

**PLANNING COMMISSION AGENDA
November 19, 2025
CITY COUNCIL CHAMBERS
6:30 p.m.
50 Natoma Street
Folsom, California 95630**

CALL TO ORDER PLANNING COMMISSION: Justin Hurst, Mathew Herrera, Daniel West, Amanda Ross, Dianna Laney, Bill Barcellona, Eileen Reynolds

The Planning Commission has a policy that no new item will begin after 10:30 p.m. Therefore, if you are here for an item that has not been heard by 10:30 p.m., you may leave, as the item will be continued to a future Planning Commission Meeting.

Any documents produced by the City and distributed to the Planning Commission regarding any item on this agenda will be made available upon request at the Community Development Counter at City Hall located at 50 Natoma Street, Folsom, California. The meeting is available to view via webcast on the City's website the day after the meeting.

PLEDGE OF ALLEGIANCE

CITIZEN COMMUNICATION: The Planning Commission welcomes and encourages participation in City Planning Commission meetings and will allow up to three minutes for expression on a non-agenda item. Matters under the jurisdiction of the Commission, and not on the posted agenda, may be addressed by the public, however, California law prohibits the Commission from taking action on any matter which is not on the posted agenda unless it is determined to be an emergency by the Commission.

MINUTES

The minutes of the October 15, 2025, regular meeting will be presented for approval.

NEW BUSINESS

1. SPEC25-00200 – Amendment to Folsom’s Inclusionary Housing Ordinance and Determination that the Project is Exempt from CEQA

A request from the City of Folsom Community Development Department to recommend the City Council adopt Ordinance No. 1359 – An Ordinance of the City of Folsom Amending Certain Sections of Chapter 17.104 (Inclusionary Housing) of the Folsom Municipal Code to Update the Methodology for Calculating In-lieu Fees Applicable to Residential Development, and to Incorporate Non-Substantive Cleanup Revisions for Clarity and Consistency, and Determine that the Project is Exempt from CEQA. Staff has determined that the proposed project is exempt from environmental review pursuant to Sections 15378(b)(4) and 15061(b)(3) of the CEQA Guidelines. **(Project Planner: Stephanie Henry / Applicant: City of Folsom Community Development Department)**

PRINCIPAL PLANNER'S REPORT

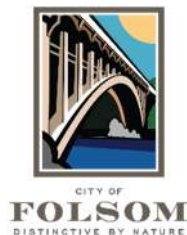
The next Planning Commission meeting is scheduled for **December 17, 2025**. Additional non-public hearing items may be added to the agenda; any such additions will be posted on the bulletin board in the foyer at City Hall at least 72 hours prior to the meeting.

Persons having questions on any of these items can visit the Community Development Department during normal business hours (8:00 a.m. to 5:00 p.m.) at City Hall, 2nd Floor, 50 Natoma Street, Folsom, California, prior to the meeting. The phone number is (916) 461-6200 and FAX number is (916) 355-7274.

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in the meeting, please contact the Community Development Department at (916) 461-6200, (916) 355-7274 (fax) or shannum@folsom.ca.us. Requests must be made as early as possible and at least two full business days before the start of the meeting.

NOTICE REGARDING CHALLENGES TO DECISIONS

The appeal period for Planning Commission Action: Any appeal of a Planning Commission action must be filed in writing with the City Clerk's Office no later than ten (10) days from the date of the action pursuant to Resolution No. 8081. Pursuant to all applicable laws and regulations, including without limitation, California Government Code Section 65009 and or California Public Resources Code Section 21177, if you wish to challenge in court any of the above decisions (regarding planning, zoning and/or environmental decisions), you may be limited to raising only those issues you or someone else raised at the public hearing(s) described in this notice/agenda, or in written correspondence delivered to the City at, or prior to, the public hearing.



PLANNING COMMISSION MINUTES
October 15, 2025
CITY COUNCIL CHAMBERS
6:30 P.M.
50 Natoma Street
Folsom, CA 95630

CALL TO ORDER PLANNING COMMISSION

The regular Planning Commission Meeting was called to order at 6:31 p.m. with Chair Eileen Reynolds presiding.

ROLL CALL

Commissioners Present: William Barcellona, Commissioner
Justin Hurst, Commissioner (arrived after Roll Call)
Mathew Herrera, Commissioner
Daniel West, Vice Chair
Amanda Ross, Chair
Dianna Laney, Commissioner
Eileen Reynolds, Chair

Commissioners Absent: None

PLEDGE OF ALLEGIANCE: The Pledge of Allegiance was recited.

CITIZEN COMMUNICATION: None

MINUTES

The minutes of the September 17, 2025, regular meeting were approved as submitted.

NEW BUSINESS

1. PC19-00122: Comstock Drive Tentative Parcel Map and Determination that the Project is Exempt from CEQA

A Public Hearing to consider a request for a Tentative Parcel Map for a four-lot residential development that is proposed to include a 0.91-acre site made up of the existing land located at 814 Comstock Drive and an un-addressed parcel to the immediate northeast. The entire project site has an MHD (Multi-Family High Density) General Plan designation and is within the R-3 (Neighborhood Apartment) zoning district. The project is categorically exempt from environmental review under Section 15315 (Minor Land Divisions) of the California Environmental Quality Act (CEQA) Guidelines. **(Project Planner: Josh Kinkade / Applicant: Patricia & Asghar Agheli)**

1. Ms. Jo Kingsley, a resident of Comstock Drive, expressed support of the project, and concerns about the width of the street and amount of traffic at Comstock Drive and East Bidwell, causing unsafe driving conditions.

COMMISSIONER WEST MOVED TO CONFIRM STAFF'S DETERMINATION THAT THE COMSTOCK DRIVE TENTATIVE PARCEL MAP PROJECT IS EXEMPT FROM CEQA, AND APPROVE A TENTATIVE PARCEL MAP FOR THE PROJECT (PC19-00122), BASED ON THE FINDINGS INCLUDED IN THE REPORT (FINDINGS A-N) AND SUBJECT TO THE ATTACHED CONDITIONS OF APPROVAL (CONDITIONS 1-28), WITH MODIFICATIONS / CHANGES TO THE FOLLOWING CONDITIONS:

- AMENDMENT OF CONDITION NO. 15

MAP REQUIREMENTS – DEFERRED IMPROVEMENTS
PRIOR TO THE RECORDING OF THE PARCEL MAP, THE OWNER/APPLICANT SHALL ENTER INTO A DEFERRED IMPROVEMENT AGREEMENT WITH THE CITY, IDENTIFYING PUBLIC IMPROVEMENTS, TO BE CONSTRUCTED, ~~INCLUDING SIDEWALKS AND UNDERGROUNDING OF DRY UTILITIES~~. THE OWNER/APPLICANT SHALL PROVIDE SECURITY ACCEPTABLE TO THE CITY, GUARANTEEING CONSTRUCTION OF THE IMPROVEMENTS.

- AMENDMENT OF CONDITION NO. 19

SITE DEVELOPMENT REQUIREMENTS – PUBLIC AND PRIVATE IMPROVEMENTS
PUBLIC AND PRIVATE IMPROVEMENTS, INCLUDING ROADWAYS, CURBS, GUTTERS, ~~SIDEWALKS~~, BICYCLE LANES AND TRAILS, STREETLIGHTS, UNDERGROUND INFRASTRUCTURE AND ALL OTHER IMPROVEMENTS SHALL BE PROVIDED IN ACCORDANCE WITH THE CURRENT EDITION OF THE CITY OF FOLSOM STANDARD CONSTRUCTION SPECIFICATIONS AND THE DESIGN AND PROCEDURES MANUAL AND IMPROVEMENT STANDARDS.

- AMENDMENT OF CONDITION NO. 23

REMOVAL OF SIDEWALK FROM MAP – ~~TREE PRESERVATION~~
~~IF TREES 434, 436, AND 440, AS IDENTIFIED IN THE TREE MITIGATION & REMOVAL PLAN IN ATTACHMENT 7, ARE RETAINED AND PROTECTED THROUGHOUT CONSTRUCTION ACTIVITY, THE PROPOSED SIDEWALK SHOWN ON THE PROJECT PLANS SHALL NOT BE REQUIRED. HOWEVER, IF THESE TREES ARE REMOVED OR DAMAGED TO A POINT THAT THE CITY ARBORIST DETERMINES THAT THEY WOULD NEED TO BE REMOVED, THE SIDEWALK SHALL BE CONSTRUCTED AS SHOWN IN THE LOCATION SHOWN IN THE PROJECT PLANS AND IN ACCORDANCE WITH THE CURRENT EDITION OF THE CITY OF FOLSOM STANDARD CONSTRUCTION SPECIFICATIONS AND THE DESIGN AND PROCEDURES MANUAL AND IMPROVEMENT STANDARDS.~~
REMOVAL OF SIDEWALK FROM MAP-
THE SIDEWALK SHOWN ON THE TENTATIVE PARCEL MAP SHALL BE REMOVED ON THE RECORDED PARCEL MAP.

COMMISSIONER ROSS SECONDED THE MOTION.

AYES: BARCELONA, HURST, HERRERA, WEST, ROSS, LANEY, REYNOLDS
NOES: NONE
RECUSED: NONE
ABSENT: NONE

MOTION PASSED

2. SPEC24-00017: Objective Development and Design Standards and Determination that the Project is Exempt from CEQA

A request from the City of Folsom Community Development Department to recommend the City Council: 1) adopt Resolution No. 11464 – A Resolution determining that the proposed project is exempt from CEQA, adopting

proposed Objective Development and Design Standards for certain overlay areas, and repealing the City of Folsom Design Guidelines for Multifamily Developments; and 2) adopt Ordinance No. 1357 – An Ordinance of the City of Folsom Amending Chapter 17.06 (Design Review) of the Folsom Municipal Code to Reference the Objective Development and Design Standards and to Establish a Ministerial Review Process. **(Project Planner: Desmond Parrington / Applicant: City of Folsom Community Development Department)**

COMMISSIONER REYNOLDS MOVED TO RECOMMEND THAT THE CITY COUNCIL:

- 1) ADOPT RESOLUTION NO. 11464 – A RESOLUTION DETERMINING THAT THE PROPOSED PROJECT IS EXEMPT FROM CEQA, ADOPTING PROPOSED OBJECTIVE DEVELOPMENT AND DESIGN STANDARDS FOR CERTAIN OVERLAY AREAS, AND REPEALING THE CITY OF FOLSOM MULTIFAMILY DESIGN GUIDELINES; AND
- 2) ADOPT ORDINANCE NO. 1357 – AN ORDINANCE OF THE CITY OF FOLSOM AMENDING CHAPTER 17.06 (DESIGN REVIEW) OF THE FOLSOM MUNICIPAL CODE TO REFERENCE THE OBJECTIVE DEVELOPMENT AND DESIGN STANDARDS AND TO ESTABLISH A MINISTERIAL REVIEW PROCESS.

THIS RECOMMENDED APPROVAL IS SUBJECT TO THE PROPOSED FINDINGS BELOW (FINDINGS A – C).

COMMISSIONER BARCELLONA SECONDED THE MOTION.

AYES: BARCELLONA, HURST, HERRERA, WEST, ROSS, LANEY, REYNOLDS
NOES: NONE
RECUSED: NONE
ABSENT: NONE

MOTION PASSED

PRINCIPAL PLANNER’S REPORT

Principal Planner, Jessica Brandt, shared the following with the Commission:

- The following items are scheduled for City Council consideration on October 28, 2025:
 - Ordinance amending Historic District Commission requirements to make minor permit reviews ministerial
 - Various amendments and clean-up items to the Community Development user fee schedules
 - Objective Development and Design Standards (ODDS)
- The next meeting is scheduled for November 19th, with two items on the agenda:
 - Inclusionary Housing Ordinance
 - Chabad conditional use permit on Hana Way
- In the last month, staff approved 7 design reviews, including:
 - 2 custom homes
 - 2 residential additions
 - 2 residential accessory structure
 - 1 accessory dwelling unit

ADJOURNMENT

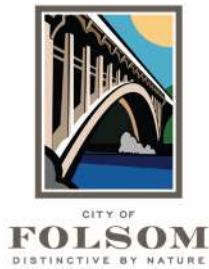
There being no further business to come before the Folsom Planning Commission, Chair Eileen Reynolds adjourned the meeting at 7:55 p.m.

RESPECTFULLY SUBMITTED,

Stephanie Hannum, ADMINISTRATIVE ASSISTANT

APPROVED:

Eileen Reynolds, CHAIR



Planning Commission Staff Report
50 Natoma Street, Council Chambers
Folsom, CA 95630

Project: Inclusionary Housing Ordinance Amendment
File #: SPEC25-00200
Request: Review and Comment
Location: Citywide
Parcel(s): N/A
Staff Contact: Stephanie Henry, Housing Manager, 916-461-6208,
shenry@folsom.ca.us

Recommendation: A request from the City of Folsom Community Development Department to recommend the City Council adopt Ordinance No. 1359 – An Ordinance of the City of Folsom Amending Certain Sections of Chapter 17.104 (Inclusionary Housing) of the Folsom Municipal Code to Update the Methodology for Calculating In-lieu Fees Applicable to Residential Development, and to Incorporate Non-Substantive Cleanup Revisions for Clarity and Consistency, and Determine that the Project is Exempt from CEQA.

Project Summary: The City’s 2021–2029 Housing Element included Program H-9, which required the City to conduct an inclusionary housing fee study. The purpose of the program was to evaluate fee levels and funding gaps, as well as to improve the existing methodology for calculating the in-lieu fee. To implement Program H-9, the City entered into an agreement with Economic & Planning Systems, Inc. (EPS) to evaluate the current Inclusionary Housing Ordinance (IHO) in-lieu fee methodology and determine whether updates are warranted, feasible, and aligned with other regional affordable housing programs. Additionally, staff noted that the existing fee calculation, which is based on 1% of the lowest-priced home in a subdivision, is administratively inefficient and incompatible with the City’s current fee processing system.

Based on EPS’s study findings, staff’s experience administering the IHO, recent changes to California State law regarding housing, and outdated language in the existing code, staff recommends revisions to Folsom Municipal Code Chapter 17.104. These revisions include adjustments to the in-lieu fee calculation methodology for residential development, as well as non-substantive cleanup amendments to align with state law and improve clarity and consistency.

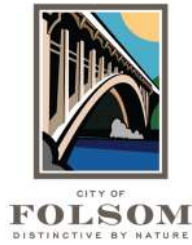


Table of Contents:

1. Description/Analysis
2. Background
3. City of Folsom Inclusionary Housing Program Study – Public Review Draft
4. List of Inclusionary Housing Fees
5. Ordinance No. 1359 - An Ordinance of the City of Folsom Amending Certain Sections of Chapter 17.104 (Inclusionary Housing) of the Folsom Municipal Code to Update the Methodology for Calculating In-lieu Fees Applicable to Residential Development, and to Incorporate Non-Substantive Cleanup Revisions for Clarity and Consistency, and Determine that the Project is Exempt from CEQA
6. Folsom Municipal Code Chapter 17.104 (Inclusionary Housing) – Applicable Section Strikethrough

Submitted,



PAM JOHNS
Community Development Director

**ATTACHMENT 1
DESCRIPTION/ANALYSIS**

DESCRIPTION

Overview

The City of Folsom’s Inclusionary Housing Ordinance, Chapter 17.104 of the Folsom Municipal Code, plays a key role in promoting the development of affordable housing. Adopted in 2002 and amended in 2013, the ordinance is a significant component of the City’s overall affordable housing strategy.

Under the City’s Inclusionary Housing Ordinance, developers of new for-sale detached single-family homes within subdivisions of ten housing units or more are required to provide at least 10 percent of their homes to lower-income households (3 percent very low and 7 percent low). However, a developer may opt to pay an in-lieu fee instead of constructing affordable units on-site. Other seldom-used options also exist. Given the complexities and challenges associated with building deed-restricted affordable for-sale homes, almost all developers in Folsom choose to pay the in-lieu fee. This fee is calculated as 1 percent (1%) of the sales price of the lowest-priced unit in the subdivision, multiplied by the total number of units in the project. To determine the fee amount, developers are required to submit architectural plans and anticipated homes sales pricing prior to the issuance of building permits. Additionally, developers must enter into an inclusionary housing agreement to formalize the fee calculation and related requirements.

To date, the Inclusionary Housing Fee program has generated approximately \$30.5 million, which has been instrumental in providing gap financing for several affordable housing projects, resulting in over 320 new affordable apartments in Folsom.

A more detailed overview of the Inclusionary Housing Ordinance was provided to support a workshop held with the City Planning Commission on September 17, 2025. Materials from that session can be found at this link:

<https://www.folsom.ca.us/government/community-development/planning-services/planning-commission>

Inclusionary Housing Program Feasibility Analysis

The Inclusionary Housing Program Study, conducted by EPS, explored potential updates to the City’s Inclusionary Housing Ordinance (IHO), with a focus on the in-lieu fee applied to residential developments that did not meet their affordable housing obligations through on-site construction. Although such fees were not legally required to meet nexus standards under California’s Mitigation Fee Act and related legislation, EPS applied a nexus-based methodology to reassess the affordability gap and calculate the maximum justifiable fee. The study also examined the impact of Assembly Bill 1505, enacted in 2017, which gave cities the authority to apply inclusionary housing requirements—including in-lieu fees—to rental developments. Based on this legislation, the study evaluated the potential expansion of the ordinance to cover rental projects.

EPS reviewed the City’s current in-lieu fee using updated socioeconomic and real estate market data. Since the last analysis, several major shifts occurred—most notably the economic impacts of the COVID-19 pandemic, rising construction costs, and higher interest rates. These factors have affected both home values and rental prices and have increased the cost of housing production. As a result, the financial investment required to produce affordable units has grown, as has the funding gaps faced by developers of affordable housing projects. The updated analysis aims to determine a revised fee that reflects these conditions while maintaining feasibility for new market-rate development.

In addition, the study incorporates input from stakeholders, including market-rate and affordable housing developers, as well as City staff, compares our current in-lieu fee methodology amount and proposed fee amount to other jurisdictions, and considers legislative changes adopted since the previous analysis. EPS also reviewed affordable housing policies and funding strategies in selected peer jurisdictions to provide context for potential updates to the in-lieu fee.

Summary of Key Study Findings and Recommendations

Fee Structure and Developer Impact

- The Study recommends adopting a per-square-foot fee structure to streamline administration and offer developers greater clarity regarding project costs.
- In the Folsom Plan Area—where most new housing development is concentrated—the Study found that developers currently face significant fee burdens:
 - Single-family for-sale units incur average impact fees of nearly \$95,000 per unit, including inclusionary in-lieu fees typically ranging from \$5,000 to \$11,000 per unit.
 - Rental multifamily units, although exempt from inclusionary fees, still face impact fees of approximately \$60,000 per unit, posing feasibility challenges under current market conditions.

Developer Feedback and Historical Fee Data

- Developers expressed strong satisfaction with the existing fee structure and fee levels.
- Historical data from the City indicates that developers have paid an average inclusionary housing in-lieu fee of approximately \$3.00 per square foot under the current framework.

Feasibility Analysis and Recommendations

- Estimated development costs, including the current in-lieu fee, are feasible for single-family residential projects.

- Multifamily for-sale housing types (e.g., condominiums, townhomes) and multifamily rental apartments are generally infeasible under current market conditions.
- To address these feasibility concerns and support the City’s Housing Element goals for higher-density housing, the Study recommends:
 - Implementing a \$2.50 per square foot in-lieu fee for multifamily for-sale units (e.g., condominiums, townhomes).
 - Continuing to exempt multifamily rental units (apartments) from the in-lieu fee to enhance development viability.
 - Applying an automatic construction cost inflation adjustment to the new fee(s).
 - Establishing a clear definition of multifamily for-sale units to ensure consistent application of the reduced fee.

State Housing Law Alignment

Recent changes in California state housing laws that aim to streamline housing production and reduce barriers for developers have placed increased restrictions on local jurisdictions, requiring amendments to municipal codes to ensure compliance. Key legislative updates—particularly in areas such as density bonus provisions, fee deferrals, and tenant preference policies—have directly impacted the City’s IHO. As a result, several provisions in the City’s current ordinance are now outdated or inconsistent with state mandates. To address this, staff recommends a series of cleanup revisions to the IHO.

Proposed FMC Title 17 Amendments

Based on EPS’s study findings and recommendations, staff’s experience administering the IHO, recent changes to California State law regarding density bonuses, and outdated language in the existing code, staff recommends revisions to Folsom Municipal Code Chapter 17.104.

The primary proposal is to amend section 17.104.060(g) in order to change the manner in which the in-lieu fee is calculated, shifting from the current fee calculation of 1% of the lowest priced home in the subdivision to a simplified and standardized fee structure that is based on square footage, consistent with many other jurisdictions. The new fee structure will be defined in a Council resolution, consistent with other City fees.

The other revisions generally include cleanup amendments to update or remove outdated references and those that do not align with current state law and improve clarity and consistency. These updates will eliminate obsolete references, align local policies with current state law, and improve administrative clarity.

Alternative Options

In response to feedback received during the review process, the staff report also outlines alternative options to the recommended fee structure for further consideration. Adoption of any alternative would likely require additional analysis or modifications to the proposed amendments to ensure alignment with policy goals and legal requirements.

Local Preference

Though staff has deleted the existing resident and local worker preference requirements for affordable housing in the amended version of Chapter 17.104, staff will return to the Planning Commission and City Council to add a new local resident and worker preference policy based on the City Council's previous recommendations and after further research to ensure that the policy is consistent with State law and federal fair housing regulations.

POLICY/RULE

Folsom Municipal Code (FMC) Chapter 17.68 (Amendments) governs the process for the City to amend FMC Title 17 – Zoning. The Planning Commission must hold a public hearing on any proposed amendment and make a recommendation to the City Council. The City Council then may consider the amendment at a public hearing. The City Council must find that the public necessity and convenience and the general welfare require such an amendment.

ANALYSIS

The City's 2021–2029 Housing Element includes Program H-9, which directs staff to conduct a study of the inclusionary housing in-lieu fee. The goal of this program is to evaluate fee levels and funding gaps, and to improve the methodology for calculating the in-lieu fee. The existing calculation method—based on 1% of the lowest-priced home in a subdivision—has proven to be administratively inefficient and incompatible with the City's current fee processing system. Despite these challenges, the inclusionary fee program has been highly successful, generating approximately \$30.5 million in funding that has supported gap financing for several affordable housing developments. This funding has resulted in the creation of over 320 new affordable apartments in Folsom, demonstrating the effectiveness of the fee amount.

Overview of Current Process and Challenges

- **Sales Price Estimation:** Since the IHO requires developers to base their fee on 1% of the lowest priced home in the subdivision sales price information is required. However, developers typically do not have final home prices available at the time of initial building permit issuance, especially for model homes. Consequently, City staff must rely on developer-provided market analyses to estimate sales prices. This step requires staff review and validation.
- **Initial Fee Determination:** Each subdivision must prepare an in-lieu fee determination to formally establish its initial fee. This step creates a fixed reference point for consistent tracking and administration.

- **Manual Fee Entry:** Once the fee is set, it must be manually entered into the City's development permit and processing system for every single production home permit in the subdivision. Because the fee is subdivision-specific and not standardized, it remains one of the few non-automated building permit fees. This manual process increases the risk of clerical errors and inefficiencies. In the Folsom Plan Area alone, over 75 separate inclusionary housing fees have been established for individual subdivisions as shown in Attachment 4.
- **Deed Restriction Requirements:** Current practice requires an inclusionary housing deed restriction to be placed on applicable projects. This restriction serves multiple purposes: it ensures the project is subject to the required fee, outlines all provisions related to fee calculation, monitoring, and future updates, and helps maintain consistency and transparency in how the requirements are applied across developments. However, the process of recording the deed restriction against the property and then removing it once the requirements of the IHO have been satisfied is time consuming for City staff.
- **Annual Fee Review:** The Ordinance requires an annual review of the lowest-priced unit in each subdivision to determine if the sales price has changed by more than 10%. If so, the inclusionary housing fee must be recalculated and applied to remaining lots. To support this review, inclusionary housing agreements require developers to submit home sales reports. However, compliance is inconsistent, often requiring staff to follow up directly with developers or independently review builder websites for current pricing data.

Revision to Fee Structure

While the current ordinance offers flexibility for developers and has effectively generated funding for affordable housing, as indicated above, its administration demands ongoing staff time, coordination, and effort to maintain fairness and consistency. To address these operational inefficiencies and reduce the amount of staff time dedicated to implementing the current fee structure, staff supports the Study's recommendation to revise the Inclusionary Housing Ordinance (IHO) and transition to a square footage-based fee structure. This approach, increasingly adopted by other jurisdictions, is expected to streamline administration, reduce processing burdens, and provide developers with clearer and more predictable cost expectations.

Section 4 of the Study (pages 40–48) presents a comparative survey of jurisdictions evaluating the City's inclusionary program against others in the region and other selected jurisdictions in the State with inclusionary programs. The survey highlights that no other jurisdiction uses sales price as a basis for calculating in-lieu fees. Instead, most apply either a flat fee or a per-square-foot fee. Because square footage is a standard metric used in building permits, it simplifies fee calculation and verification. Moreover, flat fees may disproportionately impact smaller projects or undercharge larger ones, whereas a square footage-based fee ensures a more equitable distribution of costs across varying project sizes.

Fee Amount Recommendation and Analysis

Although the specific fee amounts are not included in the proposed ordinance revisions, it is important to address them as part of the overall update. Final fee levels will be established separately by the City Council through a formal resolution. The Study recommends setting the in-lieu fee at \$3.00 per square foot for single-family for-sale units, consistent with current fee levels, and \$2.50 per square foot for for-sale multifamily units to help support the feasibility of this housing type.

The following discussion provides a high-level overview of the EPS Study and justification for the proposed fees.

The Study evaluated four representative residential prototypes—two single-family and two multifamily—based on recent development trends in Folsom. While the prototypes may vary in design and pricing, the Study applied a standardized pro forma using consistent assumptions for unit size, base density, and housing type. A summary of these prototypes is provided below and detailed in Table 3.1 of the Study, with additional context included in Section 3 of the Study.

Prototype	Housing Type	Tenure	Unit Size (sq ft)	Bed-rooms	Base Density (DU/acre)
Prototype 1	Single Family Low Density	For-sale	2,600	4	5
Prototype 2	Single Family Medium Density	For-sale	2,000	3	10
Prototype 3	Multifamily Low Density	For-sale	1,500	3	18
Prototype 4	Multifamily High Density	Rental	1,000	2	30

Using a nexus-based methodology, the Study estimates the maximum supportable in-lieu fees for each residential prototype by evaluating two key factors: the affordability gap and the additional demand for affordable housing generated by new market-rate development. This demand arises from the increased need for lower-wage workers who support higher-income households—workers who are often unable to afford market-rate housing. This approach is based on the premise that higher-income households spend more on goods and services, which creates jobs—many of which pay lower wages. These workers often cannot afford market-rate housing. Charging fees on new market-rate development helps address the increased demand for affordable housing created by this dynamic.

The maximum supported nexus based inclusionary housing in-lieu fee per square foot for each prototype analyzed in this study is summarized on Page 8 of the Study in Table 3.9. While the maximum supported inclusionary housing fee is very high, it does not consider the overall fee burden of all fees on residential development. As a result, no jurisdiction uses the maximum supported fee, but it does establish the outer end of a range of legally defensible fees.

In addition to identifying the maximum nexus-based fee, the EPS Study presents two alternative in-lieu fee scenarios for City Council consideration: a low-fee option consistent with current rates, and a high-fee option set at 20% of the maximum supportable amount. These alternative fees are summarized in the Table below.

Prototype	Housing Type	Tenure	Unit Size (sq ft)	Per Square Foot Fee Level		
				Max Nexus-Based Supported Fee	High Scenario (20 % of maximum)	Low Scenario (set to match existing per-unit fee)
Prototype 1	Single Family Low Density	For-sale	2,600	\$59.56	\$11.91	\$3.00
Prototype 2	Single Family Medium Density	For-sale	2,000	\$44.35	\$8.87	\$3.00
Prototype 3	Multifamily Low Density	For-sale	1,500	\$35.82	\$7.16	\$2.50
Prototype 4	Multifamily High Density	Rental	1,000	\$34.01	\$6.80	\$0.00

While the City has the authority to adopt fees up to the maximum level, it is standard practice to set fees below that threshold to maintain project feasibility and avoid discouraging housing production. Because the primary goal of the Inclusionary Housing Ordinance (IHO) update is to transition to a square-foot-based fee calculation method – not to increase fee levels—staff recommends adopting a fee of \$3.00 per square foot for single-family for-sale units and \$2.50 per square foot for for-sale multifamily units. These rates are financially viable and align with the City’s current affordable housing strategy. Rental multifamily projects would continue to be exempt due to ongoing economic challenges in the rental housing market, where margins remain tight and additional fees could hinder project viability and reduce the production of much-needed rental units.

Furthermore, these recommended fee levels would still enable the City to provide meaningful financial support for affordable housing projects. With an estimated local subsidy of approximately \$55,000 per unit, the City can continue to invest in housing opportunities for lower-income residents while keeping development financially viable. This balanced approach ensures that the Inclusionary Housing Ordinance remains effective in generating resources for affordable housing without placing undue burden on new residential projects.

Local Jurisdiction Fee Comparison

Finally, to assess the City’s current and proposed in-lieu fee levels, the Study examined per-unit fees for the single-family low-density housing prototype across jurisdictions in the Sacramento Region. As summarized in Table 4.3 of the Study, Folsom’s existing and recommended fees are generally in line with regional benchmarks. Specifically, Folsom’s fee is approximately 10% lower than those in the City of Sacramento and Sacramento County, yet it is 35% and 75% higher than the fees in Rancho Cordova and the City of Elk Grove, respectively, though the fee level in Rancho Cordova is just based on one Affordable Housing Plan for a specific development.

Community Outreach

Staff meet with the North State Building Industry Association on three separate occasions to discuss the inclusionary ordinance and share the EPS study. In addition, staff also met with affordable housing advocates from the Sacramento Housing Alliance and Legal Services of Northern California on two separate occasions to share and receive information about this effort and the results of the study. In addition, as discussed earlier in this report, staff held a public workshop on the City's inclusionary housing program on September 17, 2025, and sent out emails in advance of the workshop to approximately 600 residents, businesses and developers in or involved in Folsom.

Alternative Fee Structure Considerations

As noted in the background section of this report, development representatives expressed strong support for retaining the current fee structure, citing its alignment with market conditions and ensuring fairness for larger homes. In response to this feedback, the staff report presents alternative options to the recommended per-square-foot fee structure for further consideration. Based on meetings with the affordable housing advocates, they expressed concerns about reducing the fee and recommended consideration of a higher per-square-foot fee level. At the same time, they supported Option 3, discussed below, since it would result in the earlier availability of funding for affordable housing projects.

Option 1: Retain Current Fee Structure with Third-Party Administration

Under this option, the City would retain the existing fee structure but engage a third-party consultant to administer key components of the in-lieu fee program. The consultant would be responsible for verifying fee calculations, collecting subdivision-specific sales data, and conducting annual reviews to confirm that pricing has not fluctuated more than 10%. Developers would pay an administrative fee to cover the cost of third-party fee establishment and ongoing monitoring.

Given that many consulting firms have greater expertise in market analysis, this approach could improve the accuracy and consistency of fee assessments. Staff recommends a flat administrative fee supplemented by a per-unit charge, recognizing that larger subdivisions may require multi-year monitoring. For example, a 50-unit subdivision may be completed within two years, while a 100-unit project could span three years or more, necessitating additional monitoring.

While this approach would reduce the analytical burden on City staff, staff would still be responsible for processing deed restrictions, tracking individual fees by subdivision, manually entering data into the system, and managing the consultants as well as reviewing and processing their invoices. Staff has contacted several consulting firms to explore the feasibility of this service model and to obtain preliminary cost estimates.

Option 2: Retain Current Fee Structure with Collection at Certificate of Occupancy

This option would retain the existing fee structure but shift the timing of fee collection to the issuance of the certificate of occupancy (COO). Under this approach, the fee would

be based on the actual sales price, as originally intended by the ordinance, eliminating the need for market analysis and potentially removing the need for third-party consultant involvement.

However, this method presents several operational challenges. The City does not typically collect fees at the time of COO, making this approach inconsistent with current fee collection practices. It would also still require staff to manually enter fee data into the tracking system and ensure timely collection for each subdivision, increasing the risk of errors and adding to the administrative burden.

Another option that could benefit the City is to collect the full in-lieu fee for the entire subdivision at the time of the first COO. This approach would reduce the administrative burden by eliminating the need for annual reviews and avoiding manual fee entry for each individual building permit. It would also simplify tracking and improve efficiency.

A key advantage of this method is that it would provide the City with full fee revenue upfront, enabling earlier allocation of funds toward gap financing for affordable housing projects. This could help accelerate project delivery and increase the effectiveness of available resources, even without capturing future market appreciation. However, this approach may present challenges from the development community's perspective. Developers are often reluctant to pay in-lieu fees upfront, particularly prior to generating revenue from home sales during early phases of construction.

Option 3: Transition to Square-Foot-Based Fee with Sliding Scale

This option proposes moving forward with a square-foot-based in-lieu fee structure, but implementing it on a sliding scale to address concerns raised by the development community. Developers have explained that under a flat square-foot fee model, larger homes bear a disproportionately higher cost, even though the affordability impact may not scale linearly with home size.

Under the City's current practice—where the in-lieu fee is calculated as one percent of the lowest priced unit in a subdivision—the resulting fee structure functions as a de facto sliding scale. Smaller homes tend to pay a higher fee per square foot than larger homes – approximately \$4 per square foot for smaller homes compared to about \$2.30 per square foot for large homes. This outcome differs from most commonly used methodologies and best practices, which typically assign higher fees to larger homes based on their greater impact on housing affordability. In addition, it is not consistent with the findings of EPS' study which identifies that larger homes generate more low wage jobs and therefore a greater need for affordable housing units compared with smaller homes.

The proposed three dollar per square foot rate for single-family units reflects a blended average based on historical data. Compared to the current one percent model, this approach would lower the fee for smaller units and increase it for larger homes. For subdivisions with a mix of unit sizes, the overall fee burden is expected to remain relatively

consistent, and total revenue generated should align with current levels. If the fee were reduced for larger homes, an increase for smaller homes would likely be needed to maintain that balance.

In reviewing examples of formal sliding scale fee structures for single-family units, staff identified one California jurisdiction—Oakland—that applies a tiered housing impact fee based on unit size. According to Oakland’s adopted fee schedule:

- Units under 750 square feet are charged a lower fee.
- Units between 750 and 2,500 square feet are charged a mid-range fee.
- Units over 2,500 square feet are charged the highest fee.
-

Oakland’s structure assumes that larger homes generate greater demand for public infrastructure and affordable housing and is supported by its nexus analysis.

While a sliding scale structure is not typically supported by current nexus methodologies, the City could further evaluate this approach if there is policy interest and if developers or stakeholders can identify additional examples or provide supporting rationale. If a sliding scale for single-family units is proposed, additional analysis would be needed to ensure it maintains overall revenue levels, aligns with nexus findings, and supports the City’s broader housing goals. Introducing a sliding scale would also add modest complexity to the proposed fee structure, resulting in three separate fee categories (based on size): two for single-family units and one for multi-family for-sale units.

Note: Under the proposed square foot–based fee model, larger multi-generational homes with attached accessory dwelling units (ADUs) that are 750 square feet or less may exclude the ADU square footage from the in-lieu fee calculation, in accordance with State ADU law. This exclusion would result in a lower fee for those housing units and supports the City’s goal of encouraging the development of lower-income housing opportunities.

ENVIRONMENTAL REVIEW

Under Sections 15378(b)(4) “Project” and 15061(b)(3) “Review for Exemption” of the California Environmental Quality Act (CEQA) Guidelines, the proposed code amendment is process related and administrative in nature and therefore it is not a Project as defined by CEQA and will not have a significant effect on the environment. As a result, the proposed code amendment is exempt from environmental review under CEQA.

STAFF RECOMMENDATION/PLANNING COMMISSION ACTION

Move to recommend that City Council adopt Ordinance No. 1359 – An Ordinance of the City of Folsom Amending Certain Sections of Chapter 17.104 (Inclusionary Housing) of the Folsom Municipal Code to Update the Methodology for Calculating In-lieu Fees Applicable to Residential Development, and to Incorporate Non-Substantive Cleanup Revisions for Clarity and Consistency, and Determine that the Project is Exempt from CEQA.

This recommended approval is based on the proposed findings below (Findings A – D).

GENERAL FINDINGS

- A. NOTICE OF PUBLIC HEARING HAS BEEN GIVEN AT THE TIME AND IN THE MANNER REQUIRED BY STATE LAW AND CITY CODE.

- B. THE PROPOSED AMENDMENTS ARE CONSISTENT WITH THE GENERAL PLAN AND THE INTENT AND PURPOSES OF FOLSOM MUNICIPAL CODE CHAPTER 17.104.

CEQA FINDING

- C. THE PROPOSED AMENDMENT TO THE CITY’S INCLUSIONARY HOUSING ORDINANCE, WHICH INCLUDES ADJUSTMENTS TO THE IN-LIEU FEE CALCULATION FOR RESIDENTIAL DEVELOPMENT AND NON-SUBSTANTIVE CLEANUP AMENDMENTS, DOES NOT CONSTITUTE A “PROJECT” UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA), PURSUANT TO CEQA GUIDELINES SECTION 15378(B)(4). THIS SECTION STATES THAT THE CREATION OF GOVERNMENT FUNDING MECHANISMS OR OTHER FISCAL ACTIVITIES WHICH DO NOT INVOLVE ANY COMMITMENT TO A SPECIFIC PROJECT THAT MAY RESULT IN A PHYSICAL CHANGE IN THE ENVIRONMENT ARE NOT SUBJECT TO CEQA.

- D. THESE AMENDMENTS ARE SOLELY TECHNICAL AMENDMENTS TO REMOVE OBSOLETE REFERENCES, UPDATE OUTDATED TERMINOLOGY AND MODIFY THE FINANCIAL CONTRIBUTION REQUIRED OF DEVELOPERS IN LIEU OF CONSTRUCTING AFFORDABLE HOUSING UNITS AND DO NOT AUTHORIZE OR APPROVE ANY PHYSICAL DEVELOPMENT OR LAND USE CHANGE. THEREFORE, IF THE AMENDMENT IS CONSIDERED A PROJECT UNDER CEQA, THE ACTION IS EXEMPT FROM CEQA PURSUANT TO CEQA GUIDELINES SECTION 15061(b)(3), AND NO FURTHER ENVIRONMENTAL REVIEW IS REQUIRED.

ATTACHMENT 2 BACKGROUND

Background and Study Overview

In 2002, the City of Folsom (City) adopted an Inclusionary Housing Ordinance (IHO) applicable to new development, offering developers alternative compliance options such as paying an in-lieu fee instead of building affordable housing units. In 2013, the City amended the IHO to formally impose in-lieu fees on market-rate owner-occupied housing units and to exempt rental developments from inclusionary requirements, consistent with the 2009 decision in *Palmer/Sixth Street Properties, L.P. v. City of Los Angeles*. That decision has since been rendered moot as a result of new State law.

As part of the City's 2021–2029 Housing Element, Program H-9 directs the City to evaluate current in-lieu fee levels to ensure they continue to support affordable housing objectives. To fulfill this requirement, the City retained Economic & Planning Systems, Inc. (EPS) to conduct a comprehensive review of the existing fee program, with a particular focus on exploring alternative fee calculation methods that better align with regional practices.

In addition to policy considerations, City staff identified administrative challenges within the current fee structure. The system has resulted in more than 75 subdivision-specific fees, each requiring manual input into the City's permit processing system. This lack of integration with automated systems increases the risk of clerical errors and creates inefficiencies in fee administration.

Prior to release of the Public Review Draft of the City of Folsom Inclusionary Housing Program Study, EPS provided preliminary findings and recommended transitioning to a square-foot-based fee structure. Their preliminary analysis applied a nexus-based approach to updating the affordability gap and establishing maximum justifiable in-lieu fee levels. While not mandated under the Mitigation Fee Act, this methodology offers a transparent and defensible framework for setting fees.

Planning Commission Workshop

On September 17, 2025, the Planning Commission held a public workshop to review and discuss the Inclusionary Housing Ordinance. During the session, City staff presented preliminary findings from the Inclusionary Housing Program Study to both the Commission and the public. The workshop included an overview of the ordinance's history, current requirements, and regulatory framework, and highlighted key operational challenges tied to the existing in-lieu fee calculation method. Staff also introduced potential goals for updating the fee structure to improve efficiency and better align with the City's affordable housing objectives.

The workshop offered an opportunity for Commissioners and the public to engage in discussion and ask questions. Topics raised included the City's Regional Housing Needs Allocation (RHNA), the rationale for adopting a square-foot-based fee structure, and the feasibility of applying inclusionary fees to high-end rental housing.

Two members of the public provided comments during the workshop. A representative from the Building Industry Association (BIA) advocated for retaining the current fee calculation method, describing Folsom's program as a model of adaptability—particularly in how fees adjust with sales prices and market trends. Another speaker emphasized the urgent need for more affordable housing options to support the local workforce.

Other Outreach

In addition to the workshop, staff and the consultant team conducted targeted outreach to the BIA, local residential builders, the Sacramento Housing Alliance (SHA) and Legal Services of Northern California to share the study findings, clarify the objectives of the analysis, respond to questions, and gather feedback.

Builders and the BIA expressed strong support for maintaining Folsom's current sales price-based inclusionary housing in-lieu fee model, emphasizing its flexibility and ability to adapt to changing market conditions—particularly during an economic downturn. They noted that on-site construction requirements pose significant operational challenges, making the fee-based approach more manageable. Furthermore, the building representatives raised concerns that revising the fee methodology could result in higher inclusionary fees, especially given that Folsom's fees in the Plan Area are already considered high relative to other jurisdictions. They also questioned the feasibility of applying inclusionary requirements to rental projects under current economic conditions.

Following the release of the Public Review Draft, staff met with building industry representatives to review the Study findings, answer questions, and gather feedback. Many participants expressed strong support for maintaining the existing fee structure, noting that it aligns well with prevailing market conditions and avoids placing an undue financial burden on larger homes. Several developers also acknowledged they had not fully understood the administrative workload required to implement the current system. In response, they offered to collaborate with staff on streamlining operations, suggesting measures such as a one-time processing fee managed by a third-party consultant. Additional recommendations included requiring sales report data during the model home permitting process to ensure accurate fee assessments and collecting the fee at the time of certificate of occupancy—when funds are more likely to be available—thereby eliminating the need for market studies and individualized fee analyses. If the City transitions to a square-foot-based fee, some developers proposed incorporating a sliding scale to prevent disproportionate impacts on larger homes. In response to this feedback, the staff report outlines alternative options to the recommended fee structure for further consideration.

In similar meeting with SHA and Legal Services of Northern California, affordable housing representatives raised concerns about the light reduction in the proposed fee from existing levels and expressed the need for a higher fee given the recent reductions in affordable housing funding available from the State. As noted earlier in this report, they were also supportive of the alternative approach described in Option 3, which required

the payment of all in-lieu fees at the first certificate of occupancy since this would result in funding for affordable housing projects earlier than under the current process.

Attachment 3

City of Folsom Inclusionary Housing Program Study – Public Review Draft



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

CITY OF FOLSOM INCLUSIONARY HOUSING PROGRAM STUDY

ADMINISTRATIVE
DRAFT REPORT #2

Prepared for:
City of Folsom

Prepared by:
Economic & Planning Systems, Inc.

