

Exhibit A
Programs H-3H and H-3J

Program H-3H Commission a new nexus study and evaluation of the County's inclusionary housing program (aka "Measure J") codified in County Code Chapter 17.10. The study should, at minimum, evaluate the nexus related to the following aspects of the program, and provide recommendations for legally defensible and warranted updates: possible updates to the Affordable Housing Impact Fee (AHIF) rates and fee structure, which provides different fee rates for various categories of residential developments; the mandatory inclusionary percentage required of ownership projects subject to the ordinance (currently 15%); which types of projects are required to meet the mandatory inclusionary requirements (ownership and/or rental) rather than being allowed to pay the housing impact fees; the project size threshold that triggers the mandatory inclusionary requirements (currently seven net new units); requirements related to replacement of existing affordable units on the site; whether or not replacement affordable units can or should be counted toward the mandatory inclusionary requirements; affordability levels; and harmonizing the program with State density bonus law. The study shall comply with applicable State law regarding nexus studies and inclusionary housing, including, to the extent applicable, Government Code Section 65850.01. If the outcome of the study results in a proposal to increase the mandatory inclusionary requirements above 15%, the State HCD may require the County to produce an economic feasibility study as set forth in GC 65850.01. If that is the case, the required feasibility study shall be produced within one year of completion of the nexus study and prior to consideration of any ordinance to increase the inclusionary percentage. Any updates to the County's inclusionary program shall not be a constraint on residential development.

Program H-3J Modify the County's inclusionary housing requirements in SCCC Chapter 17.10 to make the following changes: 1) Require 15% of all rental units developed in residential rental projects subject to the inclusionary requirements of Chapter 17.10 to be provided as affordable ("Measure J") units (consistent with SCCC 17.10.039, except that this section shall serve as the mandatory compliance option for rental projects of 7 or more new units, rather than an alternative compliance option); and 2) Do not count replacement units (those required to replace any existing affordable units on the site, as defined in SCCC 17.12.025) toward the 15% inclusionary requirements of Chapter 17.10.

Exhibit B

Links to Final Published Reports on CDI Website:

- i. [Inclusionary Feasibility Study](#) dated May 21, 2026
- ii. [Residential AHIF Nexus Study](#) dated Sept. 1, 2026
- iii. [Non-Residential AHIF Nexus Study](#) dated Sept. 1, 2026

9. Consider reports on the Affordable Housing Impact Fee Nexus Studies and Inclusionary Housing Feasibility Study, direct staff on next steps in the workplan to implement Housing Element Programs H-3H and H-3J, and take related actions (Community Development and Infrastructure - Planning)



County of Santa Cruz Board of Supervisors

Agenda Item Submittal

From: Community Development and Infrastructure - Planning

Subject: Affordable Housing Nexus and Feasibility Studies

Meeting Date: August 11, 2026

Formal Title: Consider reports on the Affordable Housing Impact Fee Nexus Studies and Inclusionary Housing Feasibility Study, direct staff on next steps in the workplan to implement Housing Element Programs H-3H and H-3J, and take related actions

Recommended Actions

1. Accept and file the following reports from Keyser Marston Associates (KMA) (collectively, "Housing Studies"):
 - a. Inclusionary Housing Feasibility Study; and
 - b. Affordable Housing Impact Fees Nexus Studies on feasible impact fee rates for residential and non-residential development;
2. Provide the Department of Community Development and Infrastructure (CDI) with direction on potential revisions to Santa Cruz County Code (SCCC) Chapter 17.10 and/or updates to the Unified Fee Schedule (UFS) to implement Housing Element Programs H-3H and H-3J, consistent with the findings and recommendations of the Housing Studies; and
3. Direct CDI staff to complete the community engagement process on this workplan, including stakeholder and Housing Advisory Commission (HAC) meetings to consider the findings of the Housing Studies and Board-directed changes to the affordable housing impact fee rates and/or inclusionary housing program, and report back to the Board by March 2027 with the results of the community engagement process and HAC recommendations, and a draft ordinance amending SCCC Chapter 17.10 and/or the UFS accordingly.

Executive Summary

Implementation programs H-3H and H-3J in the County's 2023 Housing Element ("HE Programs") require the County to commission the above-described Housing Studies, and then consider updating the County's Inclusionary Program and/or Affordable Housing Impact Fee (AHIF) rates to implement proposed changes described in the HE Programs, including a proposal to reintroduce a mandatory inclusionary requirement of 15% on market-rate rental housing developments. The Housing Studies, recently completed by Keyser Marston Associates (KMA), are attached to this report. The reports provide several options for updates to the County's inclusionary housing requirements and a range of feasible fee rates for residential and commercial construction, respectively, consistent with the Housing Study findings. At this time, the Department of Community Development and Infrastructure (CDI) is requesting public input and Board of Supervisors' (Board) direction on the studies' findings and proposed changes to the Inclusionary Housing Program and/or AHIF rates prior to completing the next steps of this workplan as described above.

Discussion

Housing Element Programs

The Inclusionary Housing Feasibility Study evaluates the County's Measure J inclusionary housing program, codified in Santa Cruz County Code (SCCC) Chapter 17.10, and includes a survey of similar programs statewide, as well as a sample of comparable/proximate jurisdictions within neighboring cities and counties. It also addresses program details such as the percentage of units required to be affordable in for-sale and/or rental projects, requirements for replacement units, affordability levels, and compatibility with state housing laws. It provides several prototype housing developments and analyzes whether the County's current and proposed affordability requirements will be economically feasible under current economic conditions for housing development.

The Nexus Studies evaluate the County's current AHIF rates and rate structure applicable to both non-residential and residential developments. This evaluation is made in the context of current development costs and related factors, to meet the requirements of the California Mitigation Fee Act (MFA).

HE Programs H-3H and H-3J are copied below for background:

Program H-3H

Commission a new nexus study and evaluation of the County's inclusionary housing program (aka "Measure J") codified in County Code Chapter 17.10. The study should, at minimum, evaluate the nexus related to the following aspects of the program, and provide recommendations for legally defensible and warranted updates: possible updates to the AHIF rates and fee structure, which provides different fee rates for various categories of residential developments; the mandatory inclusionary percentage required of ownership projects subject to the ordinance (currently 15%); which types of projects are required to meet the mandatory inclusionary requirements (ownership and/or rental) rather than being allowed to pay the housing impact fees; the project size threshold that triggers the mandatory inclusionary requirements (currently seven net new units); requirements related to replacement of existing affordable units on the site; whether or not replacement affordable units can or should be counted toward the mandatory inclusionary requirements; affordability levels; and harmonizing the program with State density bonus law. The study shall comply with applicable State law regarding nexus studies and inclusionary housing, including, to the extent applicable, Government Code Section 65850.01. If the outcome of the study results in a proposal to increase the mandatory inclusionary requirements above 15%, the State HCD may require the County to produce an economic feasibility study as set forth in GC 65850.01. If that is the case, the required feasibility study shall be produced within one year of completion of the nexus study and prior to consideration of any ordinance to increase the inclusionary percentage. Any updates to the County's inclusionary program shall not be a constraint on residential development.

Program H-3J

Modify the County's inclusionary housing requirements in SCCC Chapter 17.10 to make the following changes: 1) Require 15% of all rental units developed in residential rental projects subject to the inclusionary requirements of Chapter 17.10 to be provided as affordable ("Measure J") units (consistent with SCCC 17.10.039, except that this section shall serve as the mandatory compliance option for rental projects of seven or more new units, rather than an alternative compliance option); and 2) Do not count

replacement units (those required to replace any existing affordable units on the site, as defined in SCCC 17.12.025) toward the 15% inclusionary requirements of Chapter 17.10.

