERY LOW-INCOME EMPLOYEE HOUSEHOLDS[1] GENERATED
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

Per 100 Market Rate Units

	Prototype 1: SFD / Large Lot	Prototype 2: SFD / Small Lot	Prototype 3: Townhome	Prototype 4: Condo	Prototype 5: Rental
Step 5 & 6 - Very Low Income Households (under 50% AMI) within Major Occupation Categories [2]					
Management	0.01	0.01	0.01	0.01	0.00
Business and Financial Operations	0.01	0.01	0.01	0.01	0.00
Computer and Mathematical	-	-	-	-	-
Architecture and Engineering	-	-	-	-	-
Life, Physical and Social Science	-	-	-	-	-
Community and Social Services	-	-	-	-	-
Legal	-	-	-	-	-
Education Training and Library	0.27	0.17	0.14	0.15	0.09
Arts, Design, Entertainment, Sports, & Medi	-	-	-	-	-
Healthcare Practitioners and Technical	0.02	0.02	0.01	0.02	0.01
Healthcare Support	0.56	0.56	0.45	0.49	0.33
Protective Service	-	-	-	-	-
Food Preparation and Serving Related	3.57	3.33	2.72	2.91	1.94
Building Grounds and Maintenance	0.88	0.77	0.63	0.68	0.45
Personal Care and Service	1.18	1.00	0.82	0.87	0.57
Sales and Related	2.68	2.32	1.90	2.03	1.29
Office and Admin	1.37	1.23	1.00	1.07	0.71
Farm, Fishing, and Forestry	-	-	-	-	-
Construction and Extraction	-	-	-	-	-
Installation Maintenance and Repair	0.17	0.16	0.13	0.14	0.09
Production	-	-	-	-	-
Transportation and Material Moving	0.81	0.70	0.57	0.61	0.40
Very Low Income Households - Major Occupatio	11.53	10.27	8.39	8.97	5.88
Very Low Inc. Households[1] - all other occupation	1.64	1.42	1.16	1.24	0.81
Total Very Low Income Households[1]	**13.17**	**11.69**	**9.55**	**10.21**	**6.69**

[1] Includes households earning from zero through 50% of Alameda County Area Median Income.

[2] See Appendix 2 Tables 1 through 6 for additional information on Major Occupation Categories. Note that the model places individual employees into households. Many households have multiple income sources and therefore household income is higher than the wages shown in Appendix 2 tables 2, 4, and 6. The distribution of the number of workers per worker household and the distribution of household size are based on American Community Survey data.

TABLE C-3
IMPACT ANALYSIS SUMMARY
EMPLOYEE HOUSEHOLDS GENERATED
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

RESIDENTIAL UNIT DEMAND IMPACTS
PER 100 MARKET RATE UNITS

Number of New Households[1]	Prototype 1: SFD / Large Lot	Prototype 2: SFD / Small Lot	Prototype 3: Townhome	Prototype 4: Condo	Prototype 5: Rental
Under 50% Area Median Income	13.2	11.7	9.5	10.2	6.7
50% to 80% Area Median Income	7.4	6.5	5.3	5.7	3.7
80% to 120% Area Median Income	7.2	6.3	5.2	5.5	3.7
Subtotal through 120% of Median	27.8	24.5	20.0	21.4	14.1
Over 120% Area Median Income	6.3	5.7	4.7	5.0	3.4
Total Employee Households	34.1	30.2	24.7	26.4	17.5

Percent of New Households [1]	Prototype 1: SFD / Large Lot	Prototype 2: SFD / Small Lot	Prototype 3: Townhome	Prototype 4: Condo	Prototype 5: Rental
Under 50% Area Median Income	39%	39%	39%	39%	38%
50% to 80% Area Median Income	22%	21%	21%	21%	21%
80% to 120% Area Median Income	21%	21%	21%	21%	21%
Subtotal through 120% of Median	81%	81%	81%	81%	81%
Over 120% Area Median Income	19%	19%	19%	19%	19%
Total Employee Households	100%	100%	100%	100%	100%

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

TABLE C-4
INCLUSIONARY REQUIREMENT SUPPORTED
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

	Prototype 1: SFD / Large Lot	Prototype 2: SFD / Small Lot	Prototype 3: Townhome	Prototype 4: Condo	Prototype 5: Rental
Supported Inclusionary Requirement					
Per 100 Market Rate Units - Cumulative Through					
50% OF MEDIAN INCOME	13.2 Units	11.7 Units	9.5 Units	10.2 Units	6.7 Units
80% OF MEDIAN INCOME	20.5 Units	18.2 Units	14.8 Units	15.9 Units	10.4 Units
120% OF MEDIAN INCOME	27.8 Units	24.5 Units	20.0 Units	21.4 Units	14.1 Units
Supported Inclusionary Percentage - Cumulative Through [1]					
50% OF MEDIAN INCOME	11.6%	10.5%	8.7%	9.3%	6.3%
80% OF MEDIAN INCOME	17.0%	15.4%	12.9%	13.7%	9.4%
120% OF MEDIAN INCOME	**21.7%**	**19.7%**	**16.7%**	**17.6%**	**12.4%**

Notes:
[1] 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 Newark, known as the 'affordability gap.' Affordability gaps are calculated for each of the three categories of area median income: Very Low (under 50% of median), Low (50% to 80%), and Moderate (80% to 120%). The following summarizes the analysis of mitigation cost which is based on the affordability gap or net cost to deliver units that are affordable to worker households in the lower income tiers. Detailed affordability gap calculations are presented in Tables D-1 through D-3 at the end of this section.

City Assisted Affordable Unit 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 analysis assumes that the City will assist households earning between 80% and 120% of Area Median Income with ownership units. The prototype affordable unit should reflect a modest unit consistent with what the City is likely to assist and appropriate for housing the average moderate income worker household, which in the case of Newark is assumed to be a three person household in a two-bedroom townhome unit (for reference, the average household size in Newark is 3.3 persons and for Alameda County the average is 2.8 based on the 2010-2012 American Community Survey). The analysis assumes households earning less than 80% of Area Median Income will be assisted in rental units. The analysis uses a two bedroom affordable rental prototype.

For the purposes of estimating the affordability gaps, we do not assume additional sources of affordable housing financing such as the federal and state low income housing tax credit program. While many affordable housing developments use a wide array of funding sources including tax credits, 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 and the amount of funding that tax credits can generate can fluctuate widely.

Development Costs

KMA prepared an estimate of total development cost for a typical two bedroom affordable rental unit (inclusive of land, all fees and permits, financing and other indirect costs) based on a review of development pro formas for recent affordable and market rate rental developments, comparable land sale data, and construction cost data sources such as RS Means. It is noted that the construction costs assume payment of prevailing wages, which would typically be required in publicly subsidized affordable housing projects. On this basis, KMA concluded that on average, the new affordable rental units would have a total development cost per unit of $310,000.

For ownership units, total development costs (including profit) under normal market conditions, is equal to the market rate sales price. Since there are no new or recent townhome projects selling in Newark, KMA estimated the market sales price for a typical two bedroom, 1,300 square foot townhome to be $500,500 unit ($385 per square foot) based on data developed in the market survey.

Development Costs		
Income Group	*Unit Tenure / Type*	*Development Cost*
Under 50% AMI	Rental	$310,000
50% to 80% AMI	Rental	$310,000
80% to 120% AMI	Ownership	$500,500

Unit Values

For affordable ownership units, unit values are the affordable purchase prices. Affordable purchase prices for ownership units are calculated based on the purchase price affordable to a household earning 110% of the Alameda County area median income. For a two bedroom unit, KMA calculated the affordable sales price as $331,500. Details of the calculation are presented in Table D-2.

For rental units, unit values are based upon the Net Operating Income (NOI) generated by the units at the restricted rents and the resulting investment supported. For Low-Income households, affordable rents are based on households earning 60% of the Alameda County median, and for Very Low Income households, rents are based on households earning 50% of median per the California Health and Safety Code standards. The NOI is computed based on the affordable rents less vacancy and operating and maintenance expenses. The NOI is then capitalized at a target return on investment of 7.5% to estimate the supported investment for the project. It is noted that the 7.5% return is higher than would be expected for a typical market rate apartment project because rent growth in affordable housing projects is significantly constrained by increases in median incomes, which do not tend to keep pace with market rent growth. On this basis, KMA estimated the value of the Low Income rental unit at $96,000 and the Very Low Income rental unit at $70,000.

Maximum Affordable Sales Prices and Rent Levels				
Income Group	*Unit Tenure / Type*	*Household Size*	*Maximum Monthly Housing Costs*[11]	*Unit Values / Sales Price*
Under 50% AMI	Rental	3 persons	$1,052 / Month	$70,000
50% to 80% AMI	Rental	3 persons	$1,262 / Month	$96,000
80% to 120% AMI	Ownership	3 persons	$2,700 / Month	$331,500

Affordability Gap

The affordability gap is the difference between the cost of developing a residential unit and the unit values at the affordable rents or sales prices.

The resulting affordability gaps are as follows:

Affordability Gap Calculation			
	Unit Value / Sales Price	*Development Cost*	*Affordability Gap*
Affordable Rental Units			
Very Low (Under 50% AMI)	$70,000	$310,000	$240,000
Low (50% to 80% AMI)	$96,000	$310,000	$214,000
Affordable Ownership Units			
Moderate (80% to 120% AMI)	$331,500	$500,500	$169,000

Tables D-1 to D-3 present the detailed affordability gap calculations.

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 five prototypes to the affordability gaps, or the costs of delivering housing to them in Newark.

Table D-4 summarizes the analysis. The Affordability Gaps are drawn from the prior discussion. The "Total 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-3 in the previous section and is adjusted to a per-unit basis from the 100 unit building module.)

[11] For rental units, maximum housing costs are the affordable rents. For the moderate-income ownership unit, maximum monthly housing costs includes all housing expenses such as mortgage, insurance, property taxes , HOA dues, and utilities.

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

Nexus Per Market Rate Unit							
Income Category	*Affordability Gap*	*Single Family / Large Lot*	*Single Family / Small Lot*	*Townhome*	*Condo*	*Apartment*
Very Low (30% - 50% AMI)	$240,000	$31,600	$28,000	$22,900	$24,500	$16,100
Low (50%-80% AMI)	$214,000	$15,800	$13,900	$11,300	$12,100	$8,000
Moderate (80%-120% AMI)	$169,000	$12,200	$10,700	$8,700	$9,300	$6,200
Total Nexus Costs		**$59,600**	**$52,600**	**$42,900**	**$45,900**	**$30,300**

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 1 for more discussion of the prototypes. The results per square foot of building area are as follows:

Total Nexus Cost or Maximum Supported Impact Fee Per Sq.Ft. of Building Area [12]						
Income Category	*Affordability Gap*	*Single Family / Large Lot*	*Single Family / Small Lot*	*Townhome*	*Condo*	*Apartment*
Prototype Size		*2,500 SF*	*2,000 SF*	*1,500 SF*	*1,300 SF*	*850 SF*
Very Low (30% - 50% AMI)	$240,000	$12.60	$14.00	$15.30	$18.80	$18.90
Low (50%-80% AMI)	$214,000	$6.30	$7.00	$7.50	$9.30	$9.40
Moderate (80%-120% AMI)	$169,000	$4.90	$5.40	$5.80	$7.20	$7.30
Total Nexus Costs		**$23.80**	**$26.40**	**$28.60**	**$35.30**	**$35.60**

These costs express the total linkage or nexus costs for the five prototype developments in the City of Newark. 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.**

[12] Findings are presented based on net rentable or sellable square footage

TABLE D-1
AFFORDABILITY GAP CALCULATION FOR MODERATE INCOME
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

I. City-Assisted Affordable For-Sale Prototype

Building Type	2-BR Townhome
Density	25 du/ac
Number of Bedrooms	2-BR
Unit Size	1,300 SF
Market Rate Sale Price	$500,500

II. Affordable Sales Price

Household Size	3 person HH
110% of Median Income	$84,150
Maximum Affordable Sales Price [1]	$331,500

III. Affordability Gap

Market Rate Sale Price	$500,500
(Less) Affordable Price	($331,500)
Affordability Gap	$169,000

[1] See Table D-2 for KMA estimate.