October 22, 2025

EPS #252017

Table of Contents

1. Introduction and Summary of Findings	1
Introduction	1
Current Policies	2
Key Findings and Considerations.....	5
Organization of Report	11
2. Inclusionary Housing: Residential In-Lieu Fee Study	12
Methodology Summary	12
Step #1: Conduct Affordability Gap Analysis	12
Step #2 Calculate Affordable Housing Demand.....	15
Step #3 Compute Impact Fee per Market Rate Unit	17
3. Affordability Gap Analysis Results	18
Product Types	18
Revenue Assumptions.....	18
Development Cost Assumptions.....	25
Affordability Gap Results.....	27
Demand-Based Nexus Fee Calculation	27
Affordable Housing Impact Fee Calculation Conclusions	36
4. Comparative Jurisdictions Survey	40
Local Peer Jurisdictions	42
Selected Jurisdictions with Inclusionary Requirements and In-Lieu Fees.....	44
Local Jurisdiction Fee Amounts.....	47
5. Policy and Implementation Considerations	49
Maximum/Recommended Fee Levels	49
Implementing Ordinances/Resolutions.....	49
In-Lieu Fee Update	50
Study Timeframe: Updating the Impact Fee Nexus Study	51
Appendix	52

List of Tables

Table 1-1. Sacramento County Area Median Income (AMI) Categories (2025 in 2025\$)4

Table 1-2. Residential Affordable Housing Impact Fee Comparison (2025\$)8

Table 3-1. Market-Rate Housing Development Prototype Assumptions 19

Table 3-2. Maximum Monthly Rent or Mortgage Payment..... 21

Table 3-3. Prototype Revenue Assumptions: Rental Product 22

Table 3-4. Prototype Revenue Assumptions: Ownership Product (2025\$) 24

Table 3-5. Development Costs by Prototype: Existing Fees (2025\$) 26

Table 3-6. Development Funding Affordability Gap: Existing Fees..... 28

Table 3-7. Required Income by Market Rate Unit Type..... 30

Table 3-8. Summary of Worker and Household Generation per 100 Market-Rate Units 35

Table 3-9. Maximum Nexus-Based Support Fee per Gross Square Foot..... 38

Table 3-10. Development Feasibility Comparison: Existing Fee, Maximum Supportable Fee, and Potential Fee as % of the Maximum (2025\$) 39

Table 4-1. Sacramento Region Peer Cities Analysis 41

Table 4-2. Comparison of Selected Jurisdictions' Inclusionary Programs 45

1. Introduction and Summary of Findings

Introduction

In 2002, the City of Folsom (City) adopted an inclusionary housing ordinance (IHO) applicable to new development, including the provision of an optional fee in-lieu of developing the affordable housing units. In 2013, the City amended the IHO to establish a formal in-lieu fee component imposed on market rate owner-occupied housing units and to exclude rental developments from inclusionary requirements in accordance with the 2009 *Palmer/Sixth Street Properties, L.P. v. City of Los Angeles* decision.

The City's 2021-2029 Housing Element includes Program H-9, which requires an evaluation of current in-lieu fee levels to ensure they effectively advance affordable housing goals under the IHO. To comply with Program H-9, the City retained Economic & Planning Systems, Inc. (EPS) to evaluate the existing IHO in-lieu fee program and determine whether methodology updates are warranted, feasible, and consistent with other regional affordable housing programs. In addition, City staff have indicated that the current fee calculation and collection process is administratively inefficient and does not align with the City's fee processing system, which calculates other fees automatically for each unit based upon unit characteristics such as zoning and square footage. Because the per-unit fee is subdivision-specific, the IHO in-lieu fee must be entered manually, introducing the risk of clerical error.

This document, the Inclusionary Housing Program In-Lieu Fee Study ("Fee Study" or "Study"), considers an update to the City's IHO in-lieu fee. This Study establishes updated maximum justifiable using a nexus-based methodology that can be charged to new market rate residential land uses in the City. Although the in-lieu fee is not subject to legal nexus requirements under the Mitigation Fee Act (California Government Code Section 66000 et seq.) and related legislation (e.g., Assembly Bill 602), this analysis applies a nexus-based approach to update the affordability gap analysis that underpins the calculation of the maximum justifiable in-lieu fee under the IHO.

Since the 2013 amendment to the City's IHO, State Assembly Bill (AB) 1505 (2017) was signed into law, which explicitly allows local governments to impose inclusionary requirements, including in-lieu fees, on rental housing projects. This study examines the potential to expand the City's existing inclusionary requirements on for-sale housing to also apply to rental housing.

This Study evaluates an updated fee based on current socioeconomic and real estate market conditions in the City. Since the previous study, market shifts, including the impacts of the COVID-19 Pandemic, significant increases in construction costs, and notably higher interest rates, have impacted residential home values and rental rates, reinforcing the need to reassess the current financing gap or subsidy required to produce affordable units while maintaining feasibility for new market rate development.

In addition, this Study incorporates input from stakeholders - including market-rate and affordable housing developers and City staff - and considers legislative changes adopted since the previous study. EPS also reviewed affordable housing policies and funding approaches in select peer jurisdictions to provide context for potential in-lieu fee updates.

Current Policies

The City's Municipal Code Ordinance Chapter 17.104 Inclusionary Housing (Ordinance) states that all for-sale and rental projects receiving financial assistance from the City with 10 or more units or that are otherwise subject to a voluntary affordable housing agreement with the City shall include inclusionary housing units equal to 10 percent of the total number of units in the project (excluding density bonus units). The 10 percent requirement comprises: 3 percent "Very Low Income" units and 7 percent "Low Income" units, as defined by the Department of Housing and Community and Development (HCD) Income Limits for Sacramento County.¹

For projects where four or fewer inclusionary units are required, the inclusionary units must be composed as follows: one inclusionary unit: one "Low Income" unit; two inclusionary units: one "Low Income" unit and one "Very Low Income" unit; three inclusionary units: two "Low Income" units and one "Very Low Income" unit; four inclusionary units: three "Low Income" units and one "Very Low Income" unit.

The City also provides that there are additional compliance methods the inclusionary requirement can be met beyond including the units in the project:

- Land dedication.
- Off-site construction.
- Acquisition, rehabilitation, and conversion of market-rate units.
- Conversion of market-rate units.
- Inclusionary housing credits.
- In-lieu fee.
- A combination of the above alternatives.²

¹ City of Folsom Municipal Code, Chapter 17.104, Inclusionary Housing, June 12, 2020.

² Ibid.

The in-lieu fee alternative to on-site construction allows a developer to pay a fee to satisfy inclusionary housing requirements. The City has established the in-lieu fee amount as 1 percent of the lowest-priced for-sale residential unit in the proposed subdivision multiplied by the total number of for-sale residential units in the proposed subdivision.³

The Ordinance does not specify the size or ratio of unit types for the inclusionary units but states the provided units, “shall accommodate diverse family sizes by including a mix of studio, one-, two and/or three-bedroom units and the mix of inclusionary sizes shall generally accommodate the household sizes identified in the City’s General Plan.”⁴ The household sizes encouraged in the General Plan include 3- and 4-bedroom units in multifamily rental housing. Projects with 40 units or fewer are exempt from any unit size requirement.⁵

The Ordinance does provide that the exterior of the inclusionary units shall be compatible with or built with similar finishes as the market-rate units, as well as access to common amenities. The ordinance excludes any direction of the caliber of the unit’s interior finishes.

The in-lieu fee for each unit must be paid before the City issues a building permit for that unit. Once a per-unit fee has been set for a particular subdivision, it is not subject to review for 12 months. Once 12 months have passed, the fee is reviewed January 1 of each following year. In the event the price of the lowest-priced home in the subdivision changes by 10 percent or more, the fee is recalculated based on the updated price and the method described above.

³ Ibid.

⁴ Ibid.

⁵ City of Folsom 2035 General Plan, Policy H-5.9., Final Housing Element, Adopted October 22, 2013.

Sources

To prepare the in-lieu fee study, EPS relied on numerous current sources of data, including but not limited to the following:

- State of California’s Department of HCD annual income limits for 2025. The study relies on the income limit definitions from HCD to estimate the housing costs by household type. HCD’s income limits define income levels based on county-level Area Median Income (AMI). In 2025, the AMI for the County of Sacramento for a family of 4 was \$120,800. The income limits for households are defined by HCD as follows:
 - “Extremely Low” is 30 percent or less of AMI
 - “Very Low” is between 30 percent and 50 percent of AMI
 - “Low” is between 50 percent and 80 percent of AMI
 - “Moderate” is between 80 percent and 120 percent of AMI
 - “Above Moderate” is between 120 percent and 160 percent of AMI.

Table 1-1 presents the income categories that are relevant for this fee program evaluation.

Table 1-1. Sacramento County Area Median Income (AMI) Categories (2025 in 2025\$)

Item	HUD Defined % of AMI	Study % of AMI	Sacramento County Income Limits Based on HH Size [1]				
			1	2	3	4	5
Income Level							
Extremely Low Income	15 - 30%	< 30%	\$27,050	\$30,900	\$34,750	\$38,600	\$41,700
Very Low Income	30 - 50%	30-50%	\$45,050	\$51,450	\$57,900	\$64,300	\$69,450
Low Income	50 - 80%	51-80%	\$72,050	\$82,350	\$92,650	\$102,900	\$111,150
Median Income	80 - 100%	-	\$84,550	\$96,650	\$108,700	\$120,800	\$130,450
Moderate Income	100 - 120%	81-120%	\$101,450	\$115,950	\$130,450	\$144,950	\$156,550

Source: State of California Department of Housing and Community Development, "State Income Limits for 2025"; EPS.

[1] Base AMI for Sacramento County assumes median income and a household size of 4.

- U.S. Census Bureau American Community Survey (ACS) 1-Year Estimates (2023).⁶
- California Department of Finance Demographics Table E-5 2024.

⁶ For most metrics, the choice between 5-year and 1-year ACS data does not significantly change the takeaway. 5-year data is more stable and conservative but may flatten data that ought not to be while 1-year data is more current and allows for year-to-year comparisons but has higher margins of error.

- JobsEQ Industry and Occupation data as of 1st quarter 2024. The JobsEQ model is based on the BLS projections.
- U.S. Bureau of Labor Statistics 2022 Consumer Expenditure Survey.
- 2017 U.S. Census Economic Census.
- Input from market-rate and affordable residential developers, and City staff regarding recently developed market rate and affordable housing projects, market assumptions and trends, and the Study methodology.
- Third-party real estate and construction data firms such as CoStar, Zillow, Redfin, and Saylor Construction Costs.

This report presents key findings and recommendations for updating the inclusionary housing program in-lieu fee in the City.

Stakeholder Outreach

In addition to the quantitative data sources consulted above, EPS incorporated stakeholder feedback into the study and recommendations. Stakeholders— including affordable housing developers, single dwelling and market-rate housing developers, and other professionals from the development community— shared their perspectives on the City’s existing affordable housing fee program, providing essential input to inform the findings of this analysis. The following themes were identified from these discussions:

- Home builders surveyed support the current fee calculation method, both because they view the typical fee amount as reasonable and because the fee can change in response to the market prices for new homes.
- All market-rate developers surveyed preferred paying an in-lieu fee to providing on-site affordable housing, citing the administrative difficulties with operating affordable housing.
- Multifamily developers expressed concern at the high fee levels for multifamily units in the City (particularly in the Folsom Plan Area), and shared that further fees would negatively impact multifamily feasibility.

Key Findings and Considerations

The following section reflects the results of the updated Fee Study, which is based on current cost and revenue assumptions. The analyses present updated maximum justifiable affordable housing in-lieu fees that could be exacted on new residential development in the City. This section also summarizes research conducted on affordable and inclusionary housing policies in comparable jurisdictions, current market dynamics, input from local stakeholders, and implementation steps and considerations for the City to provide housing affordable to different income levels.

Inclusionary Housing Program In-Lieu Fee

This Study applies a nexus-based approach consistent with the requirements of the Mitigation Fee Act, even though in-lieu fees are not subject to these requirements. This nexus-based approach provides the City and stakeholders with transparency regarding the methods and data used to calculate the fee amount. In addition, charging the fee on a per-square-foot basis, as recommended in this Study, eases the administrative burden on City staff and provides developers with clear expectations for fee levels associated with their projects.

Throughout the outreach process for this study, stakeholders in the development community expressed support for the in-lieu fee levels derived under the current methodology. Accordingly, this Study recommends that the updated in-lieu fee, now expressed on a per-square-foot basis, remains comparable to the existing fee, ensuring that developers in Folsom face similar and predictable costs while maintaining adequate revenues to support the City's affordable housing goals.

It is important to ensure the fees exacted on development do not negatively affect development's financial feasibility. The analysis contained in this Study demonstrates the recommended fee level is feasible for all three single-family for-sale prototypes analyzed. However, the analysis in this Study shows that, even without being subject to the current inclusionary housing in-lieu fee, multifamily rental developments in Folsom currently face significant feasibility challenges.

Updated In-Lieu Fee

Table 1-2 compares the City's existing fee with the updated fees developed in this Study, which are calculated using a nexus-based approach for four residential prototypes representative of housing that has been recently constructed, is currently under construction, or is planned in the City.⁷ The updated fees include the updated maximum justifiable in-lieu fee as well as two scenarios representing lower to higher percentages of the maximum justifiable fee. This Study recommends the City consider the fees under the low scenario, which closely approximate the City's existing fee when converted to a per unit fee equivalent. Although now permitted under AB 1505, the Study recommends continuing to exempt multifamily rental units from the City's inclusionary requirements, including the in-lieu fee. This recommendation reflects the feasibility challenges associated with developing this housing type and aligns with the City's goal of encouraging higher-density housing in key locations.

⁷ Because the prototypes do not represent all possible home sizes and sales' price points, the difference between the existing fee and the recommended fee may differ for actual developments. However, as this table shows, the overall change in fee level between the current fee and the recommended fee is minimal.

Peer Jurisdictions Comparative Survey

EPS examined local affordable housing programs to provide context and comparable information as the City updates its in-lieu fee in **Chapter 4**. The information includes an evaluation of residential fees and program requirements and is intended to inform decision-making and ensure potential new fees are reasonable and competitive with neighboring areas.

EPS examined affordable housing programs in the following peer jurisdictions:

- City of Sacramento;
- City of Rancho Cordova;
- City of Elk Grove;
- City of Davis;
- City of West Sacramento;
- City of Roseville; and
- Sacramento County.

Table 1-2. Residential Affordable Housing Impact Fee Comparison (2025\$)

Table 1-2
 City of Folsom
 Inclusionary Housing In-Lieu Fee and Nexus Study
 Recommended In-Lieu Fee Comparison (2025\$)

Item	Residential Prototype Examples			
	Owner-Occupied Prototypes			Renter-Occupied Prototype
	Single Family Detached Low Density	Single Family Detached Medium Density	Single-Family Attached	Multifamily Apartment Units
Average Unit Sq. Ft.	2,600	2,000	1,500	1,000
EXISTING AFFORDABLE HOUSING IN-LIEU FEE [1]				
Per Unit Example [1]	\$8,610	\$6,558	\$5,025	\$0
Current fee Estimate per Sq. Ft. Example [1]	\$3.31	\$3.28	\$3.35	\$0.00
UPDATED AFFORDABLE HOUSING IN-LIEU FEE (2025\$)				
Maximum Supportable Fee per Sq. Ft. [2]	\$59.56	\$44.35	\$35.82	\$34.01
Per Unit Example [1]	\$154,856	\$88,700	\$53,730	\$34,010
Difference between Current Fee and Updated Maximum	\$146,246	\$82,142	\$48,705	\$34,010
% Difference between Current Fee and Updated Maximum	1,698.5%	1,252.6%	969.3%	N/A
High Fee Scenario (20 % of Maximum) [3]	<u>20.0% of Maximum</u>	<u>20.0% of Maximum</u>	<u>20.0% of Maximum</u>	<u>20.0% of Maximum</u>
Potential Updated Fee per Sq. Ft.	\$11.91	\$8.87	\$7.16	\$6.80
Per Unit Example [1]	\$30,966	\$17,740	\$10,740	\$6,800
Difference between Current Fee and Potential Updated Fee	\$22,356	\$11,182	\$5,715	\$6,800
% Difference between Current Fee and Potential Updated Fee	259.6%	170.5%	113.7%	N/A
Recommended Fee Scenario (% of Maximum) [3]	<u>5.0% of Maximum</u>	<u>6.8% of Maximum</u>	<u>7.0% of Maximum</u>	<u>.0% of Maximum</u>
Potential Updated Fee per Sq. Ft.	\$3.00	\$3.00	\$2.50	\$0.00
Per Unit Example [1]	\$7,800	\$6,000	\$3,750	\$0
Difference between Current Fee and Potential Updated Fee	(\$810)	(\$558)	(\$1,275)	\$0
% Difference between Current Fee and Potential Updated Fee	(9.4%)	(8.5%)	(25.4%)	N/A

Source: City of Folsom; EPS.

[1] Per unit example based on current estimated sales price shown in Table 3-7. Per square foot examples based on per unit fee and prototype square footages. See Table 3-1. The City's current in-lieu fee is not applicable to renter-occupied units.

[2] For more details on the maximum supportable fee per square foot calculation, see Table 3-9.

[3] The High Scenario is set at 20% of maximum supportable fee, while the objective of the Low Scenario is to apply percentages of the maximum supportable fee that would result in a similar per unit fee as the current in-lieu fee for the Single Family Detached units. The Low Scenario for the Single Family Attached units is set to be approximately \$0.50 lower per square foot than the Single Family Detached units. The Low Scenario for multifamily units is set at zero to reflect the City's position to continue to exempt these units from inclusionary housing requirements.

Additionally, EPS examined other in-lieu fee amounts from jurisdictions outside of the region, including:

- City of Berkeley;
- City of Santa Rosa;
- City of Sunnyvale; and
- City of Atascadero.

Key Findings from Peer Jurisdictions

Peer jurisdictions offer a range of approaches to funding affordable housing. Outside of Folsom, no other jurisdiction in the Sacramento region has a formal inclusionary housing in-lieu fee. In addition to Elk Grove, the two largest jurisdictions, the City of Sacramento and Sacramento County, have adopted affordable housing development impact fees applied to market rate residential and nonresidential uses.

The City of Sacramento adopted an incentive program for high-density market-rate development, exempting all single-family and duplex uses with densities greater than 20 units per acre and all multifamily uses with densities greater than 40 units per acre from the fee. The cities of Roseville and Rancho Cordova have no formal inclusionary programs, although both jurisdictions negotiate inclusionary requirements with in-lieu fee options for large development projects through a development agreement. Except for Roseville, all jurisdictions evaluated for this Study have implemented a commercial linkage development impact fee, as shown in **Table 4-1**.

Broadly speaking, the financial impact of Folsom's in-lieu fee (both current and the recommended updated fee) are comparable to fees in other jurisdictions in the Sacramento region, slightly lower than the City of Sacramento and Sacramento County, and slightly higher than the City of West Sacramento and City of Elk Grove. The City of Davis is an outlier, charging a significantly higher in-lieu fee than other jurisdictions in the region.

Because no jurisdictions in the Sacramento have an inclusionary housing requirement and associated in-lieu fee similar to Folsom's, EPS also examined other jurisdictions outside the Region who have formal inclusionary policies with pre-determined in-lieu fee amounts. Compared to these other jurisdiction's formal in-lieu fee amounts, the City's fee is significantly lower than any other jurisdiction examined. However, all of the other in-lieu fee programs that EPS examined are in cities with much higher housing prices than the City of Folsom.

Policy and Implementation Considerations

There are many factors a jurisdiction should consider when establishing affordable housing fee requirements. Like many communities in the State and across the nation, housing demand in the City has continued to outpace supply over the last several decades. This undersupply has increased housing costs for consumers, impacting affordability, and disproportionately affecting the most vulnerable populations. If market-rate units are the only type of housing produced, this ignores the need for housing at below market-rate income levels. However, it should be noted that adding net new net units at any income level has the potential to help reduce the overall housing undersupply and competition for existing units. While this Study finds that the inclusionary housing in-lieu fee in the City of Folsom is comparable to other jurisdictions' affordable housing fees in the Sacramento Region, this fee is only a component of the overall fee and infrastructure burden within a community. The City should ensure that both the inclusionary housing in-lieu fee and other fees are regularly evaluated to ensure that the fee programs are both achieving their funding goals and that the City's overall fee burden is not negatively impacting development feasibility.

Because City staff indicated that reducing administrative burden, rather than increasing revenue, was a key goal of this update, this Fee Study recommends that units subject to the fee be charged a single per-square foot fee, regardless of zoning or housing type. However, approaches from other jurisdictions show that the fee can be used as a policy tool to encourage or discourage different types of housing. For example, the City of Santa Rosa charges a lower per-square-foot fee for smaller units, which favors the construction of smaller dwelling units. Similarly, the City of Sacramento charges a lower per-square-foot fee for dwelling units in the City's "Housing Incentive Zone." If the City desires to encourage certain types of units or increased development in a certain location, these approaches could be considered.

Since the IHO was last amended, the state passed AB 1505 (2017) which allows local governments to require inclusionary housing (and related in-lieu fee options) on rental housing, subject to feasibility review and other conditions. As part of this study, feasibility findings suggest that rental housing, which is not subject to the City's current in-lieu fee, already faces feasibility challenges. As such, and despite other peer jurisdictions imposing fees on this type of housing, this study recommends that the updated in-lieu fee continue to exempt rental housing.

Lastly, because this Study proposes charging market-rate units on a per-square-foot basis, rather than as a percentage of sales price, EPS recommends that an enacting ordinance include an indexing component. By allowing the City to ministerially increase the fee using the Construction Cost Index, the City can ensure that fee revenue keep pace with funding needs.

Organization of Report

Following this **Introduction and Executive Summary**, this Study includes the following chapters:

- **Chapter 2** summarizes the methodology of the Inclusionary Housing In-Lieu Fee Analysis.
- **Chapter 3** summarizes the results of the Inclusionary Housing In-Lieu Fee Analysis.
- **Chapter 4** provides a comparison of comparable jurisdictions inclusionary housing policies.
- **Chapter 5** provides policy and implementation considerations.

This Study includes two technical appendices. **Appendix A** provides supporting assumptions and calculations for the Residential Inclusionary Housing In-Lieu Fee Study in **Chapter 2**. **Appendix B** includes key assumptions underlying this analysis.

2. Inclusionary Housing: Residential In-Lieu Fee Study

Methodology Summary

As discussed in **Chapter 1**, the City’s Municipal Code (Chapter 17.104) currently allows a per-unit in-lieu fee option equal to one percent of the sales price of the lowest-priced dwelling unit in the subdivision. The City is interested in exploring other potential methodologies to calculate the in-lieu fee in place of providing onsite affordable units within their development projects. The analysis estimates the financing gap or subsidy required to develop affordable units to quantify a “maximum supportable inclusionary housing in-lieu fee” and compares this fee to the current existing in-lieu fee. The “financing gap” approach is a well-accepted methodology used in development impact fee studies to establish maximum supportable fees that can be imposed on new residential development projects.

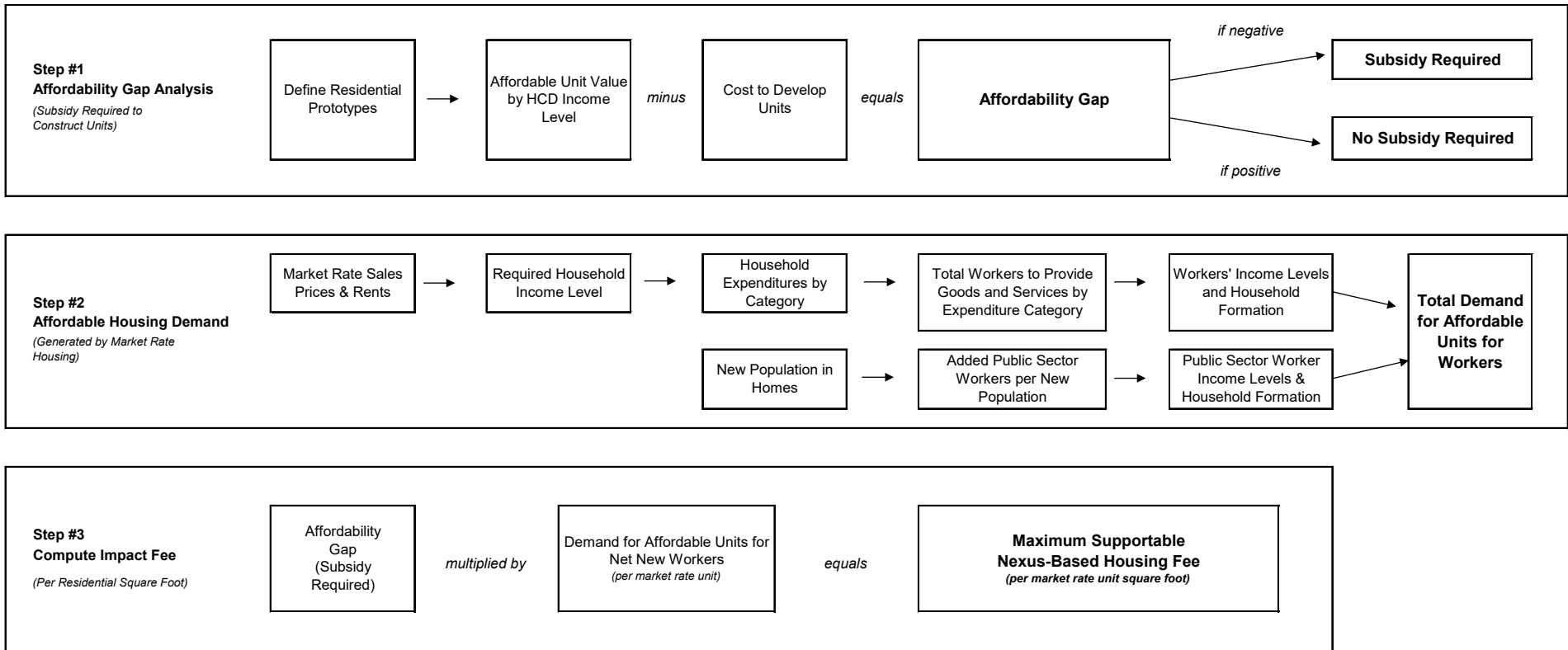
The methodology, as discussed below and summarized in **Figure 2-1**, calculates a fee by combining (1) the subsidy needed to produce a residential unit affordable at HCD-defined income levels and (2) the demand for new affordable housing generated by spending from the households of new market-rate units, which creates additional lower-wage jobs.

This memorandum and the analysis contained herein are intended to support the City’s decision-making process regarding inclusionary policy and to promote the construction of affordable housing development in the City.

Step #1: Conduct Affordability Gap Analysis

EPS developed 4 residential prototypes representative of housing units that have been recently constructed, are currently under construction, or are planned in the City. These prototypes (shown in **Table 3-1**) were developed based on the weighted average of comparable project types from market research, the Folsom Plan Area Specific Plan, the City’s Municipal Code density and parking requirements, and input from City staff.

Figure 2-1. Illustration of Inclusionary Housing In-Lieu Fee Methodology



- **Prototype #1: Low-Density Single Dwelling Unit (For-Sale).** This prototype is a low-density Single Dwelling Unit with a density of 5 units per acre. The prototype unit size reflects an average of 2,600 square feet, with 4 bedrooms and an attached 2-car garage. See **Table A-1** for market research details.
- **Prototype #2: Medium-Density Single Dwelling Unit (For-Sale).** This prototype is a medium-density Single Dwelling Unit with a density of 10 units per acre. The average unit size is 2,000 square feet, with 3 bedrooms and an attached 2-car garage. See **Table A-2** for market research details.
- **Prototype #3: Townhome (For-Sale).** This prototype is a higher density owner-occupied dwelling (townhome or condominium) with a density of 18 units per acre. The Townhome prototype unit size is 1,500 square feet, with 3 bedrooms and an attached 2-car garage. See **Table A-3** for market research details.
- **Prototype #4: Multifamily Apartments (Rental).** The Multifamily Apartments prototype is a renter-occupied building with a density of 30 units per acre. The Multifamily prototype unit size is 1,000 square feet, with 2 bedrooms and includes 1.5 parking spaces per unit. See **Table A-4** for market research details.

An “affordability gap analysis” evaluates whether the cost to construct affordable units exceeds the income-based value of units that are affordable to lower- and moderate-income households. Not all projected new households will require affordable housing. The maximum housing cost is based on income that a household can expend on a mortgage payment or monthly rent (shown in **Table 3-2**). This analysis estimates that a household spends 30 percent of the annual household income on all housing costs. Other housing costs include utilities for rental units and mortgage insurance, taxes, homeowners insurance, utilities, and HOA fees for for-sale units. These other costs are subtracted from the total housing costs to determine the estimated maximum mortgage amount or rent. to determine the subsidy required to construct affordable housing units for each affordable housing income level (households with incomes at 50 percent, 80 percent, and 120 percent of AMI). The maximum supportable fee calculations commence with an affordability gap calculation (**Table 3-6**), an analysis that compares the cost of developing residential units (**Table 3-5**) to their value under income-based pricing restrictions (**Table 3-3** and **Table 3-4**). Where the development cost exceeds the unit value, there is an affordability gap that must be subsidized to support affordable unit development. The affordability gap is then applied to derive a maximum supportable inclusionary housing impact fee.

Each analytical element used in this calculation is detailed in the following sections.

Step #2: Calculate Affordable Housing Demand

A justified nexus-based fee is based on the total demand for affordable housing units generated by the construction of market-rate units. The link (or nexus) between market-rate housing and increased demand for affordable housing is that residents of market-rate units demand goods and services that rely on lower wage earners (for example, retail salesclerks), some of whom cannot afford market-rate housing and thus require affordable housing.

Because more expensive housing units require occupants to have higher incomes, and higher income households create more jobs through their spending, the nexus impacts and thus the justified fees for units vary according to the price range of the market-rate units. Typically, larger units (i.e., larger square footage and more bedrooms) command higher sales prices or rents, so their occupants are required to have higher household incomes than occupants of smaller units. Thus, larger units create and/or support more jobs because of their occupants' spending patterns. Consequently, nexus impacts and the justified fees for market-rate units vary by unit size.

This analysis evaluates the demand for affordable housing generated by an average unit size. The demand-based nexus fee calculation involves the following steps:

1. **Market-Rate Household Income Levels.** The expected sales price and rental rate of each prototype is based on market data reflecting the weighted average of current sales prices and effective rents of multi-unit dwellings of more recently built units at the different density ranges. The required income levels of households occupying new market-rate housing are derived based on these price points, assuming standard housing expenses as a proportion of overall household income. For example, a typical household renting a market-rate two-bedroom unit for around \$2,980 per month plus \$280 in monthly utilities would have a household income of \$130,100, provided the household spends 30 percent of its income on housing costs (including rent and utilities).⁸ (Table 3-7).
2. **Household Expenditures.** Based on the household income computed in Step 1, Consumer Expenditure Survey data is used to evaluate the typical spending patterns of each prototype household. This analysis provides an estimate of how much the household spends on specific categories of expenditures, such as "Food at Home." As the households' income increases along with the price and size of the market-rate units, the total spending on goods and services also increases. The Consumer Expenditure Survey also indicates that these relationships are not

⁸ Per HCD the "Affordable housing cost" for lower-income households is defined in State law as not more than 30 percent of gross household income with variations (Health and Safety Code Section 50052.5). "Housing cost" commonly includes rent or mortgage payments, utilities (gas, electricity, water, sewer, garbage, recycling, green waste), and property taxes and insurance on owner-occupied housing.

linear (e.g., a household with twice the income does not necessarily spend twice as much on food). See **Appendix A Table A-8, Table A-9, Table A-10, and Table A-11.**

3. **Job Creation and Worker Households.** Having estimated the households' spending on assorted items, that spending is then converted into an estimation of jobs created for each residential prototype. For each expenditure category, data regarding average worker wages and the ratio between gross business receipts and wages are used to translate these household expenditures into the total number of private-sector workers. For selected public-sector jobs that typically grow in proportion to the local population size (e.g., teachers, protective service workers), the demand for new workers is estimated by relating current levels of employment in such categories to the current population and applying this ratio to future development.

Because each new worker does not represent an independent household (Folsom has an average of 1.65 workers per working household), the total number of new households created is somewhat less than the number of new jobs created.⁹ This analysis assumes that workers form households with others earning similar wages. EPS has further adjusted the household formation rates to reflect the fact that a certain proportion of workers will **not** form their own households, particularly those of younger ages.¹⁰ See **Table 3-8, Appendix A Table A-12, Table A-13, Table A-14, Table A-15, and Table A-16.**

4. **Worker Households by Income Category.** Each worker household generated is assigned to an income category—represented as a proportion of AMI ranging from 50 to 120 percent— based on its estimated gross wages. This provides the total number of households generated at each income level by the construction of market-rate units at various sizes and price points. The results indicate that residents of smaller, lower-priced units generate fewer worker households requiring affordable housing than do residents of larger, higher-priced units. **Appendix A Table A-12, Table A-13, Table A-14, Table A-15, and Table A-16.**

These steps of the nexus-based fee calculation provide the total number of income-qualified workers required to meet the needs for goods and services generated by market-rate housing. The number of workers servicing market-rate housing is then converted to total income-qualified households and each household is assumed to occupy one housing unit.

⁹ Average workers per household per ACS.

¹⁰ BLS data indicates that 12.5 percent of retail/restaurant workers are age 16-19, but an average of only 1.9 percent of workers overall (this factor is applied to other industries). EPS has assumed that such young workers do not form their own households.

Step #3: Compute Impact Fee per Market Rate Unit

The nexus fee is calculated by multiplying the number of affordable units required to support the development of a 100-unit market rate project proportionally for each income-level households by the dollar amount affordability gap or subsidy needed to build that affordable unit. The total is divided by 100 to estimate the weighted average per unit and then divided by the gross square footage of the prototype to estimate the maximum supportable in-lieu fee per gross square foot (**Table 3-9**).

3. Affordability Gap Analysis Results

For any nexus-based inclusionary in-lieu or affordable housing development impact fee calculation, it is necessary to estimate the subsidy required to construct affordable housing units. This chapter details the analysis conducted to determine the subsidy needed to produce both the different prototype density levels of for-sale and rental housing that is affordable to very low- through moderate-income households (31 through 120 percent of AMI).

Product Types

While the nexus fees calculated herein are based on demands created by market-rate housing that may be Single-Family Units, Townhomes/Two-Packs, or Multiunit Apartments, the analysis assumes that new lower-income worker households would be housed in affordable units similar to the type of construction currently observed in the City. The assumed prototypes reflect construction at various densities including two (2) Single-Family Detached ownership prototypes, one (1) Townhome prototype, and one (1) Multifamily Apartment prototype as discussed in the methodology section of this chapter and shown in **Table 3-1**. Project densities, unit sizes, and the number of bedrooms per unit are based on with comparable projects in the area, parking requirements from the City's Municipal Code, Chapter 17, the Folsom Plan Area Specific Plan, and City staff input.

Revenue Assumptions

To calculate the values of the affordable units, assumptions must be made regarding the applicable income level (Very Low, Low, and Moderate incomes) and the percentage of household income spent on housing costs. In addition, translating these assumptions into unit prices and values requires estimates of purchase price variables, including interest rates, down payment amounts, as well as operating expenses and capitalization rates for the renter-occupied Multifamily Apartment prototype.

Table 3-1. Market-Rate Housing Development Prototype Assumptions

Item	Prototype	City of Folsom Prototypes Characteristics						
		Designation [1]	Product Type	Construction Type	Density	Bedrooms	Unit Sq. Ft.	Parking Type [2]
1	Single-Family Detached Homes	R-1-L through R-1-M SF/SFHD	For-Sale	Type V 1-2 Stories	5 units/acre	4 Bedroom	2,600 sq. ft.	2 spaces per unit
2	Single-Family Detached Homes	R-1-M through R-2 SFHD/MLD	For-Sale	Type V 1-2 Stories	10 units/acre	3 Bedroom	2,000 sq. ft.	2 spaces per unit
3	Single-Family Attached [5]	R-2 through R-3 MLD/MMD	For-Sale	Type V 2-3 Stories	18 units/acre	3 Bedroom	1,500 sq. ft.	2 spaces per unit
4	Multifamily Apartments [6]	R-4 MHD	Rental	Type V 2-3 Stories	30 units/acre	2 Bedroom	1,000 sq. ft.	1.5 spaces per unit [7]

Source: City of Folsom Municipal Code; Redfin; CoStar; EPS.

[1] Residential prototype designations are based on associated density ranges established in the Folsom Plan Area Specific Plan and Folsom Municipal Code.

[2] Parking requirements per the City of Folsom Municipal Code, Chapter 17.

[3] Assumption data for the low-density, single family detached home prototype derived from Redfin (accessed 03/25), see Table A-1. Values have been rounded.

[4] Assumption data for the medium-density, single family detached home prototype derived from Redfin (accessed 03/25), see Table A-2. Values have been rounded.

[5] Assumption data for the single-family attached prototype derived from Redfin (accessed 09/24). Values have been rounded. Given the lack of recently-constructed homes of this type in Folsom, this prototype is based on developments in the greater Sacramento Region. See Table A-3.

[6] Assumption data for the multifamily apartments prototype derived from Costar (accessed 03/25), see Table A-4. Values have been rounded.

[7] Per Folsom Municipal Code Section 17.57.040, 1.5 spaces required per multifamily unit.

The following assumptions were used for both the rental and ownership product calculations:

- *Income Levels*—This analysis estimates the subsidy required to produce units for households earning up to 50, 80, and 120 percent of AMI for 3-person, 4-person, and 5-person households. HCD’s income limits by household size are shown in **Table 1-1**.¹¹
- *Percentage of Gross Household Income Available for Housing Costs*—HCD standards on overpaying for rent indicate that households should pay no more than 30 percent of their gross income on housing costs. For this analysis, EPS has assumed that all households spend 30 percent of their gross income on housing costs, including utilities. **Table 3-2** provides the estimated maximum monthly rent or mortgage payment by household size for HCD’s different household income levels.

Rental Product Assumptions

As shown in **Table 3-3**, the following assumptions are applied to the maximum rent payment calculated in the steps above to estimate the total supportable unit value by income level for a 3-person household:

- *Operating Costs for Rental Units* – This analysis assumes that multifamily rental operators incur annual operating costs of 35 percent of the annual rental revenue based on data from the National Apartment Association Survey.
- *Capitalization Rate* – This analysis assumes a 5.25 percent capitalization rate based on information from CBRE United States Cap Rate Survey H1 2024, the most recently available survey at the time of this report.¹²
- *Vacancy Rate* – This analysis assumes a vacancy rate of 4.3 percent based on the average vacancy rate for multifamily rentals in the Sacramento-Roseville-Arden-Arcade Metropolitan Statistical Area from 2014 to 2024, as reported by the US Census Bureau.

Based on HCD’s income levels, the supportable multifamily apartment unit values range from \$152,400 for very low, \$265,600 for low, and \$388,700 for moderate income.

¹¹ California State law (California Health and Safety Code Section 50052.5) assumes that a 2-bedroom unit is occupied by a 3-person household, a 3-bedroom unit is occupied by 4-person household, and a 4-bedroom unit is occupied by a 5-person household and these assumptions are used in this analysis.

¹² The capitalization rate is used to determine the current value of a property based on estimated future operating income and is typically a measure of estimated operating risk.

Table 3-2. Maximum Monthly Rent or Mortgage Payment

Item	Maximum Monthly Rent or Mortgage Payment					
	Percentage of AMI [1]	Maximum Annual HH Income [1]	Total Max. Annual Spending on Housing [2]	Total Max. Monthly Spending on Housing	Monthly Spending on Other Housing Costs [3]	Maximum Monthly Rent or Mortgage Payment [4]
<i>Formula</i>		<i>a</i>	<i>b = a * 30%</i>	<i>c = b / 12</i>	<i>d</i>	<i>e = c - d</i>
INCOME CATEGORY AND HOUSEHOLD (HH) SIZE [5]						
Rental Units						
<u>3-Person HH (2 bedrooms)</u>						
Extremely Low	< 30%	\$34,750	\$10,425	\$869	\$278	\$591
Very Low	30-50%	\$57,900	\$17,370	\$1,448	\$278	\$1,170
Low	51-80%	\$92,650	\$27,795	\$2,316	\$278	\$2,038
Moderate	81-120%	\$130,450	\$39,135	\$3,261	\$278	\$2,983
For-Sale Units						
<u>4-Person HH (3 bedrooms)</u>						
Extremely Low	< 30%	\$38,600	\$11,580	\$965	\$610	\$355
Very Low	30-50%	\$64,300	\$19,290	\$1,608	\$850	\$758
Low	51-80%	\$102,900	\$30,870	\$2,573	\$1,160	\$1,413
Moderate	81-120%	\$144,950	\$43,485	\$3,624	\$1,500	\$2,124
<u>5-Person HH (4 bedrooms)</u>						
Extremely Low	< 30%	\$41,700	\$12,510	\$1,043	\$650	\$393
Very Low	30-50%	\$69,450	\$20,835	\$1,736	\$890	\$846
Low	51-80%	\$111,150	\$33,345	\$2,779	\$1,230	\$1,549
Moderate	81-120%	\$156,550	\$46,965	\$3,914	\$1,590	\$2,324

Source: State of California Department of Housing and Community Development, "State Income Limits for 2024"; EPS.

- [1] See Table 1-1.
- [2] Assumes a housing cost-to-income ratio of 30 percent, which is the standard measure used by the U.S. Department of Housing and Urban Development (HUD) to assess housing cost burden.
- [3] For rental units, other housing costs include utility expenditures consistent with the Sacramento Housing and Redevelopment Agency allowances for a 2-bedroom unit (assumes electric heating and cooking); Refer to Table A-6 for cost breakdown. For for-sale units, other housing costs include mortgage insurance, taxes and homeowner insurance, utilities, and HOA fees. The assumptions are based on the applicable prototypes and are shown on Table 3-3 and Table 3-4.
- [4] Maximum income available to pay for rent or mortgage after allowance for other housing costs.
- [5] California State law (California Health and Safety Code Section 50052.5) assumes that a 2-bedroom unit is occupied by a 3-person household, a 3-bedroom unit is occupied by 4-person household, and a 4-bedroom unit is occupied by a 5-person household and these assumptions are used in this analysis.

Table 3-3. Prototype Revenue Assumptions: Rental Product

Item	Assumptions	Formula	2 Bedroom (3 Person Household)		
			Very Low Income (50% AMI)	Low Income (80% AMI)	Income (120% AMI)
Maximum Annual HH Income (rounded)	Table 3-2	<i>a</i>	\$57,900	\$92,650	\$130,450
Maximum Monthly Spending on All Housing Costs	Table 3-2	$b = a * 30\% / 12$	\$1,448	\$2,316	\$3,261
Monthly Spending on Other Housing Costs					
Utilities	Table A-6	<i>c</i>	\$278	\$278	\$278
Maximum Rent Payment		$d = c - b$	\$1,170	\$2,038	\$2,983
Project Net Operating Income (NOI)					
Total Annual Revenue		$e = d * 12$	\$14,034	\$24,459	\$35,799
Less Operating Costs	35.0%	<i>f</i>	(\$4,912)	(\$8,561)	(\$12,530)
Less Vacancy for Market Rate Units [1]	4.3%	<i>g</i>	(\$603)	(\$1,052)	(\$1,539)
Annual NOI		$h = e - f - g$	\$8,519	\$14,847	\$21,730
Capitalization Rate [2]	5.25%	<i>i</i>	-	-	-
Total Supportable Unit Value (rounded)		$j = h / i$	\$162,300	\$282,800	\$413,900

Source: National Apartment Association Survey; CBRE; US Census Bureau Current Population Survey; EPS.

[1] Vacancy rates based on the average multifamily vacancy rates within the Sacramento-Roseville-Arden-Arcade Metropolitan Statistical Area from 2014 - 2024, rounded.

[2] Cap rate per CBRE Cap Rate Survey H12024 for suburban west.

Ownership Product Assumptions

As shown in **Table 3-4**, the following assumptions are applied to the maximum monthly spending on housing costs for an ownership product calculated in the steps above to estimate the total supportable unit value by income level and household size:

- *Mortgage Insurance*—This analysis assumes a mortgage insurance rate of 1.5 percent of the loan.
- *Taxes and Insurance* – Assumes property taxes, including Mello-Roos special tax assessments, and homeowners’ insurance account for 2 percent of the unit value.
- *Utilities*– Utilities costs calculations are shown in **Table A-5** based on estimates from Sacramento Municipal Utilities District and the City of Folsom.
- *HOA Fee* – Estimated HOA fees are based on comparable properties as shown in **Table A-7**.
- *Down Payment* – Assumes a 5 percent down payment.

