



KEYSER MARSTON

A S S O C I A T E S

RESIDENTIAL

AFFORDABLE HOUSING IMPACT FEE

NEXUS STUDY

Prepared for:

County of Santa Cruz

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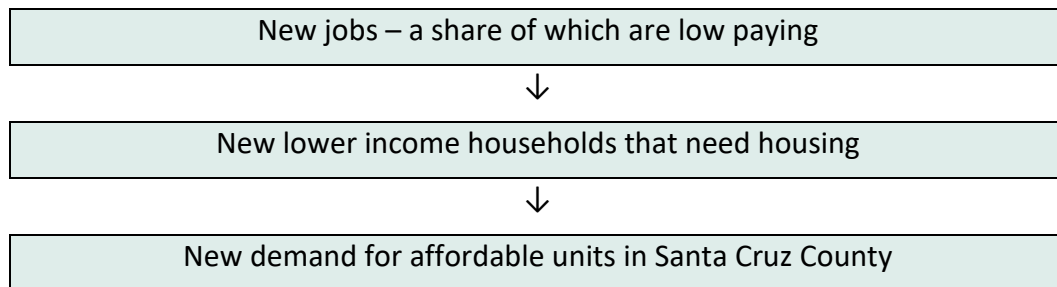
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I. EXECUTIVE SUMMARY

The following report summarizes an analysis of the linkages between market rate residential development in Santa Cruz County and the future demand for additional affordable housing. The analysis, which demonstrates support for a “Residential Affordable Housing Impact Fee,” has been prepared by Keyser Marston Associates, Inc. (KMA) for the County of Santa Cruz (County) in accordance with a contractual agreement.

A. Residential Nexus Study

The purpose of a residential nexus study is to demonstrate and quantify the impact of new market rate residential development on the demand for affordable housing. The underlying nexus concept is that newly constructed market rate residential units represent net new households in Santa Cruz County. These households generate new income in Santa Cruz County that will be used to consume goods and services. This increased consumption translates into new jobs – a share of which are low paying. These new households with low paying jobs require housing, which results in the new demand for affordable units in Santa Cruz County.



B. Methodology and Models Used

The Residential Nexus Study is performed using two models that can be described as follows:

1. The IMPLAN (IMpact Analysis for PLANning) model is an industry-accepted, commercially-available model developed over 40 years ago to quantify the impacts of changes in a local economy, including the employment impacts created by changes in personal income.
2. The KMA Jobs-Housing Nexus model, which was initially developed over 25 years ago to analyze the income structure of job growth, is used to determine the household income of new employee households.

C. Maximum Nexus Costs

The following table identifies the maximum nexus costs derived from the Residential Nexus Study. The nexus costs represent the maximum legally supportable fee amounts if the County decides to impose an affordable housing impact fee requirement:

Figure 1: Maximum Residential Affordable Housing Impact Fee	
Residential Use	Per SF of Livable Area
Individual Single Family Detached (SFD) Home	\$50.50
Small Lot SFD	\$43.80
Townhome (15 DU/AC)	\$48.70
Townhome (21 DU/AC)	\$61.90
Apartments	\$53.70

D. Data Sources and Qualifications

The analyses in this report have been prepared using the best and most recent data available. Local and current data was used whenever possible. Sources such as the United States Census (Census), the American Community Survey of the Census (ACS), and California Employment Development Department (EDD) data were used extensively. Other sources and analyses are noted when used in the text and footnotes. The data sources and uses are those that provide a reasonable basis to support the nexus between jobs and housing.

While we believe all sources utilized are sufficiently accurate for the purposes of the analyses, we cannot guarantee their accuracy. KMA assumes no liability for information from these and other sources.

II. THE RESIDENTIAL NEXUS STUDY

A. Introduction

This section outlines the nexus concept and some of the key issues surrounding the linking of new market rate residential development to the demand for affordable residential units in Santa Cruz County. The Residential Nexus Study provides the County with the technical support to impose a Residential Affordable Housing Impact Fee. If the County decides to impose an affordable housing impact fee requirement on market rate residential development, the conclusions of this Residential Nexus Study represent the maximum supportable or legally defensible fee levels based on the impact of new market rate residential development on the need for affordable housing.

B. The Legal Basis and Context

The first jobs-housing linkage programs were adopted in the cities of San Francisco and Boston in the mid-1980s. To support the linkage between new development and the demand for affordable housing, the City of San Francisco commissioned an analysis to show the relationships, or what might now be characterized as an early version of a nexus analysis. Since that time there have been several court cases and California statutes that affect what local jurisdictions must demonstrate when imposing impact fees on development projects.

The most important United States Supreme Court cases are *Nollan v. California Coastal Commission* and *Dolan v. City of Tigard* (Oregon). The rulings on these cases, and others, help clarify what governments must find in the way of the nature of the relationship between the problem to be mitigated and the action contributing to the problem. Here, the problem is the shortage of affordable housing, and the action contributing to the problem is building developments that create more jobs and worker households needing affordable housing.

Following the *Nollan* decision in 1987, the California legislature enacted AB 1600, which requires local agencies proposing an impact fee on a development project to identify the purpose of the fee, the use of the fee, and to determine that there is a reasonable relationship between the fee's use and the development project on which the fee is imposed. The local agency must also demonstrate that there is a reasonable relationship between the fee amount and the cost of mitigating the problem that the fee addresses. Studies by local governments designed to fulfill the requirements of AB 1600 are often referred to as "AB 1600" or "Nexus" studies. In 2021, the California legislature enacted Assembly Bill 602 (AB 602), which imposes

additional requirements for impact fees and impact fee nexus studies completed after January 1, 2022.

One court case that involved housing linkage fees was *Commercial Builders of Northern California v. City of Sacramento*. The commercial builders of Sacramento sued the City of Sacramento following the City's adoption of a housing linkage fee. Both the United States District Court and the Ninth Circuit Court of Appeals upheld the City of Sacramento, and rejected the builders' petition. The United States Supreme Court denied a petition to hear the case, letting stand the lower court's opinion.

Since the Sacramento case in 1991 there have been several additional court rulings reaffirming and clarifying the ability of California cities to adopt impact fees. Notable cases can be described as follows:

1. In 2004, in *San Remo Hotel v. the City and County of San Francisco*, the court upheld the impact fee levied by the City and County of San Francisco on the conversion of residence hotels to tourist hotels and other uses. The court found that a suitable nexus, or deleterious impact, had been demonstrated.
2. In 2009, in *Building Industry Association of Central California v. the City of Patterson*, the Court invalidated the City of Patterson's fee because a valid nexus linking the impact of the proposed project to the fee had not been demonstrated.
3. In 2010, a court ruling upheld most of the impact fees levied by the City of Lemoore, in Central California. Of particular note is the judges' opinion that a "fee" may be "established for a broad class of projects by legislation of general applicability....the fact that specific construction plans are not in place does not render the fee unreasonable." In other words, cities do not have to identify specific affordable housing projects to be constructed at the time of adoption of an impact fee.
4. In 2025, in *Sheetz v. County of El Dorado*, California's Third District Court of Appeal found that the traffic impact mitigation (TIM) fee imposed by the County did not violate the Takings Clause. In this case, the court found that the TIM fee satisfied both the Nollan test (essential nexus) and the Dolan test (rough proportionality).