TABLE D-2
ESTIMATED AFFORDABLE HOUSING PRICES - MODERATE INCOME
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

Unit Size	2-Bedroom Unit
Household Size	3-person HH
100% AMI Alameda County 2013	$84,150
Annual Income @ 110%	$92,565
% of AMI	110.0%
% for Housing Costs	35%
Available for Housing Costs	$32,398
(Less) Property Taxes	($4,150)
(Less) HOA	($2,700)
(Less) Utilities	($1,068)
(Less) Insurance	($1,080)
(Less) Mortgage Insurance	($4,253)
Income Available for Mortgage	$19,147
Mortgage Amount	$314,900
Down Payment (homebuyer cash)	$16,600
Supported Home Price	$331,500
Key Assumptions	
- Mortgage Interest Rate	4.50%
- Down Payment	5.0%
- Property Taxes (% of sales price)	1.25%
- HOA (per month)	$225
- Utilities (per month)	$89
- Mortgage Insurance (% of loan amount)	1.35%

TABLE D-3
AFFORDABILITY GAPS FOR VERY LOW AND LOW INCOME HOUSEHOLDS
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

		50% AMI	60% AMI
I. Affordable Rent			
Average Number of Bedrooms		2 Bedrooms	2 Bedrooms
Average Household Size		3 Persons per HH	3 Persons per HH
Household Income		$42,075	$50,490
Income Allocation to Housing		30%	30%
Monthly Housing Cost		$1,052	$1,262
(Less) Utility Allowance		($44)	($44) (1)
Maximum Monthly Rent		$1,008	$1,218
II. Net Operating Income (NOI)		Per Unit	Per Unit
Gross Scheduled Income (GSI)			
Monthly		$1,008	$1,218
Annual		$12,095	$14,619
Other Income		$250	$250
(Less) Vacancy	5%	($617)	($743)
Effective Gross Income (EGI)		$11,727	$14,126
(Less) Operating Expenses (2)		($5,500)	($5,500)
(Less) Property Taxes	1.25%	($1,000)	($1,390)
Net Operating Income (NOI)		$5,227	$7,236
III. Capitalized Value and Affordability Gap			
Net Operating Income (NOI)		$5,227	$7,236
Target Return on Investment		7.50%	7.50%
Total Capitalized Value		$70,000	$96,000
(Less) Total Development Costs (3)		($310,000)	($310,000)
Affordability Gap		($240,000)	($214,000)

(1) Utility allowances from Alameda County Housing Authority.
(2) Includes replacement reserves.
(3) Development costs estimated by KMA based on project comps (includes prevailing wages).

TABLE D-4
SUPPORTED FEE / NEXUS SUMMARY PER UNIT
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

TOTAL NEXUS COST PER MARKET RATE UNIT

	Affordability Gap [1]	Nexus Cost Per Market Rate Unit [3]				
		Prototype 1: SFD / Large Lot	Prototype 2: SFD / Small Lot	Prototype 3: Townhome	Prototype 4: Condo	Prototype 5: Rental
Household Income Level						
Under 50% Area Median Income	$240,000 [1]	$31,600	$28,000	$22,900	$24,500	$16,100
50% to 80% Area Median Income	$214,000 [1]	$15,800	$13,900	$11,300	$12,100	$8,000
80% to 120% Area Median Income	$169,000 [2]	$12,200	$10,700	$8,700	$9,300	$6,200
Total Supported Fee / Nexus		**$59,600**	**$52,600**	**$42,900**	**$45,900**	**$30,300**

TOTAL NEXUS COST PER SQUARE FOOT OF BUILDING AREA [4]

		Nexus Cost Per Square Foot (Net Rentable / Sellable) [4]				
		Prototype 1: SFD / Large Lot	Prototype 2: SFD / Small Lot	Prototype 3: Townhome	Prototype 4: Condo	Prototype 5: Rental
	Unit Size (SF)	2,500 SF	2,000 SF	1,500 SF	1,300 SF	850 SF
Household Income Level						
Under 50% Area Median Income		$12.60	$14.00	$15.30	$18.80	$18.90
50% to 80% Area Median Income		$6.30	$7.00	$7.50	$9.30	$9.40
80% to 120% Area Median Income		$4.90	$5.40	$5.80	$7.20	$7.30
Total Supported Fee / Nexus		**$23.80**	**$26.40**	**$28.60**	**$35.30**	**$35.60**

Notes:
[1] Assumes affordable rental units (2-3 story apartment). See Table D-3.
[2] Affordability gap for moderate income households based on ownership unit (townhome) priced at 110% AMI. See Table D-1.
[3] Nexus cost per unit computed by multiplying affordable unit demand per 100 units from Table C-3 by the affordability gap and dividing by 100 units.
[4] Computed by dividing the nexus cost per unit by the square footage of the unit.

ADDENDUM: ADDITIONAL BACKGROUND AND NOTES ON SPECIFIC ASSUMPTIONS

No Excess Supply of Affordable Housing

An assumption of this residential nexus analysis is that there is no excess supply of affordable housing available to absorb or offset new demand; therefore, new affordable units are needed to mitigate the new affordable housing demand generated by development of new market rate residential units. Based on a review of the City's current Housing Element, conditions in Newark are consistent with this underlying assumption. According to the Housing Element for the 2007 to 2014 period, approximately one third of all households in the City were paying more than thirty percent of their income on housing. Current Census data (2010 to 2012 ACS) indicates that this percentage has now climbed to over 40% of households that are spending more than 30% of their income on housing. Vacancy rates in Newark are around 2% according to Census data.

Affordability Gap

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 the type of unit to be delivered depends on the income/affordability level. In Newark, the City is anticipated to assist in the development of rental units for household incomes less than 80% of median and for moderate income households, ownership units are assumed to be assisted.

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 recent housing downturn, sales prices were depressed such that they were 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

In the context of economic downturns such as the recent severe recession, the question is sometimes 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. Recessions are temporary conditions; a healthy economy will return and the impacts will be experienced. The economic cycle also 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, economic conditions will have likely improved.

The Burden of Paying for Affordable Housing

Newark's impact fee program will not place all burden for the creation of affordable housing on new residential construction. Newark currently has a Housing Impact Fee that applies to commercial development. The burden of affordable housing is also 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 impact fee program will fund only a small percentage of the affordable housing needed in the City of Newark.

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: 2010-2012 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.

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APPENDIX 1: MARKET SURVEY

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I. INTRODUCTION

One of the underlying components of the Residential Nexus Study is the identification of residential building prototypes that are expected to be developed in the City of Newark, both today and in the future, and what the market prices for those prototypes will be. These market prices are then used to estimate the incomes of new households that will live in those units and a quantification of the number and types of new jobs that will be created as a result of those households. In this section, Keyser Marston Associates (KMA) describes the residential building prototypes utilized for the analysis, summarizes the residential market data researched, and describes the market price point conclusions drawn therefrom.

II. RESIDENTIAL PROTOTYPES

In collaboration with City staff, a total of five market rate residential prototypes were selected for market pricing – four for-sale prototypes and one rental prototype. The intent of the selected prototypes is to identify representative development prototypes that are envisioned to be developed in Newark in the future. It is noted that one prototype, the stacked flat condominiums, is not commonly being developed outside of San Francisco and select high-value Peninsula and South Bay locales. However, stacked flat condos may become possible in Newark as the market continues to mature.

Residential Prototypes	Density	Avg. Unit Size
For-Sale Prototypes		
1) Larger Lot Single Family Detached Homes	8 du/acre	2,500 sq. ft.
2) Small Lot Single Family Detached	12 du/acre	2,000 sq. ft.
3) Townhomes	18 du/acre	1,500 sq. ft.
4) Stacked Flat Condominiums	50 du/acre	1,300 sq. ft.
Rental Prototype		
5) 2-3 Story Apartments	25 du/acre	850 sq. ft.

Source: KMA in collaboration with City of Newark

III. MARKET SURVEY & PRICE ESTIMATES

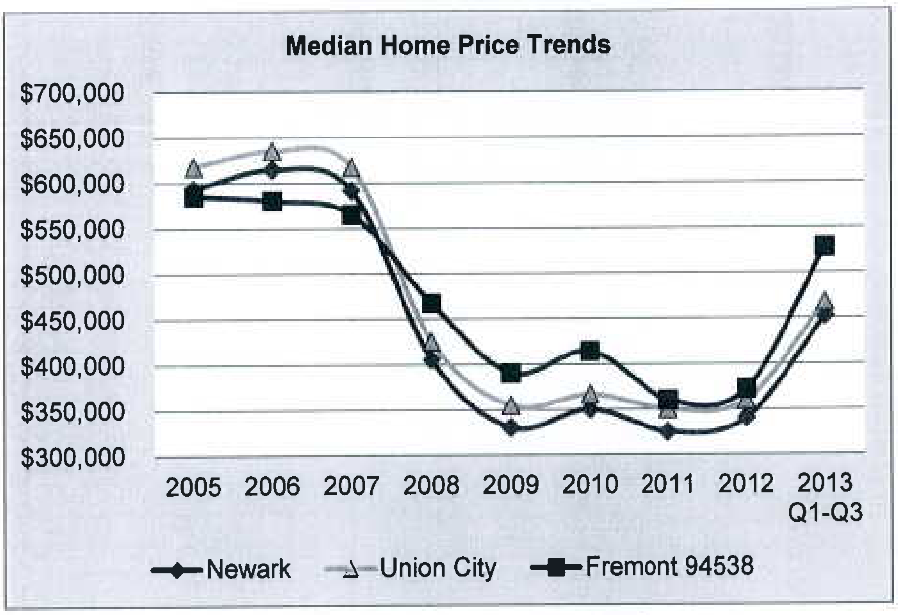
a) Residential Building Activity

The City of Newark has not had significant new home construction in the last ten years. A limited amount of developable land in Newark in combination with the downturn in the real estate market resulting from the recession has kept construction to a minimum. However, Newark is anticipating additional residential development in the coming years and has several large residential developments in the planning stages.

b) Overview of For-Sale Market

The median home price in Newark declined nearly half during the recession – from a high of $614,000 in 2006 to $325,000 in 2011 (there was a slight uptick in pricing in 2010 resulting from a temporary federal homebuyer tax credit). The median price rebounded significantly, about 30%, between 2012 and 2013.

Since Newark has experienced almost no new residential construction in recent years, market pricing for this analysis has also been based on a review of market comps in the neighboring cities of Fremont and Union City. The median home price chart below also includes Union City and Fremont (zip code 94538). As shown, the median home price trend for Union City and Fremont zip code 94538 is similar to that of Newark.



Source: Dataquick, city-data.com. Note: The median home prices for Fremont zip code 94538 (Irvington/South Fremont area) are the lowest of the four Fremont zip codes and the closest to the Newark medians.

The recent rebound in median home prices can be attributed to improvement in the broader economy as well as to continued favorable mortgage interest rates and low home inventories. It would be expected that the pace of home price escalation will moderate as home inventories increase to more typical levels, and as federal policy makers continue to allow mortgage interest rates to rise gradually from the historic lows experienced over the course of the last couple of years.

c) New For-Sale Home Projects and Pricing

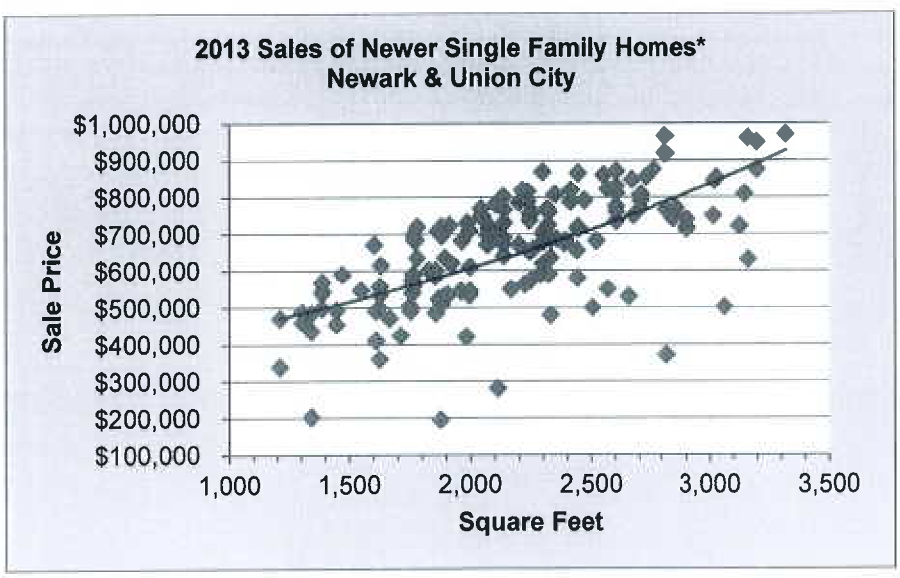
In order to estimate market pricing of the four for-sale residential prototypes, KMA first researched asking prices of newly constructed homes currently on the market. Market research firm Real Estate Economics identified just one single family home development and two attached townhome developments currently being marketed for sale in the City of Fremont. There were no new projects identified in Newark or Union City.