The supportable ownership unit values based on HCD’s income levels by household size range from the following:

3 bedroom (4-Person Household)

- Very Low Income: \$126,200
- Low Income: \$235,300
- Moderate Income: \$353,700

4 Bedroom (5-Person Household)

- Very Low Income: \$140,900
- Low Income: \$258,000
- Moderate Income: \$387,000

Table 3-4. Prototype Revenue Assumptions: Ownership Product (2025\$)

Item	Assumptions	Formula	3 Bedroom (4 Person Household) [1]			4 Bedroom (5 Person Household) [1]		
			Very Low Income (50% AMI)	Low Income (80% AMI)	Moderate Income (120% AMI)	Very Low Income (50% AMI)	Low Income (80% AMI)	Moderate Income (120% AMI)
Maximum Annual HH Income (rounded)	Table 3-2	<i>a</i>	\$64,300	\$102,900	\$144,950	\$69,450	\$111,150	\$156,550
Maximum Monthly Spending on All Housing Costs [2]		$b = a * 30\% / 12$	\$1,608	\$2,573	\$3,624	\$1,736	\$2,779	\$3,914
Monthly Spending on Other Housing Costs [3]								
Mortgage Insurance [4]	1.50%	<i>c</i>	\$150	\$280	\$420	\$170	\$310	\$460
Taxes and Insurance [5]	2.00%	<i>d</i>	\$210	\$390	\$590	\$230	\$430	\$640
Utilities	Table A-5	<i>e</i>	\$300	\$300	\$300	\$300	\$300	\$300
HOA Fee	Table A-7	<i>f</i>	\$190	\$190	\$190	\$190	\$190	\$190
Total Monthly Spending on Other Housing Costs		$g = c + d + e + f$	\$850	\$1,160	\$1,500	\$890	\$1,230	\$1,590
Maximum Mortgage Payment		$h = b - g$	\$758	\$1,413	\$2,124	\$846	\$1,549	\$2,324
Estimated Loan Value [6]		<i>i</i>	\$119,924	\$223,552	\$336,040	\$133,846	\$245,069	\$367,682
Total Supportable Unit Value [7] [8]	5.0% down payment	$j = i / (1 - 5\%)$	\$126,200	\$235,300	\$353,700	\$140,900	\$258,000	\$387,000

Source: California Health and Safety Code; HUD; Freddie Mac; EPS.

- [1] California State law (California Health and Safety Code Section 50052.5) assumes that a 2-bedroom unit is occupied by a 3-person household, a 3-bedroom unit is occupied by 4-person household, and a 4-bedroom unit is occupied by a 5-person household and these assumptions are used in this analysis.
- [2] Assumes a housing cost-to-income ratio of 30 percent, which is the standard measure used by the U.S. Department of Housing and Urban Development (HUD) to assess housing cost burden.
- [3] Rounded to nearest \$10.
- [4] Assumes mortgage insurance is equal to approximately 1.5% of loan value, divided by 12.
- [5] Assumes property taxes, Mello-Roos taxes, and homeowners insurance is equal to 2% of home value, divided by 12.
- [6] The estimated loan value is based on mortgage terms of a 6.5% interest rate and a 30-year repayment period.
- [7] The total supportable unit value is equivalent to the estimated loan value plus a 5.0 percent down payment. Federal Housing Administration-backed loans require a minimum of 3.5% down for most buyers. This analysis rounds this figure to 5%.
- [8] Rounded to nearest \$100.

Development Cost Assumptions

Housing development costs include land costs, direct costs (e.g., labor and materials), and indirect or “soft” costs (e.g., architecture, entitlement, marketing, etc.). Data from recent Folsom land transactions have been combined with EPS’s information from various market-rate housing developers to estimate appropriate development cost assumptions for use in Folsom. These assumptions are shown in **Table 3-5** and demonstrate the following total cost per unit in the Folsom Plan Area Specific Plan:

- Single Dwelling Unit Low Density 4-bedroom Unit: \$807,600
- Single Dwelling Unit Medium Density 3-bedroom Unit: \$611,600
- Owner-Occupied Multi-Unit Dwellings 3-bedroom Unit: \$512,500
- Renter-Occupied Multi-Unit Dwellings 2-bedroom unit: \$455,900

Table 3-5. Development Costs by Prototype: Existing Fees (2025\$)

Item	Input Assumptions	For-Sale Prototype			Rental Prototype
		Prototype 1: Single-Family Detached Home (Low Density)	Family Detached Home (Medium Density)	Prototype 3: Single Family Attached (High Density)	Prototype 4: Multifamily Apartments (High Density)
Development Program Assumptions					
Acreage		20.00	10.00	5.56	3.33
Density/Acre		5	10	18	30
Total Unit Count		100	100	100	100
Gross Unit Size [1]		2,600	2,000	1,765	1,176
Net Unit Size		2,600	2,000	1,500	1,000
Number of Bedrooms		4	3	3	2
Parking Spaces/Unit [2]		2	2	2	1.5
Cost Assumptions per Unit					
Land Value/ Acre [3]		\$470,000	\$470,000	\$470,000	\$810,000
Land Value (rounded)		\$9,400,000	\$4,700,000	\$2,611,000	\$2,700,000
Land Cost/ Unit [3]		\$94,000	\$47,000	\$26,110	\$27,000
<u>Direct Costs</u>					
Basic Site Work/Grading	\$10 per land site sq. ft.	\$48,100	\$37,000	\$32,647	\$21,765
Construction Costs/Gross SF [4]		\$150	\$150	\$150	\$200
Direct Construction Costs/Unit (rounded)		\$390,000	\$300,000	\$264,700	\$235,300
Carport Parking Construction Cost/Unit [5]	\$8,000 per space	\$0	\$0	\$0	\$12,000
Subtotal, Direct Costs/Unit		\$438,100	\$337,000	\$297,347	\$269,065
<u>Indirect Costs</u>					
Indirect Costs/Unit (rounded) [6]	12.0% of direct costs	\$63,900	\$40,400	\$35,700	\$32,300
<u>Impact Fees</u>					
Existing Affordable Housing In-Lieu Fee		\$8,610	\$6,558	\$5,025	\$0
Other Impact Fees (North of 50)	Table A-20	\$66,524	\$59,764	\$54,131	\$34,016
Other Impact Fees (FPASP)	Table A-21	\$128,340	\$121,421	\$96,693	\$78,079
Total Impact Fees (North of 50) [7]		\$75,134	\$66,322	\$59,155	\$34,016
Total Impact Fees (FPASP) [7]		\$136,950	\$127,979	\$101,717	\$78,079
<u>Financing + Developer Fee Costs</u>					
Interest (7.0%, 50% LTC, 50% Outstanding) [8]		\$11,182	\$8,844	\$7,608	\$6,640
Fees (2.0% of loan amount)		\$6,390	\$5,054	\$4,348	\$3,794
Developer Fee	10.0% of direct costs	\$59,471	\$45,762	\$40,416	\$34,582
Subtotal Financing + Developer Fee Costs		\$77,042	\$59,660	\$52,372	\$45,016
Total Estimated Cost/Unit (rounded) (North of 50)		\$748,200	\$550,400	\$470,700	\$407,400
Total Estimated Cost/ Unit (rounded) (FPSAP)		\$810,000	\$612,000	\$513,200	\$451,500

Source: Saylor Construction Costs 2023 Edition 2022 Construction Costs; City of Folsom Municipal Code; California HCD; CoStar; Weekly; local developers; EPS.

- [1] Gross size per unit includes garage for single family attached units and common areas for high-density multifamily (assumed efficiency ratio of 85%).
- [2] Parking assumption is consistent with the City's parking requirements for the prototype..
- [3] Single family land value assumption based on 2024 appraisal for Folsom SPIF Public Land/ Parkland Equalization Fee. Multifamily land value assumption based on 2024 appraisal for Folsom CFD No.18 Bond sale.
- [4] Construction cost estimates for single family home (both attached and detached) product is based on input from developers. Construction cost estimate for multifamily rental product is based on 2022 Saylor Construction Cost data and adjusted for inflation to 2024 dollars.
- [5] Garage parking costs for the single family units is assumed to be included in the construction costs per gross square foot. The 1.5 parking spaces per multifamily unit are assumed to be covered spaces.
- [6] Includes estimated costs for architecture and engineering; project management; appraisal and market study; marketing, commissions, and general administration; insurance; and contingency.
- [7] Development impact fee estimates per the City of Folsom website for FY 2024-25.
- [8] Financing costs based on FPASP fees.

Affordability Gap Results

Table 3-6 provides the affordability gap, or subsidy, required to develop each prototype unit at the very- low, low, and moderate-income levels. As shown, there is an affordability gap or subsidy needed for all of the prototypes at all income level ranges. The affordability gap ranges from a high of \$666,700 for a low-density single family detached units at the Very Low-income level to a low of \$67,200 for multifamily apartment units at the Moderate Income level. These housing affordability gaps then were used to calculate the justified nexus-based maximum supportable in-lieu fees by multiplying the required subsidy by the number of units required to house workers providing goods and services to new market-rate housing development. This methodology is discussed in more detail in the next section.

Demand-Based Nexus Fee Calculation

The maximum supportable nexus-based fees are based on both the affordability gap and the estimated impact that new market-rate rental units have on the need for affordable units, as reflected in the number of income-qualified local workers required to support the residents of market-rate multi-unit dwellings and the total subsidy required to construct housing for those workers.

This approach is based on the following logic: (a) residents of market-rate housing have disposable incomes and require a variety of goods and services (including private sector goods and services and government services); (b) the provision of those goods and services will create employment demand for some workers who make moderate or lower incomes and cannot afford market-rate housing; and (c) fees charged to market-rate projects can mitigate the impact of those projects on the increased need for affordable housing.

Table 3-6. Development Funding Affordability Gap: Existing Fees

Item	Source	Affordability Gap by Income Level per Unit		
		Very Low Income (50% AMI)	Low Income (80% AMI)	Moderate Income (120% AMI)
Prototype 1: Single-Family Detached Home (Low Density)				
Supportable Unit Value	Table 3-4	\$140,900	\$258,000	\$353,700
Unit Development Cost [1]	Table 3-5	\$810,000	\$810,000	\$810,000
Affordability Gap		(\$669,100)	(\$552,000)	(\$456,300)
Prototype 2: Single-Family Detached Home (Medium Density)				
Supportable Unit Value	Table 3-4	\$126,200	\$235,300	\$353,700
Unit Development Cost [1]	Table 3-5	\$612,000	\$612,000	\$612,000
Affordability Gap		(\$485,800)	(\$376,700)	(\$258,300)
Prototype 3: Single Family Attached				
Supportable Unit Value	Table 3-4	\$126,200	\$235,300	\$353,700
Unit Development Cost [1]	Table 3-5	\$513,200	\$513,200	\$513,200
Affordability Gap		(\$387,000)	(\$277,900)	(\$159,500)
Prototype 4: Multifamily Apartments				
Supportable Unit Value	Table 3-3	\$162,300	\$282,800	\$413,900
Unit Development Cost [1]	Table 3-5	\$451,500	\$451,500	\$451,500
Affordability Gap		(\$289,200)	(\$168,700)	(\$37,600)

Source: EPS.

[1] All unit development costs based on FPASP unit development costs.

Market-Rate Household Income Levels

Households with larger incomes typically spend more on goods and services, thereby creating additional lower-income jobs, which in turn generates a greater demand for affordable housing. To assess the impact that market-rate rental units have on the need for affordable housing, EPS estimated the typical income required to purchase or rent average market-rate units in Folsom, as shown in **Table 3-7**.

Average purchase prices and rental rates are based on recent comparable products shown in **Table A-1**, **Table A-2**, **Table A-3**, and **Table A-4**. Generally, newer unit purchase prices and rents are higher than existing housing stock because the higher prices and rents are required to cover the costs of construction.

The minimum household income needed to purchase or rent each unit type is calculated using the same assumptions to calculate the additional housing costs such as utilities, mortgage insurance, property taxes and homeowners' insurance, and HOA costs as shown in **Table 3-3**, **Table 3-4**, and **Table A-6**. The minimum annual household income is also predicated on the assumption that a household will spend 30 percent of their income on the above housing costs in addition to rent and mortgage. As shown in **Table 3-7**, the required average household income by unit type is as follows:

- Single-Family Detached Low Density 4-bedroom Unit: \$327,200
- Single-Family Detached Medium Density 3-bedroom Unit: \$253,500
- Townhome/2-Packs 3-bedroom Unit: \$199,100
- Market Rate Multifamily Apartment 2-bedroom unit: \$130,100

Table 3-7. Required Income by Market Rate Unit Type

Item	Weighted Average Sales Price/Rent [1]	Required Household Income for Market Rate Prototypes							Minimum Annual Household Income Required (rounded) [4]
		Average Market Rate Monthly Mortgage/Rent [2]	Utilities [3]	Mortgage Insurance	Taxes and Insurance	HOA Fee	Monthly Total Housing Costs	Annual Total Housing Costs	
<i>Formula</i>		<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	$F = A + B + C + D + E$	$G = F * 12$	$H = G / 30\%$
Unit Type									
Prototype 1: Single-Family Detached Home (Low Density)	\$861,011	\$5,170	\$300	\$1,080	\$1,440	\$190	\$8,180	\$98,161	\$327,200
Prototype 2: Single-Family Detached Home (Medium Density)	\$655,794	\$3,938	\$300	\$820	\$1,090	\$190	\$6,338	\$76,054	\$253,500
Prototype 3: Single Family Attached Home	\$502,467	\$3,017	\$300	\$630	\$840	\$190	\$4,977	\$59,726	\$199,100
Prototype 4: Market-Rate Multifamily Apartments	\$2,974	\$2,974	\$278	-	-	-	\$3,252	\$39,026	\$130,100

Source: CoStar;RedFin; EPS.

[1] See Table A-1, Table A-2, Table A-3, and Table A-4.

[2] Estimated monthly mortgage and rent calculated using the same assumptions used in Table 3-4.

[3] See Table A-5 and Table A-6.

[4] Assumes a housing cost-to-income ratio of 30 percent, based on HCD requirements.

Household Expenditures and Job Creation by Income Level

Having established the income requirements for purchasing or renting average units in the City, the fee calculation then requires an analysis of the household spending patterns at those required income levels. Consistent with development impact fee nexus calculations for schools, parks, roads, etc., this analysis also assumes that all households purchasing or renting new market-rate units in Folsom are “net new” households to the City. To assume otherwise—for instance, that only those buyers or renters of new housing units relocating from outside Folsom should be counted in the impact analysis—would require assuming that the homes left by those households relocating *within* Folsom would be demolished or left vacant in perpetuity. This scenario would occur only if the City were experiencing a significant loss of population and housing inventory, which has not happened and is not expected to occur.

The Consumer Expenditure Survey from the United States Bureau of Labor Statistics provides data for households at a variety of income levels, detailing the amounts that typical households spend on things like “Food”, “Apparel and Services”, and “Vehicle Maintenance and Repairs”. Interestingly, household expenditures by category are not uniformly proportional to household income levels. For example, households earning around \$40,000 to \$49,000 spend roughly 17 percent of their income on food and drink (at home and eating out), while households earning \$100,000 to \$149,000 spend only about 11 percent of their income on food and drink. Because of these and other differences in proportionate spending, the expenditure profile varies at different income levels.

Each of the prototype’s household’s typical expenditures were converted to the number of jobs created by its spending. The first step in this process is to determine how much of an industry’s gross receipts are used to pay wages and employee compensation. EPS relied on data from the Economic Census, which provides employment, gross sales, and payroll data by industry for Sacramento County.¹³

To link the Economic Census data and the Consumer Expenditure Survey data, EPS made determinations as to the industries involved with expenditures in various categories. For example, purchases in the Consumer Expenditure Survey’s “Food at Home” category would likely involve the Economic Census’s “Food & Beverage Stores” industry, where gross receipts were more than eight times the employees’ wages. By contrast, purchases in the Consumer Expenditure Survey’s “Entertainment Fees and Admissions” category were attributed to the Economic Census’ “Arts, Entertainment, and Recreation” industry, where gross receipts are only four times the employees’ wages. Where more than one Economic Census category was

¹³ The Economic Census and Consumer Expenditure Survey and were published in 2017 and 2022, respectively, but are current as of 2024. EPS converted all numbers to 2024 dollars using the Consumer Price Index (CPI) for the urban west from the Bureau of Labor Statistics.

attributable to a Consumer Expenditure Survey category, EPS estimated the proportion of expenditures associated with each Economic Census category.

After determining the amount of the household's expenditures that were used for employee wages, EPS estimated the number of employees those aggregate wages represent. EPS calculated the number of workers supported by that spending using the average wage per worker from the 2017 Economic Census, the most recent dataset available. After accounting for CPI adjustments to reflect 2025 dollars, these wages ranged from a low of roughly \$22,600 per year for workers in the Food Services industry to a high of almost \$132,500 in Legal Services.

A range of occupations and incomes exist in a given industry sector. For instance, the methodology used to generate **Table A-12**, **Table A-13**, **Table A-14**, and **Table A-15** in **Appendix A** distinguishes between the typical incomes of workers in different types of retail stores (e.g., "food and beverage stores" versus "general merchandise stores"), rather than assuming all retail sector workers earn the same income. However, the average wage is used for each sub-category of industry employment and represents a reasonable proxy for the range of incomes in that group. While some employees will have higher wages and require lower subsidies, others will have lower incomes and require higher subsidies. Using the average approximates the total housing subsidy needed by workers in that industry.

To calculate the number of *households* supported by the expenditures of market-rate housing units, EPS estimated the employees' household formation rates. Importantly, employees generated from the increase in housing units do not all form households; some employees, in the retail and food services industries in particular, are young workers and do not form households. Data from the Bureau of Labor Statistics indicates that 12.5 percent of retail/restaurant workers are aged 16 to 19, but an average of only 1.9 percent of workers in the workforce overall. EPS applied these discounts to household formation by type of business to get a more accurate calculation of households formed by the employees and the average total incomes of those households.

To get the overall household income rather than the individual workers, the wages of workers forming households were multiplied by the average of approximately 1.65 workers per working household in Folsom.¹⁴ This assumption implies the workers in a given household will have roughly equivalent pay per hour. While certainly there will often be some variation in wages per employee within a household, on average this assumption is reasonable because it implies comparable levels of education and training among all workers in a household. The average household incomes then are allocated to various income categories to estimate the

¹⁴ Workers per working household based on American Community Survey (ACS) Census data as of 2023. Although ACS data reported is based on historical figures, these figures can vary somewhat based on ongoing revisions to the ACS data.

number of affordable housing units demanded in each income category (50 through 120 percent of AMI).

A simplified example of these calculations follows:

A.	Number of Households (prototype #1)	1000
B.	Average Household Income (prototype #1)	\$327,200
C.	Aggregate Household Income (A x B)	\$327 million
D.	Average Household Income Spent on Retail (Consumer Expenditure Survey)	\$60,000
E.	Aggregate Retail Spending (A x D)	\$60.0 million
F.	Retail Gross Receipts: Payroll Ratio (Economic Census)	10:1
G.	Estimated Retail Payroll (E , F)	\$6.0 million
H.	Average Retail Wage (Economic Census)	\$33,400
I.	Estimated Total Retail Jobs (G , H)	180
J.	Percent Age 20+ (Bureau of Labor Statistics)	87.5%
K.	Total Retail Workers Forming Households (I x J)	158
L.	Average Workers/Household (Census Data)	1.65
M.	Estimated Households Created (K÷L)	95
N.	Average Household Income (H x L)	\$55,110
O.	Income Category	Low-Income (up to 80% of AMI)

In this simplified example, 1,000 new market-rate low density single family homes sold to households earning \$327,700 per year would create demand for 95 housing units for retail workers with household incomes typically between 50 and 80 percent of AMI. Actual calculations and impact distinctions by type of household expenditure for various unit sizes are shown in the series of tables presented in **Appendix A**.

Demand for Public-Sector Workers

In addition to the jobs created by the spending of the new market-rate households, this analysis also aims to evaluate the number of public-sector employees generated by the public service demands of new market-rate households. Rather than a comprehensive computation of public-sector employment, the analysis aims to be conservative by sampling only certain public-sector jobs (e.g., teachers, transportation providers, and public safety providers) that are expected to grow in proportion to household growth.

Data from the 2023 Occupational Employment Survey for the Sacramento MSA was used to determine the number of these public-sector employees needed to serve new market-rate development. See **Table A-16**. This data was generated by the California Employment Development Department (EDD) and provides employment and wage information for a variety of occupational categories. EPS reviewed the data and sampled occupations that were public sector related.

Based on the ratio of the selected public-sector jobs to the total households in the MSA, EPS estimates that approximately 39 government jobs or 24 households with a government employee are required per 1,000 total households. These figures are conservative (i.e., low) because numerous types of public-sector jobs are *not* included in this analysis (such as federal postal workers and County health and human services workers).

Combined Demand for Income-Qualified Workers

The total number of income-qualified households required to support the expenditure and public-sector service needs of new market-rate units was determined based on the affordable housing income limits from HCD for 3- to 5-person households based on each prototype. **Chapter 1 Table 1-1** summarizes the HCD income limits used to compute the total number of income-qualified households generated by the construction of market-rate units. The number of income-qualified households required to provide goods and services to new housing units is detailed in **Appendix A Table A-12** through **Table A-16**.

The nexus methodology used herein computes the total number of income-qualified households generated by market-rate units (as shown in **Table 3-8**) and calculates the impact fee based on the estimated cost to subsidize the production of units to meet that affordable housing demand.

This analysis assumes that the fees on residential development will fund the required affordable housing for all new workers generated. In practice, only a portion of Folsom's workers reside in the City as many workers commute *in to* the City from other areas for a variety of reasons, one of which is the relative cost of housing among different communities. However, if every jurisdiction adopted a policy that only funded housing for the fraction of its locally generated workers who also choose to live in the City, the region's overall affordable housing demand would be grossly underrepresented and underfunded.

Table 3-8. Summary of Worker and Household Generation per 100 Market-Rate Units

Item	Minimum Household Income Requirement for Market Rate Unit [1]	Total Workers Generated per 100 Market Rate Units [2]	Total Worker Households [3]	Total Income Qualified Households [4]	Worker Households by Income Category [5]			
					Very Low	Low	Moderate	Above Moderate
Unit Type								
Prototype 1: Single-Family Detached Home (Low Density)	\$327,200	78.6	44.0	24.3	18.1	5.8	0.3	N/A
Prototype 2: Single-Family Detached Home (Medium Density)	\$253,500	61.7	33.9	20.8	11.6	7.2	1.9	N/A
Prototype 3: Single Family Attached Home	\$199,100	49.3	27.1	16.4	9.1	5.7	1.5	N/A
Prototype 4: Market-Rate Multifamily Apartment	\$130,100	33.6	18.5	15.4	8.0	6.2	1.2	N/A

Source: EPS.

[1] Minimum household income required to afford the average home price or rent in the City of Folsom See Table 3-7.

[2] Total workers generated by the development of market rate units. See Table A-12, Table A-13, Table A-14, and Table A-15.

[3] Total worker households derived assuming 1.65 workers per household. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

[4] Total income qualified households reflects the very low-, low-, and moderate-income households eligible for affordable housing based on total household income. See Table A-8 through Table A-15.

[5] Allocates the income qualified households by income level based on estimated average wages of the jobs/workers generated by the development of new market rate households. See Table A-12, Table A-13, Table A-14, and Table A-15. Above Moderate Income households are excluded because these households can afford market-rate housing and typically do not qualify for affordable housing.

Affordable Housing Impact Fee Calculation Conclusions

The affordability gap analysis quantifies the subsidy required to construct affordable housing at various income levels. Analysis of consumer expenditures that rely on lower-wage workers provides an estimate of the total number of income-qualified households generated by new residential units. Then for market-rate units, the nexus-based fee is calculated by applying the total number of income-qualified households generated to the affordability gap computed for each affordable household income level. The analysis provides the maximum supportable nexus-based fees for new for-sale and rental housing development in Folsom.

The impact fee calculation for each prototype market-rate unit by income level is reflected in **Table 3-9**. The total impact fee required for a representative project of 100 units is calculated by multiplying the number of affordable units required per income level by the cost of subsidizing such housing as shown in **Table 3-9**. The total nexus-based supported per unit fee is calculated based on the weighted average of the number of affordable unit required for each income level. The per unit fee is then divided by the average habitable square feet of residential unit type resulting in a **maximum** impact fee per square foot for each unit type as detailed in **Table 3-9** and summarized below.

- Single Family Low Density Unit: \$59.34
- Single Family Medium Density Unit: \$41.90
- Single Family Attached Unit: \$34.16
- Multifamily Apartment Unit: \$34.69

While the City has the option of adopting fees up to the maximum level calculated, there are often reasons to adopt the fee below the maximum – for example, to support project financial feasibility. Housing affordability is also shaped by market forces, land use regulations, construction costs, and entitlement expenses, and the revenue from this fee program represents only one source of subsidy for affordable housing. Adoption of the maximum fees represents a sizable development cost increase, which could hamper the City’s economic development and competitiveness objectives.

For the City’s consideration, two fee scenarios representing a percentage of the maximum supportable nexus-based in-lieu fee are reflected in **Table 3-9**: 1) a Low In-Lieu Fee Scenario, which represents a percentage of the maximum fee set to approximate the existing in-lieu fee; and 2) a High In-Lieu Fee Scenario, which represents 20 percent of the maximum supportable in-lieu fee.

Based on the development prototypes used for this study, the fee for the high scenario, set at 20 percent of the maximum justifiable fee for this Study, is significantly higher than the current fee when expressed on a per-unit basis. Based on historical data provided by the City, developers have paid an in-lieu fee of

approximately \$3.00 per square foot for single-family detached developments under the current fee structure. Accordingly, the low in-lieu fee scenario, was set at varying percentages of the maximum justifiable fee by residential prototype to approximate the per-square-foot fee that developers pay under the existing fee calculation methodology for single-family detached housing units. EPS recommends that the City consider adopting the low in-lieu fee scenario, which includes a reduced fee for single-family attached units and maintaining a \$0 rate for multifamily rental units, as discussed further below.

The market rate feasibility analysis prepared for this study indicates that estimated residential development costs, including the existing in-lieu fee, are feasible for both single family detached unit prototypes, while single family attached and multifamily apartments appear to be infeasible, assuming current market values. The maximum supportable fee results in project infeasibility for all identified prototypes. Under both alternative in-lieu fee scenarios described above, and similar to current development costs (including the existing in-lieu fee), both single family detached prototypes are estimated to be financially feasible, while the single family attached and multifamily apartment prototypes indicate funding gaps that may need additional subsidies. Based on these feasibility challenges, and the City's policy goal of encouraging higher-density housing in key locations, EPS recommends that the City consider an in-lieu fee of \$2.50 per square foot for single-family attached units and continue to exempt multifamily rental developments from the in-lieu fee.

A comparison of the existing fee with the updated maximum supportable fee and two in-lieu fee scenarios are shown in **Table 3-10**.

Table 3-9. Maximum Nexus-Based Support Fee per Gross Square Foot

Item	Affordable Units Required Per 100 Market-Rate Units [1]	Affordability Gap per Affordable Unit [2]	Maximum Nexus-Based Supported Fee				Potential Fee Update Scenario (% of Maximum Supportable Fee) [4]	
			Per 100 Market-Rate Units	Per Market-Rate Unit	Prototype Gross Sq. Ft. [3]	Per Gross Sq. Ft. [3]	Low Scenario (Set to match existing per-unit fee)	High Scenario (20% of maximum)
Formula	A	B	C = A * B	D = C / 100	E	F = D / E	G = F * % of Maximum	
AFFORDABLE UNIT INCOME LEVEL								
Single Family Detached Units								
Prototype 1: Single-Family Detached Home (Low Density)								
Very Low Income	18.1	\$669,100	\$12,113,994					
Low Income	5.8	\$552,000	\$3,213,644				<u>5.0% of Maximum</u>	<u>20.0% of Maximum</u>
Moderate Income	0.3	\$456,300	\$158,491					
Subtotal Maximum Fee for Low-Density SFR	24.3	-	\$15,486,129	\$154,861	2,600	\$59.56	\$3.00	\$11.91
Prototype 2: Single-Family Detached Home (Medium Density)								
Very Low Income	11.6	\$485,800	\$5,656,677					
Low Income	7.2	\$376,700	\$2,730,808				<u>6.8% of Maximum</u>	<u>20.0% of Maximum</u>
Moderate Income	1.9	\$258,300	\$482,044					
Subtotal Maximum Fee for Med-Density SFR	18.9	-	\$8,869,528	\$88,695	2,000	\$44.35	\$3.00	\$8.87
Single Family Attached Units								
Prototype 3: Single Family Attached								
Very Low Income	9.1	\$387,000	\$3,539,673					
Low Income	5.7	\$277,900	\$1,594,175				<u>7.0% of Maximum</u>	<u>20.0% of Maximum</u>
Moderate Income	1.5	\$159,500	\$239,691					
Total Maximum Fee for Single Family Attached Units	14.9	-	\$5,373,539	\$53,735	1,500	\$35.82	\$2.50	\$7.16
Multifamily Apartment Units								
Prototype 4: Multifamily Apartments								
Very Low Income	8.0	\$289,200	\$2,306,903					
Low Income	6.2	\$168,700	\$1,047,792				<u>0% of Maximum</u>	<u>20.0% of Maximum</u>
Moderate Income	1.2	\$37,600	\$46,220					
Total Maximum Fee for Multifamily Units	14.2	-	\$3,400,915	\$34,009	1,000	\$34.01	\$0.00	\$6.80

Source: EPS.

[1] The amount of affordable units by income level generated by new market rate units household spending. See Table 3-8.

[2] See Table 3-6 for the affordability gap calculation by prototype.

[3] See Table 3-1 for gross square feet for each prototype.

[4] The High Scenario is set at 20% of maximum supportable fee, while the objective of the Low Scenario is to apply percentages of the maximum supportable fee that would result in a similar per unit fee as the current in-lieu fee for the Single Family Detached units. The Low Scenario for the Single Family Attached units is set to be approximately \$0.50 lower per square foot than the Single Family Detached units. The Low Scenario for multifamily units is set at zero to reflect the City's position to continue to exempt these units from inclusionary housing requirements.

Table 3-10. Development Feasibility Comparison: Existing Fee, Maximum Supportable Fee, and Potential Fee as % of the Maximum (2025\$)

Item	Source	Market Rate Feasibility per Unit			
		Existing AH In-Lieu Fee	Maximum Supportable AH In-Lieu Fee	Updated Fee	
				Potential Updated Fee (% of Maximum)	
				Low Scenario (Set to Match Existing Per-Unit Fee)	High Scenario (20% of Maximum)
Single Family Low Density				<u>5.0% of Maximum</u>	<u>20.0% of Maximum</u>
Unit Value	Table A-1	\$861,011	\$861,011	\$861,011	\$861,011
Unit Cost	Table 3-5, Table A-17, & Table A-19	\$810,000	\$973,400	\$809,100	\$835,300
Development Funding Gap		\$51,011	(\$112,389)	\$51,911	\$25,711
Single Family Medium Density				<u>6.8% of Maximum</u>	<u>20.0% of Maximum</u>
Unit Value	Table A-1	\$655,794	\$655,794	\$655,794	\$655,794
Unit Cost	Table 3-5, Table A-17, & Table A-19	\$612,000	\$703,000	\$611,400	\$622,900
Development Funding Gap		\$43,794	(\$47,206)	\$44,394	\$32,894
Single Family Attached Units				<u>7.0% of Maximum</u>	<u>20.0% of Maximum</u>
Unit Value	Table A-3	\$502,467	\$502,467	\$502,467	\$502,467
Unit Cost	Table 3-5, Table A-17, & Table A-19	\$513,200	\$567,000	\$511,800	\$518,600
Development Funding Gap		(\$10,733)	(\$64,533)	(\$9,333)	(\$16,133)
Multifamily Apartment				<u>.0% of Maximum</u>	<u>20.0% of Maximum</u>
Unit Value	Table A-4	\$412,600	\$412,600	\$412,600	\$412,600
Unit Cost	Table 3-5, Table A-17, & Table A-19	\$451,500	\$488,600	\$451,500	\$458,500
Development Funding Gap		(\$38,900)	(\$76,000)	(\$38,900)	(\$45,900)

Source: EPS.

4. Comparative Jurisdictions Survey

EPS examined local affordable housing programs to provide context and comparable information as the City updates its affordable inclusionary housing in-lieu fee program. This information includes an evaluation of residential and nonresidential fees and program requirements and is intended to inform decision-making and ensure potential new fees are reasonable and competitive with neighboring areas.

EPS examined affordable housing programs in the following peer jurisdictions:

- City of Sacramento;
- City of Rancho Cordova;
- City of Folsom;
- City of Roseville; and
- Sacramento County.

Because no local jurisdiction in the Sacramento region has an inclusionary program comparable to Folsom, with both a formal inclusionary requirement and a set in-lieu fee, EPS also researched similar programs outside the region from:

- City of Berkeley;
- City of Santa Rosa;
- City of Sunnyvale; and
- City of Atascadero.

As shown in **Table 4-1**, the reviewed peer jurisdictions have adopted a range of affordable housing requirements on private development, including residential and nonresidential development impact fees or inclusionary housing policies and associated in-lieu fees.

Of the local jurisdictions evaluated, the City of Sacramento, City of Elk Grove, and Sacramento County have implemented development impact fees. The City of Roseville and City of Rancho Cordova do not have formal inclusionary policies. Rather, large developments are subject to negotiated development agreements, which include requirements for inclusionary housing, including payment of in-lieu fees. Remaining jurisdictions evaluated have formal (adopted) or informal inclusionary housing requirements with options to pay a fee in lieu of developing affordable housing onsite. Additional details on the various affordable housing programs across the region, both implemented and proposed, are provided below.

Table 4-1. Sacramento Region Peer Cities Analysis

Jurisdiction	Affordable Housing Impact Fee	Inclusionary Housing Requirement and In-Lieu Fee	
		Inclusionary Requirement	In-Lieu Fee
City of Folsom	NA	10% of units in for-sale development projects, with 3% consisting of very low income units and 7% consisting of low income units.	- (1% x lowest priced for-sale residential unit in proposed subdivision) x total for-sale residential units. - Lots only: (0.5% x least expensive anticipated home in subdivision)
City of Elk Grove	- \$6,289 per Single Family Unit (1-2 units inc. duplex) - \$3,773 per Multifamily Unit (3+ units)	NA	NA
City of Sacramento	<u>Existing</u> - \$0.00/SF for high density single-unit or duplex dwellings (≥ 20 DU/acre) and multi-unit dwellings (≥ 40 DU/acre) - \$0.00/SF for conversion of a nonresidential building to a residential use - \$1.54/SF for dwelling units in the Housing Incentive Zone - \$3.56/SF for single-unit or duplex dwellings (< 20 DU/acre) and multi-unit dwellings (< 40 DU/acre)	<u>Existing</u> Projects over 100 gross acres in size are required to have an approved Mixed Income Housing Strategy that identifies how the project will provide housing for a variety of incomes and family types. Fee credits may be provided for construction of affordable units, land dedication, or other mechanism that leads to the provision of affordable housing. <u>Proposed</u> Options range from 5% to 7% of units at 60% to 100% AMI, increasing to 15% to 20% of units at 60% to 80% AMI for large-scale developments. Requirements are contingent on tenure type (rental vs. for-sale).	<u>Proposed</u> Fee schedule based on location and tenure type. - Central City: \$10/SF for rental and for-sale units. - Inner South & East and West of I-5: \$7/SF for rental units and \$10/SF for for-sale units - Southern Neighborhoods: \$3.54/SF for rental units and \$6/SF for for-sale units - North Sacramento and South Natomas: \$3.54/SF for rental units and \$5/SF for for-sale units. - North Natomas: \$3.54/SF for rental units and \$7/SF for for-sale units.
City of Rancho Cordova	NA	All large-scale development in the City's undeveloped areas, generally located south of Highway 50, shall prepare an Affordable Housing Plan (AHP) for the project. Required units vary depending on terms set in the AHP.	Variable, contingent upon terms of developer agreement (\$2,470 - \$7,238 per unit)
City of Roseville	NA	New Specific Plan Areas must designate at least 10% of total units as affordable. Accomplished through an Affordable Housing Goal established within a proposed Specific Plan and a Development Agreement, and effectuated by a Affordable Housing Agreement - not done on a project-by-project basis.	Variable, contingent upon terms of developer agreement based on recent costs of developing affordable rental housing.
County of Sacramento	\$3.75 per habitable square foot of each market rate unit	NA	NA

Source: City of Elk Grove 2024 Development Related Fees Booklet; City of Sacramento Planning Department 2024 Housing Impact Fee Notice & Mixed Income Housing Ordinance Revised Recommendations 3.24.24; City of Rancho Cordova 2021 - 2029 Housing Element & 2024 Development Related Processes and Fees Worksheet; City of Folsom Municipal Code Ch. 17.104; City of Roseville Housing Division & 2021 Housing Element; Sacramento County 2024 Notice of Affordable Housing Fee Increase; EPS.

Local Peer Jurisdictions

City of Sacramento

The City's Mixed Income Housing Ordinance (MIHO), originally adopted in 2015 and currently under revision, imposes a Housing Impact Fee (HIF) of \$3.56 per square foot (effective July 1, 2024, and adjusted annually) on all new market-rate residential developments that fall below specific density thresholds. These thresholds are less than 20 dwelling units per acre for single dwelling units and duplexes, and less than 40 dwelling units per acre for renter-occupied multi-unit dwellings developments. However, the City of Sacramento applies reduced fees of \$1.54 per square foot in the city's Housing Incentive Zones. Additionally, Sacramento also requires that for residential projects over 100 gross acres, developers must both pay a HIF as well as obtain City Council approval for a mixed-income housing strategy. The goal of this strategy is to outline how the project will provide housing for various income levels and household types, consistent with city policies. While not a traditional inclusionary housing requirement, it effectively requires the development of affordable units for projects over a certain size.

Since Sacramento's implementation, however, significant market shifts have prompted calls for an updated fee structure and housing policy that better reflects and adapts to the diverse needs and submarkets within the city. In 2023, Sacramento began evaluating the financial feasibility of residential development in light of the current MIHO for both for-sale and rental prototypes across different market contexts. The analysis revealed that rising interest rates and financing costs have placed a significant strain on rental projects, reducing their ability to absorb increased fees or meet onsite affordability requirements. In contrast, for-sale projects in submarkets capable of supporting higher home prices showed a greater capacity to accommodate these demands, prompting the City of Sacramento to explore revisions.¹⁵

As part of this update, the City of Sacramento is evaluating a new set of compliance options for all new residential developments, factoring in scale, location, tenure, transit proximity, market-based adjustments responsive to development trends, and triggers for re-evaluation in the event of new funding sources. These compliance options, which would replace the HIF, include: (1) providing onsite affordable units, (2) paying in-lieu fees, or (3) dedicating land. Additionally, both the definition and the requirements for large-scale projects would be revised. Rather than being defined as developments spanning 100 gross acres or more, large-scale projects would instead be characterized by having 750 or more units and a site size of at least 15 acres. Furthermore, instead of being required to provide a mixed-income housing strategy, large developments would now have to choose from a range of inclusionary housing

¹⁵ Keyser Marston Associates, Inc. Feasibility Analysis, Historical Performance, and Case Study Research, Supporting Proposed Updates to the Mixed Income Housing Ordinance. Draft Report. August 8, 2023. Available at: <https://www.cityofsacramento.gov/content/dam/portal/cdd/Planning/MIHO-Draft-Report-8-8-23.pdf>

options.¹⁶ The revised recommendations are aimed at addressing stakeholder comments and concerns focused on market conditions, fee levels and feasibility, and preferences between fee-based and inclusionary requirements.¹⁷

Sacramento County

Sacramento County has a development impact fee of \$3.75 per square foot for both for-sale and rental market-rate units. Developers are required to meet affordable housing obligations through payment of this fee or, alternatively, by complying with a variety of other options that further housing affordability. As an alternative to paying the affordability fee, developers can comply with the project's affordable housing plan, if applicable, or enter into a development agreement with the County. This agreement may offer fee credits for land dedication, construction of affordable dwelling units, or other mechanisms that facilitate the production of affordable housing. This approach ensures that developers can either directly produce affordable housing or contribute through equivalent financial or land-based alternatives.

City of Rancho Cordova and City of Roseville

Rancho Cordova and Roseville do not impose affordable housing development impact fees nor have formalized inclusionary policies with prescribed in-lieu fees. Instead, the requirement to provide onsite affordable units or pay an in-lieu fee is established through a project-based agreement: an Affordable Housing Plan (AHP) in Rancho Cordova; and a Development Agreement (DA) in Roseville.

In Rancho Cordova, AHPs are created for individual development projects, particularly large-scale specific plans. In Roseville, affordable housing provisions are outlined in development agreements tied to new specific plans. The language in the AHPs or DAs of both cities suggests that, in at least one case, in-lieu fees are determined by the funding gap associated with tax credit-financed developments.¹⁸

¹⁶ City of Sacramento. Mixed Income Housing Ordinance - Revised Recommendations. March 3, 2024. Available at: <https://www.cityofsacramento.gov/content/dam/portal/cdd/Planning/Housing/mixed-income-housing-ordinance/MIHO%20Revised%20Recommendations%203.4.2024%20Post-PDC%20For%20Distribution.pdf>

¹⁷ City of Sacramento. Mixed Income Housing Ordinance - Revised Recommendations. PowerPoint presentation. February 22, 2024. Available at: <https://records.cityofsacramento.org/ViewDoc.aspx?ID=s6tFBnt4W+11Q8PlxV8duRePjC3ZpKko>

¹⁸ City of Rancho Cordova. Affordable Housing Plan for Sun creek Specific Plan. June 12, 2003. Available at: <https://www.cityofranhocordova.org/home/showpublisheddocument/18387/637962457721800000>

Selected Jurisdictions with Inclusionary Requirements and In-Lieu Fees

In addition to examining inclusionary housing policies around the Sacramento region, EPS also examined jurisdictions throughout the State whose inclusionary ordinance was structurally similar to the City of Folsom's, with a pre-set inclusionary requirement and in-lieu fee. As seen in **Table 4-2** below, EPS examined policies from the Berkeley, Santa Rosa, Sunnyvale, and Atascadero.

In summary, all three Bay Area jurisdictions (Berkeley, Santa Rosa, and Sunnyvale) subject rental projects to inclusionary requirements, and all four jurisdictions examined have a much higher in-lieu fee than either the current or recommended in-lieu fee in the City of Folsom. However, all of these jurisdictions have housing prices much higher than Folsom.

City of Berkeley

In 2023, the City adopted its IHO, shifting from an Affordable Housing Mitigation Fee to an inclusionary requirement with an associated in-lieu fee. In 2025, the City once again adopted changes to its in-lieu fee. Previously, smaller projects were exempt or subject to a smaller fee. Projects below 5,000 SF of residential floor area were exempt from the fee, while projects between 5,000 and 11,999 SF were subject to a per-square-foot fee that rose with total project square footage. The 2025 update applied the same per-square foot fee to all projects, but exempted the first 5,000 SF from the fee calculation.

For projects electing to build units on-site, 20 percent of units are required be below market rate (BMR) units. Rental housing inclusionary units must be split evenly, with half affordable to VLI households and the remainder affordable to LI households. For ownership projects, all units must be affordable to LI households.

In addition to complying with the IHO by paying a fee or building units, the ordinance also allows a blended compliance option, where developers can construct some of the required inclusionary units. The in-lieu fee is then prorated based on the percentage of inclusionary requirement remaining after accounted for the on-site BMR units. For example, if a developer builds half of the required inclusionary units, the in-lieu fee would be half of the fee that would be required if the developer was electing to comply purely through in-lieu fee payment.

Table 4-2. Comparison of Selected Jurisdictions' Inclusionary Programs

Jurisdiction	Inclusionary Housing Requirement and In-Lieu Fee	
	Inclusionary Requirement	In-Lieu Fee
City of Folsom	10% of units in for-sale development projects, with 3% consisting of very low income units and 7% consisting of low income units.	- (1% x lowest priced for-sale residential unit in proposed subdivision) x total for-sale residential units. - Lots only: (0.5% x least expensive anticipated home in proposed subdivision) x total for-sale lots.
City of Berkeley	<u>Existing</u> Projects over 5,000 SF of residential area must provide at least 20% of floor area in affordable units	\$56.25 PSF for all new Residential Developments. Projects using 100% fee to comply deduct 5,000 SF from assessed SF.
City of Santa Rosa	Rental - 8% LI units OR 5% VLI units For Sale - 10% MI units	<u>Outside Downtown DUs</u> Less than 909 SF - \$5 PSF More than 910 SF - \$10 PSF <u>Downtown DUs</u> Less than 909 SF - \$2 PSF More than 910 SF - \$3 PSF
City of Sunnyvale	15% (5% VLI and 10% LI) - All rental projects of 3 or more units - All for-sale projects of 7 or more	<u>Rental</u> 3-6 units - \$15.50 PSF 7 or more units - \$31.00 PSF <u>For Sale</u> 7% of the higher of sales price or appraised value
City of Atascadero	20% for-sale condominium and subdivision projects with 11 units or more.	<u>For Sale (Proposed)</u> \$38.71 to \$42.06 PSF

Source: Berkeley Municipal Code Chapter 23.328; City of Santa Rosa City Council Resolution No. Res-2019-153; City of Sunnyvale Municipal Code Chapter 19.77; City of Atascadero Affordable Housing Fee Nexus Study for For-Sale Housing Dated April 22, 2022.

City of Santa Rosa

The City of Santa Rosa imposes different inclusionary requirements on rental and for-sale projects. Rental projects must provide either 8 percent of their total units as affordable to LI households or 5 percent of their units as affordable to VLI households. For-sale projects must ensure that 10 percent of their units are affordable to MI households.