In summary, the case law at this time appears to be fully supportive of the imposition of affordable housing impact fees.

C. The Nexus Concept

At its most simplified level, the underlying nexus concept is that newly constructed units represent net new households in the Santa Cruz County. These households generate income that is new to the community, and that income will be used to purchase goods and services. This new consumption can be translated into an increase in the number of jobs required to fulfill the additional demand for goods and services. A portion of the new jobs will be at lower compensation levels, which in turn relates to employee households that cannot afford to rent or buy market rate units. This results in the need for additional affordable housing units.

D. Use of this Residential Nexus Study

This Residential Nexus Study has been prepared for the limited purpose of determining the nexus support for imposing a Residential Affordable Housing Impact Fee. We caution against using this study, or any impact fee study for that matter, for purposes beyond the intended use.

E. Methodology and Models Used

The Residential Nexus Study is performed using two models. The IMPLAN and KMA Jobs-Housing Nexus models are described below.

IMPLAN Model

The IMPLAN model is an industry-accepted, commercially-available model developed over 40 years ago. The IMPLAN model was first used to quantify the impacts of changes in a local economy, including the employment impacts created by changes in personal income. The IMPLAN model plays the following role in this Residential Nexus Study:

1. The estimated net new personal income available for expenditures for the households residing in the market-rate residential units is input into the IMPLAN model;
2. Using this income information, the IMPLAN model estimates a distribution of expenditures; and
3. The IMPLAN model produces a quantification of new jobs generated by industry type. The IMPLAN model estimates the jobs generated at establishments that serve new residents in the following ways:
 - a. Jobs that serve new residents directly, such as supermarkets, banks and schools;

- b. Jobs generated by increased demand at firms that service or supply these establishments, such as wholesalers, janitorial contractors, accounting firms, and any jobs down the service/supply chain from direct jobs; and
- c. Jobs generated when the new employees spend their wages in the local economy and generate additional jobs.

KMA Jobs-Housing Nexus Model

The results of the IMPLAN analysis are input into the KMA Jobs-Housing Nexus model. This model was initially developed over 25 years ago to analyze the income structure of job growth, and it is used to estimate the following:

1. The household income of the employees doing the identified jobs; and
2. The income category of the housing needed by the employee households.

This information is presented for the following household income categories:

Figure 2: Summary of Affordability Categories		
Income Category	Percent of Median	Income Range (Four-Person Household)
Extremely Low Income	0% to 30% of Median	\$0 to \$59,350
Very Low Income	Above 30% to 50% of Median	\$59,351 to \$98,900
Low Income	Above 50% to 80% of Median	\$98,901 to \$158,700
Moderate Income	Above 80% to 120% of Median	\$158,701 to \$159,350

The linkages can be illustrated using the following simplified example:

1. An analysis of the housing market provides the average sales price or rent of market rate units.
2. The household incomes for the new residents are estimated based on the average sales price or rent of the units. Specifically, the estimates are based on the assumptions regarding the share of income spent on housing-related expenses.

3. The household's estimated gross income is adjusted to a net amount available for expenditures.
4. The new households will purchase or consume a range of goods and services (e.g. at locations such as a supermarket or a restaurant).
5. The increase in purchases in the local economy will in turn generate support for increased employment at an array of different compensation levels.
6. A portion of the jobs will provide insufficient compensation for the employee households to afford market rate housing in Santa Cruz County.

F. Underlying Assumptions Related to Net New Demand for Housing

An underlying assumption of the Residential Nexus Study is that households that buy or rent new units represent net new households in Santa Cruz County. If homebuyers/renters have relocated from elsewhere in the local area, vacancies have been created that will be filled. If existing units are removed to redevelop a site to higher density, then there could be a need for recognition of the existing households in that all new units might not represent new households, depending on the program design and number of units removed relative to new units.

Since the analysis addresses net new households in Santa Cruz County and the impacts generated by their consumption expenditures, the Residential Nexus Study quantifies net new demands for affordable units to accommodate new worker households. As such, the impact results do not address nor in any way include existing deficiencies in the community's supply of affordable housing.

G. Geographic Area of Impact

The purpose of the Residential Nexus Study is to estimate the affordable housing demand generated in Santa Cruz County. However, some impacts will be experienced beyond Santa Cruz County. The IMPLAN model computes the jobs generated within Santa Cruz County, and sorts out those that occur beyond the Santa Cruz County boundaries. The KMA Jobs-Housing Nexus Model analyzes the income structure of jobs and their corresponding employee households, without assumptions as to where the employee households live.

In summary, the KMA residential nexus analysis quantifies all job impacts occurring within Santa Cruz County and related housing needs. Job impacts, like most types of impacts, occur

irrespective of jurisdictional boundaries. And like other types of impact analyses, such as traffic studies, impacts beyond jurisdictional boundaries are experienced, are relevant, and are important. See the “Addendum: Factors Related to the Nexus Concept” at the end of this study for further discussion on this topic.

III. RESIDENTIAL NEXUS STUDY METHODOLOGY

The Residential Nexus Study is organized into the following components:

1. A discussion of the residential prototypes, and the estimated household incomes of the homebuyers and renters.
2. A description of the IMPLAN model that is used in the Residential Nexus Study to translate household income into the estimated number of jobs in retail, restaurants and other sectors serving new residents.
3. An identification of the linkage between employment growth associated with new market rate residential development and the need for affordable housing units in each of the four income categories.
4. A quantification of the nexus or mitigation cost based on the cost of delivering affordable units to new employee households in each of the four income categories.

A. Market Survey and Residential Prototypes

The first step of the nexus study is to identify residential prototypes that are representative of new market rate residential development that is currently occurring or anticipated to occur in the near to mid-term future in Santa Cruz County. To that end, KMA undertook a market survey of projects that were recently constructed in Santa Cruz County. As part of this survey, KMA obtained data on sales of detached single family dwelling units and attached single family dwelling units. In addition, KMA conducted a rent survey of newer relevant apartment projects.¹

The KMA market analysis is focused on the sales prices and rents of new market rate residential development rather than the sales prices and rents of older housing stock. New market rate residential development refers to new residential units added to the market, which house new households.² The main objective is to establish current sales prices or rents per unit and per square foot for the various residential project types recently developed, or expected to be developed in the near term in Santa Cruz County.

¹ See “Inclusionary Housing: Feasibility Study” for detailed market data.

² Significant rehabilitation would only be considered new development if it adds sufficient square footage to support a new household.

It is important to note that the analysis of the residential prototypes is intended to reflect average or typical residential projects to be developed in unincorporated Santa Cruz County rather than any specific project. It should be expected that specific projects would vary to some degree from the residential prototypes.