Newly Built Residential Projects	Location	Unit Sizes	Price	Price PSF
Single Family Detached				
1) Central Park Terraces	Union St & Railroad Ave, Fremont (94538)	1,644 sf	$677,990	$412
		1,712 sf	$706,990	$413
		2,094 sf	$761,990	$364
Attached Townhomes				
1) Lunare Townhomes	Blacow & Fremont Blvd, Fremont (94538)	1,198 sf	$495,000	$413
		1,425 sf	$575,000	$404
2) Tavenna	Ardenwood Blvd & Paseo Padre, Fremont (94555)	1,246 sf	$578,490	$464
		1,617 sf	$693,490	$429
		1,701 sf	$720,490	$424
		1,969 sf	$753,490	$383

Source: Real Estate Economics (December 2013).

d) Re-Sale Home Prices

Given the limited number of newly built homes currently on the market, KMA also analyzed re-sale prices of existing homes as an additional source of data to estimate the prototype home prices. These prices are shown in the chart below.



**Homes built since 1990*
Source: Dataquick

e) For-Sale Prototype Price Estimates

The pricing of new home developments currently on the market combined with the re-sale data noted above formed the basis for KMA's prototype price estimates. The prototype pricing estimates took into consideration the following factors:

- Based on the median home prices in Newark as compared to Union City and Fremont (zip code 94538), the prototype pricing assumes somewhat lower pricing in Newark than in these neighboring locales;
- In general, larger homes sell for a higher total price but a lower price per square foot than smaller homes; and
- In general, newly built homes sell for a premium over re-sales, all else being equal.

Consistent with these factors, the prices of the Newark residential prototypes have been conservatively estimated lower than the three new developments currently being marketed in Fremont but are higher than the trend line average of re-sale homes.

For-Sale Prototype Price Estimates	Size	Price	Price PSF
Prototype 1: Larger Lot Single Family Detached Homes	2,500 sf	$787,500	$315
Prototype 2: Small Lot Single Family Detached	2,000 sf	$700,000	$350
Prototype 3: Townhomes	1,500 sf	$562,500	$375
Prototype 4: Stacked Flat Condominiums	1,300 sf	$580,000*	$446*

**Price required for feasibility*

It is noted that the sale price for the stacked flat condominium prototype is based on a price required for feasibility rather than a theoretical current market price. Historically, stacked flat condominiums have not been built in Newark or in neighboring jurisdictions due to the fact that the prices that these types of units can be sold for in this area are not sufficient to offset the higher development cost. This study assumes that stacked flat condominiums will only be built if market prices are sufficient to achieve financially feasibility.

f) Rental Housing Market

Average apartment rents in Newark are positioned at roughly the mid-point of other cities in Alameda County and slightly above neighboring Fremont and Union City.

Alameda County Average Apartment Rents (Q4 2013)		
1.	Berkeley	$2,502
2.	Emeryville	$2,294
3.	Oakland	$2,133
4.	Dublin	$2,035
5.	Pleasanton	$1,924
6.	Newark	$1,856
7.	Fremont	$1,801
8.	Union City	$1,798
9.	Alameda	$1,757
10.	Livermore	$1,615
11.	Hayward	$1,465
12.	Castro Valley	$1,430
13.	San Leandro	$1,305

Source: RealFacts

In general, the apartment market throughout the Bay Area has enjoyed increasingly healthy conditions in the last few years, evidenced by rising rents and high occupancy rates.

In order to estimate apartment rents for newly built units in Newark, KMA conducted a survey of eleven apartment developments in Newark, Union City, and Fremont. Of these properties, the range of rents is roughly as follows (additional detail is contained in Appendix 1: Table 1):

Apartment Survey	Average Sq. Ft.	Average Rent	Rent/Sq. Ft.
1-Bedroom	744 sf	$1,809 - $2,120	$2.43 - $2.85
2-Bedroom	982 sf	$2,165 - $2,371	$2.20 - $2.41
All Unit Sizes	863 sf	$1,989 - $2,239	$2.30 - $2.59

Source: KMA Survey (December 2013)

g) Rental Prototype Rent Estimates

The following are KMA's rent estimates for the Newark rental prototype. While rent growth has been significant over the course of the last several years in the Newark market, we have not escalated current rents for purposes of this analysis. We anticipate the rate of rent growth to slow in the balance of 2014.

Rental Prototype Rent Estimates	Sq. Ft.	Rent/Month	Rent/Sq. Ft.
Prototype 5: 2-3 Story Apartments	850 sf	$2,000	$2.35

APPENDIX 1, TABLE 1
ASKING APARMENT RENTS - SELECT DEVELOPMENTS IN NEWARK, UNION CITY, FREMONT
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

	Sq. Ft.	Low Rent	High Rent	Low $/SF	High $/SF
Newark Apartments					
Sycamore Bay	*37171 Sycamore Street, Newark (Built 1998)*				
1 BD/ 1 BA	665	$1,921	$2,111	$2.89	$3.17
1 BD/ 1 BA	709	$1,920	$2,041	$2.71	$2.88
2 BD/ 2 BA	958	$2,984	$3,110	$3.11	$3.25
2 BD/ 2 BA	963	$2,241	$2,241	$2.33	$2.33
2 BD/ 2 BA	977	$2,407	$2,407	$2.46	$2.46
2 BD/ 2 BA	1,008	$2,210	$2,437	$2.19	$2.42
Average	880	$2,281	$2,391	$2.59	$2.72
Bay Bridge Apartments	*35655 Haley Street, Newark (Built 1981)*				
1 BD/ 1 BA	487	$1,380	$1,380	$2.83	$2.83
2 BD/ 1 BA	749	$1,645	$1,645	$2.20	$2.20
Average	618	$1,513	$1,513	$2.45	$2.45
Alderwood Park	*37057 Magnolia Street, Newark (Built 1986)*				
1 BD/ 1 BA	685	$1,521	$1,636	$2.22	$2.39
2 BD/ 1 BA	850	$1,776	$1,939	$2.09	$2.28
2 BD/ 2 BA	909	$1,922	$1,922	$2.11	$2.11
Average	815	$1,740	$1,832	$2.14	$2.25
Union City Apartments					
Avalon Union City	*24 Union Square, Union City (Built 2009)*				
1 BD/ 1 BA	683	$1,725	$2,800	$2.53	$4.10
1 BD/ 1 BA	700	$1,755	$2,800	$2.51	$4.00
1 BD/ 1 BA	732	$1,750	$2,840	$2.39	$3.88
1 BD/ 1 BA	792	$1,830	$2,875	$2.31	$3.63
1 BD/ 1 BA	919	$1,850	$2,895	$2.01	$3.15
2 BD/ 1 BA	1,146	$2,195	$3,505	$1.92	$3.06
2 BD/ 2 BA	1,331	$2,305	$3,625	$1.73	$2.72
Average	900	$1,916	$3,049	$2.13	$3.39
Eaves Union City	*2175 Decoto Road, Union City (Built 1973)*				
1 BD/ 1 BA	650	$1,660	$1,795	$2.55	$2.76
1 BD/ 1 BA	650	$1,500	$1,520	$2.31	$2.34
2 BD/ 1 BA	830	$1,885	$1,970	$2.27	$2.37
2 BD/ 1 BA	830	$1,795	$1,835	$2.16	$2.21
Average	740	$1,710	$1,780	$2.31	$2.41

	Sq. Ft.	Low Rent	High Rent	Low $/SF	High $/SF
Verandas	*33 Union Square, Union City (Built 1989)*				
1 BD/ 1 BA	603	$1,630	$2,244	$2.70	$3.72
1 BD/ 1 BA	777	$1,735	$2,537	$2.23	$3.27
2 BD/ 2 BA	955	$1,998	$2,854	$2.09	$2.99
Average	778	$1,788	$2,545	$2.30	$3.27
Skylark	*34655 Skylark Drive, Union City (Built 1986)*				
1 BD/ 1 BA	716	$1,575	$1,575	$2.20	$2.20
2 BD/ 1 BA	850	$1,620	$1,620	$1.91	$1.91
2 BD/ 2 BA	913	$1,775	$1,790	$1.94	$1.96
2 BD/ 2 BA	946	$1,795	$1,830	$1.90	$1.93
Average	856	$1,691	$1,704	$1.98	$1.99
Fremont Apartments					
Paragon	*3700 Beacon Avenue, Fremont (Built 2013)*				
1 BD/ 1 BA	685	$1,865	$1,895	$2.72	$2.77
1 BD/ 1 BA	738	$1,960	$2,050	$2.66	$2.78
1 BD/ 1 BA	832	$2,115	$2,130	$2.54	$2.56
1 BD/ 1 BA	854	$2,190	$2,190	$2.56	$2.56
2 BD/ 2 BA	1,058	$2,430	$2,475	$2.30	$2.34
2 BD/ 2 BA	1,111	$2,650	$2,650	$2.39	$2.39
2 BD/ 2 BA	1,159	$2,575	$2,575	$2.22	$2.22
2 BD/ 2 BA	1,179	$2,500	$2,645	$2.12	$2.24
Average	952	$2,286	$2,326	$2.40	$2.44
Archstone Fremont Center	*39410 Civic Drive, Fremont (Built 2001)*				
1 BD/ 1 BA	786	$1,940	$1,960	$2.47	$2.49
1 BD/ 1 BA	798	$2,005	$2,005	$2.51	$2.51
1 BD/ 1 BA	925	$2,060	$2,160	$2.23	$2.34
1 BD/ 1 BA	1,050	$2,090	$2,090	$1.99	$1.99
2 BD/ 2 BA	982	$2,415	$2,505	$2.46	$2.55
2 BD/ 2 BA	1,039	$2,410	$2,410	$2.32	$2.32
3 BD/ 2 BA	1,421	$3,235	$3,235	$2.28	$2.28
Average	1,000	$2,308	$2,338	$2.31	$2.34
Creekside Village	*2999 Sequoia Avenue, Fremont (Built 1986)*				
1 BD/ 1 BA	640	$1,706	$1,994	$2.67	$3.12
1 BD/ 1 BA	720	$1,762	$1,968	$2.45	$2.73
2 BD/ 2 BA	870	$2,079	$2,260	$2.39	$2.60
2 BD/ 2 BA	910	$2,182	$2,442	$2.40	$2.68
Average	785	$1,932	$2,166	$2.46	$2.76
Avalon Fremont	*39939 Stevenson Common, Fremont (Built 1992)*				
1 BD/ 1 BA	761	$1,760	$1,790	$2.31	$2.35
1 BD/ 1 BA	785	$1,820	$1,845	$2.32	$2.35
2 BD/ 2 BA	1,056	$2,165	$2,205	$2.05	$2.09
Average	867	$1,915	$1,947	$2.21	$2.24

Source: Project websites; ApartmentGuide.com; Rent.com; RealFacts (December 2013)

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APPENDIX 2: SUPPORTING TECHNICAL TABLES

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APPENDIX 2, TABLE 1
WORKER OCCUPATION DISTRIBUTION, 2012
SERVICES TO HOUSEHOLDS EARNING $75-$100,000, RESIDENT SERVICES
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

Major Occupations (2% or more)	Worker Occupation Distribution[1] Services to Households Earning $75-$100,000
Management Occupations	4.0%
Business and Financial Operations Occupations	3.4%
Education, Training, and Library Occupations	2.7%
Healthcare Practitioners and Technical Occupations	8.4%
Healthcare Support Occupations	4.9%
Food Preparation and Serving Related Occupations	14.8%
Building and Grounds Cleaning and Maintenance Occupations	5.7%
Personal Care and Service Occupations	5.2%
Sales and Related Occupations	14.3%
Office and Administrative Support Occupations	15.4%
Installation, Maintenance, and Repair Occupations	3.7%
Transportation and Material Moving Occupations	5.3%
All Other Worker Occupations - Services to Households Earning $75-$100,000	12.1%
INDUSTRY 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.