Because Santa Rosa is seeking to encourage housing development in its downtown, and additionally seeking to incentivize denser projects, it provides different in-lieu fee rates for projects in downtown and for smaller dwelling units. Within downtown, smaller dwelling units (909 square feet or less) are subject to an in-lieu fee of \$2 PSF, compared to \$5 PSF for similarly-sized units outside of downtown. For units larger than 910 SF, fees are \$10 PSF for units outside of downtown or \$5 PSF for units in downtown.

City of Sunnyvale

The City updated its IHO in 2019 to apply inclusionary requirements, including in-lieu fees as a compliance option, to rental projects. Both for-sale and rental projects to which the IHO applies must provide a total of 15 percent of their units as inclusionary units. A minimum of 5 percent of the total units must be affordable to VLI households, while the remainder must be affordable to LI households.

The IHO requirements do not apply to for-sale projects with six or less dwelling unit nor rental projects of two units or less. The IHO also calculates in-lieu fees for rental projects and for-sale projects differently.

Small rental projects (3 to 6 units) are subject to a per-square foot fee of \$15.50 PSF, while projects of 7 or more units pay twice this fee, \$31.00 PSF. In-lieu fees on for-sale projects are based on the value of the dwelling units. For each unit, the project must pay a fee equal to the 7 percent of the sales price or 7 percent of the appraised value of the unit, whichever amount is greater.

City of Atascadero

The current inclusionary policy only applies to residential developments of 11 units or larger that require legislative approval at the City council. Projects subject to the policy must provide 20 percent of their units as affordable. Single-family projects must include inclusionary units affordable to MI households, while multifamily projects must provide their inclusionary units as follows: 20 percent affordable to VLI households, 37 percent affordable to LI households, and 43 percent affordable to MI households.

Projects electing to pay an in-lieu fee pay a fee equal to 5 percent of the building permit construction value of the market rate units. The City is currently considering updates to its inclusionary housing ordinance due to recent changes in state law that increase the ability of projects to secure ministerial approvals, thus exempting them from Atascadero's inclusionary housing policy.

As part of this evaluation, the City retained EPS to calculate the maximum nexus-based fees for its in-lieu fee. Based on a similar methodology to the approach used in this Study, the maximum justifiable fee ranges from approximately \$39 to \$42 per square foot.¹⁹ At this time, Atascadero is still evaluating the fee amount.

Local Jurisdiction Fee Amounts

In addition to evaluating the policies of each jurisdiction examined in the Sacramento Region, this Study also includes a summary of the per-unit fee amount for the single-family low-density prototype. This analysis shows what the developer of one single-family unit would pay for an inclusionary housing in-lieu fee or affordable housing impact fee in jurisdictions throughout the Sacramento Region. As shown in **Table 4-3**, the City of Folsom's current fee and the recommended fee in this Study are broadly comparable to fees throughout the region. Folsom's fee is approximately 10 percent lower than the fees in the City of Sacramento and Sacramento County, but between 35 and 75 percent higher than fees in the City of Rancho Cordova and City of Elk Grove.

As noted in **Table 4-3**, the Rio Del Oro Specific Plan affordable housing fee was originally negotiated in 2016 and was not subject to inflationary adjustments until 2024. Additionally, that agreement also includes a stipulation allowing the City to buy certain sites within the project for developing affordable housing. While the City of Roseville's affordable housing agreements follow a similar structure to the City of Rancho Cordova's, no recent affordable housing agreements in Roseville include an in-lieu fee as part of the developer obligations.

The major outlier in the region is the City of Davis, which has a significantly higher inclusionary requirement and associated in-lieu fee for single-family subdivisions with lots greater than 5,000 square feet.

¹⁹ City of Atascadero Inclusionary Housing Policy and Program. Available at: https://www.atascadero.org/sites/default/files/2023-11/Nexus_Studies_and_Recommendations_4_15_22.pdf

Table 4-3. Sacramento Region Peer Cities Fee Comparison

Jurisdiction	Fee Type	Fee Amount	Fee Calculation Method	Notes
Prototype for Fee Comparison				
Type	Single-Family Detached for Sale			
Density	5 units/ acre			
Unit Sq. Ft.	2,600			
Sales Price	\$861,011			
City of Folsom (existing in-lieu fee)	In-Lieu	\$8,610	1% of Lowest Sales Price in Subdivision	
City of Folsom (proposed in-lieu fee)	In-Lieu	\$7,800	\$3.00 Per Square Foot	[1]
City of Rancho Cordova (Rio Del Oro Specific Plan)	Development Agreement	\$4,978	Per Dwelling Unit	[2]
City of Elk Grove	Impact Fee	\$6,396	Per Dwelling Unit	[3]
City of Davis [1]	In-Lieu	\$21,028	Per Dwelling Unit	[4]
West Sacramento	In-Lieu	\$7,699	Per Dwelling Unit	
Sacramento County	Impact Fee	\$9,854	\$3.79 Per Square Foot	
City of Sacramento	Impact Fee	\$9,256	\$3.56 Per Square Foot	[5]

Source: City of Folsom, EPS; City of Rancho Cordova; City of Elk Grove; City of Davis; City of West Sacramento; Sacramento County.

[1] Rate based on Single-Family Low Density Prototype

[2] Fee was originally negotiated in 2016 and was not subject to inflationary increases for 7 years thereafter. Development agreement also includes City right to purchase sites within the Specific Plan area for the purposes of developing affordable housing.

[3] City is currently updating to a per-square-foot-fee.

[4] Payment of in-lieu fees as a method of complying with the City's Inclusionary Housing Ordinance must be approved by City Council. Based on a 25% inclusionary requirement for homes on lots greater than 5,000 sq. ft. and a \$84,410 in-lieu fee per affordable unit required.

[5] Fee only applies to developments under 20 units/ net acre.

5. Policy and Implementation Considerations

Maximum/Recommended Fee Levels

The City may choose to establish impact fees at levels below or equal to (but not higher than) the maximum fees calculated in the Nexus Study for policy, feasibility, or other reasons. As part of this project and to help guide this decision, EPS surveyed other affordable housing impact fees in other jurisdictions to provide the City with a comparison of adopted fees elsewhere in the region (see **Chapter 4**). The maximum supportable fee level would be significantly higher than the jurisdictions surveyed.

Implementing Ordinances/Resolutions

The updated in-lieu fee would be adopted by the City through an ordinance or resolution amending the existing inclusionary housing policy, including the updated fee amount, methodology for calculation, and any other related updated provisions. The new ordinances or resolutions should incorporate the automatic inflation adjustment factor discussed in this chapter and definitions for single family attached units that would be subject to a lower fee.

Alignment with Other City Housing Policies

The City's Housing Element contains several policies designed to incentivize higher-density housing development with smaller units, which are more naturally affordable to home buyers than larger units in low-density development. In an effort to align with these policies, EPS recommends that single family attached units be subject to a lower per-square foot in-lieu, as shown in **Table 1-2** and **Table 3-9**. The feasibility analysis in **Table 3-10** shows that the financial feasibility for these types of units is marginal and decreasing this in-lieu fee could increase the feasibility of these units.

Additionally, the City does not currently apply the inclusionary housing policy (including the in-lieu fee) to rental products. Given that renters tend to have lower incomes than homeowners, and recognizing the feasibility challenges of multifamily rental projects show in **Table 3-10**, EPS recommends that the City continue to exempt multifamily rental projects from the inclusionary housing policy.

Assessing the Fee

The City should be explicit about defining the area square footage or other fee metric that a fee is charged upon. If possible, the City's method for calculating the square footage subject to the fee should align with other City or local agency fees that are charged per-square-foot. If not, the City can use other existing definitions

of assessable square footage for new development. For example, California Government Code section 65995, which describes methods for charging school impact fees for new development, defines residential and commercial spaces as follows:

Residential space: “Assessable space,” for this purpose, means all of the square footage within the perimeter of a residential structure, not including any carport, covered or uncovered walkway, garage, overhang, patio, enclosed patio, detached accessory structure, or similar area. The amount of the square footage within the perimeter of a residential structure shall be calculated by the building department of the city or county issuing the building permit, in accordance with the standard practice of that city or county in calculating structural perimeters.

In-Lieu Fee Update

EPS recommends that the fee be subject to automatic annual inflation adjustments, periodic updates, and a 5-year review requirement. The purpose of each update is described in this section.

Automatic Annual Inflation Adjustment

The proposed fee should be automatically adjusted by the City annually to account for the inflation of construction, environmental, or design costs. The City’s Housing Trust Fund Fee, which applies to non-residential developments, is adjusted each year at the discretion of the City Council based on the change in construction costs described by the Engineering News Record’s Construction Cost Index (ENR CCI).²⁰

The ENR CCI measures the change of construction costs by tracking the cost of construction labor and key construction materials. Additionally, using the CCI would ensure that fee revenue roughly keeps pace with the cost of constructing affordable housing.

In order to ensure the index adjustment is made in a manner that minimizes administrative burden to City staff, EPS recommends that an enabling ordinance give authority to the Finance Director or a similar City staff member to execute the inflationary adjustment, as is allowed for the Folsom Plan Area Specific Plan Infrastructure Fees.²¹

In addition, the ordinance should specify that, if no listed index is available the Finance Director may use an alternative index or other source that the Finance Director finds, in his or her discretion, to be most equivalent to estimate changes in construction costs.

²⁰ Folsom Municipal Code Chapter 3.90.050(E).

²¹ Folsom Municipal Code Chapter 3.120.080(A).

Study Timeframe: Updating the Impact Fee Nexus Study

While not required by law it is recommended that the City evaluate the fee at least every five years following this update. During the fee evaluation, the City should consider updating the fee based on:

- The overall fee and infrastructure burden in the City of Folsom compared to housing prices;
- Significant changes to land costs and/or costs for construction labor or materials;
- Changes in the City's affordable housing need;
- Changes in the cost of producing affordable housing and the availability of external funding for affordable housing;
- Feedback from stakeholders, such as affordable and market-rate housing developers.

Appendix A: Fee Calculation Detail

Table A-1	Low-Density Single-Family Detached Home Market Comparables.....	A-1
Table A-2	Medium-Density Single-Family Detached Home Market Comparables.....	A-2
Table A-3	Single Family Attached Unit Market Comparables.....	A-3
Table A-4	Multifamily Apartment Market Comparables.....	A-4
Table A-5	Owner-Occupied Residential Utilities Calculations.....	A-5
Table A-6	Sacramento County Renter-Occupied Residential Utility Allowances per Month (2022\$).....	A-6
Table A-7	HOA Fee Comparables (2024\$).....	A-7
Table A-8	Household Expenditures and Employment Generation - Prototype 1 Low-Density SFR.....	A-8
Table A-9	Household Expenditures and Employment Generation - Prototype 2 Medium-Density SFR.....	A-11
Table A-10	Household Expenditures and Employment Generation - Prototype 3.....	A-14
Table A-11	Household Expenditures and Employment Generation - Prototype 4.....	A-17
Table A-12	Worker Household Generation per 1,000 Market-Rate Units - Prototype 1.....	A-20
Table A-13	Worker Household Generation per 1,000 Market-Rate Units - Prototype 2.....	A-21
Table A-14	Worker Household Generation per 1,000 Market-Rate Units - Prototype 3.....	A-22
Table A-15	Worker Household Generation per 1,000 Market-Rate Units - Prototype 4.....	A-23
Table A-16	Representative Public-Sector Employment and Wages (2023\$).....	A-24
Table A-17	Development Costs by Prototype: Maximum Supportable Fee.....	A-25
Table A-18	Development Costs by Prototype: Potential Updated Fee Scenario Low % of Maximum.....	A-26
Table A-19	Development Costs by Prototype: Potential Updated Fee Scenario High % of Maximum.....	A-27
Table A-20	Development Impact Fee Summary: North of 50.....	A-28
Table A-21	Development Impact Fee Summary: FPASP.....	A-30

**Table A-1
City of Folsom
Inclusionary Housing In-Lieu Fee and Nexus Study
Low-Density Single-Family Detached Home Market Comparables**

Low-Density Single-Family Detached Home Market Comparables [1]								
Item	City	Sales Price	Beds	Unit SF	Price/SF	Lot SF	Estimated Density [2]	Year Built
Property Address								
3302 Whispering Brook Way	Folsom	\$755,000	4	2,566	\$294	4,000	8.7	2024
4625 Snapdragon Way	Folsom	\$879,990	4	2,458	\$358	4,038	8.6	2023
4621 Snapdragon Way	Folsom	\$804,990	3	2,160	\$373	4,121	8.5	2023
4651 Dandelion Way	Folsom	\$665,000	3	1,879	\$354	4,121	8.5	2025
4647 Dandelion Way	Folsom	\$819,536	3	2,458	\$333	4,121	8.5	2025
4639 Dandelion Way	Folsom	\$677,990	3	1,879	\$361	4,121	8.5	2025
3422 Apollo Dr	Folsom	\$790,265	4	2,392	\$330	4,500	7.7	2024
3362 Apollo Ct	Folsom	\$754,000	4	2,392	\$315	4,500	7.7	2024
3419 Apollo Dr	Folsom	\$663,000	3	1,784	\$372	4,991	7.0	2024
4268 Crescent Way	Folsom	\$873,000	4	3,056	\$286	5,375	6.5	2024
4256 Crescent Way	Folsom	\$719,000	4	1,962	\$366	5,375	6.5	2024
3308 Crooked Bed Way	Folsom	\$839,656	5	2,995	\$280	5,432	6.4	2024
3129 Velvet Grove Ct	Folsom	\$855,000	4	2,150	\$398	6,181	5.6	2024
3276 Bitterroot Way	Folsom	\$754,990	4	2,160	\$350	6,438	5.4	2024
4244 Crescent Way	Folsom	\$777,000	4	2,517	\$309	6,444	5.4	2024
3321 Garden Terrace Dr	Folsom	\$1,010,000	4	3,131	\$323	6,573	5.3	2024
3369 Rock Springs Ranch Rd	Folsom	\$990,000	4	2,380	\$416	6,961	5.0	2024
4514 Rocky Hills Circle	Folsom	\$1,205,880	5	3,952	\$305	8,057	4.3	2024
5073 Brooks Circle	Folsom	\$1,016,000	4	3,308	\$307	8,825	3.9	2023
4511 Rocky Hills Circle	Folsom	\$1,070,740	3	2,604	\$411	9,330	3.7	2024
4510 Rocky Hills Circle	Folsom	\$1,160,200	4	3,476	\$334	11,326	3.1	2024
5077 Brooks Circle	Folsom	\$1,016,000	5	3,008	\$338	11,326	3.1	2023
Average/Weighted Average		\$861,011	4	2,576	\$334	4,917	7.3	2024

Source: RedFin; Zillow; EPS.

[1] Includes detached single-family homes sold from October 2024 to March 2025 built 2023 or later. Excludes 55+ communities.

Table A-2
City of Folsom
Inclusionary Housing In-Lieu Fee and Nexus Study
Medium-Density Single-Family Detached Home Market Comparables

Med-Density Single-Family Detached Home Market Comparables [1]							
Item	City	Price	Beds	Unit SF	Lot SF	Estimated Density	Year Built
Property Address							
3429 Magnolia Way	Folsom	\$580,000	3	1,705	2,449	14.2	2024
3376 Gallatin Dr	Folsom	\$621,000	4	2,239	2,644	13.2	2023
3395 Gallatin Dr	Folsom	\$650,000	4	1,990	2,801	12.4	2023
3425 Magnolia Way	Folsom	\$637,716	3	1,941	2,997	11.6	2024
4428 Sanderson Dr	Folsom	\$665,000	4	1,945	3,381	10.3	2023
3449 Magnolia Way	Folsom	\$675,000	4	1,990	3,511	9.9	2024
3485 Nightberry Dr	Folsom	\$690,427	3	2,033	3,935	8.9	2024
3469 Nightberry Dr	Folsom	\$665,000	3	2,033	4,328	8.1	2024
3481 Nightberry Dr	Folsom	\$625,000	3	1,822	3,611	9.7	2024
4759 Gailander Ct	Folsom	\$694,548	3	2,033	3,637	9.6	2024
4758 Gailander Ct	Folsom	\$672,683	3	2,033	4,186	8.3	2024
4750 Gailander Ct	Folsom	\$693,154	3	2,033	3,747	9.3	2024
Average/Weighted Average		\$655,794	3	1,983	3,436	10.5	2024

Source: RedFin; Zillow; EPS.

[1] Includes detached single-family homes sold from October 2024 to March 2025 built 2023 or later. Excludes 55+ communities.

**Table A-3
City of Folsom
Inclusionary Housing In-Lieu Fee and Nexus Study
Single Family Attached Unit Market Comparables**

Item	Single Family Attached Comparables [1]						
	City	Price	Beds	Unit SF	Lot SF	Estimated Density	Year Built
Property Address - Recently Sold							
2715 Democracy Aly	Sacramento	\$750,000	3	1,486	1,621	21.5	2023
2932 Chatelet Walk	Sacramento	\$485,000	4	1,920	1,920	18.2	2020
3057 Cityscape Walk	Sacramento	\$525,000	3	1,656	1,442	24.2	2020
3051 Copper Rose Walk	Sacramento	\$520,000	3	1,740	1,740	20.0	2020
990 Central St	West Sacramento	\$715,000	2	1,615	1,615	21.6	2020
4187 Gloster Way	Sacramento	\$425,000	3	1,263	1,307	26.7	2019
3764 E Commerce Way	Sacramento	\$500,000	3	1,263	1,424	24.5	2018
2559 Radar Ln	Sacramento	\$428,000	2	1,065	1,394	25.0	2018
10934 International Dr	Rancho Cordova	\$445,000	3	1,378	1,400	24.9	2015
3188 Bridgeway Dr	Rancho Cordova	\$420,000	3	1,311	1,917	18.2	2009
10946 Tower Park Dr	Rancho Cordova	\$405,000	2	1,065	1,306	26.7	2009
3139 Rushall	Rancho Cordova	\$475,000	3	1,649	1,742	20.0	2007
2430 Pavilions Place Ln	Sacramento	\$663,000	3	2,006	2,265	15.4	2007
7737 Park River Oak Cir	Sacramento	\$441,000	3	1,379	1,821	19.1	2005
3925 Oak Villa Cir	Carmichael	\$340,000	3	1,323	1,355	25.7	2002
Average/Weighted Average		\$502,467	3	1,475	1,618	22.1	2014

Source: RedFin; Zillow; EPS.

[1] Due to the limited number of Single Family Attached comparables within the City of Folsom, the analysis compares sales prices for recent Single Family Attached units constructed around the greater Sacramento Region.

**Table A-4
City of Folsom
Inclusionary Housing In-Lieu Fee and Nexus Study
Multifamily Apartment Market Comparables**

Property Name	Address	Multifamily Property Details								
		Number of Units	Average Rent/Unit	Average Unit SF	Average Rent/SF	Average Bedroom Count	% 1-Bed	% 2-Bed	% 3-Bed	Year Built
Anindell [2]	115 Healthy Way	153	\$3,317	919	\$3.61	1.36	64%	36%	0%	2025
Broadstone Villas	2840 E Bidwell St	257	\$2,801	1,105	\$2.53	1.82	25%	68%	7%	2024
Verdell Pointe	2137 Iron Point Rd	253	\$2,559	863	\$2.96	1.53	55%	38%	7%	2024
Atwell at Folsom Ranch	14481 Southpointe Dr	278	\$2,628	1,136	\$2.31	1.71	47%	34%	18%	2024
Revel Folsom Apartments [2]	2075 Iron Point Rd	166	\$4,139	754	\$5.49	1.81	37%	44%	19%	2024
Average/Weighted Average		1,107	\$2,974	979	\$3.17	1.65	45%	45%	11%	2024

Source: Costar; EPS.

[1] Data was filtered by active multifamily properties with rental units within the City of Folsom completed within the last 5 years.

**Table A-5
City of Folsom
Inclusionary Housing In-Lieu Fee and Nexus Study
Owner-Occupied Residential Utilities Calculations**

Item	Single-Family For-Sale Residential Utility Costs
Monthly Utility Cost Estimates	
Electric [1]	\$139
Water [2]	\$51
Waste [3]	\$82
Sewer [4]	\$25
Total Utility Allowance per Month (Rounded)	\$300

Source: Sacramento Municipal Utility District; City of Folsom; EPS.

[1] Electric estimated fees based on an average monthly price for a residential bill per month as of 10/01/2024, derived from Sacramento Municipal Utility District website.

[2] Estimated water costs assume a 1" meter size, for residential customer types, and 14.5 CCF a month.

[3] Estimated waste collection fees based on 2024-2025 rate for one (1) 32 gallon refuse carts, derived from City of Folsom website.

[4] Estimated sewer fees based on 2024-2025 rates for single-family units, established by the City of Folsom.

**Table A-6
City of Folsom
Inclusionary Housing In-Lieu Fee and Nexus Study
Sacramento County Renter-Occupied Residential Utility Allowances per Month (2022\$)**

Item	Renter-Occupied Units by Number of Bedrooms					
	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heating [1]	\$12	\$14	\$18	\$21	\$25	\$29
Cooking [1]	\$6	\$7	\$11	\$14	\$18	\$21
Other Electric & Cooling						
Other Electric (Lights & Appliances)	\$24	\$28	\$39	\$50	\$61	\$73
Air Conditioning	\$12	\$14	\$20	\$25	\$31	\$36
Water Heating [1]	\$15	\$17	\$22	\$27	\$32	\$37
Water, Sewer, Trash Collection						
Water (avg)	\$46	\$46	\$49	\$51	\$54	\$57
Sewer (avg)	\$23	\$23	\$23	\$23	\$24	\$25
Trash Collection (avg)	\$47	\$47	\$47	\$47	\$47	\$47
Tenant-supplied Appliances						
Range / Microwave - Tenant-supplied	\$11	\$11	\$11	\$11	\$11	\$11
Refrigerator - Tenant-supplied	\$12	\$12	\$12	\$12	\$12	\$12
Other						
Electric Charge	\$26	\$26	\$26	\$26	\$26	\$26
Total Utility Allowance per Month	\$234	\$245	\$278	\$307	\$341	\$374

Source: Utility Allowance Schedule for Sacramento Housing Redevelopment Agency Locality HUD as of 2025; EPS

[1] Assumes use of electricity for space heating, cooking, and water heating.

**Table A-7
City of Folsom
Inclusionary Housing In-Lieu Fee and Nexus Study
HOA Fee Comparables (2024\$)**

Item	HOA Fees
Address	
4188 Eagle View Way	\$255
3324 Auburn Leaf Loop	\$123
3349 Jackrabbit Ct	\$119
4810 White Pine Dr	\$103
3363 Loggerhead Cir, Folsom	\$155
14869 Auburn Summit Dr	\$300
3325 Garden Terrace Dr	\$195
4522 Rocky Hills Cir	\$187
150 Barnhill Dr	\$124
106 Monet Ln	\$372
3320 Parasol Ct	\$195
Average (Rounded)	\$190

Source: Redfin as of November 2024; EPS.

Table A-8
City of Folsom
Inclusionary Housing In-Lieu Fee and Nexus Study
Household Expenditures and Employment Generation - Prototype 1 Low-Density SFR

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Low-Density SFR in Folsom Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages	Total Wages per 1,000 Households	# of Workers	2017 Avg. Wages per Worker	2024 Avg. Wages [4]	# of New Workers	% Forming HH [5]	Workers/HH [6]	Total Worker HH	Avg. Worker HH Income	Income Category
Source Formula	Consumer Expenditure Survey 2023 a	EPS b	Min HH Income to Afford Low-Density SFR of \$327,200 * a c	Calc d = c * 1,000	Econ. Census 2017 e	Calc f = d / e	Econ. Census 2017 g	Econ. Census 2017/g h	Escalated using CPI i = h * 1.31	Calc j = f / i	Adj. to exclude workers under 20 k	ACS 2023 l	Calc m = j * k / l	Calc n = i * l	
Food at Home	6.9%	100%	\$22,540												
Food & Beverage Stores		100%	\$22,540	\$22,539,708	9.85	\$2,288,892	12,338	\$28,279	\$37,086	61.72	100.0%	1.65	37.41	\$61,191	Very Low
Food Away From Home	4.5%	100%	\$14,645												
Food Services and Drinking Places		100%	\$14,645	\$14,645,411	3.37	\$4,351,428	50,828	\$17,222	\$22,585	192.67	87.5%	1.65	102.17	\$37,265	Extremely Low
Alcoholic Beverages	0.7%	100%	\$2,372	\$2,372,013											
Food & Beverage Stores		50%	\$1,186	\$1,186,006	9.85	\$120,438	12,338	\$28,279	\$37,086	3.25	87.5%	1.65	1.72	\$61,191	Very Low
Food Services and Drinking Places		50%	\$1,186	\$1,186,006	3.37	\$352,385	50,828	\$17,222	\$22,585	15.60	87.5%	1.65	8.27	\$37,265	Extremely Low
Housing Maintenance, Repairs, Insurance, Other expens	3.0%	100%	\$9,678	\$9,677,962											
Personal and Household Goods Repair and Maintenance		45%	\$4,355	\$4,355,083	3.13	\$1,389,805	6,507	\$24,559	\$32,207	43.15	98.1%	1.65	25.66	\$53,142	Very Low
Building Material and Garden Equipment and Supplies Dealer		45%	\$4,355	\$4,355,083	8.85	\$491,987	4,783	\$31,497	\$41,305	11.91	87.5%	1.65	6.32	\$68,154	Very Low
Real Estate and Rental and Leasing		10%	\$968	\$967,796	5.53	\$175,158	9,009	\$49,123	\$64,420	2.72	98.1%	1.65	1.62	\$106,294	Low
Fuel oil and Other fuels [7]	0.2%	100%	\$521	\$521,322											
Nonstore Retailers		100%	\$521	\$521,322	14.48	\$36,014	1,785	\$35,886	\$47,061	0.77	87.5%	1.65	0.41	\$77,650	Low
Water and Other Public Services [7]	0.9%	100%	\$2,905	\$2,904,506											
Waste Management and Remediation Services		100%	\$2,905	\$2,904,506	4.29	\$676,664	1,267	\$58,325	\$76,488	8.85	98.1%	1.65	5.26	\$126,205	Median
Household Operations Personal Services	0.6%	100%	\$2,048	\$2,048,049											
Nursing and Residential Care Facilities		40%	\$819	\$819,220	2.41	\$339,289	11,439	\$30,269	\$39,695	8.55	98.1%	1.65	5.08	\$65,497	Very Low
Social Assistance		60%	\$1,229	\$1,228,829	3.02	\$407,317	15,778	\$27,674	\$36,292	11.22	98.1%	1.65	6.67	\$59,881	Very Low
Household Operations Other Household Expenses	1.6%	100%	\$5,344	\$5,343,546											
Services to Buildings and Dwellings		100%	\$5,344	\$5,343,546	2.50	\$2,135,699	1,267	\$58,325	\$76,488	27.92	98.1%	1.65	16.60	\$126,205	Median
Housekeeping Supplies	0.9%	100%	\$3,046	\$3,046,007											
Building Materials and Garden Equipment and Supplies Dealers		10%	\$305	\$304,601	8.85	\$34,410	4,783	\$31,497	\$41,305	0.83	87.5%	1.65	0.44	\$68,154	Very Low
Food & Beverage Stores		35%	\$1,066	\$1,066,102	9.85	\$108,262	12,338	\$28,279	\$37,086	2.92	87.5%	1.65	1.55	\$61,191	Very Low
General Merchandise		35%	\$1,066	\$1,066,102	10.71	\$99,496	12,002	\$25,624	\$33,604	2.96	87.5%	1.65	1.57	\$55,446	Very Low
Miscellaneous Store Retailers		20%	\$609	\$609,201	5.89	\$103,504	3,257	\$21,765	\$28,542	3.63	87.5%	1.65	1.92	\$47,095	Very Low

Table A-8
City of Folsom
Inclusionary Housing In-Lieu Fee and Nexus Study
Household Expenditures and Employment Generation - Prototype 1 Low-Density SFR

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Low-Density SFR in Folsom Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages	Total Wages per 1,000 Households	# of Workers	2017 Avg. Wages per Worker	2024 Avg. Wages [4]	# of New Workers	% Forming HH [5]	Workers/HH [6]	Total Worker HH	Avg. Worker HH Income	Income Category
Source	Consumer Expenditure Survey 2023	EPS	Min HH Income to Afford Low-Density SFR of \$327,200 * a	Calc	Econ. Census 2017	Calc	Econ. Census 2017	Econ. Census 2017/g	Escalated using CPI	Calc	Adj. to exclude workers under 20	ACS 2023	Calc	Calc	
Formula	a	b	c	d = c * 1,000	e	f = d / e	g	h	i = h * 1.31	j = f / i	k	l	m = j * k / l	n = i * l	
Household Furnishings and Equipment	2.9%	100%	\$9,339												
Furniture and Home Furnishings Stores		40%	\$3,736	\$3,735,641	7.31	\$510,888	1,671	\$29,240	\$38,346	13.3	87.5%	1.65	7.1	\$63,270	Very Low
Electronics and Appliance Stores		40%	\$3,736	\$3,735,641	9.51	\$392,811	1,962	\$27,499	\$36,063	10.9	87.5%	1.65	5.8	\$59,504	Very Low
General Merchandise		10%	\$934	\$933,910	10.71	\$87,159	12,002	\$25,624	\$33,604	2.6	87.5%	1.65	1.4	\$55,446	Very Low
Miscellaneous Store Retailers		10%	\$934	\$933,910	5.89	\$158,673	3,257	\$21,765	\$28,542	5.6	87.5%	1.65	2.9	\$47,095	Very Low
Apparel and Services	2.3%	100%	\$7,600												
Clothing and Clothing Accessories Stores		40%	\$3,040	\$3,040,049	7.56	\$402,287	7,012	\$18,120	\$23,763	16.9	87.5%	1.65	9.0	\$39,209	Extremely Low
General Merchandise		40%	\$3,040	\$3,040,049	10.71	\$283,719	12,002	\$25,624	\$33,604	8.4	87.5%	1.65	4.5	\$55,446	Very Low
Miscellaneous Store Retailers		10%	\$760	\$760,012	5.89	\$129,127	3,257	\$21,765	\$28,542	4.5	87.5%	1.65	2.4	\$47,095	Very Low
Personal and Household Goods Repair and Maintenance		5%	\$380	\$380,006	3.13	\$121,269	6,507	\$24,559	\$32,207	3.8	87.5%	1.65	2.0	\$53,142	Very Low
Drycleaning and Laundry Services		5%	\$380	\$380,006	3.30	\$115,164	1,824	\$31,553	\$41,379	2.8	87.5%	1.65	1.5	\$68,275	Very Low
Vehicle Purchases (net outlay)	6.3%	100%	\$20,626												
Motor Vehicle and Parts Dealers		100%	\$20,626	\$20,625,713	12.17	\$1,695,068	8,549	\$48,855	\$64,069	26.5	87.5%	1.65	14.0	\$105,713	Low
Gasoline and motor oil	3.1%	100%	\$10,032												
Gasoline Stations		100%	\$10,032	\$10,031,715	32.04	\$313,091	2,212	\$22,756	\$29,843	10.5	87.5%	1.65	5.6	\$49,241	Very Low
Vehicle Maintenance and Repairs	1.1%	100%	\$3,631												
Repair and Maintenance		100%	\$3,631	\$3,630,632	3.58	\$1,014,557	6,004	\$38,749	\$50,815	20.0	98.1%	1.65	11.9	\$83,845	Low
Medical Services	1.4%	100%	\$4,662												
Ambulatory Health Care Services		40%	\$1,865	\$1,864,842	2.22	\$839,836	35,993	\$82,454	\$108,131	7.8	98.1%	1.65	4.6	\$178,415	Above Moderate
General Medical and Surgical Hospitals		30%	\$1,399	\$1,398,631	2.75	\$509,050	24,767	\$92,641	\$121,490	4.2	98.1%	1.65	2.5	\$200,459	Above Moderate
Nursing and Residential Care Facilities		30%	\$1,399	\$1,398,631	2.41	\$579,258	11,439	\$30,269	\$39,695	14.6	98.1%	1.65	8.7	\$65,497	Very Low
Drugs	0.7%	100%	\$2,201												
Health and Personal Care Stores		100%	\$2,201	\$2,200,722	6.72	\$327,449	4,366	\$37,345	\$48,974	6.7	87.5%	1.65	3.5	\$80,807	Low
Medical Supplies	0.3%	100%	\$994												
Health and Personal Care Stores		100%	\$994	\$994,235	6.72	\$147,934	4,366	\$37,345	\$48,974	3.0	87.5%	1.65	1.6	\$80,807	Low
Entertainment Fees and Admissions	1.1%	100%	\$3,541												
Arts, Entertainment, & Recreation		100%	\$3,541	\$3,541,263	2.61	\$1,359,127	8,187	\$35,292	\$46,282	29.4	87.5%	1.65	15.6	\$76,366	Low

Table A-8
City of Folsom
Inclusionary Housing In-Lieu Fee and Nexus Study
Household Expenditures and Employment Generation - Prototype 1 Low-Density SFR

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Low-Density SFR in Folsom Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages	Total Wages per 1,000 Households	# of Workers	2017 Avg. Wages per Worker	2024 Avg. Wages [4]	# of New Workers	% Forming HH [5]	Workers/HH [6]	Total Worker HH	Avg. Worker HH Income	Income Category
Source Formula	Consumer Expenditure Survey 2023 a	EPS b	Min HH Income to Afford Low-Density SFR of \$327,200 * a c	Calc d = c * 1,000	Econ. Census 2017 e	Calc f = d / e	Econ. Census 2017 g	Econ. Census 2017/g h	Escalated using CPI i = h * 1.31	Calc j = f / i	Adj. to exclude workers under 20 k	ACS 2023 l	Calc m = j * k / l	Calc n = i * l	
Entertainment Audio and Visual Equipment and Service:	1.1%	100%	\$3,631												
Electronics and Appliance Stores		100%	\$3,631	\$3,630,632	9.51	\$381,769	1,962	\$27,499	\$36,063	10.6	87.5%	1.65	5.6	\$59,504	Very Low
Entertainment Pets, Toys, Hobbies, and Playground Equ	1.2%	100%	\$3,936												
Sporting Goods, Hobby, and Musical Instrument Stores		40%	\$1,574	\$1,574,391	7.62	\$206,636	2,355	\$18,068	\$23,694	8.7	87.5%	1.65	4.6	\$39,095	Extremely Low
Miscellaneous Store Retailers		40%	\$1,574	\$1,574,391	5.89	\$267,491	3,257	\$21,765	\$28,542	9.4	87.5%	1.65	5.0	\$47,095	Very Low
Veterinary Services		20%	\$787	\$787,195	3.06	\$257,264	34,059	\$47,652	\$62,491	4.1	98.1%	1.65	2.4	\$103,110	Low
Other Entertainment Supplies, Equipment, and Services	0.7%	100%	\$2,432												
Sporting Goods, Hobby, and Musical Instrument Stores		85%	\$2,067	\$2,066,854	7.62	\$271,271	2,355	\$18,068	\$23,694	11.4	87.5%	1.65	6.1	\$39,095	Extremely Low
Photographic Services		15%	\$365	\$364,739	4.27	\$85,503	6,920	\$30,385	\$39,847	2.1	98.1%	1.65	1.3	\$65,748	Very Low
Personal Care Products and Services	1.1%	100%	\$3,538												
Unspecified Retail		50%	\$1,769	\$1,768,769	5.89	\$300,517	3,257	\$21,765	\$28,542	10.5	87.5%	1.65	5.6	\$47,095	Very Low
Personal Care Services		50%	\$1,769	\$1,768,769	2.90	\$610,333	3,230	\$18,932	\$24,828	24.6	98.1%	1.65	14.6	\$40,966	Extremely Low
Reading	0.1%	100%	\$436												
Sporting Goods, Hobby, and Musical Instrument Stores		100%	\$436	\$435,676	7.62	\$57,182	2,355	\$18,068	\$23,694	2.4	87.5%	1.65	1.3	\$39,095	Extremely Low
Education	1.9%	100%	\$6,166												
Educational Services		100%	\$6,166	\$6,166,489	2.84	\$2,171,667	4,202	\$29,430	\$38,595	56.3	98.1%	1.65	33.5	\$63,681	Very Low
Tobacco Products and Smoking Supplies	0.4%	100%	\$1,378												
Unspecified Retail		100%	\$1,378	\$1,377,778	5.89	\$234,087	3,257	\$21,765	\$28,542	0.1	87.5%	1.65	0.1	\$47,095	Very Low
Miscellaneous	1.3%	100%	\$4,409												
Accounting		20%	\$882	\$881,778	2.91	\$302,981	4,019	\$48,431	\$63,512	4.8	98.1%	1.65	2.8	\$104,795	Low
Architectural, Engineering, and Related [8]		20%	\$882	\$881,778	2.74	\$321,688	6,361	\$92,859	\$121,777	2.6	98.1%	1.65	1.6	\$200,931	Above Moderate
Specialized Design Services		20%	\$882	\$881,778	3.63	\$242,713	22,856	\$62,955	\$82,560	2.9	98.1%	1.65	1.7	\$136,223	Moderate
Death Care Services		20%	\$882	\$881,778	3.96	\$222,628	10,167	\$44,027	\$57,738	3.9	98.1%	1.65	2.3	\$95,268	Low
Legal Services		20%	\$882	\$881,778	2.94	\$299,915	150,205	\$101,023	\$132,482	2.3	98.1%	1.65	1.3	\$218,595	Above Moderate
Total per 1,000 Market Rate Households										746.8			416.9		

Source: 2023 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics; 2017 Economic Census, American Community Survey; EPS.

- [1] Percentage of income spent per category is based on the nationwide 2023 Consumer Expenditure Survey data for households at this income level. Note that the sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represents a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.
- [2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.
- [3] 2023 expenditures are based on the estimated household income distributed based on the percent of income spent per the 2023 U.S. Consumer Expenditure Survey. Assumes a household income of \$327,200, as shown in Table 3-7.
- [4] 2017 wages converted to 2024 dollars using the CPI for the urban West from the BLS.
- [5] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers are 16-19 in other industries. EPS has assumed that such young workers do not form their own households.
- [6] Based on US Census, 2022 ACS data for the City of Folsom.
- [7] Part of the Utilities, Fuels, and Public Services category (includes natural gas, electricity, and telephone services). Natural gas, electricity, and telephone services not estimated because data was not available in the 2017 Economic Census.
- [8] Note that average salary reported for architecture, engineering and related industries reflects the full range of employees within the industry, not solely professional and technical staff.