Based on this market survey, KMA developed the following residential prototypes to be analyzed in the Residential Nexus Study:

Figure 3: 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 / Rent	\$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

This information serves as the basis for the input to the IMPLAN model described in the following section of this study. This is the starting point of the chain of linkages that connect new market rate residential development to incremental demand for affordable residential units.

B. Income of the Homebuyer Household

The next step in the Residential Nexus Study is to estimate the income of the buying or renting households in the residential prototypes.

Ownership Units

To estimate the incomes of homebuyers, KMA analyzed recent sales. In addition, KMA reviewed Freddie Mac's portfolio of mortgages originated for the purchase of primary residences within

Santa Cruz County.³ The Freddie Mac data pertains to the fourth quarter of 2024, the most recent period available at the time the information was accessed.

KMA then applied the following representative lending terms:

1. The downpayment is set at 20% of purchase price for both the Townhome and Single Family Detached prototypes.
2. The mortgage is based on a 30-year fully amortizing loan at a 6.62% interest rate. This reflects the average over the prior one-year period.⁴

In addition to the mortgage, housing costs include homeowners' insurance, homeowner association dues, utility/maintenance costs and property taxes. Estimates for each are identified in Appendix A - Tables 1 - 4. These additional costs are considered along with the mortgage payment as part of housing expenses for purposes of determining mortgage eligibility.⁵

The analysis estimates gross household income for homebuyers based on the assumption that total housing costs represent, on average, approximately 35% of gross income. The assumption that housing expenses represent 35% of gross income is reflective of the local average for new purchase loans and is consistent with criteria used by lenders to determine mortgage eligibility.⁶

Apartment Units

Household income for renter households is estimated based on the assumption that housing costs, including rent and utilities, represent on average 30% of gross household income. KMA selected the 30% factor for the following reasons:

³ The Freddie Mac information is presented in a three-digit zip code format. KMA extrapolated the zip codes that make up Santa Cruz County.

⁴ Based on the Freddie Mac Primary Mortgage Market Survey weekly average rates for the West Region for 30-year fixed rate mortgages during the period from January 2025 through December 2025.

⁵ Housing expenses are combined with other debt payments such as credit cards and auto loans to compute a Debt To Income (DTI) ratio which is a key criteria used for determining mortgage eligibility.

⁶ The average debt to income ratio for the zip codes inclusive of Santa Cruz County was approximately 40%. However, this ratio includes other forms of debt such as student loans, credit cards, and auto loans. This suggests that a ratio limited only to housing expenses would be less than 40%. Application of a 35% ratio is also consistent with the California Health and Safety Code standard for relating income to housing costs for ownership units.

1. KMA aimed to apply a conservative assumption in the estimation of the new residents' incomes.
2. Many renter households will choose to spend less than 30% of their income on rent where possible, since the unit is not viewed as an investment with value enhancement potential.
3. The 30% factor is consistent with State and Federal affordability standards.

The estimate for gross household income for the apartment prototype can be found in Appendix A - Table 5.

Estimated Gross Household Incomes

The estimated gross household incomes of the homebuyers or renter households of the residential prototypes are calculated in Appendix A – Tables 1 - 5. The results are summarized in the following table:

Figure 4: Estimated Gross Household Incomes					
	Individual SFD Home	Small Lot SFD	Townhome (15 DU/AC)	Townhome (21 DU/AC)	Apartments
Gross Household Income	\$608,000	\$378,000	\$301,000	\$263,000	\$141,000
% of Area Median Income	440%	285%	227%	198%	142%

Income Available for Expenditures

The input into the IMPLAN model used in this analysis is the net income available for expenditures. To arrive at income available for expenditures, gross income must be adjusted for Federal and State income taxes, contributions to Social Security and Medicare, savings, and payments on household debt. Per KMA correspondence with the producers of the IMPLAN model (IMPLAN Group LLC), other taxes including sales tax, gas tax, and property tax are handled internally within the model as part of the analysis of expenditures.

For input into the IMPLAN model, the percentage of income available for expenditures is set prior to deducting any housing-related costs. This is done to maintain consistency with the

IMPLAN model, which defines housing costs as expenditures. The IMPLAN model addresses the fact that expenditures on housing do not generate employment to the degree other expenditures such as retail or restaurants do, but some limited maintenance and property management employment is generated.

Deductions to Gross Household Income

The income available for expenditures is estimated based on a review of data from the Internal Revenue Service, the California Franchise Tax Board tax tables, and the United States Bureau of Economic Analysis data. The assumptions applied in the analysis are as follows:

1. Per the Internal Revenue Service, the applicable Federal tax rates are as follows:
 - a. Owner households earning above \$200,000 per year pay an average of 16% of gross income for Federal taxes.
 - b. Renter households earning between \$100,000 and \$200,000 per year pay an average of 11% of gross income for Federal Taxes.
2. Per the California Franchise Tax Board, State taxes are estimated at approximately 4% to 7% of gross income.
3. The employee share of the FICA payroll taxes for Social Security and Medicare is set at the lesser of 7.65% of gross income or \$176,100, which is the wage ceiling on income subject to Social Security taxes.
4. Savings and repayment of household debt must also be factored into the estimate of the amount of income available for expenditures. Savings includes various Individual Retirement Account (IRA) and 401(k) type programs, as well as non-retirement household savings and investments. Debt repayment includes auto loans, credit cards, and all other non-mortgage debt. An 8% rate is used in this analysis for households earning between \$100,000 and \$225,000, 10% rate is used for households between \$225,000 and \$300,000, a 12% rate is used for households earning between \$300,000 and \$500,000, and a 20% rate is used for households earning above \$500,000. These rates are based on the average over the past 20 years computed from the United States Bureau of Economic Analysis and data published by the National Bureau of Economic Research.⁷

⁷ "Wealth Inequality in the United States Since 1913: Evidence from Capitalized Income Tax Data, " October 2014.

After taking the preceding deductions into account, the income available for expenditures is estimated between approximately 50% and 70% of gross income for the five prototypes. Appendix A – Table 6 presents this calculation.

Expenditures for Input to IMPLAN

A summary of the estimates of income available for expenditures is presented in the following table:

Figure 5. Income Available for Expenditures					
	Individual SFD Home	Small Lot SFD	Townhome (15 DU/AC)	Townhome (21 DU/AC)	Apartments
Gross Household Income	\$608,000	\$378,000	\$301,000	\$263,000	\$141,000
% Income for Expenditures	52%	59%	58%	60%	69%
Occupancy	100%	100%	100%	100%	95%
Household Income Available for Expenditure ⁽¹⁾					
One Unit	\$316,200	\$223,000	\$174,600	\$157,800	\$92,400
100 Units [input to IMPLAN]	\$31,620,000	\$22,300,000	\$17,460,000	\$15,780,000	\$9,240,000

The nexus analysis is conducted on 100-unit building modules for ease of presentation and to avoid awkward fractions. Appendix A – Tables 6 and 7 summarize the conclusions of this section, and calculate the household income for the 100-unit building modules. The resulting expenditure amounts are input into the IMPLAN model.