Source: Bureau of Labor Statistics, IMPLAN
Keyser Marston Associates, Inc.
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APPENDIX 2, TABLE 2
AVERAGE ANNUAL WORKER COMPENSATION, 2013
SERVICES TO HOUSEHOLDS EARNING $75-$100,000
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

Occupation [3]	2013 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Resident Services Workers
Page 1 of 4			
Management Occupations			
Chief Executives	$199,700	3.7%	0.2%
General and Operations Managers	$132,900	32.9%	1.3%
Sales Managers	$141,700	5.2%	0.2%
Administrative Services Managers	$101,200	3.9%	0.2%
Financial Managers	$144,800	6.7%	0.3%
Food Service Managers	$51,200	5.8%	0.2%
Medical and Health Services Managers	$113,500	7.6%	0.3%
Property, Real Estate, and Community Association Managers	$85,600	10.8%	0.4%
Social and Community Service Managers	$74,600	3.6%	0.1%
All other Management Occupations (Avg. All Categories)	$119,300	19.8%	0.8%
Weighted Mean Annual Wage	***$119,300***	**100.0%**	**4.0%**
Business and Financial Operations Occupations			
Human Resources Specialists	$74,600	5.9%	0.2%
Labor Relations Specialists	$81,200	3.8%	0.1%
Management Analysts	$103,200	5.9%	0.2%
Training and Development Specialists	$86,500	4.2%	0.1%
Market Research Analysts and Marketing Specialists	$86,100	7.1%	0.2%
Business Operations Specialists, All Other	$89,300	13.1%	0.4%
Accountants and Auditors	$80,100	17.1%	0.6%
Financial Analysts	$98,300	4.7%	0.2%
Personal Financial Advisors	$81,000	5.4%	0.2%
Loan Officers	$83,100	4.7%	0.2%
All Other Business and Financial Operations Occupations (Avg. All Categories)	$85,700	28.2%	1.0%
Weighted Mean Annual Wage	***$85,700***	**100.0%**	**3.4%**
Education, Training, and Library Occupations			
Vocational Education Teachers, Postsecondary	$57,600	4.6%	0.1%
Preschool Teachers, Except Special Education	$33,900	12.7%	0.3%
Elementary School Teachers, Except Special Education	$71,200	9.2%	0.2%
Middle School Teachers, Except Special and Career/Technical Education	$71,000	4.1%	0.1%
Secondary School Teachers, Except Special and Career/Technical Education	$71,600	6.4%	0.2%
Self-Enrichment Education Teachers	$51,100	10.9%	0.3%
Substitute Teachers	$41,500	4.6%	0.1%
Teachers and Instructors, All Other, Except Substitute Teachers	$60,400	7.4%	0.2%
Teacher Assistants	$32,000	15.9%	0.4%
All Other Education, Training, and Library Occupations (Avg. All Categories)	$50,200	24.1%	0.7%
Weighted Mean Annual Wage	***$50,200***	**100.0%**	**2.7%**

Sources: U.S. Bureau of Labor Statistics, California Employment Development Department, IMPLAN
Keyser Marston Associates, Inc.
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APPENDIX 2, TABLE 2
AVERAGE ANNUAL WORKER COMPENSATION, 2013
SERVICES TO HOUSEHOLDS EARNING $75-$100,000
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

Occupation [3]	2013 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Resident Services Workers
Page 2 of 4			
Healthcare Practitioners and Technical Occupations			
Pharmacists	$131,300	3.8%	0.3%
Physicians and Surgeons, All Other	$190,500	4.4%	0.4%
Registered Nurses	$115,100	31.1%	2.6%
Dental Hygienists	$98,900	3.8%	0.3%
Pharmacy Technicians	$47,100	5.0%	0.4%
Licensed Practical and Licensed Vocational Nurses	$60,400	9.5%	0.8%
All Other Healthcare Practitioners and Technical Occupations (Avg. All Categories)	$105,900	42.4%	3.6%
Weighted Mean Annual Wage	***$105,900***	**100.0%**	**8.4%**
Healthcare Support Occupations			
Home Health Aides	$29,100	21.3%	1.0%
Nursing Assistants	$35,300	32.9%	1.6%
Dental Assistants	$40,300	10.0%	0.5%
Medical Assistants	$37,700	17.0%	0.8%
All Other Healthcare Support Occupations (Avg. All Categories)	$34,800	18.8%	0.9%
Weighted Mean Annual Wage	***$34,800***	**100.0%**	**4.9%**
Food Preparation and Serving Related Occupations			
First-Line Supervisors of Food Preparation and Serving Workers	$31,700	7.0%	1.0%
Cooks, Fast Food	$19,900	4.8%	0.7%
Cooks, Restaurant	$26,200	9.0%	1.3%
Food Preparation Workers	$22,800	6.3%	0.9%
Bartenders	$22,600	5.0%	0.7%
Combined Food Preparation and Serving Workers, Including Fast Food	$21,500	26.1%	3.9%
Counter Attendants, Cafeteria, Food Concession, and Coffee Shop	$20,600	3.6%	0.5%
Waiters and Waitresses	$21,600	21.0%	3.1%
Dining Room and Cafeteria Attendants and Bartender Helpers	$19,400	3.2%	0.5%
Dishwashers	$21,600	4.4%	0.7%
Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop	$20,900	3.1%	0.5%
All Other Food Preparation and Serving Related Occupations (Avg. All Categories)	$22,700	6.6%	1.0%
Weighted Mean Annual Wage	***$22,700***	**100.0%**	**14.8%**
Building and Grounds Cleaning and Maintenance Occupations			
First-Line Supervisors of Housekeeping and Janitorial Workers	$47,200	3.4%	0.2%
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	$31,800	51.0%	2.9%
Maids and Housekeeping Cleaners	$29,600	12.4%	0.7%
Landscaping and Groundskeeping Workers	$31,600	25.1%	1.4%
All Other Building and Grounds Cleaning and Maintenance Occupations (Avg. All Cat	$32,000	8.2%	0.5%
Weighted Mean Annual Wage	***$32,000***	**100.0%**	**5.7%**

Sources: U.S. Bureau of Labor Statistics, California Employment Development Department, IMPLAN
Keyser Marston Associates, Inc.
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APPENDIX 2, TABLE 2
AVERAGE ANNUAL WORKER COMPENSATION, 2013
SERVICES TO HOUSEHOLDS EARNING $75-$100,000
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

Occupation [3]	2013 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Resident Services Workers
Personal Care and Service Occupations			
First-Line Supervisors of Personal Service Workers	$42,900	3.6%	0.2%
Nonfarm Animal Caretakers	$25,500	5.1%	0.3%
Ushers, Lobby Attendants, and Ticket Takers	$22,300	3.7%	0.2%
Amusement and Recreation Attendants	$22,700	5.9%	0.3%
Hairdressers, Hairstylists, and Cosmetologists	$29,500	16.8%	0.9%
Manicurists and Pedicurists	$18,900	3.0%	0.2%
Childcare Workers	$23,600	11.8%	0.6%
Personal Care Aides	$22,600	25.9%	1.4%
Fitness Trainers and Aerobics Instructors	$50,600	5.6%	0.3%
Recreation Workers	$28,200	5.3%	0.3%
All Other Personal Care and Service Occupations (Avg. All Categories)	$27,100	13.1%	0.7%
Weighted Mean Annual Wage	***$27,100***	**100.0%**	**5.2%**
Sales and Related Occupations			
First-Line Supervisors of Retail Sales Workers	$49,500	9.8%	1.4%
Cashiers	$26,400	25.5%	3.6%
Counter and Rental Clerks	$33,900	4.6%	0.7%
Retail Salespersons	$28,700	37.1%	5.3%
Sales Representatives, Services, All Other	$71,400	3.1%	0.4%
Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientif	$73,800	5.3%	0.8%
Real Estate Sales Agents	$36,700	3.4%	0.5%
All Other Sales and Related Occupations (Avg. All Categories)	$35,100	11.2%	1.6%
Weighted Mean Annual Wage	***$35,100***	**100.0%**	**14.3%**
Office and Administrative Support Occupations			
First-Line Supervisors of Office and Administrative Support Workers	$62,400	6.5%	1.0%
Bookkeeping, Accounting, and Auditing Clerks	$45,900	7.5%	1.2%
Customer Service Representatives	$43,200	9.4%	1.4%
Receptionists and Information Clerks	$34,600	7.9%	1.2%
Stock Clerks and Order Fillers	$29,100	11.0%	1.7%
Executive Secretaries and Executive Administrative Assistants	$60,100	3.4%	0.5%
Medical Secretaries	$41,800	4.7%	0.7%
Secretaries and Administrative Assistants, Except Legal, Medical, and Executive	$43,500	10.2%	1.6%
Office Clerks, General	$37,400	13.8%	2.1%
All Other Office and Administrative Support Occupations (Avg. All Categories)	$41,800	25.6%	3.9%
Weighted Mean Annual Wage	***$41,800***	**100.0%**	**15.4%**
Installation, Maintenance, and Repair Occupations			
First-Line Supervisors of Mechanics, Installers, and Repairers	$80,500	7.8%	0.3%
Automotive Body and Related Repairers	$51,400	5.5%	0.2%
Automotive Service Technicians and Mechanics	$50,300	20.0%	0.7%
Bus and Truck Mechanics and Diesel Engine Specialists	$58,500	3.3%	0.1%
Maintenance and Repair Workers, General	$45,800	35.4%	1.3%
All Other Installation, Maintenance, and Repair Occupations (Avg. All Categories)	$51,800	28.0%	1.0%
Weighted Mean Annual Wage	***$51,800***	**100.0%**	**3.7%**

Sources: U.S. Bureau of Labor Statistics, California Employment Development Department, IMPLAN
Keyser Marston Associates, Inc.
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APPENDIX 2, TABLE 2
AVERAGE ANNUAL WORKER COMPENSATION, 2013
SERVICES TO HOUSEHOLDS EARNING $75-$100,000
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

Occupation [3]	2013 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Resident Services Workers
Page 4 of 4			
Transportation and Material Moving Occupations			
Bus Drivers, School or Special Client	$35,600	6.4%	0.3%
Driver/Sales Workers	$34,100	7.9%	0.4%
Heavy and Tractor-Trailer Truck Drivers	$44,800	13.1%	0.7%
Light Truck or Delivery Services Drivers	$37,300	11.4%	0.6%
Taxi Drivers and Chauffeurs	$29,100	3.6%	0.2%
Parking Lot Attendants	$27,400	4.1%	0.2%
Industrial Truck and Tractor Operators	$43,400	3.4%	0.2%
Cleaners of Vehicles and Equipment	$24,500	6.3%	0.3%
Laborers and Freight, Stock, and Material Movers, Hand	$31,400	23.4%	1.2%
Packers and Packagers, Hand	$23,700	7.0%	0.4%
All Other Transportation and Material Moving Occupations (Avg. All Categories)	$33,800	13.4%	0.7%
Weighted Mean Annual Wage	***$33,800***	**100.0%**	**5.3%**
			87.9%

[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 2012 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics. Wages are based on the 2012 Occupational Employment Survey data for Alameda County, updated by the California Employment Development Department to 2013 wage levels.

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

Sources: U.S. Bureau of Labor Statistics, California Employment Development Department, IMPLAN
Keyser Marston Associates, Inc.
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APPENDIX 2, TABLE 3
WORKER OCCUPATION DISTRIBUTION, 2012
SERVICES TO HOUSEHOLDS EARNING $100,000 TO $150,000
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

Major Occupations (2% or more)	Worker Occupation Distribution[1] Services to Households Earning $100,000 to $150,000
Management Occupations	3.9%
Business and Financial Operations Occupations	3.4%
Education, Training, and Library Occupations	3.2%
Healthcare Practitioners and Technical Occupations	8.1%
Healthcare Support Occupations	4.7%
Food Preparation and Serving Related Occupations	14.8%
Building and Grounds Cleaning and Maintenance Occupations	5.6%
Personal Care and Service Occupations	5.4%
Sales and Related Occupations	14.7%
Office and Administrative Support Occupations	15.3%
Installation, Maintenance, and Repair Occupations	3.5%
Transportation and Material Moving Occupations	5.3%
All Other Worker Occupations - Services to Households Earning $100,000 to $150,000	12.1%
INDUSTRY 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.