Table A-9
City of Folsom
Inclusionary Housing In-Lieu Fee and Nexus Study
Household Expenditures and Employment Generation - Prototype 2 Medium-Density SFR

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Medium-Density SFR in Folsom Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages	Total Wages per 1,000 Households	# of Workers	2017 Avg. Wages per Worker	2024 Avg. Wages [4]	# of New Workers	% Forming HH [5]	Workers/HH [6]	Total Worker HH	Avg. Worker HH Income	Income Category
Source Formula	Consumer Expenditure Survey 2023 a	EPS b	Min HH Income to Afford Low-Density SFR of \$253,500 * a c	Calc d = c * 1,000	Econ. Census 2017 e	Calc f = d / e	Econ. Census 2017 g	Econ. Census 2017/g h	Escalated using CPI i = h * 1.31	Calc j = f / i	Adj. to exclude workers under 20 k	ACS 2023 l	Calc m = j * k / l	Calc n = i * l	
Food at Home	6.9%	100%	\$17,463												
Food & Beverage Stores		100%	\$17,463	\$17,462,763	9.85	\$1,773,332	12,338	\$28,279	\$37,086	47.82	100.0%	1.65	28.98	\$61,191	Very Low
Food Away From Home	4.5%	100%	\$11,347												
Food Services and Drinking Places		100%	\$11,347	\$11,346,613	3.37	\$3,371,293	50,828	\$17,222	\$22,585	149.27	87.5%	1.65	79.16	\$37,265	Extremely Low
Alcoholic Beverages	0.7%	100%	\$1,838	\$1,837,730											
Food & Beverage Stores		50%	\$919	\$918,865	9.85	\$93,310	12,338	\$28,279	\$37,086	2.52	87.5%	1.65	1.33	\$61,191	Very Low
Food Services and Drinking Places		50%	\$919	\$918,865	3.37	\$273,012	50,828	\$17,222	\$22,585	12.09	87.5%	1.65	6.41	\$37,265	Extremely Low
Housing Maintenance, Repairs, Insurance, Other expense	3.0%	100%	\$7,498	\$7,498,054											
Personal and Household Goods Repair and Maintenance		45%	\$3,374	\$3,374,124	3.13	\$1,076,759	6,507	\$24,559	\$32,207	33.43	98.1%	1.65	19.88	\$53,142	Very Low
Building Material and Garden Equipment and Supplies Dealer		45%	\$3,374	\$3,374,124	8.85	\$381,169	4,783	\$31,497	\$41,305	9.23	87.5%	1.65	4.89	\$68,154	Low
Real Estate and Rental and Leasing		10%	\$750	\$749,805	5.53	\$135,705	9,009	\$49,123	\$64,420	2.11	98.1%	1.65	1.25	\$106,294	Median
Fuel oil and Other fuels [7]	0.2%	100%	\$404	\$403,897											
Nonstore Retailers		100%	\$404	\$403,897	14.48	\$27,902	1,785	\$35,886	\$47,061	0.59	87.5%	1.65	0.31	\$77,650	Low
Water and Other Public Services [7]	0.9%	100%	\$2,250	\$2,250,282											
Waste Management and Remediation Services		100%	\$2,250	\$2,250,282	4.29	\$524,249	1,267	\$58,325	\$76,488	6.85	98.1%	1.65	4.08	\$126,205	Moderate
Household Operations Personal Services	0.6%	100%	\$1,587	\$1,586,737											
Nursing and Residential Care Facilities		40%	\$635	\$634,695	2.41	\$262,866	11,439	\$30,269	\$39,695	6.62	98.1%	1.65	3.94	\$65,497	Low
Social Assistance		60%	\$952	\$952,042	3.02	\$315,571	15,778	\$27,674	\$36,292	8.70	98.1%	1.65	5.17	\$59,881	Very Low
Household Operations Other Household Expenses	1.6%	100%	\$4,140	\$4,139,941											
Services to Buildings and Dwellings		100%	\$4,140	\$4,139,941	2.50	\$1,654,645	1,267	\$58,325	\$76,488	21.63	98.1%	1.65	12.86	\$126,205	Moderate
Housekeeping Supplies	0.9%	100%	\$2,360	\$2,359,911											
Building Materials and Garden Equipment and Supplies Dealers		10%	\$236	\$235,991	8.85	\$26,660	4,783	\$31,497	\$41,305	0.65	87.5%	1.65	0.34	\$68,154	Low
Food & Beverage Stores		35%	\$826	\$825,969	9.85	\$83,877	12,338	\$28,279	\$37,086	2.26	87.5%	1.65	1.20	\$61,191	Very Low
General Merchandise		35%	\$826	\$825,969	10.71	\$77,085	12,002	\$25,624	\$33,604	2.29	87.5%	1.65	1.22	\$55,446	Very Low
Miscellaneous Store Retailers		20%	\$472	\$471,982	5.89	\$80,190	3,257	\$21,765	\$28,542	2.81	87.5%	1.65	1.49	\$47,095	Very Low

Table A-9
City of Folsom
Inclusionary Housing In-Lieu Fee and Nexus Study
Household Expenditures and Employment Generation - Prototype 2 Medium-Density SFR

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Medium-Density SFR in Folsom Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages	Total Wages per 1,000 Households	# of Workers	2017 Avg. Wages per Worker	2024 Avg. Wages [4]	# of New Workers	% Forming HH [5]	Workers/HH [6]	Total Worker HH	Avg. Worker HH Income	Income Category
Source Formula	Consumer Expenditure Survey 2023 a	EPS b	Min HH Income to Afford Low-Density SFR of \$253,500 * a c	Calc d = c * 1,000	Econ. Census 2017 e	Calc f = d / e	Econ. Census 2017 g	Econ. Census 2017/g h	Escalated using CPI i = h * 1.31	Calc j = f / i	Adj. to exclude workers under 20 k	ACS 2023 l	Calc m = j * k / l	Calc n = i * l	
Household Furnishings and Equipment	2.9%	100%	\$7,236												
Furniture and Home Furnishings Stores		40%	\$2,894	\$2,894,208	7.31	\$395,813	1,671	\$29,240	\$38,346	10.3	87.5%	1.65	5.5	\$63,270	Very Low
Electronics and Appliance Stores		40%	\$2,894	\$2,894,208	9.51	\$304,332	1,962	\$27,499	\$36,063	8.4	87.5%	1.65	4.5	\$59,504	Very Low
General Merchandise		10%	\$724	\$723,552	10.71	\$67,527	12,002	\$25,624	\$33,604	2.0	87.5%	1.65	1.1	\$55,446	Very Low
Miscellaneous Store Retailers		10%	\$724	\$723,552	5.89	\$122,933	3,257	\$21,765	\$28,542	4.3	87.5%	1.65	2.3	\$47,095	Very Low
Apparel and Services	2.3%	100%	\$5,888												
Clothing and Clothing Accessories Stores		40%	\$2,355	\$2,355,295	7.56	\$311,674	7,012	\$18,120	\$23,763	13.1	87.5%	1.65	7.0	\$39,209	Very Low
General Merchandise		40%	\$2,355	\$2,355,295	10.71	\$219,813	12,002	\$25,624	\$33,604	6.5	87.5%	1.65	3.5	\$55,446	Very Low
Miscellaneous Store Retailers		10%	\$589	\$588,824	5.89	\$100,042	3,257	\$21,765	\$28,542	3.5	87.5%	1.65	1.9	\$47,095	Very Low
Personal and Household Goods Repair and Maintenance		5%	\$294	\$294,412	3.13	\$93,953	6,507	\$24,559	\$32,207	2.9	87.5%	1.65	1.5	\$53,142	Very Low
Drycleaning and Laundry Services		5%	\$294	\$294,412	3.30	\$89,224	1,824	\$31,553	\$41,379	2.2	87.5%	1.65	1.1	\$68,275	Low
Vehicle Purchases (net outlay)	6.3%	100%	\$15,980												
Motor Vehicle and Parts Dealers		100%	\$15,980	\$15,979,885	12.17	\$1,313,263	8,549	\$48,855	\$64,069	20.5	87.5%	1.65	10.9	\$105,713	Median
Gasoline and motor oil	3.1%	100%	\$7,772												
Gasoline Stations		100%	\$7,772	\$7,772,127	32.04	\$242,569	2,212	\$22,756	\$29,843	8.1	87.5%	1.65	4.3	\$49,241	Very Low
Vehicle Maintenance and Repairs	1.1%	100%	\$2,813												
Repair and Maintenance		100%	\$2,813	\$2,812,852	3.58	\$786,034	6,004	\$38,749	\$50,815	15.5	98.1%	1.65	9.2	\$83,845	Low
Medical Services	1.4%	100%	\$3,612												
Ambulatory Health Care Services		40%	\$1,445	\$1,444,796	2.22	\$650,668	35,993	\$82,454	\$108,131	6.0	98.1%	1.65	3.6	\$178,415	Above Moderate
General Medical and Surgical Hospitals		30%	\$1,084	\$1,083,597	2.75	\$394,389	24,767	\$92,641	\$121,490	3.2	98.1%	1.65	1.9	\$200,459	Above Moderate
Nursing and Residential Care Facilities		30%	\$1,084	\$1,083,597	2.41	\$448,784	11,439	\$30,269	\$39,695	11.3	98.1%	1.65	6.7	\$65,497	Low
Drugs	0.7%	100%	\$1,705												
Health and Personal Care Stores		100%	\$1,705	\$1,705,021	6.72	\$253,693	4,366	\$37,345	\$48,974	5.2	87.5%	1.65	2.7	\$80,807	Low
Medical Supplies	0.3%	100%	\$770												
Health and Personal Care Stores		100%	\$770	\$770,289	6.72	\$114,613	4,366	\$37,345	\$48,974	2.3	87.5%	1.65	1.2	\$80,807	Low
Entertainment Fees and Admissions	1.1%	100%	\$2,744												
Arts, Entertainment, & Recreation		100%	\$2,744	\$2,743,613	2.61	\$1,052,991	8,187	\$35,292	\$46,282	22.8	87.5%	1.65	12.1	\$76,366	Low

Table A-9
City of Folsom
Inclusionary Housing In-Lieu Fee and Nexus Study
Household Expenditures and Employment Generation - Prototype 2 Medium-Density SFR

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Medium-Density SFR in Folsom Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages	Total Wages per 1,000 Households	# of Workers	2017 Avg. Wages per Worker	2024 Avg. Wages [4]	# of New Workers	% Forming HH [5]	Workers/HH [6]	Total Worker HH	Avg. Worker HH Income	Income Category
Source Formula	Consumer Expenditure Survey 2023 a	EPS b	Min HH Income to Afford Low-Density SFR of \$253,500 * a c	Calc d = c * 1,000	Econ. Census 2017 e	Calc f = d / e	Econ. Census 2017 g	Econ. Census 2017/g h	Escalated using CPI i = h * 1.31	Calc j = f / i	Adj. to exclude workers under 20 k	ACS 2023 l	Calc m = j * k / l	Calc n = i * l	
Entertainment Audio and Visual Equipment and Services	1.1%	100%	\$2,813												
Electronics and Appliance Stores		100%	\$2,813	\$2,812,852	9.51	\$295,778	1,962	\$27,499	\$36,063	8.2	87.5%	1.85	3.9	\$66,682	Low
Entertainment Pets, Toys, Hobbies, and Playground Equip	1.2%	100%	\$3,049												
Sporting Goods, Hobby, and Musical Instrument Stores		40%	\$1,220	\$1,219,768	7.62	\$160,093	2,355	\$18,068	\$23,694	6.8	87.5%	1.85	3.2	\$43,811	Very Low
Miscellaneous Store Retailers		40%	\$1,220	\$1,219,768	5.89	\$207,240	3,257	\$21,765	\$28,542	7.3	87.5%	1.85	3.4	\$52,776	Very Low
Veterinary Services		20%	\$610	\$609,884	3.06	\$199,317	34,059	\$47,652	\$62,491	3.2	98.1%	1.85	1.7	\$115,549	Median
Other Entertainment Supplies, Equipment, and Services	0.7%	100%	\$1,884												
Sporting Goods, Hobby, and Musical Instrument Stores		85%	\$1,601	\$1,601,306	7.62	\$210,169	2,355	\$18,068	\$23,694	8.9	87.5%	1.85	4.2	\$43,811	Very Low
Photographic Services		15%	\$283	\$282,583	4.27	\$66,244	6,920	\$30,385	\$39,847	1.7	98.1%	1.85	0.9	\$73,680	Low
Personal Care Products and Services	1.1%	100%	\$2,741												
Unspecified Retail		50%	\$1,370	\$1,370,364	5.89	\$232,827	3,257	\$21,765	\$28,542	8.2	87.5%	1.85	3.9	\$52,776	Very Low
Personal Care Services		50%	\$1,370	\$1,370,364	2.90	\$472,859	3,230	\$18,932	\$24,828	19.0	98.1%	1.85	10.1	\$45,908	Very Low
Reading	0.1%	100%	\$338												
Sporting Goods, Hobby, and Musical Instrument Stores		100%	\$338	\$337,542	7.62	\$44,302	2,355	\$18,068	\$23,694	1.9	87.5%	1.85	0.9	\$43,811	Very Low
Education	1.9%	100%	\$4,778												
Educational Services		100%	\$4,778	\$4,777,521	2.84	\$1,682,511	4,202	\$29,430	\$38,595	43.6	98.1%	1.85	23.1	\$71,364	Low
Tobacco Products and Smoking Supplies	0.4%	100%	\$1,067												
Unspecified Retail		100%	\$1,067	\$1,067,441	5.89	\$181,360	3,257	\$21,765	\$28,542	0.1	87.5%	1.85	0.1	\$52,776	Very Low
Miscellaneous	1.3%	100%	\$3,416												
Accounting		20%	\$683	\$683,162	2.91	\$234,736	4,019	\$48,431	\$63,512	3.7	98.1%	1.85	2.0	\$117,438	Median
Architectural, Engineering, and Related [8]		20%	\$683	\$683,162	2.74	\$249,230	6,361	\$92,859	\$121,777	2.0	98.1%	1.85	1.1	\$225,171	Above Moderat
Specialized Design Services		20%	\$683	\$683,162	3.63	\$188,043	22,856	\$62,955	\$82,560	2.3	98.1%	1.85	1.2	\$152,657	Above Moderat
Death Care Services		20%	\$683	\$683,162	3.96	\$172,482	10,167	\$44,027	\$57,738	3.0	98.1%	1.85	1.6	\$106,760	Median
Legal Services		20%	\$683	\$683,162	2.94	\$232,361	150,205	\$101,023	\$132,482	1.8	98.1%	1.85	0.9	\$244,965	Above Moderat
Total per 1,000 Market Rate Households										578.6			315.5		

Source: 2023 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics; 2017 Economic Census, American Community Survey; EPS.

[1] Percentage of income spent per category is based on the nationwide 2023 Consumer Expenditure Survey data for households at this income level. Note that the sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represents a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] 2023 expenditures are based on the estimated household income distributed based on the percent of income spent per the 2023 U.S. Consumer Expenditure Survey. Assumes a household income of \$253,500, as shown in Table 3-7.

[4] 2017 wages converted to 2024 dollars using the CPI for the urban West from the BLS.

[5] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers are 16-19 in other industries. EPS has assumed that such young workers do not form their own households.

[6] Based on US Census, 2022 ACS data for the City of Folsom.

[7] Part of the Utilities, Fuels, and Public Services category (includes natural gas, electricity, and telephone services). Natural gas, electricity, and telephone services not estimated because data was not available in the 2017 Economic Census.

[8] Note that average salary reported for architecture, engineering and related industries reflects the full range of employees within the industry, not solely professional and technical staff.

Table A-10
City of Folsom
Inclusionary Housing In-Lieu Fee and Nexus Study
Household Expenditures and Employment Generation - Prototype 3

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Medium-Density SFR in Folsom Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages	Total Wages per 1,000 Households	# of Workers	2017 Avg. Wages per Worker	2024 Avg. Wages [4]	# of New Workers	% Forming HH [5]	Workers/HH [6]	Total Worker HH	Avg. Worker HH Income	Income Category
Source Formula	Consumer Expenditure Survey 2023 a	EPS b	Min HH Income to Afford Low-Density SFR of \$199,100 * a c	Calc d = c * 1,000	Econ. Census 2017 e	Calc f = d / e	Econ. Census 2017 g	Econ. Census 2017/g h	Escalated using CPI i = h * 1.31	Calc j = f / i	Adj. to exclude workers under 20 k	ACS 2023 l	Calc m = j * k / l	Calc n = i * l	
Food at Home	6.9%	100%	\$13,715												
Food & Beverage Stores		100%	\$13,715	\$13,715,330	9.85	\$1,392,783	12,338	\$28,279	\$37,086	37.56	100.0%	1.65	22.76	\$61,191	Very Low
Food Away From Home	4.5%	100%	\$8,912												
Food Services and Drinking Places		100%	\$8,912	\$8,911,679	3.37	\$2,647,828	50,828	\$17,222	\$22,585	117.24	87.5%	1.65	62.17	\$37,265	Extremely Low
Alcoholic Beverages	0.7%	100%	\$1,443	\$1,443,361											
Food & Beverage Stores		50%	\$722	\$721,681	9.85	\$73,286	12,338	\$28,279	\$37,086	1.98	87.5%	1.65	1.05	\$61,191	Very Low
Food Services and Drinking Places		50%	\$722	\$721,681	3.37	\$214,425	50,828	\$17,222	\$22,585	9.49	87.5%	1.65	5.03	\$37,265	Extremely Low
Housing Maintenance, Repairs, Insurance, Other expenses	3.0%	100%	\$5,889	\$5,889,004											
Personal and Household Goods Repair and Maintenance		45%	\$2,650	\$2,650,052	3.13	\$845,692	6,507	\$24,559	\$32,207	26.26	98.1%	1.65	15.61	\$53,142	Very Low
Building Material and Garden Equipment and Supplies Dealer		45%	\$2,650	\$2,650,052	8.85	\$299,372	4,783	\$31,497	\$41,305	7.25	87.5%	1.65	3.84	\$68,154	Low
Real Estate and Rental and Leasing		10%	\$589	\$588,900	5.53	\$106,583	9,009	\$49,123	\$64,420	1.65	98.1%	1.65	0.98	\$106,294	Median
Fuel oil and Other fuels [7]	0.2%	100%	\$317	\$317,222											
Nonstore Retailers		100%	\$317	\$317,222	14.48	\$21,914	1,785	\$35,886	\$47,061	0.47	87.5%	1.65	0.25	\$77,650	Low
Water and Other Public Services [7]	0.9%	100%	\$1,767	\$1,767,381											
Waste Management and Remediation Services		100%	\$1,767	\$1,767,381	4.29	\$411,748	1,267	\$58,325	\$76,488	5.38	98.1%	1.65	3.20	\$126,205	Moderate
Household Operations Personal Services	0.6%	100%	\$1,246	\$1,246,230											
Nursing and Residential Care Facilities		40%	\$498	\$498,492	2.41	\$206,456	11,439	\$30,269	\$39,695	5.20	98.1%	1.65	3.09	\$65,497	Low
Social Assistance		60%	\$748	\$747,738	3.02	\$247,851	15,778	\$27,674	\$36,292	6.83	98.1%	1.65	4.06	\$59,881	Very Low
Household Operations Other Household Expenses	1.6%	100%	\$3,252	\$3,251,528											
Services to Buildings and Dwellings		100%	\$3,252	\$3,251,528	2.50	\$1,299,565	1,267	\$58,325	\$76,488	16.99	98.1%	1.65	10.10	\$126,205	Moderate
Housekeeping Supplies	0.9%	100%	\$1,853	\$1,853,484											
Building Materials and Garden Equipment and Supplies Dealers		10%	\$185	\$185,348	8.85	\$20,939	4,783	\$31,497	\$41,305	0.51	87.5%	1.65	0.27	\$68,154	Low
Food & Beverage Stores		35%	\$649	\$648,719	9.85	\$65,877	12,338	\$28,279	\$37,086	1.78	87.5%	1.65	0.94	\$61,191	Very Low
General Merchandise		35%	\$649	\$648,719	10.71	\$60,543	12,002	\$25,624	\$33,604	1.80	87.5%	1.65	0.96	\$55,446	Very Low
Miscellaneous Store Retailers		20%	\$371	\$370,697	5.89	\$62,982	3,257	\$21,765	\$28,542	2.21	87.5%	1.65	1.17	\$47,095	Very Low

Table A-10
City of Folsom
Inclusionary Housing In-Lieu Fee and Nexus Study
Household Expenditures and Employment Generation - Prototype 3

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Medium-Density SFR in Folsom Expenditures [3]	Gross Receipts to Expenditures per 1,000 HHs	Total Wages per 1,000 Households	# of Workers	2017 Avg. Wages per Worker	2024 Avg. Wages [4]	# of New Workers	% Forming HH [5]	Workers/HH [6]	Total Worker HH	Avg. Worker HH Income	Income Category
Source Formula	Consumer Expenditure Survey 2023 a	EPS b	Min HH Income to Afford Low-Density SFR of \$199,100 * a c	Calc d = c * 1,000	Econ. Census 2017 e	Calc f = d / e	Econ. Census 2017 g	Econ. Census 2017/g h	Escalated using CPI i = h * 1.31	Calc j = f / i	Adj. to exclude workers under 20 k	ACS 2023 l	Calc m = j * k / l	Calc n = i * l
Household Furnishings and Equipment	2.9%	100%	\$5,683											
Furniture and Home Furnishings Stores		40%	\$2,273	\$2,273,124	7.31	\$310,873	1,671	\$29,240	\$38,346	8.1	87.5%	1.65	4.3	\$63,270 Very Low
Electronics and Appliance Stores		40%	\$2,273	\$2,273,124	9.51	\$239,024	1,962	\$27,499	\$36,063	6.6	87.5%	1.65	3.5	\$59,504 Very Low
General Merchandise		10%	\$568	\$568,281	10.71	\$53,036	12,002	\$25,624	\$33,604	1.6	87.5%	1.65	0.8	\$55,446 Very Low
Miscellaneous Store Retailers		10%	\$568	\$568,281	5.89	\$96,552	3,257	\$21,765	\$28,542	3.4	87.5%	1.65	1.8	\$47,095 Very Low
Apparel and Services	2.3%	100%	\$4,625											
Clothing and Clothing Accessories Stores		40%	\$1,850	\$1,849,859	7.56	\$244,790	7,012	\$18,120	\$23,763	10.3	87.5%	1.65	5.5	\$39,209 Very Low
General Merchandise		40%	\$1,850	\$1,849,859	10.71	\$172,642	12,002	\$25,624	\$33,604	5.1	87.5%	1.65	2.7	\$55,446 Very Low
Miscellaneous Store Retailers		10%	\$462	\$462,465	5.89	\$78,573	3,257	\$21,765	\$28,542	2.8	87.5%	1.65	1.5	\$47,095 Very Low
Personal and Household Goods Repair and Maintenance		5%	\$231	\$231,232	3.13	\$73,791	6,507	\$24,559	\$32,207	2.3	87.5%	1.65	1.2	\$53,142 Very Low
Drycleaning and Laundry Services		5%	\$231	\$231,232	3.30	\$70,077	1,824	\$31,553	\$41,379	1.7	87.5%	1.65	0.9	\$68,275 Low
Vehicle Purchases (net outlay)	6.3%	100%	\$12,551											
Motor Vehicle and Parts Dealers		100%	\$12,551	\$12,550,671	12.17	\$1,031,443	8,549	\$48,855	\$64,069	16.1	87.5%	1.65	8.5	\$105,713 Median
Gasoline and motor oil	3.1%	100%	\$6,104											
Gasoline Stations		100%	\$6,104	\$6,104,262	32.04	\$190,515	2,212	\$22,756	\$29,843	6.4	87.5%	1.65	3.4	\$49,241 Very Low
Vehicle Maintenance and Repairs	1.1%	100%	\$2,209											
Repair and Maintenance		100%	\$2,209	\$2,209,226	3.58	\$617,355	6,004	\$38,749	\$50,815	12.1	98.1%	1.65	7.2	\$83,845 Low
Medical Services	1.4%	100%	\$2,837											
Ambulatory Health Care Services		40%	\$1,135	\$1,134,749	2.22	\$511,037	35,993	\$82,454	\$108,131	4.7	98.1%	1.65	2.8	\$178,415 Above Moderate
General Medical and Surgical Hospitals		30%	\$851	\$851,062	2.75	\$309,755	24,767	\$92,641	\$121,490	2.5	98.1%	1.65	1.5	\$200,459 Above Moderate
Nursing and Residential Care Facilities		30%	\$851	\$851,062	2.41	\$352,477	11,439	\$30,269	\$39,695	8.9	98.1%	1.65	5.3	\$65,497 Low
Drugs	0.7%	100%	\$1,339											
Health and Personal Care Stores		100%	\$1,339	\$1,339,131	6.72	\$199,252	4,366	\$37,345	\$48,974	4.1	87.5%	1.65	2.2	\$80,807 Low
Medical Supplies	0.3%	100%	\$605											
Health and Personal Care Stores		100%	\$605	\$604,988	6.72	\$90,017	4,366	\$37,345	\$48,974	1.8	87.5%	1.65	1.0	\$80,807 Low
Entertainment Fees and Admissions	1.1%	100%	\$2,155											
Arts, Entertainment, & Recreation		100%	\$2,155	\$2,154,845	2.61	\$827,024	8,187	\$35,292	\$46,282	17.9	87.5%	1.65	9.5	\$76,366 Low

Table A-10
City of Folsom
Inclusionary Housing In-Lieu Fee and Nexus Study
Household Expenditures and Employment Generation - Prototype 3

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Medium-Density SFR in Folsom Expenditures [3]	Gross Receipts to Wages	Total Wages per 1,000 Households	# of Workers	2017 Avg. Wages per Worker	2024 Avg. Wages [4]	# of New Workers	% Forming HH [5]	Workers/HH [6]	Total Worker HH	Avg. Worker HH Income	Income Category	
Source Formula	Consumer Expenditure Survey 2023 a	EPS b	Min HH Income to Afford Low-Density SFR of \$199,100 * a c	Calc d = c * 1,000	Econ. Census 2017 e	Calc f = d / e	Econ. Census 2017 g	Econ. Census 2017/g h	Escalated using CPI i = h * 1.31	Calc j = f / i	Adj. to exclude workers under 20 k	ACS 2023 l	Calc m = j * k / l	Calc n = i * l	
Entertainment Audio and Visual Equipment and Services	1.1%	100%	\$2,209												
Electronics and Appliance Stores		100%	\$2,209	\$2,209,226	9.51	\$232,305	1,962	\$27,499	\$36,063	6.4	87.5%	1.85	3.0	\$66,682	Low
Entertainment Pets, Toys, Hobbies, and Playground Equip	1.2%	100%	\$2,395												
Sporting Goods, Hobby, and Musical Instrument Stores		40%	\$958	\$958,011	7.62	\$125,737	2,355	\$18,068	\$23,694	5.3	87.5%	1.85	2.5	\$43,811	Very Low
Miscellaneous Store Retailers		40%	\$958	\$958,011	5.89	\$162,768	3,257	\$21,765	\$28,542	5.7	87.5%	1.85	2.7	\$52,776	Very Low
Veterinary Services		20%	\$479	\$479,006	3.06	\$156,544	34,059	\$47,652	\$62,491	2.5	98.1%	1.85	1.3	\$115,549	Median
Other Entertainment Supplies, Equipment, and Services	0.7%	100%	\$1,480												
Sporting Goods, Hobby, and Musical Instrument Stores		85%	\$1,258	\$1,257,673	7.62	\$165,067	2,355	\$18,068	\$23,694	7.0	87.5%	1.85	3.3	\$43,811	Very Low
Photographic Services		15%	\$222	\$221,942	4.27	\$52,028	6,920	\$30,385	\$39,847	1.3	98.1%	1.85	0.7	\$73,680	Low
Personal Care Products and Services	1.1%	100%	\$2,153												
Unspecified Retail		50%	\$1,076	\$1,076,290	5.89	\$182,863	3,257	\$21,765	\$28,542	6.4	87.5%	1.85	3.0	\$52,776	Very Low
Personal Care Services		50%	\$1,076	\$1,076,290	2.90	\$371,385	3,230	\$18,932	\$24,828	15.0	98.1%	1.85	7.9	\$45,908	Very Low
Reading	0.1%	100%	\$265												
Sporting Goods, Hobby, and Musical Instrument Stores		100%	\$265	\$265,107	7.62	\$34,795	2,355	\$18,068	\$23,694	1.5	87.5%	1.85	0.7	\$43,811	Very Low
Education	1.9%	100%	\$3,752												
Educational Services		100%	\$3,752	\$3,752,286	2.84	\$1,321,452	4,202	\$29,430	\$38,595	34.2	98.1%	1.85	18.2	\$71,364	Low
Tobacco Products and Smoking Supplies	0.4%	100%	\$838												
Unspecified Retail		100%	\$838	\$838,373	5.89	\$142,441	3,257	\$21,765	\$28,542	0.1	87.5%	1.85	0.1	\$52,776	Very Low
Miscellaneous	1.3%	100%	\$2,683												
Accounting		20%	\$537	\$536,559	2.91	\$184,363	4,019	\$48,431	\$63,512	2.9	98.1%	1.85	1.5	\$117,438	Median
Architectural, Engineering, and Related [8]		20%	\$537	\$536,559	2.74	\$195,746	6,361	\$92,859	\$121,777	1.6	98.1%	1.85	0.9	\$225,171	Above Moderate
Specialized Design Services		20%	\$537	\$536,559	3.63	\$147,690	22,856	\$62,955	\$82,560	1.8	98.1%	1.85	0.9	\$152,657	Above Moderate
Death Care Services		20%	\$537	\$536,559	3.96	\$135,468	10,167	\$44,027	\$57,738	2.3	98.1%	1.85	1.2	\$106,760	Median
Legal Services		20%	\$537	\$536,559	2.94	\$182,497	150,205	\$101,023	\$132,482	1.4	98.1%	1.85	0.7	\$244,965	Above Moderate
Total per 1,000 Market Rate Households										454.5			247.8		

Source: 2023 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics; 2017 Economic Census, American Community Survey; EPS.

[1] Percentage of income spent per category is based on the nationwide 2023 Consumer Expenditure Survey data for households at this income level. Note that the sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represents a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] 2023 expenditures are based on the estimated household income distributed based on the percent of income spent per the 2023 U.S. Consumer Expenditure Survey. Assumes a household income of \$199,100, as shown in Table 3-7.

[4] 2017 wages converted to 2024 dollars using the CPI for the urban West from the BLS.

[5] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers are 16-19 in other industries. EPS has assumed that such young workers do not form their own households.

[6] Based on US Census, 2022 ACS data for the City of Folsom.

[7] Part of the Utilities, Fuels, and Public Services category (includes natural gas, electricity, and telephone services). Natural gas, electricity, and telephone services not estimated because data was not available in the 2017 Economic Census.

[8] Note that average salary reported for architecture, engineering and related industries reflects the full range of employees within the industry, not solely professional and technical staff.

Table A-11
City of Folsom
Inclusionary Housing In-Lieu Fee and Nexus Study
Household Expenditures and Employment Generation - Prototype 4

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Medium-Density SFR in Folsom Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages	Total Wages per 1,000 Households	# of Workers	2017 Avg. Wages per Worker	2024 Avg. Wages [4]	# of New Workers	% Forming HH [5]	Workers / HH [6]	Total Worker HH	Avg. Worker HH Income	Income Category
Source Formula	Consumer Expenditure Survey 2023 a	EPS b	Min HH Income to Afford Low-Density SFR of \$130,100 * a c	Calc d = c * 1,000	Econ. Census 2017 e	Calc f = d / e	Econ. Census 2017 g	Econ. Census 2017/g h	Escalated using CPI i = h * 1.31	Calc j = f / i	Adj. to exclude workers under 20 k	ACS 2023 l	Calc m = j * k / l	Calc n = i * l	
Food at Home	6.9%	100%	\$8,962												
Food & Beverage Stores		100%	\$8,962	\$8,962,152	9.85	\$910,101	12,338	\$28,279	\$37,086	24.54	100.0%	1.65	14.87	\$61,191	Low
Food Away From Home	4.5%	100%	\$5,823												
Food Services and Drinking Places		100%	\$5,823	\$5,823,252	3.37	\$1,730,198	50,828	\$17,222	\$22,585	76.61	87.5%	1.65	40.63	\$37,265	Very Low
Alcoholic Beverages	0.7%	100%	\$943	\$943,151											
Food & Beverage Stores		50%	\$472	\$471,575	9.85	\$47,888	12,338	\$28,279	\$37,086	1.29	87.5%	1.65	0.68	\$61,191	Low
Food Services and Drinking Places		50%	\$472	\$471,575	3.37	\$140,114	50,828	\$17,222	\$22,585	6.20	87.5%	1.65	3.29	\$37,265	Very Low
Housing Maintenance, Repairs, Insurance, Other expenses	3.0%	100%	\$3,848	\$3,848,114											
Personal and Household Goods Repair and Maintenance		45%	\$1,732	\$1,731,651	3.13	\$552,609	6,507	\$24,559	\$32,207	17.16	98.1%	1.65	10.20	\$53,142	Very Low
Building Material and Garden Equipment and Supplies Dealer		45%	\$1,732	\$1,731,651	8.85	\$195,622	4,783	\$31,497	\$41,305	4.74	87.5%	1.65	2.51	\$68,154	Low
Real Estate and Rental and Leasing		10%	\$385	\$384,811	5.53	\$69,646	9,009	\$49,123	\$64,420	1.08	98.1%	1.65	0.64	\$106,294	Median
Fuel oil and Other fuels [7]	0.2%	100%	\$207	\$207,286											
Nonstore Retailers		100%	\$207	\$207,286	14.48	\$14,320	1,785	\$35,886	\$47,061	0.30	87.5%	1.65	0.16	\$77,650	Low
Water and Other Public Services [7]	0.9%	100%	\$1,155	\$1,154,878											
Waste Management and Remediation Services		100%	\$1,155	\$1,154,878	4.29	\$269,053	1,267	\$58,325	\$76,488	3.52	98.1%	1.65	2.09	\$126,205	Moderate
Household Operations Personal Services	0.6%	100%	\$814	\$814,337											
Nursing and Residential Care Facilities		40%	\$326	\$325,735	2.41	\$134,907	11,439	\$30,269	\$39,695	3.40	98.1%	1.65	2.02	\$65,497	Low
Social Assistance		60%	\$489	\$488,602	3.02	\$161,956	15,778	\$27,674	\$36,292	4.46	98.1%	1.65	2.65	\$59,881	Low
Household Operations Other Household Expenses	1.6%	100%	\$2,125	\$2,124,680											
Services to Buildings and Dwellings		100%	\$2,125	\$2,124,680	2.50	\$849,188	1,267	\$58,325	\$76,488	11.10	98.1%	1.65	6.60	\$126,205	Moderate
Housekeeping Supplies	0.9%	100%	\$1,211	\$1,211,142											
Building Materials and Garden Equipment and Supplies Dealers		10%	\$121	\$121,114	8.85	\$13,682	4,783	\$31,497	\$41,305	0.33	87.5%	1.65	0.18	\$68,154	Low
Food & Beverage Stores		35%	\$424	\$423,900	9.85	\$43,047	12,338	\$28,279	\$37,086	1.16	87.5%	1.65	0.62	\$61,191	Low
General Merchandise		35%	\$424	\$423,900	10.71	\$39,561	12,002	\$25,624	\$33,604	1.18	87.5%	1.65	0.62	\$55,446	Very Low
Miscellaneous Store Retailers		20%	\$242	\$242,228	5.89	\$41,155	3,257	\$21,765	\$28,542	1.44	87.5%	1.65	0.76	\$47,095	Very Low

Table A-11
City of Folsom
Inclusionary Housing In-Lieu Fee and Nexus Study
Household Expenditures and Employment Generation - Prototype 4

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Medium-Density SFR in Folsom Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages	Total Wages per 1,000 Households	# of Workers	2017 Avg. Wages per Worker	2024 Avg. Wages [4]	# of New Workers	% Forming HH [5]	Workers / HH [6]	Total Worker HH	Avg. Worker HH Income	Income Category
Source Formula	Consumer Expenditure Survey 2023 a	EPS b	Min HH Income to Afford Low-Density SFR of \$130,100 * a c	Calc d = c * 1,000	Econ. Census 2017 e	Calc f = d / e	Econ. Census 2017 g	Econ. Census 2017/g h	Escalated using CPI i = h * 1.31	Calc j = f / i	Adj. to exclude workers under 20 k	ACS 2023 l	Calc m = j * k / l	Calc n = i * l	
Household Furnishings and Equipment	2.9%	100%	\$3,713												
Furniture and Home Furnishings Stores		40%	\$1,485	\$1,485,351	7.31	\$203,137	1,671	\$29,240	\$38,346	5.3	87.5%	1.65	2.8	\$63,270	Low
Electronics and Appliance Stores		40%	\$1,485	\$1,485,351	9.51	\$156,188	1,962	\$27,499	\$36,063	4.3	87.5%	1.65	2.3	\$59,504	Low
General Merchandise		10%	\$371	\$371,338	10.71	\$34,656	12,002	\$25,624	\$33,604	1.0	87.5%	1.65	0.5	\$55,446	Very Low
Miscellaneous Store Retailers		10%	\$371	\$371,338	5.89	\$63,091	3,257	\$21,765	\$28,542	2.2	87.5%	1.65	1.2	\$47,095	Very Low
Apparel and Services	2.3%	100%	\$3,022												
Clothing and Clothing Accessories Stores		40%	\$1,209	\$1,208,773	7.56	\$159,956	7,012	\$18,120	\$23,763	6.7	87.5%	1.65	3.6	\$39,209	Very Low
General Merchandise		40%	\$1,209	\$1,208,773	10.71	\$112,811	12,002	\$25,624	\$33,604	3.4	87.5%	1.65	1.8	\$55,446	Very Low
Miscellaneous Store Retailers		10%	\$302	\$302,193	5.89	\$51,343	3,257	\$21,765	\$28,542	1.8	87.5%	1.65	1.0	\$47,095	Very Low
Personal and Household Goods Repair and Maintenance		5%	\$151	\$151,097	3.13	\$48,218	6,507	\$24,559	\$32,207	1.5	87.5%	1.65	0.8	\$53,142	Very Low
Drycleaning and Laundry Services		5%	\$151	\$151,097	3.30	\$45,791	1,824	\$31,553	\$41,379	1.1	87.5%	1.65	0.6	\$68,275	Low
Vehicle Purchases (net outlay)	6.3%	100%	\$8,201												
Motor Vehicle and Parts Dealers		100%	\$8,201	\$8,201,116	12.17	\$673,986	8,549	\$48,855	\$64,069	10.5	87.5%	1.65	5.6	\$105,713	Median
Gasoline and motor oil	3.1%	100%	\$3,989												
Gasoline Stations		100%	\$3,989	\$3,988,772	32.04	\$124,490	2,212	\$22,756	\$29,843	4.2	87.5%	1.65	2.2	\$49,241	Very Low
Vehicle Maintenance and Repairs	1.1%	100%	\$1,444												
Repair and Maintenance		100%	\$1,444	\$1,443,598	3.58	\$403,404	6,004	\$38,749	\$50,815	7.9	98.1%	1.65	4.7	\$83,845	Low
Medical Services	1.4%	100%	\$1,854												
Ambulatory Health Care Services		40%	\$741	\$741,491	2.22	\$333,932	35,993	\$82,454	\$108,131	3.1	98.1%	1.65	1.8	\$178,415	Above Moderate
General Medical and Surgical Hospitals		30%	\$556	\$556,118	2.75	\$202,407	24,767	\$92,641	\$121,490	1.7	98.1%	1.65	1.0	\$200,459	Above Moderate
Nursing and Residential Care Facilities		30%	\$556	\$556,118	2.41	\$230,322	11,439	\$30,269	\$39,695	5.8	98.1%	1.65	3.4	\$65,497	Low
Drugs	0.7%	100%	\$875												
Health and Personal Care Stores		100%	\$875	\$875,042	6.72	\$130,199	4,366	\$37,345	\$48,974	2.7	87.5%	1.65	1.4	\$80,807	Low
Medical Supplies	0.3%	100%	\$395												
Health and Personal Care Stores		100%	\$395	\$395,324	6.72	\$58,821	4,366	\$37,345	\$48,974	1.2	87.5%	1.65	0.6	\$80,807	Low
Entertainment Fees and Admissions	1.1%	100%	\$1,408												
Arts, Entertainment, & Recreation		100%	\$1,408	\$1,408,063	2.61	\$540,411	8,187	\$35,292	\$46,282	11.7	87.5%	1.65	6.2	\$76,366	Low

Table A-11
City of Folsom
Inclusionary Housing In-Lieu Fee and Nexus Study
Household Expenditures and Employment Generation - Prototype 4

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Medium-Density SFR in Folsom Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages	Total Wages per 1,000 Households	# of Workers	2017 Avg. Wages per Worker	2024 Avg. Wages [4]	# of New Workers	% Forming HH [5]	Workers / HH [6]	Total Worker HH	Avg. Worker HH Income	Income Category
Source Formula	Consumer Expenditure Survey 2023 a	EPS b	Min HH Income to Afford Low-Density SFR of \$130,100 * a c	Calc d = c * 1,000	Econ. Census 2017 e	Calc f = d / e	Econ. Census 2017 g	Econ. Census 2017/g h	Escalated using CPI i = h * 1.31	Calc j = f / i	Adj. to exclude workers under 20 k	ACS 2023 l	Calc m = j * k / l	Calc n = i * l	
Entertainment Audio and Visual Equipment and Services	1.1%	100%	\$1,444												
Electronics and Appliance Stores		100%	\$1,444	\$1,443,598	9.51	\$151,797	1,962	\$27,499	\$36,063	4.2	87.5%	1.85	2.0	\$66,682	Low
Entertainment Pets, Toys, Hobbies, and Playground Equip.	1.2%	100%	\$1,565												
Sporting Goods, Hobby, and Musical Instrument Stores		40%	\$626	\$626,003	7.62	\$82,162	2,355	\$18,068	\$23,694	3.5	87.5%	1.85	1.6	\$43,811	Very Low
Miscellaneous Store Retailers		40%	\$626	\$626,003	5.89	\$106,359	3,257	\$21,765	\$28,542	3.7	87.5%	1.85	1.8	\$52,776	Very Low
Veterinary Services		20%	\$313	\$313,002	3.06	\$102,292	34,059	\$47,652	\$62,491	1.6	98.1%	1.85	0.9	\$115,549	Moderate
Other Entertainment Supplies, Equipment, and Services	0.7%	100%	\$967												
Sporting Goods, Hobby, and Musical Instrument Stores		85%	\$822	\$821,814	7.62	\$107,862	2,355	\$18,068	\$23,694	4.6	87.5%	1.85	2.2	\$43,811	Very Low
Photographic Services		15%	\$145	\$145,026	4.27	\$33,997	6,920	\$30,385	\$39,847	0.9	98.1%	1.85	0.5	\$73,680	Low
Personal Care Products and Services	1.1%	100%	\$1,407												
Unspecified Retail		50%	\$703	\$703,291	5.89	\$119,490	3,257	\$21,765	\$28,542	4.2	87.5%	1.85	2.0	\$52,776	Very Low
Personal Care Services		50%	\$703	\$703,291	2.90	\$242,678	3,230	\$18,932	\$24,828	9.8	98.1%	1.85	5.2	\$45,908	Very Low
Reading	0.1%	100%	\$173												
Sporting Goods, Hobby, and Musical Instrument Stores		100%	\$173	\$173,232	7.62	\$22,736	2,355	\$18,068	\$23,694	1.0	87.5%	1.85	0.5	\$43,811	Very Low
Education	1.9%	100%	\$2,452												
Educational Services		100%	\$2,452	\$2,451,895	2.84	\$863,490	4,202	\$29,430	\$38,595	22.4	98.1%	1.85	11.9	\$71,364	Low
Tobacco Products and Smoking Supplies	0.4%	100%	\$548												
Unspecified Retail		100%	\$548	\$547,827	5.89	\$93,077	3,257	\$21,765	\$28,542	0.1	87.5%	1.85	0.1	\$52,776	Very Low
Miscellaneous	1.3%	100%	\$1,753												
Accounting		20%	\$351	\$350,609	2.91	\$120,470	4,019	\$48,431	\$63,512	1.9	98.1%	1.85	1.0	\$117,438	Moderate
Architectural, Engineering, and Related [8]		20%	\$351	\$350,609	2.74	\$127,908	6,361	\$92,859	\$121,777	1.1	98.1%	1.85	0.6	\$225,171	Above Moderate
Specialized Design Services		20%	\$351	\$350,609	3.63	\$96,506	22,856	\$62,955	\$82,560	1.2	98.1%	1.85	0.6	\$152,657	Above Moderate
Death Care Services		20%	\$351	\$350,609	3.96	\$88,520	10,167	\$44,027	\$57,738	1.5	98.1%	1.85	0.8	\$106,760	Median
Legal Services		20%	\$351	\$350,609	2.94	\$119,251	150,205	\$101,023	\$132,482	0.9	98.1%	1.85	0.5	\$244,965	Above Moderate
Total per 1,000 Market Rate Households										297.0			162.0		

Source: 2022 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics; 2017 Economic Census, American Community Survey; EPS.

[1] Percentage of income spent per category is based on the nationwide 2023 Consumer Expenditure Survey data for households at this income level. Note that the sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represents a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] 2023 expenditures are based on the estimated household income distributed based on the percent of income spent per the 2023 U.S. Consumer Expenditure Survey. Assumes a household income of \$130,100, as shown in Table 3-7.

[4] 2017 wages converted to 2024 dollars using the CPI for the urban West from the BLS.

[5] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers are 16-19 in other industries. EPS has assumed that such young workers do not form their own households.

[6] Based on US Census, 2022 ACS data for the City of Folsom.

[7] Part of the Utilities, Fuels, and Public Services category (includes natural gas, electricity, and telephone services). Natural gas, electricity, and telephone services not estimated because data was not available in the 2017 Economic Census.

[8] Note that average salary reported for architecture, engineering and related industries reflects the full range of employees within the industry, not solely professional and technical staff.

Table A-12
City of Folsom
Inclusionary Housing In-Lieu Fee and Nexus Study
Worker Household Generation per 1,000 Market-Rate Units - Prototype 1

Item	Total Workers [1]	Total Worker Households [1] [2]	Households by Income Level [3]					
			Extremely Low	Very Low	Low	Median	Moderate	Above Moderate
Retail								
Unspecified Retail	10.64	5.6	0.00	5.64	0.00	0.00	0.00	0.00
Food & Beverage Stores	67.89	40.7	0.00	40.68	0.00	0.00	0.00	0.00
Food Services and Drinking Places	208.27	110.4	110.45	0.00	0.00	0.00	0.00	0.00
Health and Personal Care Stores	9.71	5.1	0.00	0.00	5.15	0.00	0.00	0.00
General Merchandise	14.00	7.4	0.00	7.42	0.00	0.00	0.00	0.00
Furniture and Home Furnishings Stores	13.32	7.1	0.00	7.07	0.00	0.00	0.00	0.00
Building Material and Garden Equipment and Supplies Dealers	12.74	6.8	0.00	6.76	0.00	0.00	0.00	0.00
Electronics and Appliance Stores	21.48	11.4	0.00	11.39	0.00	0.00	0.00	0.00
Clothing and Clothing Accessories Stores	16.93	9.0	8.98	0.00	0.00	0.00	0.00	0.00
Motor Vehicle and Parts Dealers	26.46	14.0	0.00	0.00	14.03	0.00	0.00	0.00
Gasoline Stations	10.49	5.6	0.00	5.56	0.00	0.00	0.00	0.00
Sporting Goods, Hobby, and Musical Instrument Stores	22.58	12.0	11.98	0.00	0.00	0.00	0.00	0.00
Miscellaneous Store Retailers	23.08	12.2	0.00	12.24	0.00	0.00	0.00	0.00
Non-store Retailers	0.77	0.4	0.00	0.00	0.41	0.00	0.00	0.00
Arts, Entertainment, & Recreation	29.37	15.6	0.00	0.00	15.57	0.00	0.00	0.00
Medical/Health								
Ambulatory Health Care Services	7.77	4.6	0.00	0.00	0.00	0.00	0.00	4.62
General Medical and Surgical Hospitals	4.19	2.5	0.00	0.00	0.00	0.00	0.00	2.49
Nursing and Residential Care Facilities	23.14	13.8	0.00	13.76	0.00	0.00	0.00	0.00
Social Assistance	11.22	6.7	0.00	6.67	0.00	0.00	0.00	0.00
Services								
Personal and Household Goods Repair and Maintenance	46.92	27.7	0.00	27.65	0.00	0.00	0.00	0.00
Services to Buildings and Dwellings	27.92	16.6	0.00	0.00	0.00	16.60	0.00	0.00
Waste Management and Remediation Services	8.85	5.3	0.00	0.00	0.00	5.26	0.00	0.00
Real Estate and Rental and Leasing	2.72	1.6	0.00	0.00	1.62	0.00	0.00	0.00
Personal Care Services	24.58	14.6	14.62	0.00	0.00	0.00	0.00	0.00
Dry Cleaning and Laundry Services	2.78	1.5	0.00	1.48	0.00	0.00	0.00	0.00
Vehicle Repair and Maintenance	19.97	11.9	0.00	0.00	11.87	0.00	0.00	0.00
Veterinary Services	4.12	2.4	0.00	0.00	2.45	0.00	0.00	0.00
Photographic Services	2.15	1.3	0.00	1.28	0.00	0.00	0.00	0.00
Educational Services	56.27	33.5	0.00	33.45	0.00	0.00	0.00	0.00
Accounting	4.77	2.8	0.00	0.00	2.84	0.00	0.00	0.00
Architectural, Engineering, and Related	2.64	1.6	0.00	0.00	0.00	0.00	0.00	1.57
Specialized Design Services	2.94	1.7	0.00	0.00	0.00	0.00	1.75	0.00
Death Care Services	3.86	2.3	0.00	0.00	2.29	0.00	0.00	0.00
Legal Services	2.26	1.3	0.00	0.00	0.00	0.00	0.00	1.35
Government	38.78	23.5	0.00	0.00	2.00	0.37	1.73	19.41
Total Workers and Households per 1,000 HH	785.6	440.4	146.0	181.0	58.2	22.2	3.5	29.4
Total Income-Qualified HH Generated Per 1,000 Market-Rate Units		440.4	146.0	181.0	58.2	22.2	3.5	29.4
Total Income-Qualified HH Generated Per 100 Market-Rate Units		44.0	14.6	18.1	5.8	2.2	0.3	2.9

Source: 2022 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics; 2017 Economic Census, American Community Survey; EPS.

[1] See Table A-8.