C. The IMPLAN Model

Consumer spending by residents of new housing units will create jobs, particularly in sectors such as retail and restaurants, which are closely connected to the expenditures of residents. The IMPLAN model is an economic analysis tool that is widely used to quantify these new jobs by industry sector.

IMPLAN Model Description

The IMPLAN model is an economic analysis software package now commercially available through the IMPLAN Group, LLC. The model has been in use since 1979 and has been refined

over time. It has become a widely used tool for analyzing economic impacts for a broad range of applications from major construction projects to natural resource programs.

IMPLAN is based on an input-output accounting of commodity flows within an economy from producers to intermediate and final consumers. The model establishes a matrix of supply chain relationships between industries, and also between households and the producers of household goods and services. Assumptions about the portion of inputs or supplies for a given industry likely to be met by local suppliers and the portion supplied from outside the region or study area are derived internally within the model using data on the industrial structure of the region.

The output or result of the model is generated by tracking changes in purchases for final use or final demand as they filter through the supply chain. Industries that produce goods and services for final demand or consumption must purchase inputs from other producers. These producers in turn purchase goods and services. The model tracks these relationships through the economy to the point where leakages from the region stop the cycle. This allows the user to identify how a change in demand for one industry will affect a list of over 500 other industry sectors. The projected response of an economy to a change in final demand can be viewed in terms of economic output, employment, or income.

Data sets are available for each county and state, so the model can be tailored to the specific economic conditions of the region being analyzed. This analysis utilizes the data set for Santa Cruz County. As will be discussed, much of the employment impact is in local-serving sectors, such as retail, eating and drinking establishments, and medical services. The employment impacts will extend throughout Santa Cruz County and beyond, and impacts will likewise extend throughout the region.

Application of the IMPLAN Model to Estimate Job Growth

The IMPLAN model was applied to link household income to household expenditures to job growth. The IMPLAN model distributes spending among various types of goods and services (industry sectors) based on data from the Consumer Expenditure Survey and the U.S. Bureau of Economic Analysis Benchmark Input-Output study to estimate the number of jobs that are generated.

Job creation, driven by increased demand for products and services, was projected for each of the industries that will serve the new households. The estimated employment that would be

generated by this new household spending is shown in Appendix A – Table 9, and summarized in the following table:

Figure 6. Jobs Generated Per 100 Units					
	Individual SFD Home	Small Lot SFD	Townhome (15 DU/AC)	Townhome (21 DU/AC)	Apartments
Annual Household Expenditures (100 Units)	\$31,620,000	\$22,300,000	\$17,460,000	\$15,780,000	\$9,240,000
Total Jobs Generated	139.8	98.6	77.2	69.8	39.9

Appendix A – Table 9 provides a detailed summary of jobs generated by industry. The table shows projected jobs sorted by industry category. The Consumer Expenditure Survey published by the U.S. Bureau of Labor Statistics tracks expenditure patterns by income level. IMPLAN utilizes this data to reflect the pattern by income bracket.

Estimated employment is shown for each IMPLAN industry sector representing 1% or more of total employment. The jobs that are generated are heavily retail jobs, jobs in restaurants and other eating establishments, and in services that are provided locally. The jobs counted in the IMPLAN model cover all jobs, full- and part-time, similar to the Census and all reporting agencies, unless otherwise indicated.

IV. THE KMA JOBS-HOUSING NEXUS MODEL

This section presents a summary of the analysis linking job growth associated with residential development, based on the output of the IMPLAN model, to the estimated number of housing units required in each of the four income categories. The results are presented for each of the three residential prototypes.

A. Analysis Approach and Framework

The analysis approach is to examine the job growth for industries related to consumer spending by residents in the 100-unit modules. Then, through a series of linkage steps, the number of employees is converted to households and housing units by income category. The findings are expressed in terms of numbers of affordable units per 100 market rate units.

The analysis addresses the affordable unit demand associated with single family detached dwelling units, single family attached dwelling units, and apartments in Santa Cruz County. The table below shows the 2025 Area Median Income (AMI), as well as the income limits for the four categories that were evaluated. The income categories used in the analysis are based on the income limits published by HCD and HUD.

Figure 7: 2025 Household Income Limits for Santa Cruz County						
Household Income Category	Household Size (Persons)					
	1	2	3	4	5	6 +
Extremely Low (Under 30% AMI)	\$41,550	\$47,500	\$53,450	\$59,350	\$64,100	\$68,850
Very Low (30%-50% AMI)	\$69,250	\$79,100	\$89,000	\$98,900	\$106,800	\$114,700
Low (50%-80% AMI)	\$111,100	\$127,000	\$142,850	\$158,700	\$171,400	\$184,100
Moderate (80%-120% AMI)	\$111,550	\$127,500	\$143,400	\$159,350	\$172,100	\$184,850
Median (100% of Median)	\$92,950	\$106,250	\$119,500	\$132,800	\$143,400	\$154,050

Source: California Department of Housing and Community Development.

The KMA Jobs-Housing Nexus Model is conducted using a model that KMA developed and has applied to similar evaluations in many other jurisdictions. The model inputs are all local data to the extent possible, and are fully documented in the following description.

Analysis Steps

The analysis provided by the KMA model is presented in seven steps. A description of each step of the analysis follows.

Step 1 – Estimate of Total New Employees (Appendix A – Table 10)

The analysis commences with estimates of the total number of employees associated with the new market rate units. The employees were estimated based on the number of jobs estimated by the IMPLAN model.

Step 2 – Changing Industries Adjustment and Net New Employees (Appendix A – Table 10)

The local economy, like that of the United States as a whole, is constantly evolving. Over the past 20 years, employment in various sectors of the economy has declined. However, jobs lost over the last decade in these declining sectors were replaced by job growth in other industry sectors.

Long-term declines in employment experienced in some sectors of the economy mean that some of the jobs created in burgeoning industries are being filled by workers that have been displaced from another industry and who are presumed to already be housed locally. Recognizing that jobs added in the community are not necessarily net new jobs, this step in the analysis makes an adjustment to take these declines, changes and shifts within all sectors of the economy into account.

To assist in making the adjustment, KMA analyzed data published by the EDD annually for the both the Santa Cruz-Watsonville MSA and the San Jose-Sunnyvale-Santa Clara MSA for the 20 year period between 2004 and 2023. Over this period, approximately 50,700 jobs were lost in declining industry sectors while growing and stable industries added 326,300 jobs over the same period. The decline was largely focused in the manufacturing, and trade, transportation and utilities sectors. The figures are used to establish the ratio between jobs lost in declining industries to jobs gained in growing and stable industries at 15%.⁸ In effect, this adjustment assumes that 15% of new jobs are filled by a worker downsized from a declining industry and who already lives locally.