Source: Bureau of Labor Statistics, IMPLAN
Keyser Marston Associates, Inc.
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APPENDIX 2, TABLE 4
AVERAGE ANNUAL WORKER COMPENSATION, 2013
SERVICES TO HOUSEHOLDS EARNING $100,000 TO $150,000
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

Occupation [3]	2013 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Resident Services Workers
Page 1 of 4			
Management Occupations			
Chief Executives	$199,700	3.8%	0.1%
General and Operations Managers	$132,900	33.5%	1.3%
Sales Managers	$141,700	5.2%	0.2%
Administrative Services Managers	$101,200	3.9%	0.2%
Financial Managers	$144,800	6.8%	0.3%
Food Service Managers	$51,200	5.9%	0.2%
Medical and Health Services Managers	$113,500	7.3%	0.3%
Property, Real Estate, and Community Association Managers	$85,600	8.6%	0.3%
Social and Community Service Managers	$74,600	4.0%	0.2%
Managers, All Other	$134,300	3.1%	0.1%
All other Management Occupations (Avg. All Categories)	$120,700	17.8%	0.7%
Weighted Mean Annual Wage	***$120,700***	**100.0%**	**3.9%**
Business and Financial Operations Occupations			
Human Resources Specialists	$74,600	5.9%	0.2%
Labor Relations Specialists	$81,200	4.0%	0.1%
Management Analysts	$103,200	5.8%	0.2%
Training and Development Specialists	$86,500	4.3%	0.1%
Market Research Analysts and Marketing Specialists	$86,100	6.9%	0.2%
Business Operations Specialists, All Other	$89,300	13.2%	0.5%
Accountants and Auditors	$80,100	16.6%	0.6%
Financial Analysts	$98,300	4.8%	0.2%
Personal Financial Advisors	$81,000	5.8%	0.2%
Loan Officers	$83,100	4.9%	0.2%
All Other Business and Financial Operations Occupations (Avg. All Categories)	$85,700	27.9%	1.0%
Weighted Mean Annual Wage	***$85,700***	**100.0%**	**3.4%**
Education, Training, and Library Occupations			
Vocational Education Teachers, Postsecondary	$57,600	4.7%	0.1%
Preschool Teachers, Except Special Education	$33,900	13.0%	0.4%
Elementary School Teachers, Except Special Education	$71,200	9.1%	0.3%
Middle School Teachers, Except Special and Career/Technical Education	$71,000	4.0%	0.1%
Secondary School Teachers, Except Special and Career/Technical Education	$71,600	6.2%	0.2%
Self-Enrichment Education Teachers	$51,100	10.8%	0.3%
Substitute Teachers	$41,500	4.4%	0.1%
Teachers and Instructors, All Other, Except Substitute Teachers	$60,400	7.5%	0.2%
Teacher Assistants	$32,000	15.8%	0.5%
All Other Education, Training, and Library Occupations (Avg. All Categories)	$50,100	24.5%	0.8%
Weighted Mean Annual Wage	***$50,100***	**100.0%**	**3.2%**

Sources: U.S. Bureau of Labor Statistics, California Employment Development Department, IMPLAN
Keyser Marston Associates, Inc.
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APPENDIX 2, TABLE 4
AVERAGE ANNUAL WORKER COMPENSATION, 2013
SERVICES TO HOUSEHOLDS EARNING $100,000 TO $150,000
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

Occupation [3]	2013 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Resident Services Workers
Page 2 of 4			
Healthcare Practitioners and Technical Occupations			
Pharmacists	$131,300	4.1%	0.3%
Physicians and Surgeons, All Other	$190,500	4.3%	0.4%
Registered Nurses	$115,100	30.7%	2.5%
Dental Hygienists	$98,900	3.7%	0.3%
Pharmacy Technicians	$47,100	5.5%	0.4%
Licensed Practical and Licensed Vocational Nurses	$60,400	9.4%	0.8%
All Other Healthcare Practitioners and Technical Occupations (Avg. All Categories)	$105,500	42.2%	3.4%
Weighted Mean Annual Wage	***$105,500***	**100.0%**	**8.1%**
Healthcare Support Occupations			
Home Health Aides	$29,100	21.9%	1.0%
Nursing Assistants	$35,300	32.6%	1.5%
Dental Assistants	$40,300	9.9%	0.5%
Medical Assistants	$37,700	16.7%	0.8%
All Other Healthcare Support Occupations (Avg. All Categories)	$34,700	18.9%	0.9%
Weighted Mean Annual Wage	***$34,700***	**100.0%**	**4.7%**
Food Preparation and Serving Related Occupations			
First-Line Supervisors of Food Preparation and Serving Workers	$31,700	7.0%	1.0%
Cooks, Fast Food	$19,900	4.8%	0.7%
Cooks, Restaurant	$26,200	9.0%	1.3%
Food Preparation Workers	$22,800	6.4%	0.9%
Bartenders	$22,600	5.0%	0.7%
Combined Food Preparation and Serving Workers, Including Fast Food	$21,500	26.2%	3.9%
Counter Attendants, Cafeteria, Food Concession, and Coffee Shop	$20,600	3.6%	0.5%
Waiters and Waitresses	$21,600	20.9%	3.1%
Dining Room and Cafeteria Attendants and Bartender Helpers	$19,400	3.2%	0.5%
Dishwashers	$21,600	4.4%	0.6%
Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop	$20,900	3.1%	0.5%
All Other Food Preparation and Serving Related Occupations (Avg. All Categories)	$22,700	6.6%	1.0%
Weighted Mean Annual Wage	***$22,700***	**100.0%**	**14.8%**
Building and Grounds Cleaning and Maintenance Occupations			
First-Line Supervisors of Housekeeping and Janitorial Workers	$47,200	3.4%	0.2%
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	$31,800	51.2%	2.9%
Maids and Housekeeping Cleaners	$29,600	11.9%	0.7%
Landscaping and Groundskeeping Workers	$31,600	25.2%	1.4%
All Other Building and Grounds Cleaning and Maintenance Occupations (Avg. All Cat(	$32,000	8.3%	0.5%
Weighted Mean Annual Wage	***$32,000***	**100.0%**	**5.6%**

Sources: U.S. Bureau of Labor Statistics, California Employment Development Department, IMPLAN
Keyser Marston Associates, Inc.
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APPENDIX 2, TABLE 4
AVERAGE ANNUAL WORKER COMPENSATION, 2013
SERVICES TO HOUSEHOLDS EARNING $100,000 TO $150,000
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

Occupation [3]	2013 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Resident Services Workers
Page 3 of 4			
Personal Care and Service Occupations			
First-Line Supervisors of Personal Service Workers	$42,900	3.6%	0.2%
Nonfarm Animal Caretakers	$25,500	5.2%	0.3%
Ushers, Lobby Attendants, and Ticket Takers	$22,300	3.6%	0.2%
Amusement and Recreation Attendants	$22,700	5.9%	0.3%
Hairdressers, Hairstylists, and Cosmetologists	$29,500	15.9%	0.9%
Childcare Workers	$23,600	13.3%	0.7%
Personal Care Aides	$22,600	25.9%	1.4%
Fitness Trainers and Aerobics Instructors	$50,600	5.7%	0.3%
Recreation Workers	$28,200	5.3%	0.3%
All Other Personal Care and Service Occupations (Avg. All Categories)	$27,300	15.6%	0.8%
Weighted Mean Annual Wage	***$27,300***	**100.0%**	**5.4%**
Sales and Related Occupations			
First-Line Supervisors of Retail Sales Workers	$49,500	10.2%	1.5%
Cashiers	$26,400	26.5%	3.9%
Counter and Rental Clerks	$33,900	4.0%	0.6%
Retail Salespersons	$28,700	39.1%	5.8%
Sales Representatives, Services, All Other	$71,400	3.0%	0.4%
Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientifi	$73,800	4.2%	0.6%
All Other Sales and Related Occupations (Avg. All Categories)	$34,300	13.0%	1.9%
Weighted Mean Annual Wage	***$34,300***	**100.0%**	**14.7%**
Office and Administrative Support Occupations			
First-Line Supervisors of Office and Administrative Support Workers	$62,400	6.6%	1.0%
Bookkeeping, Accounting, and Auditing Clerks	$45,900	7.4%	1.1%
Customer Service Representatives	$43,200	9.4%	1.4%
Receptionists and Information Clerks	$34,600	7.7%	1.2%
Stock Clerks and Order Fillers	$29,100	11.7%	1.8%
Executive Secretaries and Executive Administrative Assistants	$60,100	3.3%	0.5%
Medical Secretaries	$41,800	4.5%	0.7%
Secretaries and Administrative Assistants, Except Legal, Medical, and Executive	$43,500	10.0%	1.5%
Office Clerks, General	$37,400	13.6%	2.1%
All Other Office and Administrative Support Occupations (Avg. All Categories)	$41,700	25.8%	3.9%
Weighted Mean Annual Wage	***$41,700***	**100.0%**	**15.3%**
Installation, Maintenance, and Repair Occupations			
First-Line Supervisors of Mechanics, Installers, and Repairers	$80,500	7.9%	0.3%
Automotive Body and Related Repairers	$51,400	5.9%	0.2%
Automotive Service Technicians and Mechanics	$50,300	21.8%	0.8%
Bus and Truck Mechanics and Diesel Engine Specialists	$58,500	3.4%	0.1%
Tire Repairers and Changers	$31,000	3.3%	0.1%
Maintenance and Repair Workers, General	$45,800	32.1%	1.1%
All Other Installation, Maintenance, and Repair Occupations (Avg. All Categories)	$51,200	25.7%	0.9%
Weighted Mean Annual Wage	***$51,200***	**100.0%**	**3.5%**

Sources: U.S. Bureau of Labor Statistics, California Employment Development Department, IMPLAN
Keyser Marston Associates, Inc.
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APPENDIX 2, TABLE 4
AVERAGE ANNUAL WORKER COMPENSATION, 2013
SERVICES TO HOUSEHOLDS EARNING $100,000 TO $150,000
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

Occupation [3]	2013 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Resident Services Workers
Page 4 of 4			
Transportation and Material Moving Occupations			
Bus Drivers, School or Special Client	$35,600	7.3%	0.4%
Driver/Sales Workers	$34,100	7.7%	0.4%
Heavy and Tractor-Trailer Truck Drivers	$44,800	12.8%	0.7%
Light Truck or Delivery Services Drivers	$37,300	11.2%	0.6%
Taxi Drivers and Chauffeurs	$29,100	3.9%	0.2%
Parking Lot Attendants	$27,400	4.2%	0.2%
Industrial Truck and Tractor Operators	$43,400	3.2%	0.2%
Cleaners of Vehicles and Equipment	$24,500	6.4%	0.3%
Laborers and Freight, Stock, and Material Movers, Hand	$31,400	22.7%	1.2%
Packers and Packagers, Hand	$23,700	7.1%	0.4%
All Other Transportation and Material Moving Occupations (Avg. All Categories)	$33,700	13.5%	0.7%
Weighted Mean Annual Wage	***$33,700***	**100.0%**	**5.3%**
			87.9%

[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 2012 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics. Wages are based on the 2012 Occupational Employment Survey data for Alameda County, updated by the California Employment Development Department to 2013 wage levels.

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

APPENDIX 2, TABLE 5
WORKER OCCUPATION DISTRIBUTION, 2012
SERVICES TO HOUSEHOLDS EARNING $150,000 AND OVER
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

Major Occupations (2% or more)	**Worker Occupation Distribution[1] Services to Households Earning $150,000 and over**
Management Occupations	*4.0%*
Business and Financial Operations Occupations	*3.5%*
Education, Training, and Library Occupations	*4.5%*
Healthcare Practitioners and Technical Occupations	*7.2%*
Healthcare Support Occupations	*4.1%*
Food Preparation and Serving Related Occupations	*14.0%*
Building and Grounds Cleaning and Maintenance Occupations	*5.9%*
Personal Care and Service Occupations	*5.6%*
Sales and Related Occupations	*15.0%*
Office and Administrative Support Occupations	*15.1%*
Installation, Maintenance, and Repair Occupations	*3.4%*
Transportation and Material Moving Occupations	*5.4%*
All Other Worker Occupations - Services to Households Earning $150,000 and over	*12.4%*
INDUSTRY 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.