[2] Assumes 1.65 workers per worker household in the City of Folsom based on data from the Table B-1. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

[3] Households for each industry by income level are counted only for the income level that the average household income falls within. See Table A-8 for income level by category.

Table A-13
City of Folsom
Inclusionary Housing In-Lieu Fee and Nexus Study
Worker Household Generation per 1,000 Market-Rate Units - Prototype 2

Item	Total Workers [1]	Total Worker Households [1] [2]	Households by Income Level [3]					
			Extremely Low	Very Low	Low	Median	Moderate	Above Moderate
Retail								
Unspecified Retail	8.27	3.9	0.00	3.91	0.00	0.00	0.00	0.00
Food & Beverage Stores	52.59	31.5	0.00	31.51	0.00	0.00	0.00	0.00
Food Services and Drinking Places	161.36	85.6	85.57	0.00	0.00	0.00	0.00	0.00
Health and Personal Care Stores	7.52	4.0	0.00	0.00	3.99	0.00	0.00	0.00
General Merchandise	10.84	5.8	0.00	5.75	0.00	0.00	0.00	0.00
Furniture and Home Furnishings Stores	10.32	5.5	0.00	5.47	0.00	0.00	0.00	0.00
Building Material and Garden Equipment and Supplies Dealer	9.87	5.2	0.00	0.00	5.24	0.00	0.00	0.00
Electronics and Appliance Stores	16.64	8.4	0.00	4.48	3.88	0.00	0.00	0.00
Clothing and Clothing Accessories Stores	13.12	7.0	0.00	6.96	0.00	0.00	0.00	0.00
Motor Vehicle and Parts Dealers	20.50	10.9	0.00	0.00	0.00	10.87	0.00	0.00
Gasoline Stations	8.13	4.3	0.00	4.31	0.00	0.00	0.00	0.00
Sporting Goods, Hobby, and Musical Instrument Stores	17.50	8.3	0.00	8.28	0.00	0.00	0.00	0.00
Miscellaneous Store Retailers	17.88	9.1	0.00	9.07	0.00	0.00	0.00	0.00
Non-store Retailers	0.59	0.3	0.00	0.00	0.31	0.00	0.00	0.00
Arts, Entertainment, & Recreation	22.75	12.1	0.00	0.00	12.07	0.00	0.00	0.00
Medical/Health								
Ambulatory Health Care Services	6.02	3.6	0.00	0.00	0.00	0.00	0.00	3.58
General Medical and Surgical Hospitals	3.25	1.9	0.00	0.00	0.00	0.00	0.00	1.93
Nursing and Residential Care Facilities	17.93	10.7	0.00	0.00	10.66	0.00	0.00	0.00
Social Assistance	8.70	5.2	0.00	5.17	0.00	0.00	0.00	0.00
Services								
Personal and Household Goods Repair and Maintenance	36.35	21.4	0.00	21.42	0.00	0.00	0.00	0.00
Services to Buildings and Dwellings	21.63	12.9	0.00	0.00	0.00	0.00	12.86	0.00
Waste Management and Remediation Services	6.85	4.1	0.00	0.00	0.00	0.00	4.08	0.00
Real Estate and Rental and Leasing	2.11	1.3	0.00	0.00	0.00	1.25	0.00	0.00
Personal Care Services	19.05	10.1	0.00	10.10	0.00	0.00	0.00	0.00
Dry Cleaning and Laundry Services	2.16	1.1	0.00	0.00	1.14	0.00	0.00	0.00
Vehicle Repair and Maintenance	15.47	9.2	0.00	0.00	9.20	0.00	0.00	0.00
Veterinary Services	3.19	1.7	0.00	0.00	0.00	1.69	0.00	0.00
Photographic Services	1.66	0.9	0.00	0.00	0.88	0.00	0.00	0.00
Educational Services	43.59	23.1	0.00	0.00	23.13	0.00	0.00	0.00
Accounting	3.70	2.0	0.00	0.00	0.00	1.96	0.00	0.00
Architectural, Engineering, and Related	2.05	1.1	0.00	0.00	0.00	0.00	0.00	1.09
Specialized Design Services	2.28	1.2	0.00	0.00	0.00	0.00	0.00	1.21
Death Care Services	2.99	1.6	0.00	0.00	0.00	1.58	0.00	0.00
Legal Services	1.75	0.9	0.00	0.00	0.00	0.00	0.00	0.93
Government	38.78	23.5	0.00	0.00	2.00	0.37	1.73	19.41
Total Workers and Households per 1,000 HH	617.4	339.0	85.6	116.4	72.5	17.7	18.7	28.1
Total Income-Qualified HH Generated Per 1,000 Market-Rate Units		339.0	85.6	116.4	72.5	17.7	18.7	28.1
Total Income-Qualified HH Generated Per 100 Market-Rate Units		33.9	8.6	11.6	7.2	1.8	1.9	2.8

Source: 2022 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics; 2017 Economic Census, American Community Survey; EPS.

[1] See Table A-9.

[2] Assumes 1.65 workers per worker household in the City of Folsom based on data from the Table B-1. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

[3] Households for each industry by income level are counted only for the income level that the average household income falls within. See Table A-9 for income level by category.

Table A-14
City of Folsom
Inclusionary Housing In-Lieu Fee and Nexus Study
Worker Household Generation per 1,000 Market-Rate Units - Prototype 3

Item	Total Workers [1]	Total Worker Households [1] [2]	Households by Income Level [3]					
			Extremely Low	Very Low	Low	Median	Moderate	Above Moderate
Retail								
Unspecified Retail	6.52	3.1	0.00	3.09	0.00	0.00	0.00	0.00
Food & Beverage Stores	41.31	24.8	0.00	24.75	0.00	0.00	0.00	0.00
Food Services and Drinking Places	126.73	67.2	67.21	0.00	0.00	0.00	0.00	0.00
Health and Personal Care Stores	5.91	3.1	0.00	0.00	3.13	0.00	0.00	0.00
General Merchandise	8.52	4.5	0.00	4.52	0.00	0.00	0.00	0.00
Furniture and Home Furnishings Stores	8.11	4.3	0.00	4.30	0.00	0.00	0.00	0.00
Building Material and Garden Equipment and Supplies Dealer	7.75	4.1	0.00	0.00	4.11	0.00	0.00	0.00
Electronics and Appliance Stores	13.07	6.6	0.00	3.51	3.05	0.00	0.00	0.00
Clothing and Clothing Accessories Stores	10.30	5.5	0.00	5.46	0.00	0.00	0.00	0.00
Motor Vehicle and Parts Dealers	16.10	8.5	0.00	0.00	0.00	8.54	0.00	0.00
Gasoline Stations	6.38	3.4	0.00	3.39	0.00	0.00	0.00	0.00
Sporting Goods, Hobby, and Musical Instrument Stores	13.74	6.5	0.00	6.50	0.00	0.00	0.00	0.00
Miscellaneous Store Retailers	14.05	7.1	0.00	7.12	0.00	0.00	0.00	0.00
Non-store Retailers	0.47	0.2	0.00	0.00	0.25	0.00	0.00	0.00
Arts, Entertainment, & Recreation	17.87	9.5	0.00	0.00	9.48	0.00	0.00	0.00
Medical/Health								
Ambulatory Health Care Services	4.73	2.8	0.00	0.00	0.00	0.00	0.00	2.81
General Medical and Surgical Hospitals	2.55	1.5	0.00	0.00	0.00	0.00	0.00	1.52
Nursing and Residential Care Facilities	14.08	8.4	0.00	0.00	8.37	0.00	0.00	0.00
Social Assistance	6.83	4.1	0.00	4.06	0.00	0.00	0.00	0.00
Services								
Personal and Household Goods Repair and Maintenance	28.55	16.8	0.00	16.83	0.00	0.00	0.00	0.00
Services to Buildings and Dwellings	16.99	10.1	0.00	0.00	0.00	0.00	10.10	0.00
Waste Management and Remediation Services	5.38	3.2	0.00	0.00	0.00	0.00	3.20	0.00
Real Estate and Rental and Leasing	1.65	1.0	0.00	0.00	0.00	0.98	0.00	0.00
Personal Care Services	14.96	7.9	0.00	7.94	0.00	0.00	0.00	0.00
Dry Cleaning and Laundry Services	1.69	0.9	0.00	0.00	0.90	0.00	0.00	0.00
Vehicle Repair and Maintenance	12.15	7.2	0.00	0.00	7.22	0.00	0.00	0.00
Veterinary Services	2.51	1.3	0.00	0.00	0.00	1.33	0.00	0.00
Photographic Services	1.31	0.7	0.00	0.00	0.69	0.00	0.00	0.00
Educational Services	34.24	18.2	0.00	0.00	18.17	0.00	0.00	0.00
Accounting	2.90	1.5	0.00	0.00	0.00	1.54	0.00	0.00
Architectural, Engineering, and Related	1.61	0.9	0.00	0.00	0.00	0.00	0.00	0.85
Specialized Design Services	1.79	0.9	0.00	0.00	0.00	0.00	0.00	0.95
Death Care Services	2.35	1.2	0.00	0.00	0.00	1.24	0.00	0.00
Legal Services	1.38	0.7	0.00	0.00	0.00	0.00	0.00	0.73
Government	38.78	23.5	0.00	0.00	2.00	0.37	1.73	19.41
Total Workers and Households per 1,000 HH	493.2	271.3	67.2	91.5	57.4	14.0	15.0	26.3
Total Income-Qualified HH Generated Per 1,000 Market-Rate Units		271.3	67.2	91.5	57.4	14.0	15.0	26.3
Total Income-Qualified HH Generated Per 100 Market-Rate Units		27.1	6.7	9.1	5.7	1.4	1.5	2.6

Source: 2022 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics; 2017 Economic Census, American Community Survey; EPS.

[1] See Table A-10.

[2] Assumes 1.65 workers per worker household in the City of Folsom based on data from the Table B-1. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

[3] Households for each industry by income level are counted only for the income level that the average household income falls within. See Table A-10 for income level by category.

Table A-15
City of Folsom
Inclusionary Housing In-Lieu Fee and Nexus Study
Worker Household Generation per 1,000 Market-Rate Units - Prototype 4

Item	Total Workers [1]	Total Worker Households [1] [2]	Households by Income Level [3]					
			Extremely Low	Very Low	Low	Median	Moderate	Above Moderate
Retail								
Unspecified Retail	4.30	2.0	0.00	2.04	0.00	0.00	0.00	0.00
Food & Beverage Stores	26.99	16.2	0.00	0.00	16.17	0.00	0.00	0.00
Food Services and Drinking Places	82.81	43.9	0.00	43.92	0.00	0.00	0.00	0.00
Health and Personal Care Stores	3.86	2.0	0.00	0.00	2.05	0.00	0.00	0.00
General Merchandise	5.57	3.0	0.00	2.95	0.00	0.00	0.00	0.00
Furniture and Home Furnishings Stores	5.30	2.8	0.00	0.00	2.81	0.00	0.00	0.00
Building Material and Garden Equipment and Supplies Dealer	5.07	2.7	0.00	0.00	2.69	0.00	0.00	0.00
Electronics and Appliance Stores	8.54	4.3	0.00	0.00	4.29	0.00	0.00	0.00
Clothing and Clothing Accessories Stores	6.73	3.6	0.00	3.57	0.00	0.00	0.00	0.00
Motor Vehicle and Parts Dealers	10.52	5.6	0.00	0.00	0.00	5.58	0.00	0.00
Gasoline Stations	4.17	2.2	0.00	2.21	0.00	0.00	0.00	0.00
Sporting Goods, Hobby, and Musical Instrument Stores	8.98	4.2	0.00	4.25	0.00	0.00	0.00	0.00
Miscellaneous Store Retailers	9.18	4.7	0.00	4.65	0.00	0.00	0.00	0.00
Non-store Retailers	0.30	0.2	0.00	0.00	0.16	0.00	0.00	0.00
Arts, Entertainment, & Recreation	11.68	6.2	0.00	0.00	6.19	0.00	0.00	0.00
Medical/Health								
Ambulatory Health Care Services	3.09	1.8	0.00	0.00	0.00	0.00	0.00	1.84
General Medical and Surgical Hospitals	1.67	1.0	0.00	0.00	0.00	0.00	0.00	0.99
Nursing and Residential Care Facilities	9.20	5.5	0.00	0.00	5.47	0.00	0.00	0.00
Social Assistance	4.46	2.7	0.00	0.00	2.65	0.00	0.00	0.00
Services								
Personal and Household Goods Repair and Maintenance	18.65	11.0	0.00	11.00	0.00	0.00	0.00	0.00
Services to Buildings and Dwellings	11.10	6.6	0.00	0.00	0.00	0.00	6.60	0.00
Waste Management and Remediation Services	3.52	2.1	0.00	0.00	0.00	0.00	2.09	0.00
Real Estate and Rental and Leasing	1.08	0.6	0.00	0.00	0.00	0.64	0.00	0.00
Personal Care Services	9.77	5.2	0.00	5.19	0.00	0.00	0.00	0.00
Dry Cleaning and Laundry Services	1.11	0.6	0.00	0.00	0.59	0.00	0.00	0.00
Vehicle Repair and Maintenance	7.94	4.7	0.00	0.00	4.72	0.00	0.00	0.00
Veterinary Services	1.64	0.9	0.00	0.00	0.00	0.00	0.87	0.00
Photographic Services	0.85	0.5	0.00	0.00	0.45	0.00	0.00	0.00
Educational Services	22.37	11.9	0.00	0.00	11.87	0.00	0.00	0.00
Accounting	1.90	1.0	0.00	0.00	0.00	0.00	1.01	0.00
Architectural, Engineering, and Related	1.05	0.6	0.00	0.00	0.00	0.00	0.00	0.56
Specialized Design Services	1.17	0.6	0.00	0.00	0.00	0.00	0.00	0.62
Death Care Services	1.53	0.8	0.00	0.00	0.00	0.81	0.00	0.00
Legal Services	0.90	0.5	0.00	0.00	0.00	0.00	0.00	0.48
Government	38.78	23.5	0.00	0.00	2.00	0.37	1.73	19.41
Total Workers and Households per 1,000 HH	335.8	185.5	0.0	79.8	62.1	7.4	12.3	23.9
Total Income-Qualified HH Generated Per 1,000 Market-Rate Units		185.5	0.00	79.8	62.1	7.4	12.3	23.9
Total Income-Qualified HH Generated Per 100 Market-Rate Units		18.5	0.00	8.0	6.2	0.7	1.2	2.4

Source: 2022 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics; 2017 Economic Census, American Community Survey; EPS.

[1] See Table A-11.

[2] Assumes 1.65 workers per worker household in the City of Folsom based on data from Table B-1. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

[3] Households for each industry by income level are counted only for the income level that the average household income falls within. See Table A-11 for income level by category.

Table A-16
City of Folsom
Inclusionary Housing In-Lieu Fee and Nexus Study
Representative Public-Sector Employment and Wages (2023\$)

Item [1]	Assumptions	Sacramento MSA					Income Category
		Estimated Public Sector Empl.	Public Sector Empl / 1,000 HH	Sector Employee HH [2]	Avg. Wage 2023\$	Public Sector Employee HH Income [3]	
Sacramento-Roseville-Folsom MSA 2023 HH	888,619						
Occupations							
Protective Service Occupations [4]		7,780	8.8	5.3	\$75,530	\$124,625	Above Moderate
Education		2,930	3.3	2.0	\$49,590	\$81,824	Low Income
Kindergarten Teachers, Except Special Education		300	0.3	0.2	\$87,530	\$144,425	Above Moderate
Elementary School Teachers, Except Special Education		9,220	10.4	6.3	\$82,420	\$135,993	Above Moderate
Secondary School Teachers, Except Special and Vocational Education		6,300	7.1	4.3	\$98,700	\$162,855	Above Moderate
Special Education Teachers, Kindergarten and Elementary School		220	0.2	0.2	\$93,920	\$154,968	Above Moderate
Special Education Teachers, Middle School		730	0.8	0.5	\$101,280	\$167,112	Above Moderate
Special Education Teachers, Secondary School		850	1.0	0.6	\$100,710	\$166,172	Above Moderate
Teachers and Instructors, All Other		3,060	3.4	2.1	\$77,810	\$128,387	Above Moderate
Bus Drivers, School		540	0.6	0.4	\$53,880	\$88,902	Median
Postal Service Clerks		470	0.5	0.3	\$60,380	\$99,627	Moderate
Postal Service Mail Carriers		2,060	2.3	1.4	\$61,030	\$100,700	Moderate
Total			38.8	23.5			

Sources: Bureau of Labor Statistics; Occupational Employment Statistics; CA Employment Development Department; California Department of Finance; EPS.

[1] Not a comprehensive list of public sector employment. Rather a sampling of public sector jobs for which employment and wage data was available from the BLS.

[2] Total worker households derived assuming 1.65 workers per household based on the ACS 2023 estimates for the City of Folsom; 98.1% of workers assumed to be forming households.

[3] Household income assumes 1.65 workers per household.

[4] Protective Service Occupations includes firefighters and police officers.

Table A-17
City of Folsom
Inclusionary Housing In-Lieu Fee and Nexus Study
Development Costs by Prototype: Maximum Supportable Fee

Item	Input Assumptions	For-Sale Prototype			Rental Prototype
		Single-Family Detached Home (Low Density)	Single-Family Detached Home (Medium Density)	Single Family Attached Home (High Density)	Multifamily Apartments (High Density)
Development Program Assumptions					
Acreage		20.00	10.00	5.56	3.33
Density/Acre		5	10	18	30
Total Unit Count		100	100	100	100
Gross Unit Size [1]		2,600	2,000	1,765	1,176
Net Unit Size		2,600	2,000	1,500	1,000
Number of Bedrooms		4	3	3	2
Parking Spaces/Unit [2]		2	2	2	1.5
Cost Assumptions per Unit					
Land Value/ Acre [3]		\$470,000	\$470,000	\$470,000	\$810,000
Land Value (rounded)		\$9,400,000	\$4,700,000	\$2,611,000	\$2,700,000
Land Cost/ Unit [3]		\$94,000	\$47,000	\$26,110	\$27,000
<u>Direct Costs</u>					
Basic Site Work/Grading	\$10 per land site sq. ft.	\$48,100	\$37,000	\$32,647	\$21,765
Construction Costs/Gross SF [4]		\$150	\$150	\$150	\$200
Direct Construction Costs/Unit (rounded)		\$390,000	\$300,000	\$264,700	\$235,300
Carpport Parking Construction Cost/Unit [5]	\$8,000 per space	\$0	\$0	\$0	\$12,000
Subtotal, Direct Costs/Unit		\$438,100	\$337,000	\$297,347	\$269,065
<u>Indirect Costs</u>					
Indirect Costs/Unit (rounded) [6]	12.0% of direct costs	\$63,900	\$40,400	\$35,700	\$32,300
<u>Impact Fees</u>					
Existing Affordable Housing In-Lieu Fee		\$154,856	\$88,700	\$53,730	\$34,010
Other Impact Fees (North of 50)	Table A-20	\$66,524	\$59,764	\$54,131	\$34,016
Other Impact Fees (FPASP)	Table A-21	\$128,340	\$121,421	\$96,693	\$78,079
Total Impact Fees (North of 50) [7]		\$221,380	\$148,464	\$107,861	\$68,026
Total Impact Fees (FPASP) [7]		\$283,196	\$210,121	\$150,423	\$112,089
<u>Financing + Developer Fee Costs</u>					
Interest (7.0%, 50% LTC, 50% Outstanding) [8]		\$12,659	\$9,203	\$7,716	\$6,464
Fees (2.0% of loan amount)		\$7,234	\$5,259	\$4,409	\$3,694
Developer Fee	10.0% of direct costs	\$74,327	\$54,033	\$45,303	\$37,955
Subtotal Financing + Developer Fee Costs		\$94,220	\$68,494	\$57,428	\$48,113
Total Estimated Cost/Unit (rounded) (North of 50)		\$911,600	\$641,400	\$524,400	\$444,500
Total Estimated Cost/ Unit (rounded) (FPSAP)		\$973,400	\$703,000	\$567,000	\$488,600

Source: Saylor Construction Costs 2023 Edition 2022 Construction Costs; City of Folsom; Production home developers in Folsom; EPS.

- [1] Gross size per unit includes garage for single family attached units and common areas for high-density multifamily (assumed efficiency ratio of
- [2] Parking assumption is consistent with the City's parking requirements for the prototype..
- [3] Single family land value assumption based on 2024 appraisal for Folsom SPIF Public Land/ Parkland Equalization Fee. Multifamily land value assumption based on 2024 appraisal for Folsom CFD No.18 Bond sale.
- [4] Construction cost estimates for single family (both attached and detached) ownership product is based on conversations with developers in Folsom Construction cost estimate for multifamily rental product is based on 2022 Saylor Construction Cost data, adjusted for inflation to 2024 dollars, and conversations with the BIA.
- [5] Garage parking costs for the single family units is assumed to be included in the construction costs per gross square foot. The 1.5 parking spaces per multifamily unit are assumed to be covered carport spaces.
- [6] Includes estimated costs for architecture and engineering; project management; appraisal and market study; marketing, commissions, and general administration; financing and charges; insurance; developer fee and contingency.
- [7] See Table 3-9 for detail.

Table A-18
City of Folsom
Inclusionary Housing In-Lieu Fee and Nexus Study
Development Costs by Prototype: Potential Updated Fee Scenario High % of Maximum

Item	Input Assumptions	For-Sale Prototype			Rental Prototype
		Single-Family Detached Home (Low Density)	Single-Family Detached Home (Medium Density)	Single Family Attached Home (High Density)	Multifamily Apartments (High Density)
Development Program Assumptions					
Acreage		20.00	10.00	5.56	3.33
Density/Acre		5	10	18	30
Total Unit Count		100	100	100	100
Gross Unit Size [1]		2,600	2,000	1,765	1,176
Net Unit Size		2,600	2,000	1,500	1,000
Number of Bedrooms		4	3	3	2
Parking Spaces/Unit [2]		2	2	2	1.5
Cost Assumptions per Unit					
Land Value/ Acre [3]		\$470,000	\$470,000	\$470,000	\$810,000
Land Value (rounded)		\$9,400,000	\$4,700,000	\$2,611,000	\$2,700,000
Land Cost/ Unit [3]		\$94,000	\$47,000	\$26,110	\$27,000
<u>Direct Costs</u>					
Basic Site Work/Grading	\$10 per land site sq. ft.	\$48,100	\$37,000	\$32,647	\$21,765
Construction Costs/Gross SF [4]		\$150	\$150	\$150	\$200
Direct Construction Costs/Unit (rounded)		\$390,000	\$300,000	\$264,700	\$235,300
Carport Parking Construction Cost/Unit [5]	\$8,000 per space	\$0	\$0	\$0	\$12,000
Subtotal, Direct Costs/Unit		\$438,100	\$337,000	\$297,347	\$269,065
<u>Indirect Costs</u>					
Indirect Costs/Unit (rounded) [6]	12.0% of direct costs	\$63,900	\$40,400	\$35,700	\$32,300
<u>Impact Fees</u>					
Existing Affordable Housing In-Lieu Fee		\$30,966	\$17,740	\$10,740	\$6,800
Other Impact Fees (North of 50)	Table A-20	\$66,524	\$59,764	\$54,131	\$34,016
Other Impact Fees (FPASP)	Table A-21	\$128,340	\$121,421	\$96,693	\$78,079
Total Impact Fees (North of 50) [7]		\$97,490	\$59,764	\$54,131	\$34,016
Total Impact Fees (FPASP) [7]		\$159,306	\$139,161	\$107,433	\$84,879
<u>Financing + Developer Fee Costs</u>					
Interest (7.0%, 50% LTC, 50% Outstanding) [8]		\$11,573	\$9,040	\$7,708	\$6,759
Fees (2.0% of loan amount)		\$6,613	\$5,166	\$4,405	\$3,862
Developer Fee	10.0% of direct costs	\$61,768	\$45,137	\$39,929	\$34,600
Subtotal Financing + Developer Fee Costs		\$79,954	\$59,342	\$52,042	\$45,222
Total Estimated Cost/Unit (rounded) (North of 50)		\$773,400	\$543,500	\$465,300	\$407,600
Total Estimated Cost/ Unit (rounded) (FPSAP)		\$835,300	\$622,900	\$518,600	\$458,500

Source: Saylor Construction Costs 2023 Edition 2022 Construction Costs; City of Folsom Municipal Code; California HCD; CoStar; Weekly; local

- [1] Gross size per unit includes garage for single family attached units and common areas for high-density multifamily (assumed efficiency ratio of 85%).
- [2] Parking assumption is consistent with the City's parking requirements for the prototype..
- [3] Single family land value assumption based on 2024 appraisal for Folsom SPIF Public Land/ Parkland Equalization Fee. Multifamily land value assumption based on 2024 appraisal for Folsom CFD No.18 Bond sale.
- [4] Construction cost estimates for single family (both attached and detached) ownership product is based on conversations with developers. Construction cost estimate for multifamily rental product is based on 2022 Saylor Construction Cost data and adjusted for inflation to 2024 dollars.
- [5] Garage parking costs for the single family units is assumed to be included in the construction costs per gross square foot. The 1.5 parking spaces per multifamily unit are assumed to be covered carport spaces.
- [6] Includes estimated costs for architecture and engineering; project management; appraisal and market study; marketing, commissions, and general administration; financing and charges; insurance; developer fee and contingency.
- [7] See Table 3-9 for detail.

Table A-19
City of Folsom
Inclusionary Housing In-Lieu Fee and Nexus Study
Development Costs by Prototype: Potential Updated Fee Scenario Low % of Maximum

Item	Input Assumptions	For-Sale Prototype			Rental Prototype
		Single-Family Detached Home (Low Density)	Single-Family Detached Home (Medium Density)	Single Family Attached Home (High Density)	Multifamily Apartments (High Density)
Development Program Assumptions					
Acreage		20.00	10.00	5.56	3.33
Density/Acre		5	10	18	30
Total Unit Count		100	100	100	100
Gross Unit Size [1]		2,600	2,000	1,765	1,176
Net Unit Size		2,600	2,000	1,500	1,000
Number of Bedrooms		4	3	3	2
Parking Spaces/Unit [2]		2	2	2	1.5
Cost Assumptions per Unit					
Land Value/ Acre [3]		\$470,000	\$470,000	\$470,000	\$810,000
Land Value (rounded)		\$9,400,000	\$4,700,000	\$2,611,000	\$2,700,000
Land Cost/ Unit [3]		\$94,000	\$47,000	\$26,110	\$27,000
<u>Direct Costs</u>					
Basic Site Work/Grading	\$10 per land site sq. ft.	\$48,100	\$37,000	\$32,647	\$21,765
Construction Costs/Gross SF [4]		\$150	\$150	\$150	\$200
Direct Construction Costs/Unit (rounded)		\$390,000	\$300,000	\$264,700	\$235,300
Carport Parking Construction Cost/Unit [5]	\$8,000 per space	\$0	\$0	\$0	\$12,000
Subtotal, Direct Costs/Unit		\$438,100	\$337,000	\$297,347	\$269,065
<u>Indirect Costs</u>					
Indirect Costs/Unit (rounded) [6]	12.0% of direct costs	\$63,900	\$40,400	\$35,700	\$32,300
<u>Impact Fees</u>					
Existing Affordable Housing In-Lieu Fee		\$7,800	\$6,000	\$3,750	\$0
Other Impact Fees (North of 50)	Table A-20	\$66,524	\$59,764	\$54,131	\$34,016
Other Impact Fees (FPASP)	Table A-21	\$128,340	\$121,421	\$96,693	\$78,079
Total Impact Fees (North of 50) [7]		\$74,324	\$65,764	\$57,881	\$34,016
Total Impact Fees (FPASP) [7]		\$136,140	\$127,421	\$100,443	\$78,079
<u>Financing + Developer Fee Costs</u>					
Interest (7.0%, 50% LTC, 50% Outstanding) [8]		\$11,167	\$8,834	\$7,586	\$6,640
Fees (2.0% of loan amount)		\$6,381	\$5,048	\$4,335	\$3,794
Developer Fee	10%	\$59,387	\$45,705	\$40,285	\$34,582
Subtotal Financing + Developer Fee Costs		\$76,936	\$59,587	\$52,206	\$45,016
Total Estimated Cost/Unit (rounded) (North of 50)		\$747,300	\$549,800	\$469,200	\$407,400
Total Estimated Cost/ Unit (rounded) (FPSAP)		\$809,100	\$611,400	\$511,800	\$451,500

Source: Saylor Construction Costs 2023 Edition 2022 Construction Costs; City of Folsom Municipal Code; California HCD; CoStar; Weekly; local developers;

- [1] Gross size per unit includes garage for single family attached units and common areas for high-density multifamily (assumed efficiency ratio of 85%).
- [2] Parking assumption is consistent with the City's parking requirements for the prototype..
- [3] Single family land value assumption based on 2024 appraisal for Folsom SPIF Public Land/ Parkland Equalization Fee. Multifamily land value
- [4] Construction cost estimates for townhome and condominium ownership product is based on conversations with developers. Construction cost estimate for multifamily rental product is based on 2022 Saylor Construction Cost data and adjusted for inflation to 2024 dollars.
- [5] Garage parking costs for the single family units is assumed to be included in the construction costs per gross square foot. The 1.5 parking spaces per multifamily unit are assumed to be covered carport spaces.
- [6] Includes estimated costs for architecture and engineering; project management; appraisal and market study; marketing, commissions, and general administration; financing and charges; insurance; developer fee and contingency.
- [7] See Table 3-9 for detail.

**Table A-20
City of Folsom
Inclusionary Housing In-Lieu Fee and Nexus Study
Development Impact Fee Summary: North of 50**

Item	Single Family Residential			Multifamily Unit
	Detached LD	Detached MD	Attached HD	
Unit Size (sq. ft.)	2,600	2,000	1,500	1,000
Lot Size (sq. ft.)	6,970	3,485	1,936	17,424
Building Valuation [1]	\$469,424	\$367,970	\$283,425	\$198,880
Zoning	SFHD	SFHD	MLD	MHD
Processing Fees per Unit [1]				
Building Permit	\$3,823	\$3,076	\$2,454	\$1,832
Plan Check	\$150	\$150	\$150	\$150
Plan Review Fee	\$30	\$30	\$30	\$30
Processing Fee	\$77	\$77	\$77	\$77
CASP Training Fund Fee	\$4	\$4	\$4	\$4
City General Plan Fee	\$199	\$161	\$130	\$99
Master Plan Plan Check Fee	\$30	\$30	\$30	\$30
Production Permit Intake Plan Check Fee	\$400	\$400	\$400	\$400
Production Permit Fee for Fire Submittals	\$460	\$460	\$460	\$460
State Disability Access Fee	\$0	\$0	\$0	\$0
California Building Standards Commission (CBSC) Fee	\$19	\$19	\$19	\$19
Strong Motion Instrumentation Fee	\$61	\$61	\$61	\$61
Business License Fee	\$25	\$25	\$25	\$25
General Plan Update Fee	\$8	\$8	\$8	\$8
Subtotal Processing Fees per Unit	\$5,285	\$4,501	\$3,848	\$3,194
Citywide Impact Fees				
Roads	\$9,115	\$9,115	\$9,115	\$661
Water	\$1,148	\$1,148	\$1,148	\$618
Water Connection	\$3,916	\$3,916	\$3,916	\$2,545
Water Meter Fee	\$349	\$349	\$349	\$349
Sewer	\$1,250	\$1,250	\$1,250	\$1,250
Drainage	\$1,208	\$1,208	\$1,208	\$1,208
General Capital	\$1,860	\$1,860	\$1,860	\$1,860
Fire	\$1,265	\$1,265	\$1,265	\$1,223
Police	\$700	\$700	\$700	\$794
Park Equipment	\$109	\$109	\$109	\$109
Transportation Management Fee	\$35	\$35	\$35	\$25
Citywide Parks	\$8,199	\$8,199	\$8,199	\$5,446
Light Rail	\$844	\$844	\$844	\$580
Solid Waste	\$422	\$422	\$422	\$422
Waste Management Admin	\$21	\$21	\$21	\$5
School Impact Mitigation Fee	\$45	\$45	\$45	\$45
Inclusionary Housing In-Lieu Fee [2]	-	-	-	-
Subtotal Citywide Impact Fees per Unit	\$30,486	\$30,486	\$30,486	\$17,140

Table A-20
City of Folsom
Inclusionary Housing In-Lieu Fee and Nexus Study
Development Impact Fee Summary: North of 50

Item	Single Family Residential			Multifamily Unit
	Detached LD	Detached MD	Attached HD	
Unit Size (sq. ft.)	2,600	2,000	1,500	1,000
Lot Size (sq. ft.)	6,970	3,485	1,936	17,424
Building Valuation [1]	\$469,424	\$367,970	\$283,425	\$198,880
Zoning	SFHD	SFHD	MLD	MHD
Other Agency Impact Fees				
Sacramento Transportation Authority (STA) Measure	\$1,574	\$1,574	\$1,574	\$1,260
Regional SAN Sewer Fee [3]	\$3,283	\$3,283	\$3,283	\$2,462
Folsom Cordova USD School Facilities Fee	\$25,896	\$19,920	\$14,940	\$9,960
Subtotal Other Agency Fees	\$30,753	\$24,777	\$19,797	\$13,682
Total Fee Summary				
Processing Fees	\$5,285	\$4,501	\$3,848	\$3,194
Citywide Impact Fees	\$30,486	\$30,486	\$30,486	\$17,140
Other Agency Fees	\$30,753	\$24,777	\$19,797	\$13,682
Total	\$66,524	\$59,764	\$54,131	\$34,016

Source: City of Folsom; Folsom Cordova USD; Regional SAN; Goodwin Consulting Group; EPS.

- [1] Processing fees exclude mechanical, electrical, plumbing and other similar review fees.
- [2] The existing City of Folsom Inclusionary Housing Fee is excluded from this calculation.
- [3] Assumes development north of Highway 50 pays Regional San impact fees for infill development.

Table A-21
City of Folsom
Inclusionary Housing In-Lieu Fee and Nexus Study
Development Impact Fee Summary: FPASP

Item	Single Family Residential			Multifamily Unit
	Detached LD	Detached MD	Attached HD	
Unit Size (sq. ft.)	2,600	2,000	1,500	1,000
Lot Size (sq. ft.)	6,970	3,485	1,936	1,162
Building Valuation [1]	\$469,424	\$367,970	\$283,425	\$198,880
Zoning	SFHD	SFHD	MLD	MHD
Processing Fees per Unit [1]				
Building Permit	\$3,823	\$3,076	\$2,454	\$1,832
Plan Check	\$150	\$150	\$150	\$150
Plan Review Fee	\$30	\$30	\$30	\$30
Processing Fee	\$77	\$77	\$77	\$77
CASP Training Fund Fee	\$4	\$4	\$4	\$4
City General Plan Fee	\$199	\$161	\$130	\$99
Master Plan Plan Check Fee	\$30	\$30	\$30	\$30
Production Permit Intake Plan Check Fee	\$400	\$400	\$400	\$400
Production Permit Fee for Fire Submittals	\$460	\$460	\$460	\$460
State Disability Access Fee	\$0	\$0	\$0	\$0
California Building Standards Commission (CBSC) Fee	\$19	\$19	\$19	\$19
Strong Motion Instrumentation Fee	\$61	\$61	\$61	\$61
Business License Fee	\$25	\$25	\$25	\$25
General Plan Update Fee	\$8	\$8	\$8	\$8
Subtotal Processing Fees per Unit	\$5,285	\$4,501	\$3,848	\$3,194
Citywide Impact Fees				
Transportation Management Fee	\$35	\$35	\$35	\$25
School Impact Mitigation Fee	\$45	\$45	\$45	\$45
Water Meter Fee	\$384	\$384	\$384	\$384
General Park Equipment Fee	\$99	\$99	\$99	\$99
Inclusionary Housing In-Lieu Fee [2]	-	-	-	-
Subtotal Citywide Impact Fees per Unit	\$563	\$563	\$563	\$553
Other Agency Impact Fees				
Sacramento Transportation Authority (STA) Measure A [2]	\$1,765	\$1,605	\$1,480	\$1,354
Regional SAN Sewer Fee [2]	\$6,479	\$6,479	\$6,479	\$4,859
Folsom Cordova USD School Facilities Fee	\$25,896	\$19,920	\$14,940	\$9,960
Subtotal Other Agency Fees	\$34,140	\$28,004	\$22,899	\$16,173
TOTAL CITY/COUNTY/SPECIAL DISTRICT FEES PER UNIT	\$39,988	\$33,068	\$27,310	\$19,920

Table A-21
City of Folsom
Inclusionary Housing In-Lieu Fee and Nexus Study
Development Impact Fee Summary: FPASP

Item	Single Family Residential			Multifamily Unit
	Detached LD	Detached MD	Attached HD	
Unit Size (sq. ft.)	2,600	2,000	1,500	1,000
Lot Size (sq. ft.)	6,970	3,485	1,936	1,162
Building Valuation [1]	\$469,424	\$367,970	\$283,425	\$198,880
Zoning	SFHD	SFHD	MLD	MHD
PLAN AREA FEES PER UNIT				
Folsom Plan Area Specific Plan (FPASP) Fees				
General Capital Facilities Fee [3]	\$1,550	\$1,550	\$1,275	\$1,275
Library	\$391	\$391	\$260	\$260
Municipal Center	\$712	\$712	\$474	\$474
Police [3]	\$471	\$471	\$532	\$532
Fire [3]	\$1,325	\$1,325	\$1,283	\$1,283
Parks [3]	\$10,077	\$10,077	\$6,696	\$6,696
Trails [3]	\$1,993	\$1,993	\$1,323	\$1,323
Subtotal Folsom Plan Area Specific Plan (FPASP) Fees	\$16,519	\$16,519	\$11,843	\$11,843
FPASP Stand Alone Fees				
Solid Waste	\$627	\$627	\$417	\$417
Corp Yard	\$1,010	\$1,010	\$608	\$219
Transit	\$1,599	\$1,599	\$1,439	\$1,198
Highway 50 Improvement Fee	\$1,549	\$1,549	\$1,394	\$1,162
Highway 50 Interchange Fee	\$3,149	\$3,149	\$2,833	\$2,363
Sacramento County TDF	\$6,048	\$6,048	\$5,445	\$4,539
Subtotal City of Folsom FPASP Stand Alone Fees	\$13,982	\$13,982	\$12,136	\$9,898
Specific Plan Infrastructure Fees (SPIF)				
On- and Off-Site Roadways [3]	\$16,983	\$16,983	\$15,258	\$12,737
Dry Utilities	\$4,072	\$4,072	\$3,054	\$3,054
On-Site Water [3]	\$11,898	\$11,898	\$7,396	\$5,788
Off-Site Water	\$1,075	\$1,075	\$668	\$523
Recycled Water	\$3,320	\$3,320	\$2,064	\$1,615
Drainage	\$7,577	\$7,577	\$7,920	\$4,347
Sewer [3]	\$2,692	\$2,692	\$2,019	\$2,019
Habitat Mitigation	\$1,040	\$1,040	\$725	\$298
Administration	\$1,460	\$1,460	\$1,174	\$911
Subtotal Specific Plan Infrastructure Fees (SPIF)	\$50,117	\$50,117	\$40,278	\$31,292
SPIF Parkland Equalization Fee [4]	\$6,682	\$6,682	\$4,439	\$4,439
SPIF Public Facility Land Equalization Fee [4]	\$1,053	\$1,053	\$687	\$687
TOTAL PLAN AREA FEES PER UNIT	\$88,353	\$88,353	\$69,383	\$58,159

Table A-21
City of Folsom
Inclusionary Housing In-Lieu Fee and Nexus Study
Development Impact Fee Summary: FPASP

Item	Single Family Residential			Multifamily Unit
	Detached LD	Detached MD	Attached HD	
Unit Size (sq. ft.)	2,600	2,000	1,500	1,000
Lot Size (sq. ft.)	6,970	3,485	1,936	1,162
Building Valuation [1]	\$469,424	\$367,970	\$283,425	\$198,880
Zoning	SFHD	SFHD	MLD	MHD
Fee Summary				
Processing Fees	\$5,285	\$4,501	\$3,848	\$3,194
Citywide Impact Fees	\$563	\$563	\$563	\$553
Other Agency Fees	\$34,140	\$28,004	\$22,899	\$16,173
FPASP Fees	\$88,353	\$88,353	\$69,383	\$58,159
Total	\$128,340	\$121,421	\$96,693	\$78,079

Source: City of Folsom; Folsom Cordova USD; Regional SAN; EPS.

- [1] Processing fees exclude mechanical, electrical, plumbing and other similar review fees.
- [2] The existing City of Folsom Inclusionary Housing Fee is excluded from this calculation.
- [3] These fees replace existing City fees.
- [4] The SPIF Equalization Fees are based on the fair share dedication of land for parkland and public facilities (e.g., water storage tanks, transit facilities). These fees vary based on a developer's dedication of parkland or public facility land.

Appendix B: Assumptions and Sources

Table B-1 Assumptions and Sources B-1

**Table B-1
City of Folsom
Inclusionary Housing In-Lieu Fee and Nexus Study
Assumptions and Sources**

Item	Total	Unit	Source
Demographic Assumptions			
Total Population	80,585	persons	DOF 2024
Total Employed (Workers)	42,183	persons	American Community Survey 1-Year Estimates 2023
Households	32,761	households	American Community Survey 1-Year Estimates 2023
Households with Earnings	25,559	households	American Community Survey 1-Year Estimates 2023
Workers per Household with Workers	1.65	persons	American Community Survey 1-Year Estimates 2023
Persons per Working Household	3.15	persons	American Community Survey 1-Year Estimates 2023
Folsom Workers Living in Folsom	7,235	of workers	US Census Bureau "On The Map" 2022 data
Employment Density Assumptions			
Commercial/Retail	450	sq. ft. per employee	EPS; based on typical industry employment densities
Hotel	750	sq. ft. per employee	EPS; based on typical industry employment densities
Manufacturing	600	sq. ft. per employee	EPS; based on typical industry employment densities
Office	250	sq. ft. per employee	EPS; based on typical industry employment densities
Warehouse	1,000	sq. ft. per employee	EPS; based on typical industry employment densities

Sources: DOF 2024; U.S. Census American Community Survey 1-Year Estimates 2023; US Census Bureau "On The Map" 2022; EPS.