In May 2025, the County contracted with KMA to complete the Housing Studies required by the HE Programs. CDI staff have been working with KMA since that time to gather the local data needed to complete these reports. These reports were recently completed and are attached.

Housing Study Findings

A. Inclusionary Program Feasibility Study

- 1) The study found that the County's current inclusionary requirements in SCCC Chapter 17.10 applicable to development of new homes for sale ("ownership housing") are feasible at the current rate of 15% for developments of seven or more net new units in conjunction with the County's current enhanced density bonus program (SCCC 17.12.065). The County's density bonus program provides a density bonus of 40% to 50% for ownership developments providing 15%-25% affordable units, consistent with SCCC Chapter 17.10. If that enhanced density bonus program were not available, the feasible inclusionary rate would be significantly lower, below 10%.
- 2) The study found that a mandatory inclusionary requirement of 10%-12% applicable to new market-rate rental developments of seven or more net new units would be feasible in conjunction with the various density bonus options available in state density bonus law (SDBL) as well as in SCCC Chapter 17.12, such as a 50% bonus for projects providing at least 15% very low income units, or a 70% bonus available for projects using the so-called "stacked" bonus option in SDBL. However, the study notes that there has been a dearth of market-rate multi-family rental development throughout most of Santa Cruz County, with the exception of downtown Santa Cruz and areas proximate to UCSC, for several decades, and that imposition of a 10-12% mandatory inclusionary requirement on rental projects at this time may be counterproductive to meeting the County's current Regional Housing Needs Allocation (RHNA) requirements. The on-site inclusionary requirement on rental development can inadvertently create a development barrier, which can be alleviated by continuing to allow flexibility in compliance through either payment of AHIF or construction of on-site units.

B. AHIF Nexus Studies

The Non-Residential Nexus Study found that jurisdictions with features and development environments similar to that of the County of Santa Cruz currently impose AHIF on non-residential development at rates ranging from \$1.75 to \$25.00 per square foot of new non-residential floor area. The nexus study found that the current maximum legally supportable fees for non-residential development within the County range from \$7.40 to \$243.50 per square foot depending on type of use. See attached Non-Residential Nexus Study for details.

The Residential Nexus Study found that AHIF rates of \$43 to \$60 per square foot for various types of ownership housing and rental apartments would be legally justifiable pursuant to the MFA for market-rate housing development in projects that do not provide on-site affordable units as otherwise required by SCCC Chapter 17.10 and/or density bonus law.

The County's current AHIF rates for new housing projects range from \$2 to \$15 per square foot depending on several factors including project type, unit size, and housing tenure. The AHIF is imposed on new ownership projects of six or fewer net new units, including additions of more than 500 square feet, and market-rate rental projects not providing the required number of affordable units required by SDBL and/or SCCC Chapter 17.10, as well as accessory dwelling units (ADUs) of more than 750 square feet. See the attached Exhibit on Current and Proposed AHIF for more detail.

In recent years, most new multi-family rental projects of five or more units have opted to use the SDBL and provide some onsite affordable units rather than pay the AHIF. Most projects paying the AHIF in recent years are small ownership projects of six or fewer net new units, as well as additions and larger ADUs.

Nexus Study Recommendations

The Nexus Studies include the following recommendations:

- 1) The County should add its projected AHIF revenues and planned expenditures to the County's Capital Improvement Plan (CIP) to comply with California Government Code Section 53559.1.
- 2) Non-residential AHIF rates should be set within a range of \$0-\$7 per square foot except for agricultural non-residential, which should be set at \$0-\$3 per square foot. The County's current AHIF rates are \$3 per square foot for commercial, hospitality and industrial projects, and \$1 per square foot for agricultural structures.

Non-Residential AHIF	Current County Rate / SF	KMA-Recommended Rate / SF
All other non-residential (office, hotel, commercial, industrial, etc.)	\$3	\$0 - \$7
Agricultural	\$1	\$0 - \$3

- 3) The Residential Nexus Study does not provide a recommended AHIF rate for residential developments due to the small number of other jurisdictions charging AHIF on residential development. Many jurisdictions charge an in-lieu fee for housing projects that do not include inclusionary units (as did the County prior to 2015, when it converted its prior in-lieu fee to an AHIF). However, a comparison of the current County AHIF rates and the rates determined by the residential nexus study to be legally supportable is provided below.

Residential AHIF	Current County Rate / SF	Legally Supportable Rate / SF
Ownership Units	\$2 – \$15	\$43 - \$60.80
Apartments and ADUs greater than 750 SF	\$2	\$52.50 *

** Apartments only. The nexus study did not analyze legally supportable rates for ADUs.*

Staff Recommendations

Inclusionary Program (SCCC Chapter 17.10)

- 1) Make no changes to the inclusionary requirements applicable to ownership housing (SCCC Chapter 17.10.030) or the enhanced density bonus program (SCCC 17.12.065).
- 2) At the Board's discretion, after consideration of the findings noted in the inclusionary feasibility study, modify the inclusionary housing requirements applicable to new multi-family rental developments of seven or more net new units (e.g., portions of SCCC Chapter 17.10 applicable to rental developments) to require 11% of net new rental units to be provided as affordable units at the Low income level (serving households with incomes up to 80% of Area Median, with rents limited to 60% of median). This would be similar to the pre-2015 requirement on rental projects previously in SCCC Chapter 17.10, except it would require 11% of the units to be affordable rather than 15%; and it would make payment of the AHIF by such projects an alternative to provision of onsite affordable units, subject to approval by the Approving Body. Projects of six or fewer net new units would remain subject to the AHIF unless they opt to provide an affordable unit rather than paying the AHIF.

AHIF Rates

Staff recommends that the Board consider the two options described below for non-residential and residential AHIFs and provide direction on which option is supported for each development type (non-residential and residential). Staff will then focus the community engagement process on the options selected by the Board.

- 1) **Non-residential AHIF rates:** Two options for updating the AHIF are provided below. Given that the County has not seen any significant volume of new non-residential development in many years, and those trends seem to be continuing, the Board may wish to leave the current rates as is, or if a slight increase is desired, Option A updates the rates using an inflation index. Option B provides a steeper increase, applying the higher end of the range recommended in the nexus study. All rates shown below are per square foot for new non-residential floor area.

	Current County AHIF	Updated AHIF Option A	Updated AHIF Option B
	<i>Adopted 2015</i>	<i>Current Rate with CPI Adjustment to 2026</i>	<i>High End of KMA- Recommended Range</i>
Non-Residential AHIF			
Agricultural Structures	\$1	\$1.41	\$3
All Other Non-Residential Structures	\$3	\$4.22	\$7

- 2) **Residential AHIF rates:** The Residential Nexus Study provided the maximum legally supportable rates. Several peer jurisdictions do have AHIF fees, including Napa and San Mateo counties and the City of Capitola. Details of those findings are provided in the attached Current and Proposed AHIF. All of these rates are below the maximum legally justifiable rates found by the study. Option A below

takes a similar approach to that recommended above for non-residential, using a CPI index to adjust the current rates to a 2026 value. A slightly more aggressive Option B uses the average of the three peer jurisdictions' rates (excluding Napa County on the rental AHIF because it does not charge AHIF on rental units).

<i>Rates per Square Foot of net new Habitable Floor Area</i>	Current County AHIF	Updated AHIF Option A	Updated AHIF Option B
Residential	<i>Adopted 2015</i>	<i>Current Rate with CPI Adjustment to 2026</i>	<i>Average of Sample Jurisdictions</i>
For-Sale Projects, highest rate	\$15	\$21	\$28
Rental Projects	\$2	\$3	\$8

- 3) **Rate Structure.** Simplify the current AHIF rate structure for residential development. Currently there is a complicated and confusing matrix for AHIF rates that depends on a variety of factors, is subject to conflicting interpretations by staff and applicants, especially considering various state housing laws. Staff found that the peer jurisdictions have simpler AHIF rate structures, there is no legal nexus for the complexity of the current AHIF structure, and therefore recommends the County simplify its rate structure.