Source: Bureau of Labor Statistics, IMPLAN
Keyser Marston Associates, Inc.
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APPENDIX 2, TABLE 6
AVERAGE ANNUAL WORKER COMPENSATION, 2013
SERVICES TO HOUSEHOLDS EARNING $150,000 AND OVER
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

Occupation [3]	2013 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Resident Services Workers
Page 1 of 4			
Management Occupations			
Chief Executives	$199,700	3.9%	0.2%
General and Operations Managers	$132,900	33.8%	1.3%
Sales Managers	$141,700	5.1%	0.2%
Administrative Services Managers	$101,200	4.0%	0.2%
Financial Managers	$144,800	6.8%	0.3%
Food Service Managers	$51,200	5.5%	0.2%
Medical and Health Services Managers	$113,500	6.4%	0.3%
Property, Real Estate, and Community Association Managers	$85,600	7.5%	0.3%
Social and Community Service Managers	$74,600	4.2%	0.2%
Managers, All Other	$134,300	3.2%	0.1%
All other Management Occupations (Avg. All Categories)	$121,600	19.8%	0.8%
Weighted Mean Annual Wage	***$121,600***	**100.0%**	**4.0%**
Business and Financial Operations Occupations			
Human Resources Specialists	$74,600	5.7%	0.2%
Labor Relations Specialists	$81,200	4.0%	0.1%
Management Analysts	$103,200	5.8%	0.2%
Training and Development Specialists	$86,500	4.6%	0.2%
Market Research Analysts and Marketing Specialists	$86,100	6.7%	0.2%
Business Operations Specialists, All Other	$89,300	13.5%	0.5%
Accountants and Auditors	$80,100	16.2%	0.6%
Financial Analysts	$98,300	4.7%	0.2%
Personal Financial Advisors	$81,000	5.8%	0.2%
Loan Officers	$83,100	4.8%	0.2%
All Other Business and Financial Operations Occupations (Avg. All Categories)	$85,800	28.1%	1.0%
Weighted Mean Annual Wage	***$85,800***	**100.0%**	**3.5%**
Education, Training, and Library Occupations			
Vocational Education Teachers, Postsecondary	$57,600	5.0%	0.2%
Preschool Teachers, Except Special Education	$33,900	12.8%	0.6%
Elementary School Teachers, Except Special Education	$71,200	8.9%	0.4%
Middle School Teachers, Except Special and Career/Technical Education	$71,000	4.0%	0.2%
Secondary School Teachers, Except Special and Career/Technical Education	$71,600	6.2%	0.3%
Self-Enrichment Education Teachers	$51,100	10.3%	0.5%
Substitute Teachers	$41,500	4.3%	0.2%
Teachers and Instructors, All Other, Except Substitute Teachers	$60,400	7.6%	0.3%
Teacher Assistants	$32,000	15.5%	0.7%
All Other Education, Training, and Library Occupations (Avg. All Categories)	$50,200	25.4%	1.1%
Weighted Mean Annual Wage	***$50,200***	**100.0%**	**4.5%**

Sources: U.S. Bureau of Labor Statistics, California Employment Development Department, IMPLAN
Keyser Marston Associates, Inc.
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APPENDIX 2, TABLE 6
AVERAGE ANNUAL WORKER COMPENSATION, 2013
SERVICES TO HOUSEHOLDS EARNING $150,000 AND OVER
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

Occupation [3]	2013 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Resident Services Workers
Page 2 of 4			
Healthcare Practitioners and Technical Occupations			
Pharmacists	$131,300	4.6%	0.3%
Physicians and Surgeons, All Other	$190,500	4.2%	0.3%
Registered Nurses	$115,100	30.1%	2.2%
Dental Hygienists	$98,900	3.6%	0.3%
Pharmacy Technicians	$47,100	6.3%	0.5%
Licensed Practical and Licensed Vocational Nurses	$60,400	9.3%	0.7%
All Other Healthcare Practitioners and Technical Occupations (Avg. All Categories)	$104,800	41.9%	3.0%
Weighted Mean Annual Wage	***$104,800***	**100.0%**	**7.2%**
Healthcare Support Occupations			
Home Health Aides	$29,100	22.6%	0.9%
Nursing Assistants	$35,300	32.1%	1.3%
Dental Assistants	$40,300	9.6%	0.4%
Medical Assistants	$37,700	16.4%	0.7%
All Other Healthcare Support Occupations (Avg. All Categories)	$34,600	19.3%	0.8%
Weighted Mean Annual Wage	***$34,600***	**100.0%**	**4.1%**
Food Preparation and Serving Related Occupations			
First-Line Supervisors of Food Preparation and Serving Workers	$31,700	7.0%	1.0%
Cooks, Fast Food	$19,900	4.7%	0.7%
Cooks, Restaurant	$26,200	8.9%	1.2%
Food Preparation Workers	$22,800	6.5%	0.9%
Bartenders	$22,600	5.1%	0.7%
Combined Food Preparation and Serving Workers, Including Fast Food	$21,500	26.1%	3.7%
Counter Attendants, Cafeteria, Food Concession, and Coffee Shop	$20,600	3.7%	0.5%
Waiters and Waitresses	$21,600	20.8%	2.9%
Dining Room and Cafeteria Attendants and Bartender Helpers	$19,400	3.2%	0.4%
Dishwashers	$21,600	4.3%	0.6%
Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop	$20,900	3.0%	0.4%
All Other Food Preparation and Serving Related Occupations (Avg. All Categories)	$22,700	6.6%	0.9%
Weighted Mean Annual Wage	***$22,700***	**100.0%**	**14.0%**
Building and Grounds Cleaning and Maintenance Occupations			
First-Line Supervisors of Housekeeping and Janitorial Workers	$47,200	3.4%	0.2%
First-Line Supervisors of Landscaping, Lawn Service, and Groundskeeping Workers	$53,300	3.0%	0.2%
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	$31,800	51.6%	3.0%
Maids and Housekeeping Cleaners	$29,600	11.0%	0.6%
Landscaping and Groundskeeping Workers	$31,600	25.5%	1.5%
All Other Building and Grounds Cleaning and Maintenance Occupations (Avg. All Cat	$32,700	5.4%	0.3%
Weighted Mean Annual Wage	***$32,700***	**100.0%**	**5.9%**

Sources: U.S. Bureau of Labor Statistics, California Employment Development Department, IMPLAN
Keyser Marston Associates, Inc.
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APPENDIX 2, TABLE 6
AVERAGE ANNUAL WORKER COMPENSATION, 2013
SERVICES TO HOUSEHOLDS EARNING $150,000 AND OVER
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

Occupation [3]	2013 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Resident Services Workers
Page 3 of 4			
Personal Care and Service Occupations			
First-Line Supervisors of Personal Service Workers	$42,900	3.7%	0.2%
Nonfarm Animal Caretakers	$25,500	5.5%	0.3%
Ushers, Lobby Attendants, and Ticket Takers	$22,300	3.7%	0.2%
Amusement and Recreation Attendants	$22,700	6.2%	0.3%
Hairdressers, Hairstylists, and Cosmetologists	$29,500	13.9%	0.8%
Childcare Workers	$23,600	16.8%	0.9%
Personal Care Aides	$22,600	24.3%	1.4%
Fitness Trainers and Aerobics Instructors	$50,600	6.0%	0.3%
Recreation Workers	$28,200	5.2%	0.3%
All Other Personal Care and Service Occupations (Avg. All Categories)	$27,300	14.8%	0.8%
Weighted Mean Annual Wage	***$27,300***	**100.0%**	**5.6%**
Sales and Related Occupations			
First-Line Supervisors of Retail Sales Workers	$49,500	10.5%	1.6%
Cashiers	$26,400	26.9%	4.0%
Counter and Rental Clerks	$33,900	3.8%	0.6%
Retail Salespersons	$28,700	40.0%	6.0%
Sales Representatives, Services, All Other	$71,400	3.0%	0.5%
Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientifi	$73,800	3.4%	0.5%
All Other Sales and Related Occupations (Avg. All Categories)	$34,000	12.4%	1.9%
Weighted Mean Annual Wage	***$34,000***	**100.0%**	**15.0%**
Office and Administrative Support Occupations			
First-Line Supervisors of Office and Administrative Support Workers	$62,400	6.5%	1.0%
Bookkeeping, Accounting, and Auditing Clerks	$45,900	7.4%	1.1%
Customer Service Representatives	$43,200	9.5%	1.4%
Receptionists and Information Clerks	$34,600	7.3%	1.1%
Stock Clerks and Order Fillers	$29,100	12.1%	1.8%
Executive Secretaries and Executive Administrative Assistants	$60,100	3.4%	0.5%
Medical Secretaries	$41,800	3.9%	0.6%
Secretaries and Administrative Assistants, Except Legal, Medical, and Executive	$43,500	10.3%	1.5%
Office Clerks, General	$37,400	13.8%	2.1%
All Other Office and Administrative Support Occupations (Avg. All Categories)	$41,700	25.8%	3.9%
Weighted Mean Annual Wage	***$41,700***	**100.0%**	**15.1%**
Installation, Maintenance, and Repair Occupations			
First-Line Supervisors of Mechanics, Installers, and Repairers	$80,500	7.9%	0.3%
Automotive Body and Related Repairers	$51,400	5.8%	0.2%
Automotive Service Technicians and Mechanics	$50,300	22.3%	0.8%
Bus and Truck Mechanics and Diesel Engine Specialists	$58,500	3.6%	0.1%
Tire Repairers and Changers	$31,000	3.5%	0.1%
Maintenance and Repair Workers, General	$45,800	31.1%	1.0%
All Other Installation, Maintenance, and Repair Occupations (Avg. All Categories)	$51,200	25.8%	0.9%
Weighted Mean Annual Wage	***$51,200***	**100.0%**	**3.4%**

Sources: U.S. Bureau of Labor Statistics, California Employment Development Department, IMPLAN
Keyser Marston Associates, Inc.
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APPENDIX 2, TABLE 6
AVERAGE ANNUAL WORKER COMPENSATION, 2013
SERVICES TO HOUSEHOLDS EARNING $150,000 AND OVER
RESIDENTIAL NEXUS ANALYSIS
CITY OF NEWARK, CA

Occupation [3]	2013 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Resident Services Workers
Page 4 of 4			
Transportation and Material Moving Occupations			
Bus Drivers, School or Special Client	$35,600	9.2%	0.5%
Driver/Sales Workers	$34,100	7.2%	0.4%
Heavy and Tractor-Trailer Truck Drivers	$44,800	12.5%	0.7%
Light Truck or Delivery Services Drivers	$37,300	10.8%	0.6%
Taxi Drivers and Chauffeurs	$29,100	4.5%	0.2%
Parking Lot Attendants	$27,400	4.4%	0.2%
Cleaners of Vehicles and Equipment	$24,500	6.1%	0.3%
Laborers and Freight, Stock, and Material Movers, Hand	$31,400	21.6%	1.2%
Packers and Packagers, Hand	$23,700	6.9%	0.4%
All Other Transportation and Material Moving Occupations (Avg. All Categories)	$33,400	16.8%	0.9%
Weighted Mean Annual Wage	***$33,400***	**100.0%**	**5.4%**
			87.6%

[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 2012 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics. Wages are based on the 2012 Occupational Employment Survey data for Alameda County, updated by the California Employment Development Department to 2013 wage levels.

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

RESOLUTION NO.