Attachment 4

List of Inclusionary Housing Fees

FOLSOM PLAN AREA DEVELOPMENT IMPACT FEES AND PERMIT FEES

Inclusionary Housing Fees

Broadstone Estates

Broadstone Estates	
The Trails	\$ 9,259.9
Shawood Lots 41-81	\$ 11,648.0

Enclave at Folsom Ranch

Enclave at Folsom Ranch	\$ 6,004.1
-------------------------	------------

Mangini Ranch

Mangini Ranch - Phase 1 Village 01	\$ 4,590.0
Mangini Ranch - Phase 1 Village 02	\$ 4,800.0
Mangini Ranch - Phase 1 Village 03 (Brookstone)	\$ 7,989.9
Mangini Ranch - Phase 1 Village 04 (Waterstone)	\$ 6,380.0
Mangini Ranch - Phase 1 Village 05 (Brookstone)	\$ 7,989.9
Mangini Ranch - Phase 1 Village 06	
Cobalt, Indigo, Iris, Skye, Sapphire, Azure	\$ 5,700.0
Mangini Ranch - Phase 1 Village 07 (Dakota)	\$ 5,990.0
Mangini Ranch - Phase 1 Village 08	\$ 6,300.0
Mangini Ranch - Phase 1 Village 09 (Copperwood)	\$ 6,010.0
Mangini Ranch - Phase 1 Village 10 (Creekstone)	\$ 6,289.9
Mangini Ranch - Phase 2 Village 01	
Lonestar	\$ 7,155.0
Eastwood	\$ 6,360.0
Mangini Ranch - Phase 2 Village 02	
Lonestar	\$ 7,155.0
Eastwood	\$ 6,360.0
Mangini Ranch - Phase 2 Village 03 (Oakwood)	\$ 6,559.9
Mangini Ranch - Phase 2 Village 04 (Soleil)	\$ 6,539.9
Mangini Ranch - Phase 2 Village 05	\$ 6,559.9
Mangini Ranch - Phase 2 Village 06	\$ 6,559.9
Mangini Ranch - Phase 2 Village 07 (Legacy)	\$ 6,960.9
Mangini Ranch - Phase 2 Village 08 (Soleil)	\$ 6,539.9
Mangini Ranch - Phase 2 Village 10 (Rockcross)	\$ 6,329.9
Mangini Ranch - Phase 3 Village 01 (Encore)	\$ 6,300.0
Mangini Ranch - Phase 3 Village 02	
Encore	\$ 6,300.0
Legends	\$ 6,650.0
Mangini Ranch - Phase 3 Village 03	
Encore	\$ 6,300.0
Legends	\$ 6,650.0
Mangini Ranch - Phase 3 Village 04 (Debut)	\$ 5,700.0
Mangini Ranch 1C Village 1	
Lariat	\$ 5,415.7
Canterly	\$ 4,959.9
Mangini Ranch 1C Village 2	
Lariat	\$ 5,415.7
Canterly	\$ 4,959.9
Mangini Ranch 1C Village 3 (Lariat)	\$ 5,759.9
Mangini Ranch 1C Village 4 (Rockcross II)	\$ 5,859.9

The Preserve at Folsom Ranch

The Preserve at Folsom Ranch - Phase 3A	
Heritage Tra	\$ 9,899.9
Oak Trails	\$ 8,999.9

Regency at Folsom

Regency at Folsom

Sequoia	\$ 5,849.95
Redwood	\$ 6,399.95
Mendocino	\$ 6,749.95
Shasta	\$ 7,149.95
Tahoe	\$ 8,559.95

Russell Ranch

Russell Ranch - Phase 1 Village 01 (Gold Hills)	\$ 9,850.00
Russell Ranch - Phase 1 Village 02	\$ 9,800.00
Russell Ranch - Phase 1 Village 03 (Silvercrest)	\$ 11,570.19
Russell Ranch - Phase 1 Village 04 (Steel Canyon)	\$ 5,849.50
Russell Ranch - Phase 1 Village 05 (Silvercrest)	\$ 7,230.00
Russell Ranch - Phase 1 Village 06 (Iron Ridge)	\$ 7,185.00
Russell Ranch - Phase 1 Village 07 (Silvercrest)	\$ 8,379.90
Russell Ranch - Phase 1 Village 08 (Iron Ridge)	\$ 5,690.00
Russell Ranch - Phase 2 Village 01	
Silver Knoll	\$ 6,900.00
Sterling Hills	\$ 6,900.00
Russell Ranch - Phase 2 Village 02	
Silver Knoll	\$ 6,900.00
Sterling Hills	\$ 6,900.00
Russell Ranch - Phase 2 Village 03	\$ 7,199.90
Russell Ranch - Phase 2 Village 04	
Silver Knoll	\$ 6,900.00
Sterling Hills	\$ 6,900.00
Russell Ranch - Phase 3	
Brass	\$ 7,700.00
Gold Cliff	\$ 8,500.00
Platinum Peak	\$ 9,620.00

White Rock Springs Ranch

White Rock Springs Ranch Carr Trust (Mesa)	\$ 6,739.50
White Rock Springs Ranch Phase 1 Village 1 (Ladera)	\$ 6,739.50
White Rock Springs Ranch Phase 2 Village 2	
Stone Bluf	\$ 6,999.50
White Rock Springs Ranch Phase 2 Village 3	
Stone Bluf	\$ 6,999.50
White Rock Springs Ranch Phase 2 Village 4 (Aster)	\$ 8,136.85
White Rock Springs Ranch Phase 2 Village 5 (Lunaria)	\$ 8,600.00
White Rock Springs Ranch Phase 2 Village 6	\$ 8,600.00
White Rock Springs Ranch Phase 2 Village 7 (Aster)	\$ 8,136.85
White Rock Springs Ranch Phase 1 Village 8	
Stone Haven	\$ 8,400.00
Sycamore Creek (JMC Homes)	\$ 11,429.90
Lonestar	\$ 5,855.00
Eastwood	\$ 5,110.00
White Rock Springs Ranch Phase 1 Village 9	
Stone Haven	\$ 8,400.00
Sycamore Creek (JMC Homes)	\$ 11,429.90
Lonestar	\$ 5,855.00
Eastwood	\$ 5,110.00
Mangini Ranch Lot 14	
Sendero	\$ 4,979.90

Attachment 5

Ordinance No. 1359 – An Ordinance of the City of Folsom Amending Certain Sections of Chapter 17.104 (Inclusionary Housing) of the Folsom Municipal Code to Update the Methodology for Calculating In-lieu Fees Applicable to Residential Development, and to Incorporate Non-Substantive Cleanup Revisions for Clarity and Consistency, and Determine that the Project is Exempt from CEQA

ORDINANCE NO. 1359

AN ORDINANCE OF THE CITY OF FOLSOM AMENDING CERTAIN SECTIONS OF CHAPTER 17.104 (INCLUSIONARY HOUSING) OF THE FOLSOM MUNICIPAL CODE TO UPDATE THE METHODOLOGY FOR CALCULATING IN-LIEU FEES APPLICABLE TO RESIDENTIAL DEVELOPMENT, AND TO INCORPORATE NON-SUBSTANTIVE CLEANUP REVISIONS FOR CLARITY AND CONSISTENCY

The City Council of the City of Folsom does hereby ordain as follows:

SECTION 1 PURPOSE

The purpose of this ordinance is to amend certain sections of Chapter 17.104 in the Folsom Municipal Code to amend specific sections of Chapter 17.104 of the Folsom Municipal Code, which includes a revision to the calculation method for the in-lieu fee. The current formula of 1% of the lowest-priced home in the subdivision will be replaced with a simplified, standardized structure based on square footage, aligning with practices in other jurisdictions. Additional revisions include cleanup amendments to remove outdated references, ensure consistency with current state law, and enhance clarity and administrative efficiency.

SECTION 2

Sections 17.104.020 to 17.104.70 of the Folsom Municipal Code is hereby amended to read as follows:

17.104.020 Definitions

“Adjusted basis” means the adjustment to the basis of a home for purposes of determining capital gains. Adjusted basis shall be defined and determined consistently with the Internal Revenue Service publication 523 “Selling Your Home.”

“Affordable” means rented at an affordable rent or sold at an affordable housing price.

“Affordable housing price” means a sales price at which low income or very low income households as provided in this chapter can qualify for the purchase of for-sale inclusionary units. A sales price shall be considered affordable only if each owner-occupied housing monthly payment is equal to or less than one-twelfth of thirty-five percent of gross income for the specified income level of the household (i.e., very low or low). For purposes of such calculation, housing expenses shall include mortgage principal and interest, taxes, insurance, and assessments. For purposes of this section, the interest rate shall be calculated based on an average of three major California lending institutions for thirty-year fixed rate FHA PAR financing.

“Affordable rent” means (1) for a unit whose occupancy is restricted to a low income household, that the monthly rent consists of no more than one-twelfth of thirty-five percent of eighty percent of the median income applicable to Sacramento County less a reasonable allowance for utilities; and (2) for a unit whose occupancy is restricted to a very low income household, that the

monthly rent consists of no more than one-twelfth of thirty-five percent of fifty percent of the median income applicable to Sacramento County less a reasonable allowance for utilities. In each case, the median income applicable to Sacramento County is as determined annually by the United States Department of Housing and Urban Development, adjusted for household size.

“Affordable rental agreement” means legal restrictions by which the rents for rental inclusionary units will be set at such rates to ensure that rents remain affordable for a period of thirty years or longer.

“City” means the city of Folsom.

“Community development director” means the director of the community development department of the city, or his or her designee.

“Condominium” means and includes:

1. “Condominium” as defined by Section [783](#) of the Civil Code;
2. “Community apartment project” as defined by Section [11004](#) of the Business and Professions Code;
3. “Stock cooperative” as defined by Section [11003.2](#) of the Business and Professions Code; and
4. “Planned development” as defined by Section [11003](#) of the Business and Professions Code.

The term “condominium” specifically includes, but is not limited to, the conversion of any existing structure for sale pursuant to a method described in subsections (1) through (4) of this definition.

“Condominium conversion” or “conversion” means a change in the ownership of a parcel or parcels of property, together with structures thereon, whereby the parcel or parcels and structures previously used as rental units are changed to condominium ownership.

“Condominium project” or “project” includes the real property and any structures thereon, or any structures to be constructed thereon, which are to be divided into condominium ownership.

“Condominium unit” or “units” means the individual spaces within a condominium project owned as individual estates.

“Density bonus” means increases in density in a development project above the maximum density otherwise permitted for the applicable land use designation, or if elected by the developer, a lesser percentage of density increase, including but not limited to, no increase in

density, and any requested concession or incentives, waivers or reductions of development standards as provided in the Folsom Municipal Code or state law.

“Developer” means any applicant, person, developer, firm, partnership, association, joint venture, corporation, or any entity or combination of entities which seeks the city’s approvals for all or part of a development project. “Applicant” includes “owner.”

“Development agreement” means an agreement entered into between the city and developer pursuant to Section [65864](#) et seq. of the Government Code.

“Development project” means any residential real estate project or mixed residential and commercial real estate project consisting of residential units, including homes, multifamily residences or other residential structures. Projects at one location undertaken in phases, stages or otherwise developed in distinct sections shall be considered a single development project for purposes of this section. Development projects are those projects for which the developer is applying for new legislative entitlements which are not otherwise exempt under the provisions of this chapter.

“Dwelling unit” means a residential unit within a development project.

“External subsidy” means any source of funds that is not local public funding, including federal or state grants, loans, bond funds, tax credits or other tax-based subsidy.

“Final decision-making body” means the entity with final approval authority on the development project.

“First-time home buyer” means that neither the purchaser nor spouse has owned a home during the past three years, or that the purchaser meets at least one of the following criteria:

1. The purchaser is a displaced homemaker, defined as a person who has not worked full-time for at least three years, worked primarily without remuneration to care for the home and family, is unemployed or underemployed, is experiencing difficulty in obtaining or upgrading employment, and, while a homemaker, owned a home with a previous spouse;
2. The purchaser is single (unmarried or legally separated), has one or more minor children of whom purchaser has custody, and, while previously married, owned a home with a previous spouse; or
3. The purchaser owns or owned, during the past three years, a mobile home or trailer which is/was not permanently affixed to a permanent foundation as their principal residence.

“Folsom housing fund” means the fund created and administered by the city for use on affordable housing projects in the city.

“Inclusionary housing agreement” or “agreement” means the agreement described in Section [17.104.100](#) between a developer and the city setting forth the manner in which the inclusionary housing requirement will be met in the development project.

“Inclusionary housing plan” means the plan described in Section [17.104.040](#) setting forth the manner in which the developer proposes to implement the inclusionary housing requirement or alternatives permitted in this chapter within the development project.

“Inclusionary housing requirement” means the provision of the inclusionary housing units in a development project as specified in Section [17.104.030](#) of this chapter.

“Inclusionary housing unit or inclusionary unit” means an ownership or rental dwelling unit developed as a part of the inclusionary housing requirement of a development project as provided in this chapter.

“Inclusionary incentives” means the fee waivers or reductions, planning and building standards waivers or reductions, regulatory incentives or concessions, and density bonuses provided by the city to a development project to assist in the provision of the inclusionary housing requirement.

“Initial owner” means the first person or persons to purchase a new for-sale inclusionary unit for his, her or their primary residence.

“Land dedication fee” means a fee paid to the Folsom housing fund for purposes of affordable housing in the city as a method of meeting the inclusionary housing requirement for a development project as provided in Section [17.104.030](#).

“Legislative entitlements” means and includes general and community plan amendments, zoning and rezoning, planned development permits and conditions and amendments thereto, tentative and final maps and development agreements.

“Low income household” means a household whose income does not exceed eighty percent of median income applicable to Sacramento County, adjusted for family size as published and annually updated by the United States Department of Housing and Urban Development.

“Market rate” means not restricted to an affordable housing price or affordable rent.

“Moderate income household” means a household whose income does not exceed one hundred twenty percent of median income applicable to Sacramento County, adjusted for family size as published and annually updated by the United States Department of Housing and Urban Development.

“Multifamily residential” means residential units such as apartments, duplexes, halfplexes, townhomes, condominiums, or developments of greater intensity, that are planned, approved, or constructed on land planned or zoned for other than single-family residential.

“Off-site” means outside of the boundaries of a development project, but within the city limits of the city of Folsom.

“One location” means all adjacent land owned or controlled by the same owner or a related owner, the property lines of which are contiguous at any point, or the property lines of which are separated only by a public or private street, road, or other public or private right-of-way.

“Owner” means and includes the person, persons, partnership, joint venture, association, corporation, or public or private entity having sufficient proprietary interest in real property to commence, maintain, and operate a development project.

“Project level approval” means and includes a tentative subdivision map, a parcel map, a planned development permit, or other administrative or adjudicatory approval or determination in connection with a development project.

“Related owner” means a person or entity, including but not limited to partnerships, limited liability corporations, limited partnerships and corporations, which has any of the following relationships with an owner: (1) they share the majority of members of their governing boards; (2) they share two or more officers; (3) they are owned or controlled by the same majority shareholder(s) or general partner(s); (4) they are in a parent-subsidary relationship; or (5) the person is a sibling, offspring or parent of an individual owner. For purposes of this definition, a controlling interest means fifty percent or more of the voting power of a corporation, and a parent-subsidary relationship exists when one corporation owns, directly or indirectly, fifty percent or more of the voting power of another corporation. For purposes of this definition, a person and any general partnership in which the person is a general partner, or a person and any corporation in which the person owns a controlling interest, shall be treated as one and the same.

“Residential project” means the entirety of market rate residential development in a development project subject to the requirement to provide an inclusionary housing requirement as specified in this chapter.

“Residential space” means the total conditioned square footage of a residential dwelling unit, measured to the exterior walls, and including all areas served by heating or cooling systems. Residential space excludes unconditioned areas such as garages, carports, unfinished basements, attics, and exterior patios. For purposes of in-lieu fee calculations, residential space shall not include accessory dwelling units (ADUs) that are exempt from impact fees in accordance with state law, or other areas specifically exempted by the Folsom Municipal Code.

“Single-family residential” means planned, approved or built on land planned or zoned solely for a permitted residential density of one unit per parcel. Where such a planning or zoning single-family designation also allows duplexes, halfplexes, second units, ADUs, or similar uses, the designation is nonetheless considered single-family residential for purposes of the inclusionary housing requirement and the other provisions of this chapter.

“State density bonus law” means Sections 65915 through 65918 of the California Government Code, or successor provisions, as such laws may be amended from time to time.

“Very low income household” means a household whose income does not exceed fifty percent of the median income, adjusted for household size, applicable to Sacramento County, as published and periodically updated by the United States Department of Housing and Urban Development.

“Zoning code” means Title [17](#) of the Folsom Municipal Code as it may be amended from time to time. (Ord. 1033 § 2 (part), 2005; Ord. 958 § 2 (part), 2002)

17.104.030 Inclusionary housing requirement.

A. Number and Affordability of Inclusionary Units. All for-sale development projects consisting of ten or more units, including condominium conversion projects, as well as residential rental projects of ten or more units receiving funding assistance from the city or that are otherwise subject to a voluntary affordable housing agreement with the city, shall include inclusionary housing units equal to ten percent of the total number of units in the project, excluding density bonus units. The ten percent shall consist of three percent very low income units and seven percent low income units.

When four or fewer inclusionary units are required, the inclusionary units shall be provided in the following manner: one inclusionary unit: one low income unit; two inclusionary units: one low income unit and one very low income unit; three inclusionary units: two low income units and one very low income unit; four inclusionary units: three low income units and one very low income unit.

1. Calculation of Units Required. Where the number of units required to be constructed in the development project or condominium conversion project results in a percentage other than a whole number, the developer shall round to the nearest whole number the resulting percentage from the total inclusionary housing requirement calculated as provided in this chapter and provide only the whole units resulting from the inclusionary housing requirement calculation. If, after rounding to the nearest whole number, the total number of inclusionary units provided is less than ten percent of the total project units, any difference in units shall be provided as low income units.

2. Various Methods for Compliance. The inclusionary housing requirement may be satisfied by: including the units within the development project; providing an alternative as set forth in Section [17.104.060](#); providing the units off site; dedicating land for other affordable development projects; acquisition, rehabilitation, and conversion of existing market rate units; conversion of existing market rate units; paying an in-lieu fee as described in this chapter; other methods as approved by the city council that meet the intent of this chapter; or a combination of these methods or other alternatives set forth in this chapter.

B. Implementation. The developer shall propose an inclusionary housing plan as provided in this chapter and incorporate the agreed upon plan into conditions on the project and , if applicable, an inclusionary housing agreement as provided in this chapter.

C. Unit Size. The inclusionary housing requirement shall accommodate diverse family sizes by including a mix of studio, one-, two- and/or three-bedroom units and the mix of inclusionary unit sizes shall generally accommodate the household sizes identified in the city's general plan, unless otherwise negotiated in the inclusionary housing agreement. A developer may propose an alternative mix of the size of units as part of its inclusionary housing plan.

1. Projects of forty residential units or less are exempt from the unit size requirement.

D. Exterior Appearance. Inclusionary units shall be visually compatible with and shall have similar external building materials and finishes as the market rate units in the immediate neighborhood.

E. Access to Common Amenities. Tenants and residents of inclusionary units shall be provided the same rights and access to common amenities in the development project as tenants and residents occupying market rate units.

F. Smaller Parts of Larger Projects. The city shall not approve projects which reasonably appear to be smaller parts of a greater project and have the effect of circumventing the requirements of this chapter. (Ord. 1273 § 2, 2017; Ord. 1177 § 2, 2013; Ord. 1033 § 2 (part), 2005; Ord. 958 § 2 (part), 2002)

17.104.040 Inclusionary housing plan.

A. Submittal Requirements. The inclusionary housing plan must include:

1. The method by which the developer intends to comply with the requirements of this chapter. The developer shall describe the location of the inclusionary units within the development project, unit sizes, and any incentives requested.
2. Where the developer proposes to satisfy the inclusionary housing requirement through any method other than (i) constructing inclusionary units on-site or (ii) paying the in-lieu fee, the developer shall provide the following information:
 - a. Detailed information on the proposed parcel(s), site, or existing market rate units including the location, assessor's parcel number(s), size, color photographs, an appraisal of the property dated within the prior six months, known information on physical, environmental or other constraints affecting the use of the property, and known information regarding the positive aspects of the use of the property for affordable housing including proximity to schools, transit routes, shopping and other services.
 - b. Site Suitability. The site proposed to fulfill the inclusionary housing requirement must be suitable from the perspective of size, configuration, physical characteristics, physical and environmental constraints, access, location, adjacent use, proximity to other affordable housing units and other relevant planning criteria.

c. Current market rate rents, condition of units, and vacancy rate information for alternatives proposing to fulfill the inclusionary housing requirement through conversion of market rate units or acquisition, rehabilitation, and conversion of market rate units.

d. A written representation that the proposed parcel(s), site, or existing market rate units is/are available and capable of being dedicated to the city by the developer and that the site and/or units shall be deed restricted as affordable housing.

3. **Timing of Development.** The inclusionary housing plan and inclusionary housing agreement shall include a phasing plan that provides a schedule for the timely development of the inclusionary units as the residential project is built out. In instances where the developer demonstrates that phasing, other than concurrent with market rate units, is necessary in order to account for the different financing and funding environments, economies of scale, or infrastructure needs applicable to the development project, a phasing plan shall be provided that includes definitive dates for construction and does not inhibit the intent of this chapter to create affordable housing units. The community development director shall review the phasing plan and reasons for phasing and make recommendations to the final decision-making body on the timing of the development. The city may condition projects seeking alternative phasing to require posting of bonds, cash deposits, or other securities satisfactory to the city (i.e., deed restriction, development agreement, or withholding of building permit) in an amount sufficient to assure timely construction of the required inclusionary units and to require construction of the units within a specified period of time.

4. Where the developer proposes to satisfy the inclusionary housing requirement exclusively through the payment of an in-lieu fee, the inclusionary housing plan requirements may be satisfied through the provision of a signed letter from the developer as described in Section 17.104.060.

B. Community Development Director's Scope of Authority. The community development director shall be responsible for review of the inclusionary housing plan submitted by the developer, preparation of the inclusionary housing agreement and providing recommendations on these items and other matters as provided in this chapter to the planning commission for action by the planning commission. In any case where the final authority on a project rests with the planning commission or the city council, the community development director shall make recommendations to the planning commission or the city council.

C. Standard for Approval. The community development director shall recommend approval of the inclusionary housing plan, provided the inclusionary housing plan meets all the requirements of this chapter and, if applicable, is included in the inclusionary housing agreement, and based upon a determination by the community development director that the inclusionary housing plan would meet the intent of this chapter. Factors to be considered by the community development director in his/her determination to recommend approval, conditional approval or rejection of the proposed inclusionary housing plan include the criteria provided in this section and Sections [17.104.030](#) and [17.104.060](#), the suitability of the proposed site for single- or

multifamily affordable housing, the availability of and access to infrastructure, schools, shopping and transit, current zoning of the property, and proximity to and concentration of other affordable housing locations. If a method other than on-site development or payment of the in-lieu fee is proposed to meet the inclusionary housing requirement, the proposed method must further the goal of the ordinance codified in this chapter and provide no less units or opportunity for creation of units than if the units had been included within the development project. The recommendation of the community development director shall be included in the staff report to the final decision-making body who shall approve, reject or modify the inclusionary housing plan. (Ord. 1033 § 2 (part), 2005; Ord. 958 § 2 (part), 2002)

17.104.050 Specific plan requirement

A. Number and Affordability of Inclusionary Units. All specific plans approved pursuant to Chapter [17.37](#) on or after the effective date of the ordinance codified in this chapter and which are not otherwise exempt shall include three percent of the dwelling units restricted to and affordable to very low income households and seven percent of the dwelling units restricted to and affordable to low income households (inclusionary housing requirement).

1. The inclusionary housing requirement required by this section shall be determined at the specific plan stage, rather than on a project by project basis. Where the inclusionary component is not included in the specific plan, it shall be included with individual projects as provided in this section.

2. The specific plan shall include an inclusionary housing plan that establishes, as a minimum but not limited to, the following:

a. The number of market rate units in the specific plan.

b. The inclusionary housing requirement for very low and low income units over the entire specific plan.

c. The location of multifamily parcels (if applicable), subdivisions and/or mixed-use development sites designated to receive the inclusionary units.

d. The requirements for an inclusionary housing plan specified in Section [17.104.040](#).

3. If the specific plan is initiated by developer(s) or property owners, the implementation of this section shall be through the inclusionary housing agreement signed and approved at the time of adoption of the specific plan.

4. A general provision requiring that an inclusionary housing agreement shall be made a condition of all future discretionary permits for development within the specific plan. The provision shall establish that all relevant terms and conditions of any inclusionary housing agreement shall be filed and recorded as a restriction on the project as a whole and those

individual lots, units, or projects which are designated as inclusionary units. The inclusionary housing agreement shall be consistent with Section [17.104.100](#).

17.104.060 Alternative methods to meet the inclusionary housing requirement.

Alternatives to the on-site construction of the inclusionary housing requirement shall be encouraged and allowed in order to meet the housing needs for low and very low income households, consistent with the criteria in subsections A through I of this section. Alternatives may include:

A. Land Dedication. The developer may dedicate sufficient land within the city of Folsom on which to construct at least the same number of units and infrastructure to support that number of units as the developer would be required to construct on site subject to the inclusionary housing requirement; provided, that the site will support the same number of units the developer is required to construct, has zoning of a minimum density necessary to accommodate the inclusionary housing requirement, that the site is acceptable to the city, and that the site is restricted for affordable housing. The developer shall dedicate the land to the city, an affordable housing developer, or special needs developer acceptable to the city at no cost to the city.

B. Off-Site Construction (“Off-Site”). The developer may develop housing to satisfy the inclusionary housing requirement at an off-site location within the city of Folsom.

C. Acquisition, Rehabilitation, and Conversion of Market Rate Units. The developer may propose to acquire and rehabilitate existing market rate units in the city of Folsom which are at or above existing affordable rents, which require repair, rehabilitation, modernization or other work, and convert those units to affordable housing units.

D. Conversion of Market Rate Units. A developer may propose to convert existing market rate units in the city of Folsom which do not require rehabilitation and are at or above existing affordable rents to affordable housing units by way of deed restrictions, recorded covenants or other legal mechanisms to assure that the units remain affordable housing units.

E. Inclusionary Housing Credits. A developer may use inclusionary housing credits, as defined in this chapter, to meet the inclusionary housing requirement.

F. In-Lieu Fee. A developer may satisfy the inclusionary housing requirement through payment of a fee to the city in-lieu of constructing the inclusionary units with the residential development project, in accordance with the following requirements:

1. The in-lieu fee shall be calculated based on square footage of residential space for each dwelling unit within the development project.
2. Procedures for the assessment, collection and adjustment of in-lieu fees shall be established by resolution of the city council.

3. If a development project is approved for payment of an in-lieu fee, the fee shall be collected prior to the issuance of a building permit for each dwelling unit included in the development project.

4. In-lieu fees collected by the city shall be deposited into a fund known as the “Folsom housing fund”. This fund shall be used to assist in the provision of housing for extremely-low-, very-low- and low-income households, as well as any special needs populations. All expenditures shall be consistent with the goals and policies outlined in the city’s housing element. Eligible uses may include, without limitation: land acquisition, predevelopment costs, rehabilitation of existing units to extend their useful life and impose affordability restrictions, construction of new residential units, administration, and compliance monitoring of the affordable housing program.

5. Notwithstanding the provisions of Sections 17.104.030, 17.104.040, and 17.104.100, a developer electing to fulfill the project’s inclusionary housing requirements solely through the payment of in-lieu fees is not required to submit a full inclusionary housing plan. Instead, a signed letter from the developer confirming this intent shall suffice to meet the requirements for both the inclusionary housing plan and inclusionary housing agreement. No separate approval from the community development director is necessary, provided the project includes a condition of approval requiring payment of the applicable in-lieu fee per unit in effect at the time building permits are issued.

G. Combination. Combination of the above alternatives.

H. Other Alternatives. Other alternatives proposed by the developer which are accepted by the city and meet the requirements and intent of this chapter. (Ord. 1243 § 2, 2015; Ord. 1177 § 4, 2013; Ord. 958 § 2 (part), 2002)

17.104.070 Incentives and assistance.

A. Request for Incentives and Assistance. The developer of a development project which is subject to the inclusionary housing provisions of this chapter may request, and the city, in its sole discretion, may grant or deny the provision of inclusionary incentives as set forth in this section and other provisions of the Folsom Municipal Code.

B. Fee Waivers or Deferrals. The city may grant to a developer a program of waivers reductions or deferrals of development fees, administrative and financing fees for inclusionary units as provided in Chapter [16.60](#) of the Folsom Municipal Code or state law.

C. Density Bonuses. A developer fulfilling its inclusionary housing requirement through either on site or off-site development may request and receive from the city a density bonus as provided in state density bonus law.

D. Inclusionary Housing Credits. A developer may submit as part of the inclusionary housing plan a proposal to provide more affordable housing units or donate additional land in connection with a development project than the 10 percent required under this chapter, and may credit the

additional amount of land or additional number of affordable housing units against future projects subject to the provisions of this chapter which are proposed in the city. Credits may be transferred or sold to any other person or entity subject to compliance with following conditions:

1. The transfer or sale of the credits shall not interfere with one of the goals of the ordinance codified in this chapter which is to provide affordable housing dispersed throughout the city of Folsom.
2. Any credits must be applied to another development project within 5 years of issuance of a certificate of occupancy for the inclusionary unit(s) or implementation of an alternative method of meeting the inclusionary housing requirement (i.e., land dedication) which gives rise to the credit. For purposes of this section, “applied” shall mean that the credits are committed for use at a development project and included in a developer’s proposed inclusionary housing plan. A developer who has not used, transferred or sold credits within the time specified in this section may apply to the city for a 1 year extension on the life of the credits. A request for extension of credits shall be reviewed by the city council who shall grant or deny the request for extension. The city council shall consider progress and efforts the developer has made to utilize the credits during the previous 5 years, the impact on affordable housing if the extension is granted, any proposals for use of the credits should the extension be granted and other relevant factors.
3. Inclusionary units receiving monetary subsidies through the city shall not receive credits unless the city has been reimbursed for its financial assistance.

E. **Mixed Use.** In order to provide additional opportunity for development of inclusionary units, residential development that would fully or partially fulfill the inclusionary housing requirement of a development project may be implemented in conjunction with commercial or office uses located within an area covered by a General Plan mixed-use or residential overlay designation. This applies within the central business (C-2), general commercial (C-3), and business and professional office (BP) zoning districts, as well as within areas governed by adopted specific plans, consistent with applicable provisions of the Folsom Municipal Code and the General Plan or the applicable specific plan.

F. **Local Public Funding.** The developer may apply to the city for local public funding to assist in the financing and development of the inclusionary housing requirement.

SECTION 3

Sections 17.104.090 to 17.104.110 of the Folsom Municipal Code are hereby amended to read as follows:

17.104.090 Restrictions on inclusionary units.

Each inclusionary unit created as a result of the ordinance codified in this chapter shall have limitations governing its occupancy and its sale and/or resale. The purpose of these limitations is

to preserve the long-term affordability and to ensure its continued availability for income-eligible households.

A. Duration of Affordability for Rental Inclusionary Units. Rental inclusionary units under subsections (C)(1) and (2) of this section shall remain affordable for a period of no less than thirty years from the recordation of the affordable rental agreement unless state law requires a longer period. The affordable rental agreement shall be recorded no later than the issuance of the first building permit for the rental inclusionary project under subsection (C)(1) of this section, and prior to the first day of rental of the inclusionary unit under subsection (C)(2) of this section. Rental units under subsection (C)(2) of this section shall be rented to an income-eligible person at the same income level of the original for-sale affordable housing price.

B. Affordability and Resale of For-Sale Units.

1. Sale and Resale to an Income-Eligible Person—Exception. After the initial sale of inclusionary for-sale units at a price affordable to the target income level group, inclusionary for-sale units shall remain affordable to subsequent income-eligible buyers pursuant to a resale restriction with a term of twenty years, or longer if required by state law or other provisions of this code. The initial owner shall be a first-time home buyer as defined in this chapter. Subsequent owners are not required to be a first-time home buyer. The resale restriction shall require that the unit will be sold, by the initial owner and any subsequent owner, at the same affordable housing price income level as originally sold and will remain at that income level for the duration of the resale restriction term. For example, a home that was sold to the initial owner at a very low income level shall be sold to a subsequent owner who qualifies at the very low income level.

a. If the owner is unable to sell the inclusionary unit within sixty days of offering and advertising the unit for sale, the owner may offer to sell the unit to the city at the affordable housing price at the time of offer. If the city or its assignee does not complete the purchase of the unit within ninety days of the owner's offer of sale to the city, the resale obligations of this section shall terminate; however, the provisions of this section relating to recapture upon sale shall continue to apply and remain in full force and effect.

2. Recapture upon Sale. If the inclusionary unit does not sell within sixty days of offering and advertising the unit for sale and if the city does not acquire the inclusionary unit as specified in this section, the inclusionary unit may be sold at the current market price, and the seller shall pay to the city housing fund all proceeds from the sale of the unit less a percentage of profit, if any, as provided in this section. For purposes of this section, "profit" is defined as the net proceeds from the sale after deducting loan(s), ordinary expenses attributed to the seller, including real estate commissions not to exceed six percent, and after deducting the current affordable housing price. If the owner has made improvements to the home, profit shall be determined by deducting the adjusted basis of the home, or the current affordable housing price, whichever is higher.

a. The percentage of profit retained by the owner shall vary according to the number of years an owner owns the residential unit. The percentage of profit to be allocated to the owner is provided as follows:

Years Current Owner Owned Residence	Percentage of Profit to Current Owner	Percent Profit Paid to the City's Housing Trust Fund
Less than 1	10	90
Less than 2	20	80
Less than 3	30	70
Less than 4	40	60
5 or more	50	50

3. Evaluation of Owner's Repayment Ability. On a biannual basis, owners of for-sale inclusionary units who have acquired a second mortgage or other secondary financing or loan provided by the city will be evaluated by the city housing managers to their ability to initiate repayment procedures. Where the city determines the owner's household income exceeds the affordable income level applicable to the inclusionary unit, the city may require repayment according to the terms provided in the deed of trust or other financing document(s).

4. Guidelines. The city may adopt guidelines for the administration of this program by resolution of the city council.

5. Home Ownership Incentive. The city may establish guidelines by resolution to create incentives for home ownership, including partial loan forgiveness provisions relating to loans or second trust deeds provided by the city depending on the length of time a qualified owner has occupied the residence.

C. Occupancy Requirement.

1. Rental Units. Any person(s) who occupies a rental inclusionary unit produced or acquired with funding assistance from the city or is otherwise subject to a voluntary affordable housing agreement between the city and the unit's developer shall occupy that unit as his or her principal residence and shall annually certify that he/she qualifies for the applicable affordable rent level. The city's housing manager shall annually initiate this certification process. If and when any person(s) who rents an inclusionary unit no longer qualifies at the applicable affordable rent and income levels, that person(s) shall be required to quit the unit or pay the market rate for the unit provided another rental unit is made available at the income level of the inclusionary unit.

2. For-Sale Units. Except as provided in this section, an initial owner who purchases a for-sale inclusionary unit shall occupy that unit as his or her principal residence. The inclusionary housing agreement shall provide that a for-sale inclusionary unit may be rented or leased only after the owner, initial or subsequent, has resided in the inclusionary unit for a period of not less than two years. If the owner rents or leases the inclusionary unit, the renter or lessee shall be an income-eligible person at the same income level of the original for-sale affordable housing price. For example, if the initial owner bought the unit at the very low income housing price, the unit shall be rented to tenants of a very low income household.

a. Any person offering a for-sale inclusionary unit for rent or lease shall notify the city housing manager in writing, prior to the renting of the unit, that the unit is offered for rent or lease. Any person offering a for-sale inclusionary unit for rent or lease shall notify prospective tenants of the income eligibility requirements.

b. If the city has provided loans, incentives or other deeds of trust on a for-sale inclusionary unit, the city may include provisions, based on the ability of the owner to repay the loan or other financing instrument, in the deeds of trust to require repayment of the note secured by that deed of trust if the property is not owner occupied.

c. If the city has provided loans, financial assistance or other incentives to purchaser of a for-sale inclusionary unit, the city shall require, in a recorded affordability covenant, that the unit, if rented or leased by the owner, initial or subsequent, pursuant to subsection (C)(2) of this section, shall be rented at an affordable rent level no greater than the affordable rent level currently in effect. Any person(s) who occupies a rental inclusionary unit shall occupy that unit as his or her principal residence and shall annually certify that he/she qualifies for the applicable affordable rent level. The city's housing manager shall annually initiate this certification process. If and when any person(s) who rents an inclusionary unit no longer qualifies at the applicable affordable rent and income levels, that person(s) shall be required to quit the unit or pay the market rate for the unit provided another rental unit is made available at the income level of the inclusionary unit.

3. Converted Units. Units which are converted from market rate units shall follow the requirements of subsections A, B, and C of this section based on the type of converted residential unit applicable.

17.104.100 Administration of the inclusionary housing requirement.

A. Proposed Inclusionary Housing Plan. At the time of and as part of the application for the first entitlement, the developer of a development project shall submit a draft inclusionary housing plan consistent with the requirements of Section [17.104.040](#).

B. Action on Inclusionary Housing Plan. The inclusionary housing plan shall be subject to the same review and approval as the entitlements. No entitlement shall be granted without an approved inclusionary housing plan, except as described in Section 17.104.060(F)(4). The

elements of the inclusionary housing plan shall be incorporated into the terms and conditions of the applicable entitlements and project-level approvals.

1. Amendment of Inclusionary Housing Plan. The community development director shall have the authority to approve amendments of the inclusionary housing plan to reflect changes in the underlying development project. Where the proposed amendment(s) will result in a change in the phasing or timing of development of the inclusionary units, the amendment must be reviewed under the criteria in Section [17.104.040\(A\)\(3\)](#).

2. Amendment Process. Amendments which will result in the modification of conditions shall be subject to notice, review, approval and appeal in the same manner as the original approval.

C. Inclusionary Housing Agreement.

1. Requirement. Except as provided in this chapter, no project-level approval may be issued by the city without an inclusionary housing agreement executed by the owner and recorded against the property, the developer (if not owner) and the community development director, and approved by the city attorney; provided, that a tentative subdivision map or tentative parcel map may be approved prior to execution or recordation of an inclusionary housing agreement if (a) an inclusionary housing plan including a phasing plan has been approved; (b) any tentative map or parcel map contains conditions that enforce the applicable phasing and other requirements of the housing plan; and (c) the entitlements contain provisions that condition approval of planned development permits, plan review, or building permits on execution and recordation of, and compliance with, an inclusionary housing agreement.

2. Contents. The agreement shall be consistent with the inclusionary housing plan, and shall indicate ownership information, the number and size of very low and low income units, the developer of the inclusionary units, the phasing and construction scheduling of the inclusionary units, commitments for inclusionary incentives and any other information required by the city relative to the inclusionary housing requirement. In the case of alternatives to the inclusionary housing requirement, the agreement shall also contain the information required in this chapter pertaining to the alternative.

3. Information Required from Developer. The developer of the development project shall present to the city: (a) plans, schematics, and details of phasing of the residential project as a whole, including the inclusionary housing requirement; (b) the name and address of the entity which will develop the inclusionary housing requirement if not the developer; (c) in the case of land dedication, an executed irrevocable offer of dedication at no cost to the city; (d) in the case of off-site location, the evidence of control or ownership of the site required in this chapter; and (e) any other information reasonably required by the city in connection with the agreement.

4. Incentives. The community development director shall recommend to the final decision-making body which inclusionary incentives, if any have been requested by the

developer, the city will make available in connection with the development project as provided in this chapter. The inclusionary housing agreement shall specify the nature of the incentives provided.

5. Incorporation into Project-Level Approvals and Recordation. The developer obligations and the inclusionary incentives in the agreement shall be incorporated into the applicable project-level approvals. The executed agreement shall be recorded as a covenant running with the land against the real property of the residential project and, in the case of off-site inclusionary units, against the real property on which such inclusionary units are to be located.

D. Affordable Rental and Affordable Housing Agreements. Upon approval of the entitlements for a for-sale development project which shall include inclusionary units, or a residential rental development project to be produced with funding assistance from the city or otherwise subject to a voluntary affordable housing agreement with the city, the developer shall record with the county recorder's office an affordable rent agreement or affordable housing agreement against the parcels identified in the inclusionary housing plan for the inclusionary units. Where the inclusionary unit is a for-sale unit within a development project, the developer shall record the affordable housing agreement relating to the lot(s) within the development project which are to be inclusionary units prior to the issuance of a building permit on any lot(s) within the development project.

E. Administration of Affordability for Rental Inclusionary Housing. The owner of rental inclusionary units or for-sale inclusionary units offered for rent pursuant to Section [17.104.090\(C\)\(2\)](#) shall be responsible for certifying the income of tenant to the city at the time of initial rental and annually thereafter. The owner of a for-sale inclusionary unit shall certify to the city the income of the initial purchaser and shall certify to the city that the initial purchaser is a first-time home buyer. The owner of rental inclusionary units shall apply the same rental terms and conditions (except rent levels, deposits and income requirements) to tenants of inclusionary units as are applied to all other tenants, except as otherwise required to comply with government subsidy programs. Discrimination based on subsidies received by the prospective tenant is prohibited. The city shall keep confidential the personal identifying information of the household members occupying an inclusionary unit.

F. Guidelines. The community development director may develop and adopt additional guidelines as necessary for the implementation of this chapter consistent with the terms contained herein and consistent with any guidelines adopted by the city council as provided in this chapter.

G. Appeal. Where the provisions of this chapter vest the community development director with final decision-making authority, any applicant aggrieved by the decision of the community development director may appeal that decision to the planning commission. Any appeal of a decision of the community development director must be filed with the community development department within ten calendar days of the date the decision is rendered by the community development director. The community development department shall set the appeal before the planning commission at the next regularly scheduled planning commission meeting, but in no

case less than ten calendar days after the community development director's decision. (Ord. 1273 § 3, 2017; Ord. 1177 § 7, 2013; Ord. 1033 § 2 (part), 2005; Ord. 958 § 2 (part), 2002)

17.104.110 Monitoring of inclusionary housing.

A. Developers. Developers that have an inclusionary housing agreement requiring the provision of inclusionary housing units will be monitored by the city annually to assure compliance with the inclusionary housing agreement.

B. Inclusionary Units. Units will be monitored by the city to verify that the units are and will remain affordable.

1. Rental Inclusionary Unit. Owners of the rental inclusionary units produced with funding assistance from the city or that are otherwise subject to a voluntary affordable housing agreement with the city will be monitored by the city annually to certify that tenant(s) occupying the unit(s) are income qualified to remain in the unit and that the rent is at or below the affordable rent as stipulated in Section [17.104.090](#). Owners of the for-sale inclusionary units offered for rent will be monitored by the city annually to certify that tenant(s) occupying the unit(s) are income qualified to remain in the unit. The city shall further monitor approximately ten percent of tenants annually by: (a) requiring the owner submit a copy of the signed rental or lease agreement to verify the rental rate, and (b) independently verifying that the tenant is income-eligible to reside in the inclusionary unit.

2. For-Sale Inclusionary Unit. Owners of for-sale inclusionary units will be monitored by the city to certify that the unit: (a) if sold during the monitoring period, was sold at an affordable for-sale price and to an income qualifying person, (b) is being occupied by the original income-qualifying buyer, and (c) if the unit is being rented or leased it is to an income-eligible household for a rental rate that is at or below the affordable rent as stipulated in Section [17.104.090](#).

C. Reporting. A reporting mechanism shall be created by the city to identify the number of inclusionary units, by very low or low income, that have been required by inclusionary housing agreements during the reporting period, the number of inclusionary units, by very low or low income, planned for creation in inclusionary housing agreements during the reporting period, the number of inclusionary units, by very low or low income, created during the reporting period, and the number of inclusionary housing credits, by very low and low income, both made available and used during the reporting period. The report shall also include the results of the monitoring of developers and inclusionary units in subsections A and B of this section and any corrective actions taken if the units were not being rented, sold, or occupied as stipulated in Section [17.104.090](#). The report shall identify the shortfall between the number of inclusionary units planned for creation and the number of units actually created. This information may be used for future change and amendments to the ordinance codified in this chapter. (Ord. 1177 § 8, 2013; Ord. 958 § 2 (part), 2002)

SECTION 4

Section 17.104.140 of the Folsom Municipal Code is hereby amended to read as follows:

17.104.140 Enforcement and penalties

It shall be unlawful to sell any inclusionary unit without compliance with each and every provision of this chapter. It shall be unlawful to offer for lease or rent, or to enter into a lease or rental agreement, or to collect lease or rental payments without compliance with each and every provision of this chapter. Any person who violates any provision of this chapter shall be guilty of a misdemeanor and/or an administrative violation punishable as follows:

- A. A violation of this chapter shall be an administrative violation as defined in Section [1.08.020](#). In addition to enforcement as set forth in Chapters [1.08](#) through [1.10](#), inclusive, any violation of this chapter shall be punishable as a misdemeanor, which shall be punishable by a fine not to exceed one thousand dollars or by imprisonment in the county jail for not more than six months, or by both such fine and imprisonment.
- B. Notwithstanding the procedure for administrative violations provided in Chapters [1.08](#) through [1.10](#), no notice to correct as provided in Section [1.09.023](#) shall be required prior to issuance of a notice of administrative violation.
- C. Each of the sanctions for administrative violations identified in Section [1.09.013](#) shall be available for enforcement of this chapter.
- D. Based on the criteria for the imposition of administrative violations set forth in Section [1.09.014](#), a violation of this chapter shall be deemed a Level C violation, as that term is described in Section [1.09.012](#). The range of monetary sanctions available for a violation of this chapter shall be as set forth in Section [1.09.012](#)(A).
- E. Any person who violates any provision of this chapter shall be guilty of a separate offense for each and every day which any such person commits, continues, permits, or causes a violation thereof and, shall be punished accordingly. (Ord. 958 § 2 (part), 2002)

SECTION 5 SCOPE

Except as set forth in this ordinance, all other provisions of the Folsom Municipal Code shall remain in full force and effect.

SECTION 6 SEVERABILITY

If any section, subsection, sentence, clause, or phrase in this Ordinance or any part thereof is for any reason held to be unconstitutional, invalid, or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Ordinance or any part thereof. The City Council declares that it would have passed each section irrespective of the fact that any one or more section, subsection, sentence, clause, or phrase be declared unconstitutional, invalid, or ineffective.

SECTION 7 NO MANDATORY DUTY

This Ordinance is not intended to and shall not be construed or given effect in a manner that imposes upon the City or any officer or employee thereof a mandatory duty of care towards persons and property within or without the City, so as to provide a basis of civil liability for damages, except as otherwise imposed by law.

SECTION 8 EFFECTIVE DATE

This ordinance shall become effective thirty (30) days from and after its passage and adoption, provided it is published in full or in summary within twenty (20) days after its adoption in a newspaper of general circulation in the City.