The discount for changing industries represents a conservative assumption because many displaced workers may exit the workforce entirely by retiring. Development of new workspace buildings will typically occur only to the extent that there is positive net demand after re-occupancy of buildings vacated by businesses in declining sectors of the economy. To the extent buildings are re-occupied, the discount for changing industries is unnecessary because new buildings would represent net new growth in employment. The 15% adjustment is

⁸ The 15% ratio is calculated as 50,700 jobs lost in declining sectors divided by 326,300 jobs gained in growing and stable sectors = 16% (rounded to 15%).

conservative in that it is mainly necessary to cover a special case in which buildings vacated by declining industries cannot be readily occupied by other uses due to their special purpose nature, because of obsolescence, or because they are torn down or converted to a residential use.

Step 3 – Adjustment from Employees to Employee Households (Appendix A – Table 10)

This step converts the number of employees to the number of employee households, recognizing that there is, on average, more than one employee per household. Thus, the number of housing units in demand for new employees must be reduced to reflect this fact.

The workers per household characteristic provides the link between the number of employees and the number of households associated with the net new employees. Worker households are defined as those households with one or more persons with work-related income, including the self-employed, as reported in the 2019-2023 ACS. In other words, worker households are distinguished from total households in that the universe of worker households does not include elderly or other households in which members are retired or do not work for other reasons. Student households and unemployed households on public assistance are also excluded from the definition of worker households. If the overall average number of workers per household were used, it would have produced a greater demand for housing units.

The number of workers per household in a given geographic area is a function of household size, labor force participation rate and employment availability, as well as other factors. According to the 2019-2023 ACS, the average number of workers per worker household in Santa Cruz County was 1.79.

Step 4 – Occupational Distribution of Employees (Appendix A – Table 10)

The occupational breakdown of employees is the first step in the process of estimating income levels. The output from the IMPLAN model provides the number of employees by industry sector. The IMPLAN output is paired with data from the Department of Labor, Bureau of Labor Statistics May 2024 Occupational Employment Survey (OES) to estimate the occupational composition of employees for each industry sector.

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

The output of the IMPLAN model is jobs by industry sector using IMPLAN's own industry classification system, which consists of 528 industry sectors. The OES occupation data uses the

North American Industry Classification System (NAICS). Estimates of jobs by IMPLAN sector must be translated into estimates by NAICS code for consistency with the OES data.

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

Step 4b – Apply OES Data to Estimate Occupational Distribution

Employment estimates by four and five-digit NAICS code from step 4a are paired with data on occupational composition within each industry from the OES to generate an estimate of employment by detailed occupational category. Appendix A – Table 10 identifies the breakdown by major occupation category. Information on detailed occupational categories is provided in Appendix B. The three largest occupational categories are food preparation and serving (approximately 15%) office and administrative support (approximately 12%), and sales and related (approximately 12%). Step 4 of Appendix A – Table 10 indicates the percentage and number of employee households by occupation associated with 100 market rate units.

Step 5 – Estimates of Employee Households Meeting the Affordable Income Definitions (Appendix A – Tables 11A – 11D)

In this step, occupations are translated to employee incomes based on recent Santa Cruz County wage and salary information from the EDD.⁹

For each occupational category shown in Appendix A – Table 10, the OES data provides a distribution of specific occupations within the category. For example, within the Food Preparation and Serving Category, there are Supervisors, Cooks, Bartenders, Waiters and Waitresses, Dishwashers, etc. In total there are over 100 detailed occupation categories included in the analysis as shown in the Appendix B tables. Each of these over 100 occupation

⁹ The wage and salary information is presented in Attachment 2 – Appendix B.

categories has a different distribution of wages which was obtained from EDD and is specific to workers in Santa Cruz County as of 2025.

Employee income is then translated into an estimate of household income using ratios between individual employee income and household income derived from Census data. Ratios reflect an analysis of data for the workforce in the Santa Cruz Area.

Figure 8: Ratio of Household Income to Individual Worker Income			
Individual Worker Income	One Worker Households	Two Worker Households	Three or More Workers
\$25,000 to \$30,000	1.52	3.94	6.03
\$30,000 to \$40,000	1.68	3.11	4.87
\$40,000 to \$50,000	1.55	2.91	3.96
\$50,000 to \$60,000	1.22	2.65	3.60
\$60,000 to \$80,000	1.15	2.35	3.03
\$80,000 to \$100,000	1.23	2.08	2.86
\$100,000 to \$125,000	1.09	1.95	2.40
\$125,000 to \$150,000	1.08	1.77	1.99
\$150,000 to \$250,000	1.03	1.58	1.70
\$250,000 and above	1.03	1.31	1.45
Source: KMA analysis of 2019 – 2023 American Community Survey PUMS data for the Santa Cruz area			

A ratio of 1.0 in Table 9 indicates that the household has no additional income beyond that of the individual worker. A ratio of 2.0 means that total household income is twice what the individual worker earns. With a two-earner household, a ratio of 2.0 indicates each worker in the household earns about the same amount. A ratio above 2.0 would indicate the other worker in the household earns more, on average, while a ratio less than 2.0 indicates the other worker earned less. The ratio between worker income and overall household income decreases as worker pay increases. This is because workers with higher pay are more likely to represent the largest source of household income.

The ratios adjust employee incomes upward even for households with only one worker. This is in consideration of non-wage/salary income sources such as child support, disability, social security income, investment income and others. Ratios for one-worker households at the lower end of the compensation range tend to be larger, an indication that these workers are more likely to derive a share of household income from non-employment sources such as social security.

For each detailed occupational category, the estimated household incomes are compared to the HCD income criteria summarized in Figure 7 to calculate the percent of worker households that would fall into each income category for each of the possible combinations of household size and number of workers in the household.

At the end of Step 5, the nexus analysis has established a matrix indicating the percentages of households that would qualify in the affordable income tiers for every detailed occupational category and every potential combination of household size and number of workers in the household.

Step 6 – Distribution of Household Size and Number of Employees (Appendix A – Tables 11A – 11D)

In this step, household size distribution is estimated using 2019 – 2023 ACS data for Santa Cruz County. In addition to the distribution of household sizes, the data also accounts for a range in the number of workers in households of various sizes. The following table indicates the percentage distribution utilized in the analysis. Application of these percentage factors accounts for the following:

1. Households have a range in size and a range in number of workers.
2. Larger households generally have more workers than smaller households.

Figure 9: Percent of Households by Size and No. of Workers		
No. of Persons in Household	No. of Workers in Household	Percent of Total Households
1	1	15.47%
2	1	15.10%
	2	18.14%
3	1	6.32%
	2	9.25%
	3+	3.83%
4	1	4.89%
	2	7.33%
	3+	5.83%
5	1	2.14%
	2	3.20%
	3+	2.54%
6	1	1.61%
	2	2.42%
	3+	1.92%
Total		100%
Source: 2019-2023 American Community Survey for Santa Cruz County		

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

Step 7 – Estimate of Number of Households that Meet Size and Income Criteria (Appendix A – Table 12)

Step 7 is the final step in the calculation of the number of employee households meeting the size and income criteria for the four income categories. The calculation methodology can be described as follows:

1. The percentage of employee households that would meet the income criteria at each potential household size and number of employees combination (Step 5), is combined with the probability of an employee household having a given household size and number of employees combination (Step 6).
2. The result is the estimated percentages of households that fall into each income category.