Staff proposes to simplify the rate structure by having just one rate for each type of housing (either rental or ownership) and developing an exemption to the fee that would apply to a very narrowly defined set of applicants. For example, any projects of 1-4 units on a single parcel built by an owner-builder/first time homeowner, subject to verification by Housing staff, could be exempted from the AHIF. Another possible exemption category could be a 1-4 unit development where all the units are modestly sized (1,500 SF or less) and the developer commits to selling all of them to first-time homebuyers, subject to a recorded deed restriction. If the Board is amenable to these ideas, staff can further develop a proposed exemption type and seek input from the stakeholders and HAC on this detail.

Next Steps

Once CDI has the Board's direction and input, CDI will hold one or more stakeholder meetings to obtain detailed feedback on the proposed changes from housing industry stakeholders and affordable housing advocates, followed by a presentation of this item to the HAC for its recommendation to the Board on implementation details. CDI will report back to the Board on the outcome of this community engagement process with a draft ordinance amending Chapter 17.10 and proposed UFS changes no later than March 2027.

Financial Impact

No impacts to the General Fund are expected. Costs will primarily include staff time and legal expenses to prepare and draft the code amendments and related materials, if so directed.

Strategic Initiatives

Operational Plan - Attainable Housing

Submitted By:

Matt Machado, Deputy CEO / Director of Community Development and Infrastructure

Recommended By:

Nicole D. Coburn, County Executive Officer

Artificial Intelligence Acknowledgment:

Artificial Intelligence (AI) did not significantly contribute to the development of this agenda item.



Large File Attachment Cover Sheet

SC County Inclusionary Housing Feasibility Study

Board of Supervisors Meeting Date: 8/11/2026

AMS Item Number: **26-14021**

To view the complete document, please visit:

<https://www.santacruzcountycalifornia.gov/Government/BoardofSupervisors/SantaCruzCountyMeetingMaterials/LargeFileAttachments.aspx>

These documents and additional agenda materials are also available for viewing in person during normal business hours at:

Clerk of the Board

701 Ocean Street, Rm. 520

Santa Cruz, CA 95060



Large File Attachment Cover Sheet

SC County Residential Nexus Study Report 4-30-26

Board of Supervisors Meeting Date: 8/11/2026

AMS Item Number: **26-14021**

To view the complete document, please visit:

<https://www.santacruzcountycalifornia.gov/Government/BoardofSupervisors/SantaCruzCountyMeetingMaterials/LargeFileAttachments.aspx>

These documents and additional agenda materials are also available for viewing in person during normal business hours at:

Clerk of the Board

701 Ocean Street, Rm. 520

Santa Cruz, CA 95060



Large File Attachment Cover Sheet

SC County Non-Residential Nexus Study Report 4-30-26

Board of Supervisors Meeting Date: 8/11/2026

AMS Item Number: **26-14021**

To view the complete document, please visit:

<https://www.santacruzcountycalifornia.gov/Government/BoardofSupervisors/SantaCruzCountyMeetingMaterials/LargeFileAttachments.aspx>

These documents and additional agenda materials are also available for viewing in person during normal business hours at:

Clerk of the Board

701 Ocean Street, Rm. 520

Santa Cruz, CA 95060

Exhibit on Current and Proposed Affordable Housing Impact Fee (AHIF) Rates

Analysis and Proposed AHIF Rates per square foot (SF) of Floor Area

					Staff Recommendations	
	Project Type	Current County AHIF <i>Adopted 2015</i>	Maximum Legally Supportable Rate, 2026 Nexus Study	Nexus Study-Recommended Rates	Option A <i>Inflation Adjustment</i>	Option B *
Residential	For-Sale Projects <i>(highest rate)</i>	\$ 15	\$43 to \$60.80 <i>(depending on unit type)</i>	N/A	\$ 21	\$ 28
	Rental Projects	\$ 2	\$52.50	N/A	\$ 3	\$ 8
Non- Residential	Agricultural	\$ 1	\$ 7.40	\$0 to \$3	\$ 1.41	\$ 3
	All Other Non-Residential	\$ 3	\$55.20 to \$243.50 <i>(depending on use type)</i>	\$0 to \$7	\$ 4.22	\$ 7

* Option B for Residential AHIF is using an average of the rates of the peer jurisdictions with similar AHIF fees. Option B for Non-Residential is the high end of the Nexus Study recommended range.

Comparison of Peer Jurisdictions with Residential AHIF

	Capitola	Napa County	San Mateo County	Avg of Peer Jurisdictions w/ AHIF	Avg incl. current County AHIF
For-Sale Projects <i>(highest rate)</i>	\$ 25	\$ 43	\$ 15	\$ 28	\$ 25
Rental Projects	\$ 6	\$ -	\$ 10	\$ 8	\$ 5

Sources for Peer Jurisdictions' data:

San Mateo County: <https://www.smcgov.org/planning/affordable-housing-impact-fee-0>

Napa County: <https://www.napacounty.gov/3951/Affordable-Housing-Impact-Fee-Housing-Co>

Capitola: [\(link\)](#)

Exhibit on Current and Proposed Affordable Housing Impact Fee (AHIF) Rates

Current County AHIF Rates

The tables below are excerpts from the current County of Santa Cruz Affordable Housing Guidelines (AHG), published on May 2025. The current AHG is available on the County website:

<https://cdi.santacruzcountyca.gov/Planning/Housing/MeasureJAffordableHousingProgram.aspx>

Residential AHIF:

RESIDENTIAL OWNERSHIP PROJECTS: Developments of multiple homes for sale and/or single-family home projects*				
	New Single-Family Home	Single Family Home Additions, Remodels and Replacements: Net new square footage greater than 500	2 - 4 Home Projects	5+ Home Projects
Up to 2,000 square feet	\$2	\$2	\$7	\$15
2,001-2,500 square feet	\$3	\$3	\$8	\$15
2,501-3,000 square feet	\$5	\$5	\$10	\$15
3,001-4,000 square feet	\$10	\$10	\$12	\$15
4,001 square feet and up	\$15	\$15	\$15	\$15

* Fees stated are Per Square Foot

Affordable Housing Impact Fee: RESIDENTIAL RENTAL PROJECTS	
New Rental Projects (including ADUs)	Impact Fee Per Habitable Sq. Ft.
All market-rate rental units, (including ADUs of 751 Sq Ft or more)	\$2
ADUs of 750 SF or less	Exempt
Deed-restricted affordable rental units (standard or ADU) affordable to lower-income households	

Exhibit on Current and Proposed Affordable Housing Impact Fee (AHIF) Rates

Non-Residential AHIF

AHIF Rates for Non-Residential Projects applies to net new square footage	
Type of Structure/Use	AHIF
Industrial/Manufacturing	\$3
AHIF Rates for Non-Residential Projects applies to net new square footage <i>(continued from previous page)</i>	
Office, including Medical Office	\$3
Agricultural—barn housing animals or machinery continue to pay lower fee	\$1
Agricultural greenhouses, processing facilities and other structures used for agriculture	\$3
Other non-residential, including private residential care (assisted living) facilities	\$3
Hotel/Motel	\$3
Retail	\$3