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NEWARK ESTABLISHING AFFORDABLE UNITS NEEDED TO FULLY MITIGATE THE IMPACT OF RESIDENTIAL DEVELOPMENT ON THE NEED FOR AFFORDABLE HOUSING; AND HOUSING IMPACT FEES FOR RESIDENTIAL DEVELOPMENTS

WHEREAS, on February 25, 2010, the City Council of the City of Newark adopted the Housing Element of the General Plan in compliance with State law, which includes the goal of encouraging the provision of a range of housing opportunities to meet the City's share of the regional housing need and, to implement that goal, includes Program 8 to review the City's affordable housing ordinance and consider amendments to respond to market conditions; and

WHEREAS, to implement the affordable housing goals and programs of the City's Housing Element, including Program 8 in the City's 2007-2014 Housing Element, the City Council has considered and introduced on this same date an ordinance to repeal the City's existing affordable housing ordinance (Chapter 17.18 of the Newark Municipal Code) and add a new Chapter 17.18 (the "Affordable Housing Ordinance") which, among other things: 1) authorizes the imposition of housing impact fees on residential developments to mitigate the impact of such developments on the need for affordable housing in the City; and 2) continues to authorize the imposition of housing impact fees for nonresidential developments to mitigate the impact of such projects on the need for affordable housing in the City; and

WHEREAS, land prices are a key factor preventing development of new affordable housing. New housing construction in the City which does not include affordable units aggravates the existing shortage of affordable housing by absorbing the supply of available residential land. This reduces the supply of land for affordable housing and increases the price of remaining residential land. At the same time, new market-rate housing contributes to the demand for goods and services, increasing local employment at very low, low, and moderate-income wage levels, which will increase the demand for and exacerbate the shortage of housing available to persons at those income levels; and

WHEREAS, to further implement the affordable housing goals, objectives, policies, and programs of the City's 2010 Housing Element and to ensure that the housing impact fees adopted by this resolution do not exceed the actual affordable housing impacts attributable to the development projects on which the fees are imposed, the City Council has considered the "Residential Nexus Analysis, Newark, California" dated March 2014 and prepared by Keyser-Marston Associates, Inc. (the "Nexus Study"), which study demonstrates that, to fully mitigate the burdens created by new market-rate units in residential projects on the need for very low, low, and moderate-income housing, a housing impact fee of $23.80 to $35.60 per square foot of new market rate development would be needed, or from 12 percent to 21 percent of units in each residential development would need to be affordable to very low, low, and moderate-income households; and

WHEREAS, the City Council now desires to repeal the Inclusionary Housing In-Lieu Fee and to adopt housing impact fees for residential developments as authorized by Section 17.18.030(B) of the Affordable Housing Ordinance, which housing impact fees do not exceed the justified fees needed to mitigate the actual affordable housing impacts attributable to the developments on which the fees are imposed, and which fees are lower than the amount found by the Nexus Study to be needed to fully mitigate the burdens created by new market-rate units in residential projects on the need for affordable housing to ensure that residential projects remain economically feasible; and

WHEREAS, the City Council also desires to adopt the percentage of affordable units needed to fully mitigate the impact of residential developments on the need for affordable housing, as authorized by Section 17.18.060(A) of the Affordable Housing Ordinance; and

WHEREAS, in compliance with the Affordable Housing Ordinance, all housing impact fees collected shall be deposited into the City's affordable housing fund to be used solely to increase and preserve the supply of housing affordable to households of very low, low, and moderate incomes (including necessary administrative costs); and

WHEREAS, at least ten days prior to the date this resolution is being heard, data was made available to the public indicating the amount of cost, or estimated cost, required to provide the service for which the fee or service charge is levied and the revenue sources anticipated to provide the service, including general fund revenues in accordance with Government Code Section 66019; and

WHEREAS, at least fourteen days prior to the date this resolution is being heard, notice was provided to those persons or organizations who had requested notice of these fees, in accordance with Government Code Section 66019; and

WHEREAS, notice of the hearing on the proposed fees was published twice in the manner set forth in section 6062a as required by Government Code Section 66018; and

WHEREAS, a duly and properly noticed public hearing was conducted by the City Council on April 10, 2014.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Newark, California, as follows:

1. **Recitals.** The foregoing recitals are true and correct and incorporated by this reference.

2. **Repeal of Inclusionary Housing In-Lieu Fees.** The City Council hereby repeals and removes the Inclusionary Housing In-Lieu Fee established by Resoluttion No. 8802 and amended by Resolution No. 9398.

3. **Adoption of Residential Housing Impact Fees.** The City Council hereby adopts housing impact fees for residential development as shown on Exhibit A, attached hereto and incorporated by this reference.

4. **Annual Adjustment to Housing Impact Fees.** The City Council may review housing impact fees from time to time. For any annual period during which the City Council does not review the housing impact fee, fee amounts shall be adjusted once by the community development director based on the percentage increase in the Engineering News-Record Construction Cost Index for San Francisco, California.

5. **Percentage of Affordable Units Needed to Fully Mitigate Impacts of Residential Development.** The City Council hereby determines that the following percentages of affordable units will fully mitigate the impacts of residential development on the need for affordable housing:

Required Affordable Units*	Single Family Large Lot	Single Family Small Lot	Townhome	Condo	Apartment
Very Low Income	11%	10%	8%	9%	6%
Low Income	5%	5%	4%	4%	3%
Moderate Income	5%	4%	4%	4%	3%
TOTAL	21%	19%	16%	17%	12%

*Definitions of project types and affordability categories are contained in the Nexus Study.

Notwithstanding the above, for a specific residential development, the City Council may determine that an alternative distribution of affordable units will fully mitigate the impacts of that development on the need for affordable housing, based on community needs and the characteristics of the development.

6. **California Environmental Quality Act**. The City Council hereby finds that adoption of this resolution is exempt from the California Environmental Quality Act because it can be seen with certainty that there is no possibility that the fees may have a significant effect on the environment, in that this resolution contains no provisions modifying the physical design, development, or construction of residences or nonresidential structures (CEQA Guidelines Section 15061(b)(3)).

7. **Effective Date**. This Resolution shall go into full force and effect on June 9, 2014, *[60 days after adoption]* but only if Ordinance No. ___ to add the new Affordable Housing Ordinance is effective prior to that date.

EXHIBIT A

Enterprise Fund – Cost Center	Account No.	Description	Fee (in dollars)
A. DEVELOPMENT, Continued			
401-0000	3860 ILF	4. Housing	
		a. Residential Housing Impact Fee* (revised annually)	
		First 1,000 sq. ft. floor area/unit**	$20/square foot
		All sq. ft. over 1,000 sq. floor area/unit	$8/square foot
		*Established by Resolution No. ____. Floor area for a residential development equals the sum of the horizontal floor areas of a building measured from the exterior face of exterior walls or from the center line of a wall separating two buildings, excluding garages, carports, and common areas. **No housing impact fee is charged for the first 200 sq. ft. of floor area for additions to existing dwellings.	
		b. Non-Residential Housing Impact Fee*** (revised annually)	
		(1) Commercial	$3.51/square foot
		(2) Industrial	$0.65/square foot
		***Established by Resolution No. 8802. Floor area for a commercial development equals the sum of the horizontal floor areas of a building measured from the exterior face of exterior walls or from the	

		center line of a wall separating two buildings. Where no walls exist, the floor area is the area covered by the roof excluding two feet on each side of the structure. Outside areas used for sales or display (such as nurseries, building materials, auto sales, etc.) may be considered part of floor area when the community development director determines that the use of the outside area significantly contributes to the employee density of the building.

NOTE: This resolution does not modify the non-residential housing impact fee nor the method of calculating the non-residential housing impact fee. The method for calculating the fee is identical to that previously contained in Section 17.18.020(G).

ORDINANCE NO. ______

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF NEWARK AMENDING THE NEWARK MUNICIPAL CODE BY REPEALING CHAPTER 17.18 (AFFORDABLE HOUSING PROGRAM) AND ADDING A NEW CHAPTER 17.18 (AFFORDABLE HOUSING PROGRAM)

The City Council of the City of Newark does ordain as follows:

Section 1: That Chapter 17.18 of the Newark Municipal Code (Affordable Housing Program) is hereby repealed.

Section 2: That a new Chapter 17.18 of the Newark Municipal Code (Affordable Housing Program) is hereby adopted and added to the Municipal Code as attached.

Section 3: Effective date. This ordinance shall take effect thirty (30) days from the date of its passage. Before expiration of fifteen (15) days after its passage, this ordinance shall be published in The Argus, a newspaper of general circulation published and printed in the County of Alameda and circulated in the City of Newark.

Title 17

Chapter 17.18

AFFORDABLE HOUSING PROGRAM

17.18.010. Purpose.

The provision of safe and stable housing for households at all income levels is essential for the public welfare of the city. Housing in the city has become steadily more expensive and housing costs have gone up faster than incomes. Federal and state government programs do not provide enough affordable housing to satisfy the needs of very low, low, or moderate income households.

As provided in the Housing Element of the General Plan, the city wishes to retain an economically balanced community with housing available to households of all income levels, which is only possible if some of the housing built within the city is affordable to households with limited incomes.

Because new housing contributes to the demand for goods and services, it increases local employment and attracts employees, of whom a quantifiable number will have very low, low, or moderate incomes, increasing the demand for and exacerbating the shortage of housing available for people at these income levels.. Further, new housing construction that does not include affordable units aggravates the existing shortage of affordable housing by absorbing the supply of available residential land. In addition, because *non*residential development also attracts employees, of whom a quantifiable number will have very low, low, or moderate incomes, new nonresidential development projects similarly increase the demand for and exacerbate the shortage of housing available for people at these income levels.

This chapter therefore imposes a residential and nonresidential development housing impact fee to provide a means whereby developers of residential and nonresidential development projects contribute to the supply of housing for households with very low, low, and moderate incomes. It also implements Program 8 in the City's 2007-2014 Housing Element, which called for amendments to the City's inclusionary housing program if problems were found due to market conditions. Because no affordable housing was produced by the City's former program, the City has adopted a housing impact fee to create a more effective affordable housing program.

17.18.020. Definitions. As used in this chapter, each of the following terms is defined as follows:

A. "Affordable ownership cost" means the sales price of a for-sale unit resulting in projected average monthly housing payments, during the first calendar year of a household's occupancy, including interest, principal, mortgage insurance, property taxes, homeowners insurance, homeowners' associate dues, if any, and a reasonable allowance for utilities, property maintenance, and repairs, not exceeding the sales prices specified by Section 50052.5 of the California Health and Safety Code and California Code of Regulations Title 25, Sections 6910-6924.

B. "Affordable rent" means the monthly housing expenses for a rental unit, including all fees for housing services and a reasonable allowance for utilities, not exceeding the rents specified by Section 50053 of the California Health and Safety Code and California Code of Regulations Title 25, Sections 6910-6924.

C. "Affordable unit" means a dwelling unit which a developer or applicant proposes as an alternative to payment of the housing impact fee as defined in this chapter and is required to be rented at an affordable rent to very low or low income households or sold at an affordable ownership cost to very low, low, or moderate-income households.

D. "Applicant" means any person, firm, partnership, association, joint venture, corporation, or any entity or combination of entities that seeks residential real property development permits or approvals from the city.

E. "Developer" means the person(s) or legal entity(ies), who also may be the property owner, who is developing a particular project in the city.

F. "For-sale unit" means a residential dwelling unit that is intended to be sold to owner-occupants upon completion.

G. "Housing impact fee" means the fee paid by developers of residential and nonresidential developments to mitigate the impacts that such developments have on the availability of and demand for affordable housing in the city.

H. "Low income households" means households with incomes no greater than the maximum income for low income households, as annually defined by the California Department of Housing and Community Development for each household size. In addition, to qualify as a low income household for a rental unit, liquid assets must total no more than fifty percent of the qualifying annual income. To qualify as a low income household for a for-sale unit, liquid assets must total no more than fifty percent of the maximum sales price of the affordable unit. "Liquid assets" shall be defined by the community development director.

I. "Market rate unit" means a new dwelling unit in a residential project that is not an affordable unit under the provisions of this chapter.

J. "Median income" means the median income, adjusted for family size, applicable to Alameda County, as published annually by the California Department of Housing and Community Development.

K. "Moderate income households" means households with incomes no greater than the maximum income for moderate income households, as annually defined by the California Department of Housing and Community Development for each household size. In addition, to qualify as a moderate income household for a for-sale unit, liquid assets must total no more than fifty percent of the maximum sales price of the affordable unit. "Liquid assets" shall be defined by the community development director.

L. "Rental unit" means a dwelling unit that is intended to be offered for rent or lease.

M. "Residential development" means a detached single-family dwelling, multiple dwelling structures, group of dwellings, condominium or townhouse developments, condominium conversions, cooperative developments, or mixed use developments that include dwelling units.

N. "Residential development project" means a project for the construction or placement of any dwelling unit in a permanent location, or the subdivision of land which is planned, designed, or used for single-family residential and/or multi-family residential land uses, and includes contiguous or noncontiguous parcels that have one or more applications filed within a twenty-four month period and which are owned by the same party or parties.