3. The estimated percentages are then multiplied by the estimated total number of households from Step 3 to arrive at the estimated number of households in each income category.

Appendix A – Table 12 shows the results produced by the KMA Jobs-Housing Nexus model. The results are presented for each of the four income categories.

Summary of Findings

Appendix A – Table 12 presents the number of households generated in each income category, and the total number of households earning more than 120% of the AMI.

The findings in Appendix A – Table 12 are summarized below. The table shows the total demand for affordable housing units for the 100 market rate units.¹⁰

Figure 10. Residential Unit Demand Impacts - Per 100 Market Rate Units					
Household Income Category (Percentage of AMI)	Individual				
	SFD Home	Small Lot SFD	Townhome (15 DU/AC)	Townhome (21 DU/AC)	Apartments
Extremely Low (0%-30% AMI)	11.7	8.2	6.5	5.8	3.6
Very Low (30%-50% AMI)	14.2	10.0	7.8	7.1	4.1
Low (50%-80% AMI)	13.6	9.6	7.5	6.8	3.9
Moderate (80%-120% AMI)	0.1	0.1	0.1	0.05	0.03
Total, Less than 120% AMI	39.6	27.9	21.9	19.8	11.6
Greater than 120% AMI	26.7	18.9	14.8	13.3	7.4
Total, New Households	66.3	46.8	36.6	33.1	18.9

As shown in the preceding table, housing demand is distributed across the four affordable income categories with the greatest number of households in the Very Low (above 30% to 50% of AMI) and Low (above 50% to 80% of AMI) income categories.¹¹

The finding that jobs associated with consumer spending tend to be low-paying jobs where the employees will require housing affordable at the low income levels (Extremely Low to Moderate) is not surprising. As noted above, direct consumer spending results in employment

¹⁰ The estimates are rounded to the nearest tenth. The sum of the column may not add to the total due to the rounding of each individual number.

¹¹ Very few housing units are generated at the 80% to 120% AMI level because this income category encompasses a range of less than \$1,000 (Low Income to Moderate Income AMI levels).

that is concentrated in lower paid occupations including food preparation, administrative, and retail sales.

B. Total Affordable Housing Nexus Costs

This section takes the conclusions from the previous section on the number of households in the Extremely Low, Very Low, Low and Moderate Income categories generated by the development of market rate units, and estimates the total cost of assistance required to make housing affordable. This section puts a cost on the units at each income category to produce the “total affordable housing nexus cost.” This is done for each of the residential prototypes.

Affordability Gap Analysis

A key component of the Residential Nexus Study is the size of the gap between what households can afford and the cost of producing new housing in Santa Cruz County; this is known as the “affordability gap.” The assumption is that the County will assist in the development of affordable units at development cost levels based on similar development projects in the surrounding areas.

KMA conducted an affordability gap analysis, which is presented in Appendix C. Based on this analysis, it was determined that the public assistance cost would be lower for rental units than for ownership units for each income category.

The resulting affordability gaps per unit are presented in the following table:

Figure 11: Affordability Gaps	
Extremely Low Income	(\$462,300)
Very Low Income	(\$344,100)
Low Income	(\$244,800)
Moderate Income	(\$245,300)

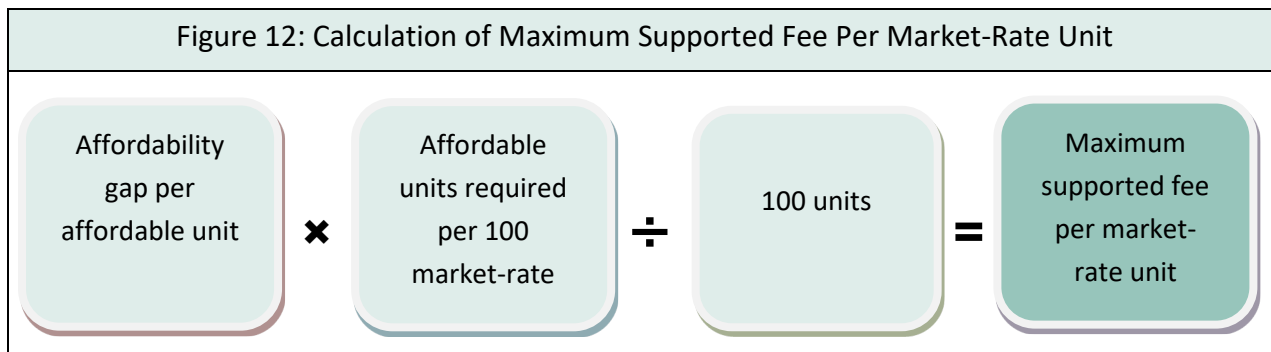
Total Affordable Housing Nexus Costs

To summarize, previous steps in the Residential Nexus Study estimated the following:

1. The demand for affordable housing units created by the market rate development of the five residential prototypes; and

2. The affordability gaps associated with providing housing for the various income categories.

The total nexus cost per market rate unit is equal to the affordability gap times the number of affordable units demanded per new market rate unit.



The resulting total affordable housing nexus cost is presented in Appendix A – Table 13. The impact fee will need to comply with the requirements of the California Mitigation Fee Act and AB 602.

As such, the total affordable housing nexus cost indicated above must be expressed on a per square foot basis for the purposes of establishing a Residential Affordable Housing Impact Fee. The average size of the residential units becomes the basis for the Residential Affordable Housing Impact Fee calculation.

The results per square foot of building area are as follows:¹²

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

Figure 13: Maximum Legally Supportable Residential Affordable Housing Impact Fee
Per Square Foot of Residential Building Area

	Individual SFD Home	Small Lot SFD	Townhome (15 DU/AC)	Townhome (21 DU/AC)	Apartments
<i>Unit Size (Sq Ft)</i>	<i>2,700 SF</i>	<i>2,200 SF</i>	<i>1,550 SF</i>	<i>1,100 SF</i>	<i>750 SF</i>
Extremely Low (0%-30% AMI)	\$20.00	\$17.30	\$19.30	\$24.50	\$22.00
Very Low (30%-50% AMI)	\$18.10	\$15.70	\$17.40	\$22.20	\$18.90
Low (50%-80% AMI)	\$12.30	\$10.70	\$11.90	\$15.10	\$12.70
Moderate (80%-120% AMI)	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10
Total Nexus Costs	\$50.50	\$43.80	\$48.70	\$61.90	\$53.70

These total affordable housing nexus costs represent the legal ceiling for any Residential Affordable Housing Impact Fee imposed by the County that is subject to the Mitigation Fee Act.

V. ADDENDUM: FACTORS RELATING TO THE NEXUS CONCEPT

This Addendum provides a discussion of various specific factors and assumptions related to the nexus concepts discussed in this report. This discussion supplements the overview provided in the previous sections of the report.