County of Santa Cruz

Community Development & Infrastructure (CDI) Department

Keyser Marston Associates

Affordable Housing Feasibility and Nexus Studies

Board of Supervisors – Public Meeting

August 11, 2026

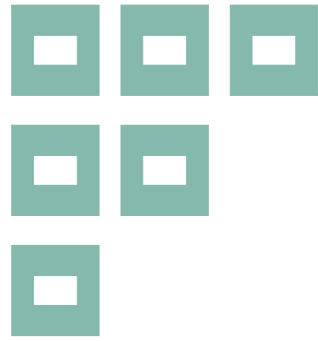
Housing Element Implementation Programs

- Housing Element Program H-3H:
 - Updated nexus study to determine supportable Affordable Housing Impact Fee (AHIF) rates for new residential and non-residential developments
 - Feasibility study of County's inclusionary zoning program ("Measure J") codified in SCCC Chapter 17.10
- Housing Element Program H-3J:
 - Reinstate 15% inclusionary requirement on rental housing
 - Do not count replacement units toward 15% requirement

Background

Current Inclusionary Program (“Measure J”)

- SCCC Chapter 17.10 and Affordable Housing Guidelines
- Requires:
 - Ownership projects of 1-6 units, additions pay Affordable Housing Impact Fees (AHIF) per square foot
 - Ownership projects of 7+ units must provide 15% affordable units, or County-approved alternative
 - Rental projects – Pay AHIF or provide 15% affordable units on site
- Density bonus law interacts with Chapter 17.10.
- Most rental projects provide affordable units for bonus instead of paying AHIF
- County’s density bonus code offers 40% bonus for ownership projects meeting standard 15% requirement



Affordable Housing Impact Fee Nexus Study and Inclusionary Housing Feasibility Study

KEYSER MARSTON ASSOCIATES, INC.

AUGUST 11, 2026

Inclusionary Housing Feasibility Study

Key Court Cases and State Legislation

2009 Palmer Case: Prohibited Inclusionary Housing requirements on rental development.

2017 Assembly Bill 1505:

- Restored the authority to impose Inclusionary Housing requirements on rental development.
- County must study the feasibility of reinstating the 15% affordable housing production requirement.

2015 San Jose Case:

- Inclusionary Housing is a planning tool not an exaction.
- The obligation cannot be confiscatory, and it cannot deprive a property owner of a fair and reasonable return on their investment.

Financial Evaluation Components

Identification of typical ownership housing and rental development (Residential Prototypes).

Market Surveys:

- Vacant land and improved property values.
- Market rate sales prices and rents.

Affordable Sales Price and Rent calculations.

Pro Forma Analyses to evaluate impacts created by affordable housing requirements.

Feasibility Evaluation Benchmarks:

- Up to 30% acquisition cost reduction to offset impact
- Up to 6% price increase to offset impact

Ownership Housing Development Analysis

Prototype Characteristics

	Townhome: 1.0 Acre Site	Townhome: 1.0 Acre Site	Small Lot SFH: 2.4 Acre Site
Base Zoning	13 Units Per Acre	16 Units Per Acre	7 Units Per Acre
Total Number of Units	13	16	17
Enhanced Density Bonus	15 Units Per Acre	21 Units Per Acre	9 Units Per Acre
Total Number of Units	15	21	21
Average Sq. Ft. Per Unit	1,480	1,200	2,200

Findings – 15% Moderate Income Requirement

	Townhome: 1.0 Acre Site	Townhome: 1.0 Acre Site	Small Lot SFH: 2.4 Acre Site
Cost Per Unit	\$990,000	\$898,000	\$1,326,000
Average Sales Prices:			
Market Rate Units	\$1,204,300	\$1,140,000	\$1,640,000
Moderate Income Units	\$431,800	\$431,800	\$491,100
Estimated Financial Impacts:			
Needed Acq Cost Reduction	31%	20%	25%
Need % Price Increase	6.2%	3.5%	4.9%
Findings	Slightly higher than benchmarks	Outperforms benchmarks	Outperforms benchmarks

Alternative Inclusionary Housing Requirements

	Townhome: 15 Units	Townhome: 21 Units	Small Lot SFH: 21 Unit
Average Sales Prices:			
Market Rate Units	\$1,204,300	\$1,140,000	\$1,640,000
Moderate Income Units	\$431,800	\$431,800	\$491,100
Low Income Units	\$235,000	\$235,000	\$294,300
20% Moderate Income:			
Needed Acq Cost Reduction	55%	39%	44%
Need % Price Increase	11.9%	7.2%	9.0%
Supportable Low Income %	9%	11%	11%

Rental Development Analysis

Context

Since the mid-1980's rental development in unincorporated Santa Cruz County has largely been limited to affordable housing with significant financial assistance from the County's former redevelopment agency.



The same issue exists in the incorporated cities within Santa Cruz County except for the downtown and westside areas within the City of Santa Cruz.



KMA was only able to identify one small mixed-use project in unincorporated Santa Cruz County and two projects in incorporated cities excluding downtown and westside areas of the City of Santa Cruz.

Prototype Characteristics

	Zoning Compliant	50% Density Bonus	70% Stacking Bonus
Density	50 Units Per Acre	75 Units Per Acre	85 Units Per Acre
Total Number of Units	60	90	102
Average Sq. Ft. Per Unit	740	740	740
Parking Spaces Per Unit	1.70	1.63	1.62

Findings

	Zoning Compliant	50% Density Bonus	70% Density Bonus
Cost Per Unit	\$509,000	\$505,100	\$505,100
Average Rents:			
Market Rate Units	\$3,316	\$3,278	\$3,292
Low Income Units	\$2,202	\$1,889	\$1,847
Supportable Low Income %			
As a % of Base Zoning Units	12%	15%	20%
As a % of Total Units	12%	10%	11.8%
Stabilized Return on Total Investment	4.88%	4.76%	4.80%

Housing Choice Voucher Program

The City of Santa Cruz imposes a 20% low income Inclusionary Housing production requirement on rental development with an option for 5% of the units to be occupied by tenants with Housing Choice Vouchers.

Factors to be considered are:

- Voucher holders cannot be required to reside in a specific project.
- Lenders will not include voucher income in underwriting a project's cash flow.
- "Fair Market Rents" are often less than the rents achieved by new development.
- Landlords cannot be barred from renting any unit to a voucher holder. No new benefit is created by imposing a requirement that units must be rented to voucher holders.

Inclusionary Housing Feasibility Study Conclusions

Ownership Housing Development

The County's existing 15% moderate income Inclusionary Housing requirement can be supported.

A 20% moderate income requirement is not supported by the KMA analysis.

If a mandatory low income requirement is imposed in place of the existing moderate income requirement, a 9% to 11% requirement could be supported.

Rental Development

Program H-3H of the 2023 Housing Element required the County to study the feasibility of imposing an Inclusionary Housing production requirement on rental development.

Under current conditions:

- A 12% low income requirement can potentially be supported by zoning compliant rental developments.
- Slightly less than 12% of the total units are affordable under the density bonus alternatives.