O. "Very low income households" means households with incomes no greater than the maximum income for very low income households, as annually defined by the California Department of Housing and Community Development for each household size. In addition, to qualify as a very low income household for a rental unit, liquid assets must total no more than fifty percent of the qualifying annual income. To qualify as a very low income household for a for-sale unit, liquid assets must total no more than fifty percent of the maximum sales price of the affordable unit. "Liquid assets" shall be defined by the community development director.

17.18.030. Housing Fee.

A. Application. A housing impact fee is hereby imposed on all developers of residential and nonresidential development projects.

B. Calculation of Housing Impact Fee. The housing impact fee for residential and nonresidential development projects shall be charged on a per square foot basis for new floor area, including all additions where floor area is increased, except that no housing impact fee shall be charged for the first 200 square feet of floor area for additions to existing dwellings. The amount and calculation of each such fee shall be established by resolution of the city council. The city council may review the fees from time to time at its sole discretion and may, based on that review, adjust the fee amount. Housing impact fees shall not exceed the cost of mitigating the impact of the nonresidential and residential projects on the need for affordable housing in the city.

C. Time of Payment. Payment of the residential and nonresidential development housing impact fee shall be due at the issuance of the building permit for the development. The fees shall be calculated based on the fee schedule in effect at the time the building permit is issued.

D. Processing Requirements. No application for a building permit for any project subject to this section shall be deemed complete unless the application contains the items listed below. The community development director may require similar information for completeness of other city permits or licenses as necessary or convenient to implement this section:

1. A statement of the new square feet in a residential or nonresidential development project to be constructed, added, or placed that are subject to the requirements of this section, together with documentation sufficient to support the application;

2. The intended use or uses for the residential or nonresidential development project by new square feet; and

3. A statement of any exemptions applicable to the project.

New square footage shall be calculated on either a gross square foot or net square foot basis, as specified in the fee schedule adopted by resolution of the city council.

17.18.040. Exemptions from Payment of Housing Impact Fee.

This fee shall not apply to developers of residential or nonresidential development projects which fall within one or more of the following categories:

A. Emergency Food and Shelter Services. Development projects to be operated by nonprofit organizations and which will provide food storage, meal service, and/or temporary shelter to the homeless.

B. Specific Uses. Projects for any of the following uses:

1. Public and private elementary or secondary schools, or universities,

2. Public libraries, art galleries, museums, and other non-recreational public facilities,

3. Public recreational facilities,

4. Churches and other religious institutions,

5. Nonprofit youth clubs,

6. Philanthropic and charitable institutions,

7. Community service organizations,

8. Child care centers with eight or fewer children,

9. Temporary seasonal sales lots, and

10. Public utility yards.

C. Government Property. Residential or nonresidential development projects located on property owned by the state of California, the United States of America, or any of its agencies and used exclusively for governmental or educational purposes.

D. Damaged Property. Any structure proposed to repair or replace a building that was damaged or destroyed by fire or other calamity, so long as the square footage and use of the building remains the same, and construction of the replacement building begins within one year.

E. Vested Rights. Residential or nonresidential development projects to the extent they have received a vested right to proceed without payment of housing impact fees pursuant to state law including those that are the subject of development agreements currently in effect with the city, if such development agreements were approved prior to the effective date of this chapter and where such agreements expressly preclude the city from requiring payment of the housing impact fee;

F. Prior Application. Residential or nonresidential uses as set forth in an application for a building permit, use permit, rezoning or similar discretionary approval accepted as complete by the city prior to the effective date of this ordinance; however, any extension or modification of such approval or permit after such date shall not be exempt; or

G. Affordable Housing. Housing for very low, low, or moderate income households that fully mitigates the development's impacts on the need for affordable housing.

17.18.050. Discretionary Exemption by City Council.

The city council may elect to waive the payment of the impact fee if a developer of a residential or nonresidential development project includes the provision of community benefits in excess of those required by the impacts of the project, and if the city council finds that the proposed benefits to the community exceed those that would be provided by the payment of the housing impact fee. Such community benefits may include the provision of senior housing, the generation of significant sales taxes, or the elimination of nuisances. If the city council elects to waive housing impact fees pursuant to this provision, the community benefits shall be guaranteed by a binding document in a form that is acceptable to the city attorney.

17.18.060. Alternatives to Payment of Housing Impact Fee.

A. Mitigation of Housing Impacts. The city council may adopt by resolution the percentage of affordable units needed to fully mitigate the impact of residential or nonresidential projects on the need for affordable housing.

B. Residential Projects.

1. As an alternative to paying the housing impact fee, a developer of residential property may provide on-site affordable rental or for-sale residential units or an

alternative housing program. Any affordable rental or for-sale units proposed as an alternative to the payment of the housing impact fee shall be subject to the requirements described in Section 17.18.070. The program shall be guaranteed by a binding and recorded document, such as a development agreement, in a form that is acceptable to the city attorney.

2. A developer who proposes the provision of affordable units that are rental must submit an affidavit to the city stating that any rental affordable units proposed by the developer are not subject to Civil Code Section 1954.52(a) nor any other provision of the Costa Hawkins Rental Housing Act (Civil Code Sections 1954.51 et seq.) inconsistent with controls on rents, because, pursuant to Civil Code Sections 1954.52(b) and 1954.53(a)(2), prior to approval of the residential project, the developer will enter into a contract with the city or another public agency agreeing to the limitations on rents contained in subsection 17.18.070 of this Chapter in consideration for a direct financial contribution or any form of assistance specified in Chapter 4.3 (commencing with Section 65915) of Division 1 of Title 7 of the Government Code. The developer may request that the City waive the affordable housing impact fee as a direct financial contribution to the rental residential project.

C. Nonresidential Development Projects. A developer of nonresidential development projects may propose an alternative affordable housing program to mitigate the impact of the development on the need for affordable housing. Any affordable rental or for-sale units proposed as an alternative to the payment of the housing impact fee shall be subject to the requirements described in Section 17.18.070. The program shall be guaranteed by a binding and recorded document, such as a development agreement, in a form that is acceptable to the city attorney.

D. Planning Commission. The alternative means of compliance shall be brought to the planning commission for its consideration. The planning commission shall consider the alternative and recommend approval, conditional approval or denial to the city council. The commission shall only recommend approval or conditional approval of the alternative means of compliance if it is able to make all of the findings set forth below:

1. The proposed alternative means of compliance fulfills the purposes of this chapter as set forth in Section 17.18.010;

2. The proposed alternative means of compliance will further affordable housing opportunities in the city to an equal or greater extent than compliance with the requirements of Section 17.18.030 and will fully mitigate the impact of the project on the need for affordable housing;

3. The proposed alternative means of compliance would better address the city's needs than compliance with the requirements of Section 17.18.030; and

4. The proposed alternative means of compliance will not unduly concentrate affordable housing in one geographic area so as to result in housing segregation.

E. City Council. After consideration of the planning commission's recommendation, to be provided as set forth in subsection D above, the city council may approve, conditionally approve, or deny the alternative means of compliance. The council shall only approve or conditionally approve the alternative means of compliance if it is able to make all of the findings described in subsection D of this Section.

17.18.070. Standards for Alternatives to Payment of Housing Impact Fee.

A. The for-sale and rental affordable units developed as an alternative to the payment of the housing impact fee shall be subject to a resale restriction, deed of trust, and/or regulatory agreement recorded against the property as applicable. These agreements shall have a term of fifty-five years for rental affordable units and a term of thirty years for for-sale units and shall require the affordable units to be rented to very low or low-income households at an affordable rent, or to be sold to very low, low or moderate income households at an affordable ownership cost.

B. Affordable units shall be comparable to the market rate units in a residential development as follows:

1. The affordable units shall have the same proportion of units of different bedroom sizes as provided in the residential development project as a whole;

2. The exterior appearance of the affordable units shall be indistinguishable from that of market rate units;

3. The affordable units shall be dispersed throughout the residential development project;

4. The affordable units shall be provided or have access to the same amenities as the market rate units, including air conditioning, covered garages, recreation facilities and laundry facilities; and

5. All affordable units in a residential development project or phase of a project shall be constructed concurrently with the market rate units.

17.18.080. Housing Fund. There is hereby established in the City of Newark the affordable housing fund. Separate accounts within such housing fund may be created from time to time to avoid co-mingling as required by law or as deemed appropriate to further the purposes of the fund.

A. Administration. The housing fund shall be administered by the community development director, who shall have the authority to govern the housing fund consistent with this chapter and to prescribe procedures for said purpose, subject to approval by the council.

B. Advisory Committee. The community development advisory committee shall review the status of the fund annually. As appropriate, the committee may define and prioritize recommended uses of the monies in the housing fund, subject to approval by the city council.

C. Purpose and Use of Funds.

1. Monies deposited in the housing fund, along with any interest earnings on such monies, shall be used solely to increase and preserve the supply of housing affordable to households of very low, low, and moderate incomes; including, but not limited to, acquisition of property and property rights, cost of construction, including costs associated with planning, administration, and design, as well as actual building or installation, as well as any other costs associated with the construction or financing of affordable housing; and reimbursement to the city for such costs if funds were advanced by the city from other sources. To the maximum extent possible, all monies should be used to provide for additional affordable housing. Monies may also be used to cover reasonable administrative expenses not reimbursed through processing fees, including reasonable consultant and legal expenses related to the establishment and/or administration of the housing fund and reasonable expenses for administering the process of calculating, collecting, and accounting for housing fees authorized by this section.

2. Monies in the housing fund may be disbursed, hypothecated, collateralized or otherwise employed for these purposes from time to time as the community development director and city council determine is appropriate to accomplish the purposes of the housing fund. The housing fund monies may be extended for the benefit of rental or owner occupied housing or housing services.

3. Expenditures by the community development director from the housing fund shall be controlled, authorized, and paid in accordance with general city budgetary policies. Execution of contracts related to the use or administration of housing fund monies shall be in accordance with standard city policy.

17.18.090. Administrative Relief.

A. As part of an application for the first approval of a residential or nonresidential development project, a developer or applicant may request that the requirements of this chapter be waived or modified, based upon a showing that applying the requirements of this chapter would result in an unconstitutional taking of property or would result in any other unconstitutional result, or because there is no reasonable relationship between the impact of the development and the need for affordable housing. Any request for a waiver or modification shall be submitted concurrently with the project application. Failure to do so shall constitute a failure to exhaust administrative remedies. The developer or applicant shall set forth in detail the factual and legal basis for the claim, including all supporting technical documentation. Any request for a waiver or modification based on this Section shall be reviewed and considered at the same time as the project application.

B. The waiver or modification may be approved only to the extent necessary to avoid an unconstitutional result, based upon legal advice provided by or at the behest of the city attorney, after adoption of written findings, based on legal analysis and the evidence. If a waiver or modification is granted, any change in the project shall invalidate the waiver or modification, and a new application shall be required for a waiver or modification pursuant to this Section.

17.18.100. Severance.

Should any part of this chapter be declared by a final decision of a court or tribunal of competent jurisdiction to be unconstitutional, invalid, or beyond the authority of the city, such decision shall not affect the validity of the remainder of the ordinance codified in this chapter. The remainder of the ordinance shall continue in full force and effect, provided that the remainder of the ordinance, absent of the unexcised portion, can be reasonably interpreted to give effect to the intentions of the city council.

17.18.110. Enforcement.

A. Housing Impact Fee. Payment of the housing impact fee is the joint and several obligations of the applicant and the property owner for the subject residential or nonresidential development project. In the event of administrative error, the city shall provide the applicant with a written notice, and the applicant shall be required to pay the fees within thirty days. The city may institute any appropriate legal actions or proceedings necessary to ensure compliance herewith, including, but not limited to, actions to revoke, deny, or suspend any permit or development approval.

B. Violations. No person shall sell or rent an affordable unit built as an alternative to the payment of the housing impact fee at a price or rent exceeding the maximum allowed under this chapter, or to a household not qualified under this chapter. Said sale or rental shall constitute a public nuisance and shall be punishable as a misdemeanor. Each month that such unit is occupied in violation of this chapter shall constitute a separate violation.

C. Enforcement. The city attorney shall be authorized to enforce the provisions of this chapter and all regulatory agreements and resale controls placed on affordable units by administrative or civil action or any other proceeding or method permitted by law. Failure of any official or agency to fulfill the requirements of this chapter shall not excuse any applicant, developer, or owner from the requirements of this chapter.