A. Addressing the Housing Needs of a New Population versus the Existing Population

In November 2023, the County adopted the Sixth Cycle (2023-2031) Housing Element Update. Based on the Sixth Cycle Housing Element, the County's Regional Housing Needs Assessment (RHNA) allocation is set at 2,468 very-low and low income units. Furthermore, the Sixth Cycle Housing Element notes that approximately 50% of renter households and 30% of owner households in Santa Cruz County are cost burdened (more than 30% of household income is spent on housing expenses).

This existing housing shortage, especially at the lowest income levels, is manifested in numerous ways, such as residents paying far more than the affordable rent set forth in federal and state guidelines, overcrowding, and other factors that are extensively documented by the Census and other reports.

However, it is important to understand that this nexus study does not address the housing needs of the existing population. Rather, the study focuses exclusively on documenting and quantifying the housing needs of new households where an employee works in a new workplace building.

Local analyses of housing conditions indicate that new housing affordable to lower income households is not being added to the supply in sufficient quantity to meet the needs of new employee households. If significant numbers of units were being added to the supply to accommodate the Extremely Low to Moderate Income groups, or if residential units in Santa Cruz County were experiencing higher than typical long-term vacancy levels, particularly in affordable units, then the need for new units would be questionable.

B. Economic Cycles

In the context of economic downturns such as the Great Recession, the question is sometimes raised as to whether there is excess capacity in the labor force that will be absorbed by existing jobs and employees, thus resulting in fewer net new jobs. In response, it is important to understand that a nexus study of this nature is intended to support the imposition of a one-time fee that addresses the impacts generated over the 40+ year life of a project. Short-term

conditions, such as a recession or a vigorous boom period, are not appropriate bases for estimating impacts over the life of a building. These cycles can produce impacts that are higher or lower on a temporary basis.

Development of new market rate units tends to be minimal during a recession, and generally remains minimal until conditions improve or there is confidence that improved conditions are imminent. When this occurs, the improved economic condition of the households in the local area will absorb the current underutilized capacity of existing employees, employed and unemployed. By the time the new units become occupied, conditions will have likely improved.

C. The Burden of Paying for Affordable Housing

A potential Residential Affordable Housing Impact Fee will not place all of the burden for the creation of affordable housing on the Project.

The burden of affordable housing is borne by many sectors of the economy and society. A significant source of affordable housing funding is provided by the Federal government in the form of Tax Credits and Bonds. Additionally, there are other Federal grant and loan programs administered by HUD, and State programs, which are administered by HCD. Much of the State funding is provided by voter approved bond measures paid for by all Californians.

Local governments play a large role in affordable housing. In addition, private sector lenders play an important role, some voluntarily and others less so with the requirements of the Community Reinvestment Act. Then there is the non-profit sector, both sponsors and developers that build much of the affordable housing.

In summary, all levels of government and many private parties, for profit and non-profit, contribute to supplying affordable housing. Market rate developers are not being asked to bear the burden alone, any more than they are assumed to be the only source of demand or cause for needing affordable housing in our communities.

D. Changes in Labor Force Participation

In the 1960s through the 1980s, there were significant increases in labor force participation, primarily among women. As a result, some of the new workers were entering the labor force and already had local housing. This acts to reduce the demand for housing associated with job growth. In earlier nexus analyses prepared by KMA, we would adjust the analysis to account for this factor. However, increases in participation rates by women have stabilized, and even declined slightly, while labor force participation rates for men have been on a downward

trajectory since 1970. As such, an adjustment for increase in labor force participation is no longer warranted in a nexus analysis.

E. Commuting

Workers in Santa Cruz County commute from locations throughout the region. Nexus analyses sometimes make a downward adjustment to reflect the fact that an assumed portion of housing needs will be satisfied by other jurisdictions. Such an adjustment is not required for nexus purposes; all housing demand generated by a project may be included in the nexus. No adjustment for commuting has been reflected in the study.

F. Conservative Assumptions

KMA employed many conservative assumptions in the estimation of the total affordable housing nexus costs. As a result, the total affordable housing nexus costs identified in this study are significantly lower than the amounts that would have been derived if less conservative assumptions had been applied. These conservative assumptions can be summarized as follows:

1. The annual incomes for workers used in this analysis reflect full-time employment based on EDD's convention for reporting compensation information. Of course, many workers work less than full time; therefore, the annual compensation estimates used in the analysis are overstated, especially for retail and restaurant uses, which tend to have a high number of part-time employees.
2. The conservative assumptions applied to the affordability gap analysis are:
 - a. The affordability gaps for Extremely Low and Very Low Income households were estimated based on rents that are affordable to households at the top of each income range. If the mid-point of the income ranges had been used, the affordability gaps would have been larger, which would increase the resulting nexus costs.
 - b. The affordability gap analysis for Extremely Low, Very Low and Low Income households includes Tax-Exempt Multifamily Bonds and 4% Tax Credit financing. The inclusion of these outside leveraging sources reduces the affordability gap that would need to be filled by the County.

VI. MITIGATION FEE ACT FINDINGS

This section provides findings language consistent with the requirements of the Mitigation Fee Act as set forth in Government Code § 66000 et seq.

A. Identify the purpose of the fee (66001(a)(1)).

The purpose of the Residential Affordable Housing Impact Fee is to fund construction of affordable housing to mitigate the increased demand for affordable housing from employment generated from newly developed market rate residential developments.

B. Identify the use to which the fee is to be put (66001(a)(2)).

Residential Affordable Housing Impact Fees are used to increase the supply of housing affordable to qualifying Extremely Low, Very Low, Low and Moderate-Income households earning from 0% through 120% of median income.

C. Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed (66001(a)(3)).

The foregoing Residential Nexus Study has demonstrated that there is a reasonable relationship between the use of the fee, which is to increase the supply of affordable housing in Santa Cruz County, and the development of new market rate residential units which increases the need for affordable housing. Development of new market rate residential units increases the number of jobs in Santa Cruz County. A share of the new workers in these new jobs will have household incomes that qualify as Extremely Low, Very Low, Low and Moderate Income and result in an increased need for affordable housing.

D. Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed (66001(a)(4)).

The analysis has demonstrated that there is a reasonable relationship between the development of new market rate residential units in Santa Cruz County and the need for additional affordable units. Development of new residential units generates increased spending which creates additional jobs. Five different residential development types were analyzed

1. Individual single family detached dwelling units;
2. Small lot single family detached dwelling units;

3. Townhomes at 15 dwelling units per acre;
4. Townhomes at 21 dwelling units per acre; and
5. Apartments.

The number of jobs added in various types of new commercial buildings is documented in Appendix A – Table 9. Based on household income levels for the new workers in these new jobs, a significant share of the need is for housing affordable to Extremely Low, Very Low, Low and Moderate Income levels.

E. Determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed. (66001(b)).

There is a reasonable relationship between the amount of the fee and the cost of the needed affordable housing attributable to the new market rate residential development. The nexus analysis has quantified the increased need for affordable units in relation to each type of new market rate residential use being developed and determined maximum fee levels based on the cost of providing the needed affordable housing. Costs reflect the net subsidy required to produce the affordable units based on recent cost information for development of affordable housing in Santa Cruz County. Residential Affordable Housing Impact Fees do not exceed the cost of providing the affordable housing that is attributable to the new development.