Given the lack of multifamily rental development over multiple real estate cycles, KMA concluded:

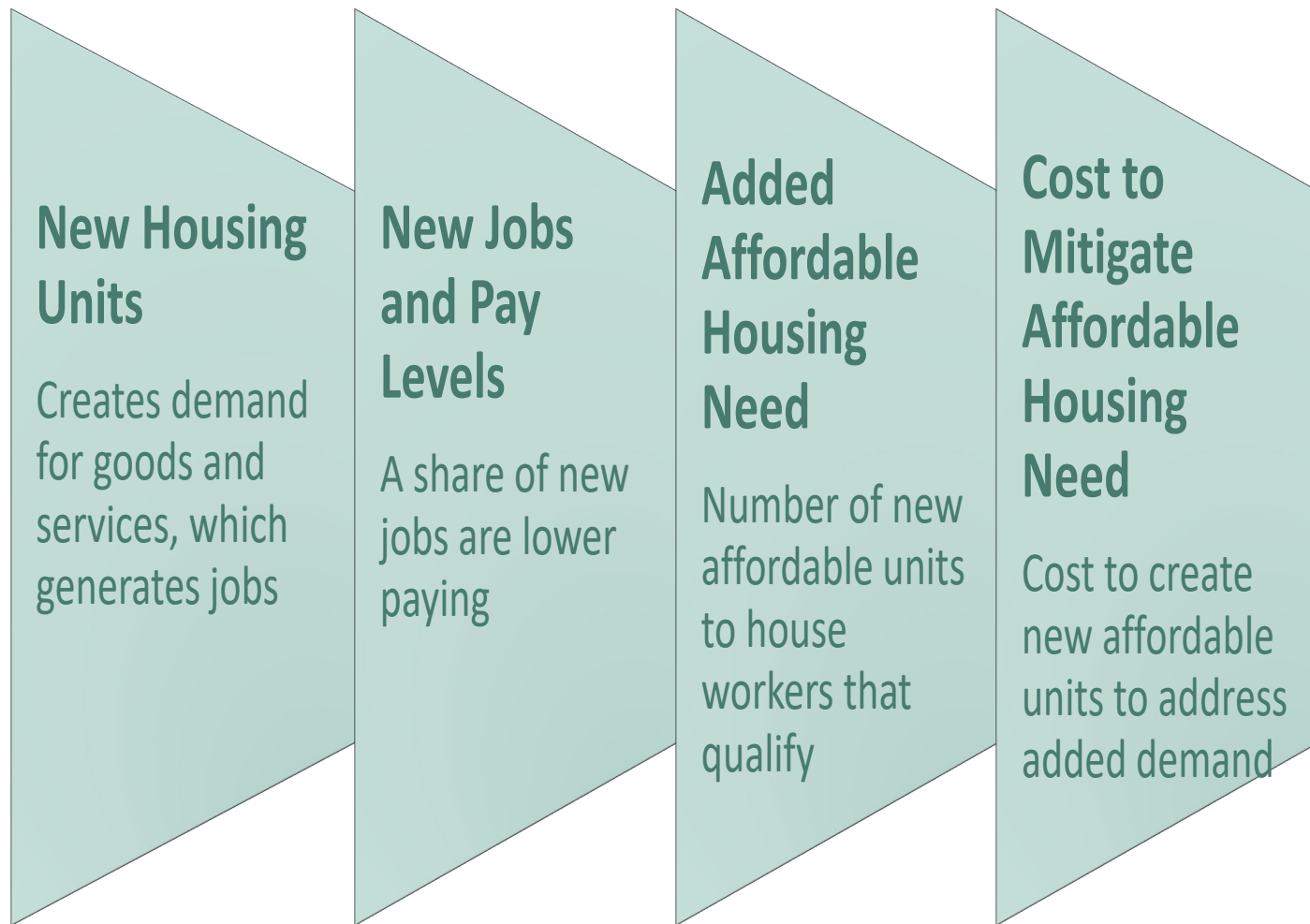
- Market rate rental development will continue to be financially challenging.
- Production requirements on rental development creates additional constraints on future development opportunities.
- Developers should continue to be allowed to pay an Affordable Housing Impact Fee, with optional affordable housing production to fulfill the requirement.

Residential Affordable Housing Nexus Fee Analysis

Residential Nexus Analysis

- ❖ Quantifies impact of new market rate housing on demand for affordable housing
- ❖ Establishes maximum legally supportable fee levels for an affordable housing impact fee on residential development
- ❖ Complies with California Mitigation Fee Act

Conceptual Framework of Residential Nexus Analysis



Residential Prototypes

	Individual SFD Home	Small Lot SFD	Townhome (15 DU/AC)	Townhome (21 DU/AC)	Apartments
Avg. Unit Size	2,700 SF	2,200 SF	1,550 SF	1,100 SF	750 SF
Avg. No. of Bedrooms	4.00	3.00	3.00	3.00	1.50
Representative Density	N/A	7 du/acre	15 du/acre	21 du/acre	50 du/acre
Avg. Sales Price	\$2,700,000	\$1,640,000	\$1,230,000	\$1,050,000	\$3,300
Per Square Foot	\$1,000 /SF	\$745 /SF	\$794 /SF	\$955 /SF	\$4.40 /SF

Residential Nexus Analysis: *Maximum Legally Supportable Impact Fees*

	Individual SFD Home	Small Lot SFD	Townhome (15 DU/AC)	Townhome (21 DU/AC)	Apartments
Up to 30% AMI	\$19.70	\$17.10	\$19.00	\$24.20	\$21.60
30% - 50% AMI	\$17.80	\$15.40	\$17.10	\$21.80	\$18.50
50% - 80% AMI	\$12.00	\$10.40	\$11.50	\$14.70	\$12.30
80% - 120% AMI	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10
Total Mitigation Cost/ Maximum Supported Fee	\$49.60	\$43.00	\$47.70	\$60.80	\$52.50

Residential AHIF: Current vs. Legally Supportable Rates

Residential AHIF	Current County Rate / SF	Legally Supportable Rate / SF
Ownership Units	\$2 – \$15	\$43 - \$60.80
Apartments and ADUs greater than 750 SF	\$2	\$52.50 *

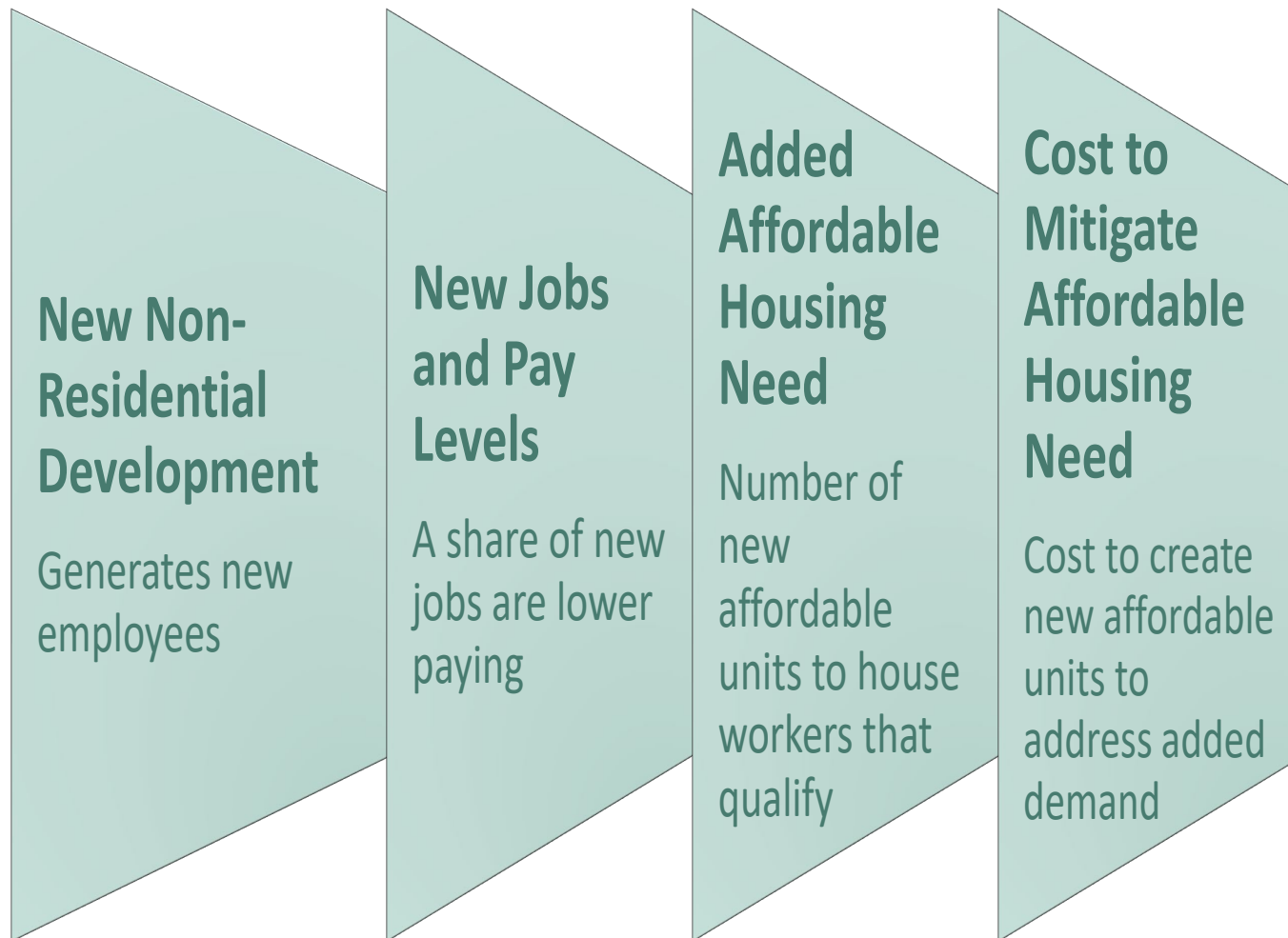
** Apartments only. The nexus study did not analyze legally supportable rates for ADUs.*