This ordinance was introduced and the title thereof read at the regular meeting of the City Council on December 9, 2025, and the second reading occurred at the regular meeting of the City Council on January 13, 2026.

On a motion by Councilmember _____ seconded by Councilmember _____, the foregoing ordinance was passed and adopted by the City Council of the City of Folsom, State of California, this 13th day of January, 2026, by the following roll-call vote:

- AYES:** Councilmember(s):
- NOES:** Councilmember(s):
- ABSENT:** Councilmember(s):
- ABSTAIN:** Councilmember(s):

MAYOR

ATTEST:

Christa Freemantle, CITY CLERK

Attachment 6

Folsom Municipal Code Chapter 17.104 (Inclusionary Housing) – Applicable Section Strikethrough

Modifications to FMC Chapter 17.104 (Strikethrough/Underline Version)

Section 17.104.020 of the Folsom Municipal Code is amended to read as follows:

17.104.020 Definitions

“Adjusted basis” means the adjustment to the basis of a home for purposes of determining capital gains. Adjusted basis shall be defined and determined consistently with the Internal Revenue Service publication 523 “Selling Your Home.”

“Affordable” means rented at an affordable rent or sold at an affordable housing price.

“Affordable housing price” means a sales price at which low income or very low income households as provided in this chapter can qualify for the purchase of for-sale inclusionary units. A sales price shall be considered affordable only if each owner-occupied housing monthly payment is equal to or less than one-twelfth of thirty-five percent of gross income for the specified income level of the household (i.e., very low or low). For purposes of such calculation, housing expenses shall include mortgage principal and interest, taxes, insurance, and assessments. For purposes of this section, the interest rate shall be calculated based on an average of three major California lending institutions for thirty-year fixed rate FHA PAR financing.

“Affordable rent” means (1) for a unit whose occupancy is restricted to a low income household, that the monthly rent consists of no more than one-twelfth of thirty-five percent of eighty percent of the median income applicable to Sacramento County less a reasonable allowance for utilities; and (2) for a unit whose occupancy is restricted to a very low income household, that the monthly rent consists of no more than one-twelfth of thirty-five percent of fifty percent of the median income applicable to Sacramento County less a reasonable allowance for utilities. In each case, the median income applicable to Sacramento County is as determined annually by the United States Department of Housing and Urban Development, adjusted for household size.

“Affordable rental agreement” means legal restrictions by which the rents for rental inclusionary units will be set at such rates to ensure that rents remain affordable for a period of thirty years or longer.

“City” means the city of Folsom.

“Community development director” means the director of the community development department of the city, or his or her designee.

“Condominium” means and includes:

1. “Condominium” as defined by Section [783](#) of the Civil Code;

2. “Community apartment project” as defined by Section [11004](#) of the Business and Professions Code;
3. “Stock cooperative” as defined by Section [11003.2](#) of the Business and Professions Code; and
4. “Planned development” as defined by Section [11003](#) of the Business and Professions Code.

The term “condominium” specifically includes, but is not limited to, the conversion of any existing structure for sale pursuant to a method described in subsections (1) through (4) of this definition.

“Condominium conversion” or “conversion” means a change in the ownership of a parcel or parcels of property, together with structures thereon, whereby the parcel or parcels and structures previously used as rental units are changed to condominium ownership.

“Condominium project” or “project” includes the real property and any structures thereon, or any structures to be constructed thereon, which are to be divided into condominium ownership.

“Condominium unit” or “units” means the individual spaces within a condominium project owned as individual estates.

“Density bonus” means increases in density in a development project above the maximum density otherwise permitted for the applicable land use designation, or if elected by the developer, a lesser percentage of density increase, including but not limited to, no increase in density, and any requested concession or incentives, waivers or reductions of development standards as provided in the Folsom Municipal Code or state law, in an amount specified in this chapter.

“Developer” means any applicant, person, developer, firm, partnership, association, joint venture, corporation, or any entity or combination of entities which seeks the city’s approvals for all or part of a development project. “~~Developer~~Applicant” includes “owner.”

“Development agreement” means an agreement entered into between the city and developer pursuant to Section [65864 et seq.](#) of the Government Code.

“Development project” means any residential real estate project or mixed residential and commercial real estate project consisting of residential units, including homes, multifamily residences or other residential structures. Projects at one location undertaken in phases, stages or otherwise developed in distinct sections shall be considered a single development project for purposes of this section. Development projects are those projects for which the developer is applying for new legislative entitlements which are not otherwise exempt under the provisions of this chapter.

“Dwelling unit” means a residential unit within a development project.

“External subsidy” means any source of funds that is not local public funding, including federal or state grants, loans, bond funds, tax credits or other tax-based subsidy.

“Final decision-making body” means the entity with final approval authority on the development project.

“First-time home buyer” means that neither the purchaser nor spouse has owned a home during the past three years, or that the purchaser meets at least one of the following criteria:

1. The purchaser is a displaced homemaker, defined as a person who has not worked full-time for at least three years, worked primarily without remuneration to care for the home and family, is unemployed or underemployed, is experiencing difficulty in obtaining or upgrading employment, and, while a homemaker, owned a home with a previous spouse;
2. The purchaser is single (unmarried or legally separated), has one or more minor children of whom purchaser has custody, and, while previously married, owned a home with a previous spouse; or
3. The purchaser owns or owned, during the past three years, a mobile home or trailer which is/was not permanently affixed to a permanent foundation as their principal residence.

“~~Folsom H~~ousing ~~trust~~ fund” means the fund created and administered by the city for use on affordable housing projects in the city.

“Inclusionary housing agreement” or “agreement” means the agreement described in Section [17.104.100](#) between a developer and the city setting forth the manner in which the inclusionary housing requirement will be met in the development project.

“Inclusionary housing plan” means the plan described in Section [17.104.040](#) setting forth the manner in which the developer proposes to implement the inclusionary housing requirement or alternatives permitted in this chapter within the development project.

“Inclusionary housing requirement” means the provision of the inclusionary housing units in a development project as specified in Section [17.104.030](#) of this chapter.

“Inclusionary housing unit or inclusionary unit” means an ownership or rental dwelling unit developed as a part of the inclusionary housing requirement of a development project as provided in this chapter.

“Inclusionary incentives” means the fee waivers or reductions, planning and building standards waivers or reductions, regulatory incentives or concessions, and density bonuses provided by the city to a development project to assist in the provision of the inclusionary housing requirement.

“Initial owner” means the first person or persons to purchase a new for-sale inclusionary unit for his, her or their primary residence.

“Land dedication fee” means a fee paid to the Folsom housing ~~trust~~ fund ~~of the city of Folsom~~ for purposes of affordable housing in the city as a method of meeting the inclusionary housing requirement for a development project as provided in Section 17.104.030.

“Legislative entitlements” means and includes general and community plan amendments, zoning and rezoning, planned development permits and conditions and amendments thereto, tentative and final maps and development agreements.

“Low income household” means a household whose income does not exceed eighty percent of median income applicable to Sacramento County, adjusted for family size as published and annually updated by the United States Department of Housing and Urban Development.

“Market rate” means not restricted to an affordable housing price or affordable rent.

“Moderate income household” means a household whose income does not exceed one hundred twenty percent of median income applicable to Sacramento County, adjusted for family size as published and annually updated by the United States Department of Housing and Urban Development.

“Multifamily residential” means residential units ~~at such as apartments,~~ duplexes, halfplexes, townhomes, condominiums, or developments of greater intensity, that are planned, approved, or built constructed on land planned or zoned for other than single-family residential.

“Off-site” means outside of the boundaries of a development project, but within the city limits of the city of Folsom.

“One location” means all adjacent land owned or controlled by the same owner or a related owner, the property lines of which are contiguous at any point, or the property lines of which are separated only by a public or private street, road, or other public or private right-of-way.

“Owner” means and includes the person, persons, partnership, joint venture, association, corporation, or public or private entity having sufficient proprietary interest in real property to commence, maintain, and operate a development project.

“Project level approval” means and includes a tentative subdivision map, a parcel map, a planned development permit, or other administrative or adjudicatory approval or determination in connection with a development project.

“Related owner” means a person or entity, including but not limited to partnerships, limited liability corporations, limited partnerships and corporations, which has any of the following relationships with an owner: (1) they share the majority of members of their governing boards; (2) they share two or more officers; (3) they are owned or controlled by the same majority shareholder(s) or general partner(s); (4) they are in a parent-subsidary relationship; or (5) the person is a sibling, offspring or parent of an individual owner. For purposes of this definition, a controlling interest means fifty percent or more of the voting power of a corporation, and a parent-subsidary relationship exists when one corporation owns, directly or indirectly, fifty

percent or more of the voting power of another corporation. For purposes of this definition, a person and any general partnership in which the person is a general partner, or a person and any corporation in which the person owns a controlling interest, shall be treated as one and the same.

“Residential project” means the entirety of market rate residential development in a development project subject to the requirement to provide an inclusionary housing requirement as specified in this chapter.

“Residential space” means the total conditioned square footage of a residential dwelling unit, measured to the exterior walls, and including all areas served by heating or cooling systems. Residential space excludes unconditioned areas such as garages, carports, unfinished basements, attics, and exterior patios. For purposes of in-lieu fee calculations, residential space shall not include accessory dwelling units (ADUs) that are exempt from impact fees in accordance with state law, or other areas specifically exempted by the Folsom Municipal Code.

“Single-family residential” means planned, approved or built on land planned or zoned solely for a permitted residential density of one unit per parcel. Where such a planning or zoning single-family designation also allows ~~as a conditional use~~ duplexes, halfplexes, second units, ADUs, or similar uses, the designation is nonetheless considered single-family residential for purposes of the inclusionary housing requirement and the other provisions of this chapter.

“State density bonus law” means Sections 65915 through 65918 of the California Government Code, or successor provisions, as such laws may be amended from time to time.

“Very low income household” means a household whose income does not exceed fifty percent of the median income, adjusted for household size, applicable to Sacramento County, as published and periodically updated by the United States Department of Housing and Urban Development.

“Zoning code” means Title [17](#) of the Folsom Municipal Code as it may be amended from time to time. (Ord. 1033 § 2 (part), 2005; Ord. 958 § 2 (part), 2002)

Section 17.104.030 of the Folsom Municipal Code is amended to read as follows:

17.104.030 Inclusionary housing requirement.

A. Number and Affordability of Inclusionary Units. All for-sale development projects consisting of ten or more units, including condominium conversion projects, as well as residential rental projects of ten or more units receiving funding assistance from the city or that are otherwise subject to a voluntary affordable housing agreement with the city, shall include inclusionary housing units equal to ten percent of the total number of units in the project, excluding density bonus units. The ten percent shall consist of three percent very low income units and seven percent low income units.

When four or fewer inclusionary units are required, the inclusionary units shall be provided in the following manner: one inclusionary unit: one low income unit; two inclusionary units: one low income unit and one very low income unit; three inclusionary units: two low income units

and one very low income unit; four inclusionary units: three low income units and one very low income unit.

1. Calculation of Units Required. Where the number of units required to be constructed in the development project or condominium conversion project results in a percentage other than a whole number, the developer shall round to the nearest whole number the resulting percentage from the total inclusionary housing requirement calculated as provided in this chapter and provide only the whole units resulting from the inclusionary housing requirement calculation. If, after rounding to the nearest whole number, the total number of inclusionary units provided is less than ten percent of the total project units, any difference in units shall be provided as low income units.

2. Various Methods for Compliance. The inclusionary housing requirement may be satisfied by: including the units within the development project; providing an alternative as set forth in Section [17.104.060](#); providing the units off site; dedicating land for other affordable development projects; acquisition, rehabilitation, and conversion of existing market rate units; conversion of existing market rate units; paying an in-lieu fee as described in this chapter; other methods as approved by the city council that meet the intent of this chapter; or a combination of these methods or other alternatives set forth in this chapter.

B. Implementation. The developer shall propose an inclusionary housing plan as provided in this chapter and incorporate the agreed upon plan into conditions on the project and [, if applicable](#), an inclusionary housing agreement as provided in this chapter.

C. Unit Size. The inclusionary housing requirement shall accommodate diverse family sizes by including a mix of studio, one-, two- and/or three-bedroom units and the mix of inclusionary unit sizes shall generally accommodate the household sizes identified in the city's general plan, unless otherwise negotiated in the inclusionary housing agreement. A developer may propose an alternative mix of the size of units as part of its inclusionary housing plan.

1. Projects of forty residential units or less are exempt from the unit size requirement.

D. Exterior Appearance. Inclusionary units shall be visually compatible with and shall have similar external building materials and finishes as the market rate units in the immediate neighborhood.

E. Access to Common Amenities. Tenants and residents of inclusionary units shall be provided the same rights and access to common amenities in the development project as tenants and residents occupying market rate units.

F. Smaller Parts of Larger Projects. The city shall not approve projects which reasonably appear to be smaller parts of a greater project and have the effect of circumventing the requirements of this chapter. (Ord. 1273 § 2, 2017; Ord. 1177 § 2, 2013; Ord. 1033 § 2 (part), 2005; Ord. 958 § 2 (part), 2002)

Section 17.104.040 of the Folsom Municipal Code is amended to read as follows:

17.104.040 Inclusionary housing plan.

A. Submittal Requirements. The inclusionary housing plan must include:

1. The method by which the developer intends to comply with the requirements of this chapter. The developer shall describe the location of the inclusionary units within the development project, unit sizes, and any incentives requested.
2. ~~Where an alternative to constructing inclusionary units on-site is intended, Where the developer proposes to satisfy the inclusionary housing requirement through any method other than (i) constructing inclusionary units on-site or (ii) paying the in-lieu fee,~~ the developer shall provide the following information:
 - a. Detailed information on the proposed parcel(s), site, or existing market rate units including the location, assessor's parcel number(s), size, color photographs, an appraisal of the property dated within the prior six months, known information on physical, environmental or other constraints affecting the use of the property, and known information regarding the positive aspects of the use of the property for affordable housing including proximity to schools, transit routes, shopping and other services.
 - b. Site Suitability. The site proposed to fulfill the inclusionary housing requirement must be suitable from the perspective of size, configuration, physical characteristics, physical and environmental constraints, access, location, adjacent use, proximity to other affordable housing units and other relevant planning criteria.
 - c. Current market rate rents, condition of units, and vacancy rate information for alternatives proposing to fulfill the inclusionary housing requirement through conversion of market rate units or acquisition, rehabilitation, and conversion of market rate units.
 - d. A written representation that the proposed parcel(s), site, or existing market rate units is/are available and capable of being dedicated to the city by the developer and that the site and/or units shall be deed restricted as affordable housing.
3. Timing of Development. The inclusionary housing plan and inclusionary housing agreement shall include a phasing plan that provides a schedule for the timely development of the inclusionary units as the residential project is built out. In instances where the developer demonstrates that phasing, other than concurrent with market rate units, is necessary in order to account for the different financing and funding environments, economies of scale, or infrastructure needs applicable to the development project, a phasing plan shall be provided that includes definitive dates for construction and does not inhibit the intent of this chapter to create affordable housing units. The community

development director shall review the phasing plan and reasons for phasing and make recommendations to the final decision-making body on the timing of the development. The city may condition projects seeking alternative phasing to require posting of bonds, cash deposits, or other securities satisfactory to the city (i.e., deed restriction, development agreement, or withholding of building permit) in an amount sufficient to assure timely construction of the required inclusionary units and to require construction of the units within a specified period of time.

4. Where the developer proposes to satisfy the inclusionary housing requirement exclusively through the payment of an in-lieu fee, the inclusionary housing plan requirements may be satisfied through the provision of a signed letter from the developer as described in Section 17.104.060.

B. Community Development Director's Scope of Authority. The community development director shall be responsible for review of the inclusionary housing plan submitted by the developer, preparation of the inclusionary housing agreement and providing recommendations on these items and other matters as provided in this chapter to the planning commission for action by the planning commission. In any case where the final authority on a project rests with the planning commission or the city council, the community development director shall make recommendations to the planning commission or the city council.

C. Standard for Approval. The community development director shall recommend approval of the inclusionary housing plan, provided the inclusionary housing plan meets all the requirements of this chapter and if applicable, is included in the inclusionary housing agreement, and based upon a determination by the community development director that the inclusionary housing plan would meet the intent of this chapter. Factors to be considered by the community development director in his/her determination to recommend approval, conditional approval or rejection of the proposed inclusionary housing plan include the ~~criteria~~ provided in this section and Sections [17.104.030](#) and [17.104.060](#), the suitability of the proposed site for single- or multifamily affordable housing, the availability of and access to infrastructure, schools, shopping and transit, current zoning of the property, and proximity to and concentration of other affordable housing locations. If a method other than on-site development or payment of the in-lieu fee is proposed to meet the inclusionary housing requirement, the proposed method must further the goal of the ordinance codified in this chapter and provide no less units or opportunity for creation of units than if the units had been included within the development project. The recommendation of the community development director shall be included in the staff report to the final decision-making body who shall approve, reject or modify the inclusionary housing plan. (Ord. 1033 § 2 (part), 2005; Ord. 958 § 2 (part), 2002)

Section 17.104.050 of the Folsom Municipal Code is amended to read as follows:

17.104.050 Specific plan requirement

A. Number and Affordability of Inclusionary Units. All specific plans approved pursuant to Chapter [17.37](#) on or after the effective date of the ordinance codified in this chapter and which are not otherwise exempt shall include three percent of the dwelling units restricted to and

affordable to very low income households and seven percent of the dwelling units restricted to and affordable to low income households (inclusionary housing requirement).

1. The inclusionary housing requirement required by this section shall be determined at the specific plan stage, rather than on a project by project basis. Where the inclusionary component is not included in the specific plan, it shall be included with individual projects as provided in this section.
2. The specific plan shall include an inclusionary housing plan that establishes, as a minimum but not limited to, the following:
 - a. The number of market rate units in the specific plan.
 - b. The inclusionary housing requirement for very low and low income units over the entire specific plan.
 - c. The location of multifamily parcels (if applicable), subdivisions and/or mixed-use development sites designated to receive the inclusionary units.
 - d. The requirements for an inclusionary housing plan specified in Section [17.104.040](#).
3. If the specific plan is initiated by developer(s) or property owners, the implementation of this section shall be through the inclusionary housing agreement signed and approved at the time of adoption of the specific plan.
4. A general provision requiring that an inclusionary housing agreement shall be made a condition of all future discretionary permits for development within the specific plan. The provision shall establish that all relevant terms and conditions of any inclusionary housing agreement shall be filed and recorded as a restriction on the project as a whole and those individual lots, units, or projects which are designated as inclusionary units. The inclusionary housing agreement shall be consistent with Section [17.104.100](#).

~~5. Every existing specific plan proposed for amendment shall incorporate into the amended specific plan an inclusionary housing plan, consistent with this section. (Ord. 1177 § 3, 2013; Ord. 958 § 2 (part), 2002)~~

Section 17.104.060 of the Folsom Municipal Code is amended to read as follows:

17.104.060 Alternative methods to meet the inclusionary housing requirement.

Alternatives to the on-site construction of the inclusionary housing requirement shall be encouraged and allowed in order to meet the housing needs for low and very low income households, consistent with the criteria in subsections A through I of this section. Alternatives may include:

A. Land Dedication. The developer may dedicate sufficient land within the city of Folsom on which to construct at least the same number of units and infrastructure to support that number of units as the developer would be required to construct on site subject to the inclusionary housing requirement; provided, that the site will support the same number of units the developer is required to construct, has zoning of a minimum density necessary to accommodate the inclusionary housing requirement, that the site is acceptable to the city, and that the site is restricted for affordable housing. The developer shall dedicate the land to the city, an affordable housing developer, or special needs developer acceptable to the city at no cost to the city.

B. Off-Site Construction (“Off-Site”). The developer may develop housing to satisfy the inclusionary housing requirement at an off-site location within the city of Folsom.

C. Acquisition, Rehabilitation, and Conversion of Market Rate Units. The developer may propose to acquire and rehabilitate existing market rate units in the city of Folsom which are at or above existing affordable rents, which require repair, rehabilitation, modernization or other work, and convert those units to affordable ~~for sale~~ housing units.

D. Conversion of Market Rate Units. A developer may propose to convert existing market rate units in the city of Folsom which do not require rehabilitation and are at or above existing affordable rents to affordable ~~for sale~~ housing units by way of deed restrictions, recorded covenants or other legal mechanisms to assure that the units remain affordable housing units.

~~E.—Deleted.~~

~~EF.~~ Inclusionary Housing Credits. A developer may use inclusionary housing credits, as defined in this chapter, to meet the inclusionary housing requirement.

~~FG.~~ In-Lieu Fee. A developer may satisfy the inclusionary housing requirement through payment of a fee to the city in-lieu of constructing the inclusionary units with the residential development project, in accordance with the following requirements: pay an in-lieu fee calculated as follows to satisfy all of the inclusionary housing requirements: multiply one percent of the lowest priced for-sale residential unit in the proposed subdivision by the total number of for-sale residential units in the proposed subdivision. For custom lot subdivisions where only lots will be sold, multiply one-half percent of the estimated cost of the least expensive homes anticipated for the proposed subdivision by the total number of for-sale lots in the proposed subdivision. The in-lieu fee is payable at the time of the building permit on a per-unit basis, and may be deferred upon application by the developer and approval in the city’s sole and complete discretion pursuant to Section 16.80.030. Once the in-lieu fee has been set for an initial twelve months, the amount of the fee shall be evaluated on January 1st of each following year. In the event the lowest priced for-sale residential unit or anticipated home in the subdivision changes by ten percent or more, the amount of the in-lieu fee shall be adjusted to the new amount using the formula set forth above, applicable prospectively to the remaining units or lots in the subdivision.

1. The in-lieu fee shall be calculated based on square footage of residential space for each dwelling unit within the development project.

2. Procedures for the assessment, collection and adjustment of in-lieu fees shall be established by resolution of the city council.

2. If a development project is approved for payment of an in-lieu fee, the fee shall be collected prior to the issuance of a building permit for each dwelling unit included in the development project

3. In-lieu fees collected by the city shall be deposited into a fund known as the “Folsom housing fund”. This fund shall be used to assist in the provision of housing for extremely-low-, very-low- and low-income households, as well as any special needs populations. All expenditures shall be consistent with the goals and policies outlined in the city’s housing element. Eligible uses may include, without limitation: land acquisition, predevelopment costs, rehabilitation of existing units to extend their useful life and impose affordability restrictions, construction of new residential units, administration, and compliance monitoring of the affordable housing program.

4. Notwithstanding the provisions of Sections 17.104.030, 17.104.040, and 17.104.100, a developer electing to fulfill the project’s inclusionary housing requirements solely through the payment of in-lieu fees is not required to submit a full inclusionary housing plan. Instead, a signed letter from the developer confirming this intent shall suffice to meet the requirements for both the inclusionary housing plan and inclusionary housing agreement. No separate approval from the community development director is necessary, provided the project includes a condition of approval requiring payment of the applicable in-lieu fee per unit in effect at the time building permits are issued.

GH. Combination. Combination of the above alternatives.

H. Other Alternatives. Other alternatives proposed by the developer which are accepted by the city and meet the requirements and intent of this chapter. (Ord. 1243 § 2, 2015; Ord. 1177 § 4, 2013; Ord. 958 § 2 (part), 2002)

Section 17.104.070 of the Folsom Municipal Code is amended to read as follows:

17.104.070 Incentives and assistance.

A. Request for Incentives and Assistance. The developer of a development project which is subject to the inclusionary housing provisions of this chapter may request, and the city, in its sole discretion, may grant or deny the provision of inclusionary incentives as set forth in this section and other provisions of the Folsom Municipal Code.

B. Fee Waivers or Deferrals. The city may grant to a developer a program of waivers reductions or deferrals of development fees, administrative and financing fees for inclusionary units as provided in Chapter [16.60](#) of the Folsom Municipal Code or state law.

~~C.— Modification of Planning and Public Works Development Standards. To the extent feasible in light of the uses, design, and infrastructure needs of the development project, modifications for inclusionary units may include: (1) applicable public works development standards contained in the Folsom Municipal Code, such as alternative standards relating to road widths and parking; and (2) applicable planning standards contained elsewhere in this code such as minimum lot size, alternative housing types, lot coverage, locational and other requirements for approval of duplexes and half-plexes. Nothing in this provision is intended to permit deviation from the nature and character of buildings erected in the historic district and design shall be consistent with the design guidelines adopted for that portion of the city.~~

~~CD. Density Bonuses. The city may grant to a A developer fulfilling its inclusionary housing requirement through either on site or off-site development may request and receive from the city a density bonus as provided in state density bonus law, Chapter 17.102 of the Folsom Municipal Code. As referenced in Chapter 17.102 of the Folsom Municipal Code, the definition of “housing development” shall be interpreted to include both the market rate and inclusionary unit components of a development project.~~

DE. Inclusionary Housing Credits. A developer may submit as part of the inclusionary housing plan a proposal to provide more affordable housing units or donate additional land in connection with a development project than the 105 percent required under this chapter, and may credit the additional amount of land or additional number of affordable housing units against future projects subject to the provisions of this chapter which are proposed in the city. Credits may be transferred or sold to any other person or entity subject to compliance with following conditions:

1. The transfer or sale of the credits shall not interfere with one of the goals of the ordinance codified in this chapter which is to provide affordable housing dispersed throughout the city of Folsom.
2. Any credits must be applied to another development project within 5 years of issuance of a certificate of occupancy for the inclusionary unit(s) or implementation of an alternative method of meeting the inclusionary housing requirement (i.e., land dedication) which gives rise to the credit. For purposes of this section, “applied” shall mean that the credits are committed for use at a development project and included in a developer’s proposed inclusionary housing plan. A developer who has not used, transferred or sold credits within the time specified in this section may apply to the city for a 1 year extension on the life of the credits. A request for extension of credits shall be reviewed by the city council who shall grant or deny the request for extension. The city council shall consider progress and efforts the developer has made to utilize the credits during the previous 5 years, the impact on affordable housing if the extension is granted, any proposals for use of the credits should the extension be granted and other relevant factors.
3. Inclusionary units receiving monetary subsidies through the city shall not receive credits unless the city has been reimbursed for its financial assistance.

EF. Mixed Use. In order to provide additional opportunity for development of inclusionary units, residential development that would fully or partially fulfill the inclusionary housing

requirement of a development project may be implemented in conjunction with commercial or office uses located within an area covered by a General Plan mixed-use or residential overlay designation. This applies within in the central business (C-2), general commercial (C-3), and business and professional office (BP) zoning districts, as well as within areas governed by adopted specific plans, ~~as~~ consistent with applicable provisions of the Folsom Municipal Code and the General Plan or the applicable specific plan.

G. Local Public Funding. The developer may apply to the ~~Folsom Redevelopment Agency (RDA)~~ city for local public funding to assist in the financing and development of the inclusionary housing requirement.

~~H.—Local Public Subsidy. The developer of the development project may apply to the Folsom Redevelopment Agency (RDA) or to the administrator of the housing trust fund for local public subsidy.~~

~~1.—Inclusionary units provided through the acquisition, rehabilitation, and conversion alternative shall be eligible for funding assistance through the city's substantial rehabilitation program. (Ord. 1177 § 5, 2013; Ord. 958 § 2 (part), 2002)~~

Section 17.104.090 of the Folsom Municipal Code is amended to read as follows:

17.104.090 Restrictions on inclusionary units.

Each inclusionary unit created as a result of the ordinance codified in this chapter shall have limitations governing its occupancy and its sale and/or resale. The purpose of these limitations is to preserve the long-term affordability and to ensure its continued availability for income-eligible households.

A. Duration of Affordability for Rental Inclusionary Units. Rental inclusionary units under subsections (C)(1) and (2) of this section shall remain affordable for a period of no less than thirty years from the recordation of the affordable rental agreement unless state law requires a longer period. The affordable rental agreement shall be recorded no later than the issuance of the first building permit for the rental inclusionary project under subsection (C)(1) of this section, and prior to the first day of rental of the inclusionary unit under subsection (C)(2) of this section. Rental units under subsection (C)(2) of this section shall be rented to an income-eligible person at the same income level of the original for-sale affordable housing price.

B. Affordability and Resale of For-Sale Units.

1. Sale and Resale to an Income-Eligible Person—Exception. After the initial sale of inclusionary for-sale units at a price affordable to the target income level group, inclusionary for-sale units shall remain affordable to subsequent income-eligible buyers pursuant to a resale restriction with a term of twenty years, or longer if required by state law or other provisions of this code. The initial owner shall be a first-time home buyer as defined in this chapter. Subsequent owners are not required to be a first-time home buyer.

The resale restriction shall require that the unit will be sold, by the initial owner and any subsequent owner, at the same affordable housing price income level as originally sold and will remain at that income level for the duration of the resale restriction term. For example, a home that was sold to the initial owner at a very low income level shall be sold to a subsequent owner who qualifies at the very low income level.

a. If the owner is unable to sell the inclusionary unit within sixty days of offering and advertising the unit for sale, the owner may offer to sell the unit to the city at the affordable housing price at the time of offer. If the city or its assignee does not complete the purchase of the unit within ninety days of the owner’s offer of sale to the city, the resale obligations of this section shall terminate; however, the provisions of this section relating to recapture upon sale shall continue to apply and remain in full force and effect.

2. Recapture upon Sale. If the inclusionary unit does not sell within sixty days of offering and advertising the unit for sale and if the city does not acquire the inclusionary unit as specified in this section, the inclusionary unit may be sold at the current market price, and the seller shall pay to the city housing ~~trust~~-fund all proceeds from the sale of the unit less a percentage of profit, if any, as provided in this section. For purposes of this section, “profit” is defined as the net proceeds from the sale after deducting loan(s), ordinary expenses attributed to the seller, including real estate commissions not to exceed six percent, and after deducting the current affordable housing price. If the owner has made improvements to the home, profit shall be determined by deducting the adjusted basis of the home, or the current affordable housing price, whichever is higher.

a. The percentage of profit retained by the owner shall vary according to the number of years an owner owns the residential unit. The percentage of profit to be allocated to the owner is provided as follows:

Years Current Owner Owned Residence	Percentage of Profit to Current Owner	Percent Profit Paid to the City’s Housing Trust Fund
Less than 1	10	90
Less than 2	20	80
Less than 3	30	70
Less than 4	40	60
5 or more	50	50

3. Evaluation of Owner’s Repayment Ability. On a biannual basis, owners of for-sale inclusionary units who have acquired a second mortgage or other secondary financing or loan provided by the city will be evaluated by the city housing ~~manager~~~~reordinator~~ as to

their ability to initiate repayment procedures. Where the city determines the owner's household income exceeds the affordable income level applicable to the inclusionary unit, the city may require repayment according to the terms provided in the deed of trust or other financing document(s).

4. Guidelines. The city may adopt guidelines for the administration of this program by resolution of the city council.

5. Home Ownership Incentive. The city ~~and/or the RDA~~ may establish guidelines by resolution to create incentives for home ownership, including partial loan forgiveness provisions relating to loans or second trust deeds provided by the city depending on the length of time a qualified owner has occupied the residence.

C. Occupancy Requirement.

1. Rental Units. Any person(s) who occupies a rental inclusionary unit produced or acquired with funding assistance from the city or is otherwise subject to a voluntary affordable housing agreement between the city and the unit's developer shall occupy that unit as his or her principal residence and shall annually certify that he/she qualifies for the applicable affordable rent level. The city's housing ~~managereordinator~~ shall annually initiate this certification process. If and when any person(s) who rents an inclusionary unit no longer qualifies at the applicable affordable rent and income levels, that person(s) shall be required to quit the unit or pay the market rate for the unit provided another rental unit is made available at the income level of the inclusionary unit.

2. For-Sale Units. Except as provided in this section, an initial owner who purchases a for-sale inclusionary unit shall occupy that unit as his or her principal residence. The inclusionary housing agreement shall provide that a for-sale inclusionary unit may be rented or leased only after the owner, initial or subsequent, has resided in the inclusionary unit for a period of not less than two years. If the owner rents or leases the inclusionary unit, the renter or lessee shall be an income-eligible person at the same income level of the original for-sale affordable housing price. For example, if the initial owner bought the unit at the very low income housing price, the unit shall be rented to tenants of a very low income household.

a. Any person offering a for-sale inclusionary unit for rent or lease shall notify the city housing ~~managereordinator~~ in writing, prior to the renting of the unit, that the unit is offered for rent or lease. Any person offering a for-sale inclusionary unit for rent or lease shall notify prospective tenants of the income eligibility requirements.

b. If the city has provided loans, incentives or other deeds of trust on a for-sale inclusionary unit, the city may include provisions, based on the ability of the owner to repay the loan or other financing instrument, in the deeds of trust to require repayment of the note secured by that deed of trust if the property is not owner occupied.

c. If the city has provided loans, financial assistance or other incentives to purchaser of a for-sale inclusionary unit, the city shall require, in a recorded affordability covenant, that the unit, if rented or leased by the owner, initial or subsequent, pursuant to subsection (C)(2) of this section, shall be rented at an affordable rent level no greater ~~a rental rate~~ than the affordable rent level currently in effect. Any person(s) who occupies a rental inclusionary unit shall occupy that unit as his or her principal residence and shall annually certify that he/she qualifies for the applicable affordable rent level. The city's housing ~~managere~~~~ordinator~~ shall annually initiate this certification process. If and when any person(s) who rents an inclusionary unit no longer qualifies at the applicable affordable rent and income levels, that person(s) shall be required to quit the unit or pay the market rate for the unit provided another rental unit is made available at the income level of the inclusionary unit.

3. **Converted Units.** Units which are converted from market rate units shall follow the requirements of subsections A, B, and C of this section based on the type of converted residential unit applicable.

~~4.—Resident or Work Eligibility for Affordable Housing Units. To the extent permissible under applicable state and federal law, people who work and/or reside in the city of Folsom shall have priority over other persons to rent or purchase inclusionary units constructed pursuant to the provisions of this chapter. Priority shall be established according to the following provisions:~~

~~a.—Work. First priority shall first be given to qualified applicants who work in the city of Folsom. To qualify as a person who works in the city of Folsom, the person responsible for renting or purchasing the inclusionary housing unit must demonstrate that both of the following criteria have been met:~~

~~i.—Type of Work. The applicant must have worked in the city of Folsom for a minimum of one year immediately preceding the date of application. Work is defined for purposes of this section as owning or operating a business, employment for wages or salary for an employer located in the city of Folsom, contract employment where the actual work is conducted at a city of Folsom location, or commission work where the applicant's principal location from which he/she worked is located in the city of Folsom.~~

~~ii.—Hours of Work. The applicant must have been employed in the city of Folsom an average of at least twenty hours per week over the course of the qualifying year.~~

~~b.—Resident. Second priority shall be given to a qualified applicant(s) for rental or for sale units who is a resident of the city of Folsom. To qualify as a resident of the city of Folsom, the person responsible for renting or purchasing the inclusionary unit must have their principal place of residence in the city of Folsom for a minimum of one year immediately preceding the date of application.~~

~~e.—Where no applicants meet the priority criteria set forth above, the inclusionary housing units may be made available to other qualified applicants.~~

~~d.—The owner or manager of inclusionary units, which are offered for rent, sale, or lease, shall require the applicant to provide proof that he/she meets the occupancy and income criteria set forth in this chapter. (Ord. 1177 § 6, 2013; Ord. 958 § 2 (part), 2002)~~

Section 17.104.100 of the Folsom Municipal Code is amended to read as follows:

17.104.100 Administration of the inclusionary housing requirement.

A. Proposed Inclusionary Housing Plan. At the time of and as part of the application for the first ~~legislative~~-entitlement, the developer of a development project shall submit a draft inclusionary housing plan consistent with the requirements of Section [17.104.040](#).

B. Action on Inclusionary Housing Plan. The inclusionary housing plan shall be subject to the same review and approval as the ~~legislative~~-entitlements. No ~~legislative~~-entitlement shall be granted without an approved inclusionary housing plan, except as described in Section [17.104.060\(F\)\(4\)](#). The elements of the inclusionary housing plan shall be incorporated into the terms and conditions of the applicable ~~legislative~~-entitlements and project-level approvals.

1. Amendment of Inclusionary Housing Plan. The community development director shall have the authority to approve amendments of the inclusionary housing plan to reflect changes in the underlying development project. Where the proposed amendment(s) will result in a change in the phasing or timing of development of the inclusionary units, the amendment must be reviewed under the criteria in Section [17.104.040](#)(A)(3).

2. Amendment Process. Amendments which will result in the modification of conditions shall be subject to notice, review, approval and appeal in the same manner as the original approval.

C. Inclusionary Housing Agreement.

1. Requirement. Except as provided in this chapter, Nno project-level approval may be issued by the city without an inclusionary housing agreement executed by the owner and recorded against the property, the developer (if not owner) and the community development director, and approved by the city attorney; provided, that a tentative subdivision map or tentative parcel map may be approved prior to execution or recordation of an inclusionary housing agreement if (a) an inclusionary housing plan including a phasing plan has been approved; (b) any tentative map or parcel map contains conditions that enforce the applicable phasing and other requirements of the housing plan; and (c) the ~~legislative~~-entitlements contain provisions that condition approval of planned development permits, plan review, or building permits on execution and recordation of, and compliance with, an inclusionary housing agreement.

2. Contents. The agreement shall be consistent with the inclusionary housing plan, and shall indicate ownership information, the number and size of very low and low income units, the developer of the inclusionary units, the phasing and construction scheduling of the inclusionary units, commitments for inclusionary incentives and any other information required by the city relative to the inclusionary housing requirement. In the case of alternatives to the inclusionary housing requirement, the agreement shall also contain the information required in this chapter pertaining to the alternative.

3. Information Required from Developer. The developer of the development project shall present to the city: (a) plans, schematics, and details of phasing of the residential project as a whole, including the inclusionary housing requirement; (b) the name and address of the entity which will develop the inclusionary housing requirement if not the developer; (c) in the case of land dedication, an executed irrevocable offer of dedication at no cost to the city; (d) in the case of off-site location, the evidence of control or ownership of the site required in this chapter; and (e) any other information reasonably required by the city in connection with the agreement.

4. Incentives. The community development director shall recommend to the final decision-making body which inclusionary incentives, if any have been requested by the developer, the city will make available in connection with the development project as provided in this chapter. The inclusionary housing agreement shall specify the nature of the incentives provided.

5. Incorporation into Project-Level Approvals and Recordation. The developer obligations and the inclusionary incentives in the agreement shall be incorporated into the applicable project-level approvals. The executed agreement shall be recorded as a covenant running with the land against the real property of the residential project and, in the case of off-site inclusionary units, against the real property on which such inclusionary units are to be located.

D. Affordable Rental and Affordable Housing Agreements. Upon approval of the entitlements for a for-sale development project which shall include inclusionary units, or a residential rental development project to be produced with funding assistance from the city or ~~is~~ otherwise subject to a voluntary affordable housing agreement with the city, the developer shall record with the county recorder's office an affordable rent agreement or affordable housing agreement against the parcels identified in the inclusionary housing plan for the inclusionary units. Where the inclusionary unit is a for-sale unit within a development project, the developer shall record the affordable housing agreement relating to the lot(s) within the development project which are to be inclusionary units prior to the issuance of a building permit on any lot(s) within the development project.

E. Administration of Affordability for Rental Inclusionary Housing. The owner of rental inclusionary units or for-sale inclusionary units offered for rent pursuant to Section [17.104.090\(C\)\(2\)](#) shall be responsible for certifying the income of tenant to the city at the time of initial rental and annually thereafter. The owner of a for-sale inclusionary unit shall certify to the city the income of the initial purchaser and shall certify to the city that the initial

purchaser is a first-time home buyer. The owner of rental inclusionary units shall apply the same rental terms and conditions (except rent levels, deposits and income requirements) to tenants of inclusionary units as are applied to all other tenants, except as otherwise required to comply with government subsidy programs. Discrimination based on subsidies received by the prospective tenant is prohibited. The city shall keep confidential the personal identifying information of the household members occupying an inclusionary unit.

~~F.—Reserved.~~

FG. Guidelines. The community development director may develop and adopt additional guidelines as necessary for the implementation of this chapter consistent with the terms contained herein and consistent with any guidelines adopted by the city council as provided in this chapter.

GH. Appeal. Where the provisions of this chapter vest the community development director with final decision-making authority, any applicant aggrieved by the decision of the community development director may appeal that decision to the planning commission. Any appeal of a decision of the community development director must be filed with the community development department within ten calendar days of the date the decision is rendered by the community development director. The community development department shall set the appeal before the planning commission at the next regularly scheduled planning commission meeting, but in no case less than ten calendar days after the community development director's decision. (Ord. 1273 § 3, 2017; Ord. 1177 § 7, 2013; Ord. 1033 § 2 (part), 2005; Ord. 958 § 2 (part), 2002)

Section 17.104.110 of the Folsom Municipal Code is amended to read as follows:

17.104.110 Monitoring of inclusionary housing.

A. Developers. Developers that have an inclusionary housing agreement requiring the provision of inclusionary housing units will be monitored by the city annually to assure compliance with the inclusionary housing agreement.

B. Inclusionary Units. Units will be monitored by the city to verify that the units are and will remain affordable.

1. Rental Inclusionary Unit. Owners of the rental inclusionary units produced with funding assistance from the city or that are otherwise subject to a voluntary affordable housing agreement with the city will be monitored by the city annually to certify that tenant(s) occupying the unit(s) are income qualified to remain in the unit and that the rent is at or below the affordable rent as stipulated in Section [17.104.090](#). Owners of the for-sale inclusionary units offered for rent will be monitored by the city annually to certify that tenant(s) occupying the unit(s) are income qualified to remain in the unit. The city shall further monitor approximately ten percent of tenants annually by: (a) requiring the owner submit a copy of the signed rental or lease agreement to verify the rental rate, and (b) independently verifying that the tenant is income-eligible to reside in the inclusionary unit.

2. For-Sale Inclusionary Unit. Owners of for-sale inclusionary units will be monitored by the city to certify that the unit: (a) if sold during the monitoring period, was sold at an affordable for-sale price and to an income qualifying person, (b) is being occupied by the original income-qualifying buyer, and (c) if the unit is being rented or leased it is to an income-eligible household for a rental rate that is at or below the affordable rent as stipulated in Section [17.104.090](#).

C. Reporting. An ~~annual~~ reporting mechanism shall be created by the city to identify the number of inclusionary units, by very low or low income, that have been required by inclusionary housing agreements during the ~~annual~~ reporting period, the number of inclusionary units, by very low or low income, planned for creation in inclusionary housing agreements during the ~~annual~~ reporting period, the number of inclusionary units, by very low or low income, created during the ~~annual~~ reporting period, and the number of inclusionary housing credits, by very low and low income, both made available and used during the ~~annual~~ reporting period. The report shall also include the results of the monitoring of developers and inclusionary units in subsections A and B of this section and any corrective actions taken if the units were not being rented, sold, or occupied as stipulated in Section [17.104.090](#). The report shall identify ~~their~~ shortfall between the number of inclusionary units planned for creation and the number of units actually created. This information may be used for future change and amendments to the ordinance codified in this chapter. (Ord. 1177 § 8, 2013; Ord. 958 § 2 (part), 2002)

Section 17.104.140 of the Folsom Municipal Code is amended to read as follows:

17.104.140 Enforcement and penalties

It shall be unlawful to sell any inclusionary unit without compliance with each and every provision of this chapter. It shall be unlawful to offer for lease or rent, or to enter into a lease or rental agreement, or to collect lease or rental payments without compliance with each and every provision of this chapter. Any person who violates any provision of this chapter shall be guilty of a misdemeanor and/or an administrative violation punishable as follows:

- A. A violation of this chapter shall be an administrative violation as defined in Section [1.08.020](#). In addition to enforcement as set forth in Chapters [1.08](#) through [1.10](#), inclusive, any violation of this chapter shall be punishable as a misdemeanor, which shall be punishable by a fine not to exceed one thousand dollars or by imprisonment in the county jail for not more than six months, or by both such fine and imprisonment.
- B. Notwithstanding the procedure for administrative violations provided in Chapters [1.08](#) through [1.10](#), no notice to correct as provided in Section [1.09.023](#) shall be required prior to issuance of a notice of administrative violation.
- C. Each of the sanctions for administrative violations identified in Section [1.09.013](#) shall be available for enforcement of this chapter.

D. Based on the criteria for the imposition of administrative violations set forth in Section [1.09.014](#), a violation of this chapter shall be deemed a Level ~~B~~C violation, as that term is described in Section [1.09.012](#). The range of monetary sanctions available for a violation of this chapter shall be as set forth in Section [1.09.012](#)(A).

E. Any person who violates any provision of this chapter shall be guilty of a separate offense for each and every day which any such person commits, continues, permits, or causes a violation thereof and, shall be punished accordingly. (Ord. 958 § 2 (part), 2002)