Non-Residential Affordable Housing Nexus Fee Analysis

Non-Residential Nexus Analysis

- ❖ Quantifies impact of new non-residential development on demand for affordable housing
- ❖ Establishes maximum legally supportable fee levels for an affordable housing impact fee on non-residential development
- ❖ Complies with California Mitigation Fee Act

Conceptual Framework of Non-Residential Nexus Analysis



Non-Residential Land Uses

- ❖ KMA analyzed the following land uses in the non-residential nexus analysis:
 - ❖ Retail / Commercial
 - ❖ Office
 - ❖ Hotel / Lodging
 - ❖ Light Industrial
 - ❖ Agricultural
 - ❖ Assisted Living

Non-Residential Nexus Analysis:

Maximum Legally Supportable Impact Fees

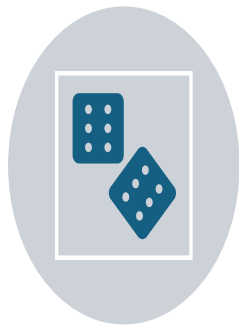
Nexus Cost Per Square Foot of Building Area

	Retail/ Commercial	Office	Hotel/ Lodging	Warehouse	Light Industrial	Agricultural	Assisted Living
Up to 30% AMI	\$131.50	\$45.90	\$51.90	\$25.30	\$33.20	\$4.70	\$27.30
30% - 50% AMI	\$77.00	\$94.10	\$32.40	\$20.50	\$37.80	\$1.90	\$19.10
50% - 80% AMI	\$34.90	\$94.70	\$16.00	\$11.20	\$26.90	\$0.80	\$9.80
80% - 120% AMI	\$0.10	\$1.00	\$0.10	\$0.10	\$0.20	\$0.00	\$0.00
Total Mitigation Cost/ Maximum Supported Fee	\$243.50	\$235.70	\$100.40	\$57.10	\$98.10	\$7.40	\$56.20

Non-Residential AHIF: Current vs. Recommended Rates

Non-Residential AHIF	Current County Rate / SF	KMA-Recommended Rate / SF
All other non-residential (office, hotel, commercial, industrial, etc.)	\$3	\$0 - \$7
Agricultural	\$1	\$0 - \$3

Staff Recommendations: Inclusionary Program



Maintain current 15% requirement for ownership projects, and local enhanced bonus in 17.12.065



Consider modifying requirements for rental projects (HE program H-3J) to reinstate mandatory requirements for onsite affordable units, at no higher than the maximum feasible rate of 11%.

Staff Recommendations:

Affordable Housing Impact Fees



1. Consider increasing AHIF rates as shown below, at right.
2. Simplify AHIF rate structure for ownership projects

Project Type	Maximum Supportable AHIF / SF	Current AHIF/SF	Recommended AHIF / SF
Residential For-Sale	\$43 – \$60.80	\$2 – \$15	\$21 – \$28
Residential Rental	\$52.50	\$2	\$3 – \$8
Agricultural	\$7.40	\$1	\$1.41 – \$3
All other non-residential	\$55 – \$243.50	\$3	\$4.22 – \$7

Summary of Staff Recommendations



1. Accept and file reports from Keyser Marston Associates.



2. Provide CDI with direction on revisions to inclusionary rates and impact fees, consistent with the study findings and recommendations;



3. Direct CDI to complete community engagement and report back to Board by March 2027 with recommended draft ordinance and/or the fee adjustments.



August 10, 2026

To: Santa Cruz County Board of Supervisors

Re: Comments on Agenda Item #9, Reports on Affordable Housing Impact Fee Nexus Study and Inclusionary Housing Feasibility Study

Dear Supervisors,

Santa Cruz YIMBY advocates for abundant housing at all levels of affordability in Santa Cruz County. We write to share our perspective on local inclusionary housing rules and affordable housing impact fees, agenda item # on your August 11, 2026 agenda.

Right now, virtually all affordable homes being built in Santa Cruz County come from 100% fully-subsidized projects relying on public funding. Funding affordable housing is a shared community responsibility that should be backed by public revenues and housing bonds, rather than an unfunded requirement placed on new home construction.

Standard market-rate housing has stalled, with the exception of ADUs and projects using the state Builder's Remedy. This leaves the County far behind on its state-mandated housing goals for market-rate homes. Market-rate housing plays an important role in a healthy community. Building market-rate homes absorbs demand from higher-income households, relieves competition for existing rentals, and helps prevent displacement in older neighborhoods. Studies show that for every 100 new market-rate homes built, 45 to 70 homes open up in lower-income neighborhoods as households move up the chain.

We strongly advocate that the Board not raise inclusionary percentages or impact fees. Adding higher mandates or fees will only stop new homes from being built. Instead, the County should focus on three practical steps to lower costs and get housing moving:

- Offer a choice: fewer homes at deeper affordability
- Cut impact fees, especially on small infill projects
- Give bigger zoning perks for adding affordable units

Local Production Data & Market Realities

Local building data shows that our current fees and mandates are already at the limit of what local homebuilding can support—a reality that neighboring Bay Area communities are also recognizing and responding to by lowering fees and streamlining rules. San Francisco recently reduced its affordable housing requirement to 5% to restart stalled homebuilding. Similarly, San Jose expanded its incentive programs to encourage new apartment projects.

Out of 1,580 market-rate homes assigned to the County in this state cycle, only 81 have been built (a dismal 5% completion rate), multi-family market-rate rental projects have been virtually non-existent since the 1980s, and the few projects moving forward today rely on state Builder's Remedy exceptions. When local rules make market-rate development unfeasible, the result is zero new inclusionary affordable units and higher housing costs across the entire county.

Actionable Recommendations to Get Housing Moving

Rather than raising fees or unfunded mandates, we urge the Board to adopt policies that lower construction costs and offer practical compliance options:

- **Offer a choice: fewer homes at deeper affordability:** For homes built for purchase, let builders choose an alternative path with deeper affordability—such as 8% Low-Income homes instead of the standard 15% Moderate-Income requirement.
- **Cut impact fees, especially on small infill projects:** Eliminate affordable housing impact fees overall, or at minimum exempt small projects of 10 homes or fewer so small-scale builders aren't priced out.
- **Give bigger zoning perks for adding affordable units:** Make the County's density bonus program more attractive across all income levels, allow local perks to stack on top of state density bonus rules, and offer voluntary options paired with flexible zoning.

We're also asking the Board to make sure projects aren't getting double-charged by overlapping fees. Residential homebuilding deserves the same financial common sense the County uses for commercial businesses, where consultant advice was used to keep fees low so projects could survive.

The fastest way to fix our housing shortage and meet our goals is to build more homes. Let's keep supporting 100%-affordable projects while making it possible for market-rate housing to get built too.

Thank you for the opportunity to comment.

Sincerely,

Rafa Sonnenfeld
Janine Roeth
Volunteer Leads, Santa Cruz YIMBY

YIMBY Law

2261 Market Street STE 10416
San Francisco, CA 94114
hello@yimbylaw.org



YIMBY LAW

8/11/26

County of Santa Cruz
Board of Supervisors
North County Government Center Board Chambers
701 Ocean Street, Room 525
Santa Cruz, CA 95060

Re: Item 9, Impact Fee Nexus Study

Dear Santa Cruz County Board of Supervisors,

YIMBY Law is a 501(c)3 non-profit corporation, whose mission is to increase the accessibility and affordability of housing in California. YIMBY Law sues municipalities when they fail to comply with state housing laws, including the Housing Accountability Act (HAA). This Board has an obligation to abide by all relevant state housing laws when evaluating the above captioned proposal, including the HAA. Should the City fail to follow the law, YIMBY Law will not hesitate to file suit to ensure that the law is enforced.

Today, the Board meets to consider its impact fees and inclusionary housing policies, following a nexus study prepared by Keyser Marston Associates. We write to inform you that this study is fundamentally flawed, and does not justify its own suggestion that the County raise its inclusionary requirements for residential development.

KMA concludes that an inclusionary requirement is “feasible” when it could be offset by a market-rate price or rent increase of up to 6%. However, the report does not justify this figure or account for its impacts on renters within the County who will have to bear that new cost. While the report surveys current land values, home prices, rents, densities, and project types, it uses those inputs in hypothetical exercises. Nowhere does the report conduct a demand analysis, price-elasticity analysis, affordability analysis for market-rate households, or absorption sensitivity showing that units priced 3%–6% above current market levels would sell or lease at the assumed pace. This action invites legal risk, as California law specifically requires HCD to scrutinize whether:



(3) The study methodology followed best professional practices and was sufficiently rigorous to allow an assessment of whether the rental inclusionary requirement, in combination with other factors that influence feasibility, is economically feasible.

Gov Code § 65850.01(b)(3).

The report effectively assumes its conclusion: it calculates the price or rent increase needed to restore a target return, then labels the policy feasible whenever that increase falls below the unexplained 6% threshold. In one case, KMA even treats a 6.2% required price increase and a 31% land-value reduction as close enough to its 6% and 30% benchmarks to remain feasible. The report shows what prices or rents would need to be, but not whether the Santa Cruz County market can actually support them.

As your staff themselves point out:

the study notes that there has been a dearth of market-rate multi-family rental development throughout most of Santa Cruz County, with the exception of downtown Santa Cruz and areas proximate to UCSC, for several decades, and that imposition of a 10-12% mandatory inclusionary requirement on rental projects at this time may be counterproductive to meeting the County's current Regional Housing Needs Allocation (RHNA) requirements. The on-site inclusionary requirement on rental development can inadvertently create a development barrier...

Santa Cruz County Staff Report, page 3, Item A2.

With a statutory RHNA requirement to meet amidst an unprecedented housing shortage, the County cannot rely on suspect justifications for a policy that will make it harder to build new housing. Affordable housing developers are unable to pass increased fees through to tenants, as their rents are capped. Every dollar of impact fees must instead be absorbed by scarce public subsidy, reducing the number of units a fixed pool of funding can support.



The [Turner Center's 2026 analysis of California affordable housing projects](#) found that impact fees added an average of nearly \$20,000 per unit to development costs. At the project level, fees of this magnitude can be the difference between a project that achieves financial feasibility and one that does not. This is especially true in high-cost, constrained markets like Santa Cruz County, where land costs are already high and most affordable projects are assembling multiple layers of financing that are themselves under significant pressure. Fee waivers and reductions are among the most direct and evidence-supported tools available to local jurisdictions to improve project feasibility.

These projects operate on razor-thin margins, assembling multiple layers of state and federal funding that are themselves under significant pressure. Every additional dollar of upfront cost either renders a project infeasible or requires additional subsidy that may not exist.

Moreover, an unjustified increase of inclusionary requirements risks violating the U.S. Constitution, which places strict limits on land-use permit conditions. Under U.S. Supreme Court precedents including *Nollan v. Cal. Coastal Comm'n*, 483 U.S. 825 (1987), *Dolan v. City of Tigard*, 512 U.S. 374 (1994), *Koontz v. St. Johns River Wtr. Mgmt. Dist.*, 570 U.S. 595 (2013), and *Sheetz v. County of El Dorado*, 601 U.S. 267 (2024), permit conditions which impose monetary obligations or demand property interests must be closely related in both kind and magnitude to the negative public impacts of the development. These requirements are known as the “essential nexus” and the “rough proportionality” tests. By increasing inclusionary obligations without sufficient justification, the County risks violating the rough proportionality test. This is especially risky because the inclusionary policy is already susceptible to attack on essential nexus grounds, given that new residential development adds supply and therefore tends to lower prices, not raise them. Thus, it is not clear what negative public impact is mitigated by the inclusionary requirements. Increasing the requirements without sufficient basis only exacerbates the risk of constitutional violation and liability.

YIMBY Law

2261 Market Street STE 10416

San Francisco, CA 94114

hello@yimbylaw.org



YIMBY LAW

We request that the County not enact higher inclusionary requirements without adequate justification showing that they will reduce housing costs. I am signing this letter both in my capacity as the Executive Director of YIMBY Law, and as a resident of California who is affected by the shortage of housing in our state.

Sincerely,

A handwritten signature in black ink that reads "Sonja Trauss". The script is fluid and cursive, with the first name "Sonja" and last name "Trauss" clearly legible.

Sonja Trauss



PROCEEDINGS OF THE COUNTY OF SANTA CRUZ BOARD OF SUPERVISORS

August 11, 2026

ACTION SUMMARY MINUTES

INTRODUCTORY ITEMS

1. CALL TO ORDER – 9:02 AM

Attendance	Attendee Name
Present	Manu Koenig, First District Supervisor Kimberly De Serpa, Second District Supervisor Justin Cummings, Third District Supervisor Felipe Hernandez, Fourth District Supervisor Monica Martinez, Fifth District Supervisor

2. MOMENT OF SILENCE AND PLEDGE OF ALLEGIANCE

3. CONSIDERATION OF LATE ADDITIONS TO THE AGENDA; ADDITIONS AND DELETIONS TO CONSENT AND REGULAR AGENDAS
None

4. ANNOUNCEMENT BY BOARD MEMBERS OF ITEMS REMOVED FROM CONSENT TO REGULAR AGENDA
None

5. PUBLIC COMMENT

17 people addressed the board in chambers
3 people addressed the board via zoom

6. ACTION ON THE CONSENT AGENDA (ITEMS 14-59)

REGULAR AGENDA

Scheduled and Regular Departmental items – 9:00 AM or thereafter

7. Consider resolution providing for the issuance and sale of 2026-27 Tax and Revenue Anticipation Notes in an amount not exceeding \$55,000,000, and take related actions (Auditor-Controller-Treasurer-Tax Collector)

Actions:

1. Authorized the Auditor-Controller-Treasurer-Tax Collector to proceed with necessary actions to secure the 2026-27 Tax and Revenue Anticipation Notes; and
2. Adopted Resolution 165-2026 providing for the issuance and sale of 2026-27 Tax and Revenue Anticipation Notes in an amount not exceeding \$55,000,000 and approving an Official Notice of Sale, a Notice of Intention to Sell Notes, a Note Purchase Agreement, a Preliminary Official Statement, a Continuing Disclosure Certificate and certain other

9. Consider reports on the Affordable Housing Impact Fee Nexus Studies and Inclusionary Housing Feasibility Study, direct staff on next steps in the workplan to implement Housing Element Programs H-3H and H-3J, and take related actions (Community Development and Infrastructure - Planning)

Motion - Withdrawn

Motion by Supervisor Cummings, seconded by Supervisor Hernandez to adopt fee option B for impact fees, support a 15% inclusionary rate for both ownership and rental housing, and formally acknowledge the lack of section 8 vouchers and moderate rates.

Motion - Died

Motion by Supervisor Cummings, seconded by Supervisor Hernandez directing staff to conduct a study using 80% of low income threshold for rentals (based on numbers from the Santa Cruz County Housing Authority) and conduct analysis on impacts of increasing inclusionary requirement by 5% for section 8 voucher holders and when section 8 voucher holders aren't available for moderate rate renters and direct County Counsel to investigate legal implications for reducing our 15% based on Measure O and recent court cases in Santa Cruz County

Actions:

1. Accepted and filed the following reports from Keyser Marston Associates (KMA) (collectively, "Housing Studies"):
 - a. Inclusionary Housing Feasibility Study; and
 - b. Affordable Housing Impact Fees Nexus Studies on feasible impact fee rates for residential and non-residential development;
2. Provided the Department of Community Development and Infrastructure (CDI) with direction on potential revisions to Santa Cruz County Code (SCCC) Chapter 17.10 and/or updates to the Unified Fee Schedule (UFS) to implement Housing Element Programs H-3H and H-3J, consistent with the findings and recommendations of the Housing Studies;
3. Directed staff to complete the community engagement process on this workplan, including stakeholder and Housing Advisory Commission (HAC) meetings to consider the findings of the Housing Studies and Board-directed changes to the affordable housing impact fee rates and/or inclusionary housing program, and report back to the Board by March 2027 with the results of the community engagement process and HAC recommendations, and a draft ordinance amending SCCC Chapter 17.10 and/or the UFS accordingly;
4. Directed staff to consider potential revisions to reduce or eliminate inclusionary housing rates and impact fees to encourage business development and housing production, particularly affordable-by-design housing units; and
5. Directed staff to maintain the 15% inclusionary requirement for for-sale housing and return to the Board for consideration in March 2027.

Public Comment:

2 people addressed the board via chambers
3 people addressed the board via zoom

RESULT:	Approved [3 to 2]
MOTION/SECOND:	Koenig, De Serpa
AYES:	Koenig, De Serpa, Martinez
NAYES:	Cummings, Hernandez
ABSTAIN:	None

10. Consider approving in concept an “Ordinance of the Board of Supervisors of the County of Santa Cruz Amending Chapter 5.48 of the Santa Cruz County Code to Align the Code with Changes to State Law, Delete Unnecessary Material, and Make Additional Miscellaneous Changes,” approve the Notice of Exemption under the California Environmental Quality Act, and take related actions (Community Development and Infrastructure - Public Works)

Actions:

1. Approved in concept, “Ordinance of the Board of Supervisors of the County of Santa Cruz Amending Chapter 5.48 of the Santa Cruz County Code to Align the Code with Changes to State Law, Delete Unnecessary Material, and Make Additional Miscellaneous Changes;”
2. Approved the Notice of Exemption under the California Environmental Quality Act;
3. Directed the Clerk of the Board to schedule the ordinance for a second reading and final adoption on August 25, 2026; and
4. Directed the Clerk of the Board to publish the Notice of Proposed Ordinance Summary in a newspaper of general circulation at least five days prior to the second reading and final adoption, no later than August 19, 2026, pursuant to Government Code Section 25124.

Public Comment:

1 person addressed the board in chambers
1 person addressed the board via zoom

RESULT:	[5 to 0]
MOTION/SECOND:	Hernandez, De Serpa
AYES:	Koenig, De Serpa, Cummings, Hernandez, Martinez
NAYES:	None
ABSTAIN:	None

Exhibit E
Current AHIF Rate Structure for Residential Projects

The tables below are excerpts from the 2026 County of Santa Cruz Affordable Housing Guidelines (AHG). The current AHG is available online:

<https://cdi.santacruzcountyca.gov/Planning/Housing/MeasureJAffordableHousingProgram.aspx>

RESIDENTIAL OWNERSHIP PROJECTS:				
Developments of multiple homes for sale and/or single-family home projects*				
	New Single-Family Home	Single Family Home Additions, Remodels and Replacements: Net new square footage greater than 500	2 - 4 Home Projects	5+ Home Projects
Up to 2,000 square feet	\$2	\$2	\$7	\$15
2,001-2,500 square feet	\$3	\$3	\$8	\$15
2,501-3,000 square feet	\$5	\$5	\$10	\$15
3,001-4,000 square feet	\$10	\$10	\$12	\$15
4,001 square feet and up	\$15	\$15	\$15	\$15

** Fees stated are Per Square Foot*

Affordable Housing Impact Fee:	
RESIDENTIAL RENTAL PROJECTS	
New Rental Projects (including ADUs)	Impact Fee Per Habitable Sq. Ft.
All market-rate rental units, (including ADUs of 751 Sq Ft or more)	\$2
ADUs of 750 SF or less	Exempt
Deed-restricted affordable rental units (standard or ADU) affordable to lower-income households	

Exhibit F
Example: Simplified AHIF Fee Structure

Project Type	AHIF Per Square Foot
Residential Ownership Projects Developments of one or more net new dwelling units that are alienable (with separate APN – e.g., subdivisions, townhomes, condominiums) that do not include at least 15% Affordable Homes for Sale in compliance with SCCC 17.10.030.	\$15
Exemptions to Owner Project AHIF: • <i>First-time homebuyer/owner-builder exemption: for those applicant households who do not yet own any home and are building the home to serve as their primary residence. Limit one exemption per lifetime per building permit applicant, for one dwelling unit of 1,700 SF or less. Corporate/business entity applicants are not eligible for exemption. Full eligibility details in the AHG.</i> • <i>Home additions of up to 800 SF</i> • <i>ADUs of 751 to 1,200 SF and/or Tiny Homes on Wheels (limit of 3 exempt ADU and/or THOW per development)</i> • <i>Exempted by state law: ADUs and/or JADUs up to 750 SF</i>	\$0
Residential Rental Projects Market-rate multi-family rental projects resulting in two or more net new dwelling units that are non-alienable (i.e., two or more units share an APN, whether attached, detached, or semi-detached); and the project does not include any deed-restricted affordable units.	\$5
Exemptions to Rental AHIF: • <i>ADUs of 751 to 1,200 SF and/or Tiny Homes on Wheels (limit of 3 exempt ADU and/or THOW per development)</i> • <i>Exempted by state law: ADUs and/or JADUs up to 750 SF</i>	\$0
Non-Residential Projects Construction of 10,000 SF or more in net new floor area (interior space) developed for any of the following uses: • Retail/Commercial, Office, Hotel/lodging (visitor accommodations), warehouse, light industrial, assisted living (licensed care facilities)	\$5
Exemptions to Non-Residential AHIF: <i>Public Facilities (public schools, hospitals, government facilities, utilities), on-farm structures for commercial agriculture uses (livestock barns, produce storage/processing, tractor garages, etc.) located in CA or A zones.</i>	\$0