F. A fee shall not include the costs attributable to existing deficiencies in public facilities (66001(g)).

The nexus analysis quantifies only the net new affordable housing needs generated by new market rate residential development in Santa Cruz County. Existing deficiencies with respect to housing conditions in Santa Cruz County are not considered nor in any way included in the analysis.

VII. AB 602

The legislature enacted AB 602 in 2021, which went into effect on January 1, 2022. AB 602 imposed additional requirements related to impact fees and impact fee nexus studies. The pertinent provisions of AB 602 related to this nexus study are as follows:

A. When applicable, the nexus study shall identify the existing level of service for each public facility, identify the proposed new level of service, and include an explanation of why the new level of service is appropriate.

This provision requires that, “when applicable,” a level of service analysis should be prepared to impose impact fees for the development of “public facilities.” Per Government Code Section 66000(d), “public facilities” are defined as public improvements, public services and community amenities. Public facilities typically include assets such as roadways, storm drain systems, parks, trails, facilities, and County buildings. These types of facilities typically have a measurable level of service such as the number of parks acres per resident, police calls per capita or residents per library.

In contrast, this nexus study justifies the imposition of an impact fee on market rate residential development for the purposes of increasing the County’s future supply of affordable housing. While affordable housing projects are often financed in part with public funds, they are typically privately-owned developments. The users of the affordable housing are limited to residents that occupy each privately-owned unit, and not members of the County’s service population at-large as would be the case for public facilities such as parks and libraries. Thus, a level of service analysis is not a suitable methodology for assessing affordable housing impact fees.

To our knowledge, the County is not intending to utilize the Residential Affordable Housing Impact Fee revenue for the purposes of constructing publicly-owned affordable housing. Since, the County intends to use the impact fee revenue to subsidize privately-owned affordable housing projects this provision is not applicable to the Residential Affordable Housing Impact Fee analyzed in this nexus study.

B. If a nexus study supports the increase of an existing fee, the local agency shall review the assumptions of the nexus study supporting the original fee and evaluate the amount of fees collected under the original fee.

The County has an existing Residential Affordable Housing Impact Fee. If the County increases the existing Residential Affordable Housing Impact Fee, the County must review the nexus

study supporting the original fee and evaluate the amount of fees collected under the original fee.

- C. Unless a local agency makes specific findings under Government Code Section 66016.5(a)(5)(B), a nexus study adopted after July 1, 2022, shall calculate a fee imposed on a housing development project proportionately to the square footage of proposed unit of the development.**

KMA recommends that the impact fee be assessed on a per square footage basis. A per square foot fee structure will comply with this provision of AB 602.

- D. Large jurisdictions shall adopt a capital improvement plan as part of the nexus study.**

Per Government Code Section 53559.1, Santa Cruz County is classified as a large jurisdiction. The County completed a CIP for the six-year period of 2025-2030, which is posted on the County's website. However, the current CIP does not include any proposed expenditures for affordable housing purposes. Since the County imposes a Residential Affordable Housing Impact Fee, KMA recommends that the County include revenue estimates and proposed affordable housing expenditures in the County's CIP.

APPENDIX A

RESIDENTIAL NEXUS STUDY TABLES

RESIDENTIAL NEXUS ANALYSIS

SANTA CRUZ COUNTY, CA

APPENDIX A - TABLE 1
PROTOTYPE 1: INDIVIDUAL SFD HOME
SALES PRICE TO INCOME RATIO
RESIDENTIAL NEXUS ANALYSIS
SANTA CRUZ COUNTY, CA

			Prototype 1
			Individual SFD Home
Sales Price	\$1,000 /SF	2,700 SF ¹	\$2,700,000 ¹
Mortgage Payment			
Downpayment @ 20%		20% ²	\$540,000
Loan Amount			\$2,160,000
Interest Rate			6.62% ³
Term of Mortgage			30 years
Annual Mortgage Paymen	\$13,800 /month		\$165,900
Other Costs			
Property Taxes	1.20% of sales price ⁴		\$32,400
HOA Dues	\$100 per month ⁵		\$1,200
Utilities	\$837 per month ⁶		\$10,044
Homeowner Insurance	0.12% of sales price ⁷		\$3,200
Total Annual Housing Cost	\$17,700 /month		\$212,744
% of Income Spent on Hsg			35% ⁸
Annual Household Income Required			\$608,000
Sales Price to Income Ratio			4.4

Notes

- (1) Based on KMA Market Survey.
- (2) Reflects the median down payment for home purchase loans in zip codes corresponding to Santa Cruz County during the fourth quarter of 2024 based on data from Freddie Mac.
- (3) Average interest rate derived from Freddie Mac Primary Mortgage Market Survey weekly average 30-year mortgage rate from January 2025 to December 2025 for 30-year fixed rate mortgage.
- (4) Property tax rate is inclusive of ad valorem taxes and applicable voter approved rates, fixed charges, and assessments.
- (5) HOA dues estimated based on newer units in Santa Cruz County.
- (6) Based on Utility Allowances published by the Santa Cruz County.
- (7) Estimate based on average insurance rates estimated by KMA.
- (8) Ratio is consistent with Fannie Mae mortgage underwriting eligibility criteria which establishes a debt to income threshold of 36% above which tighter credit standards apply. A debt to income ratio of up to 45% is permitted for borrowers meeting specified credit criteria. Ratio is also consistent with HUD standards for relating income to housing costs for ownership units. Freddie Mac data on new purchase loans originated in zip codes starting with 950** for the 4th Quarter of 2024 indicates an average debt to income ratio of 40%; however, most households have other forms of debt such as credit cards, student loans, and auto loans that are included as part of this ratio and the ratio considering housing costs only would be lower.

APPENDIX A - TABLE 2**PROTOTYPE 2: SMALL LOT SFD
SALES PRICE TO INCOME RATIO
RESIDENTIAL NEXUS ANALYSIS
SANTA CRUZ COUNTY, CA**

			Prototype 2 Small Lot SFD
Sales Price	\$745 /SF	2,200 SF ¹	\$1,640,000 ¹
Mortgage Payment			
Downpayment @ 20%		20% ²	\$328,000
Loan Amount			\$1,312,000
Interest Rate			6.62% ³
Term of Mortgage			30 years
Annual Mortgage Payment	\$8,400 /month		\$100,800
Other Costs			
Property Taxes	1.20% of sales price ⁴		\$19,700
HOA Dues	\$100 per month ⁵		\$1,200
Utilities	\$703 per month ⁶		\$8,436
Homeowner Insurance	0.12% of sales price ⁷		\$2,000
Total Annual Housing Cost	\$11,000 /month		\$132,136
% of Income Spent on Hsg			35% ⁸
Annual Household Income Required			\$378,000
Sales Price to Income Ratio			4.3

Notes

(1) Based on KMA Market Survey.

(2) Reflects the median down payment for home purchase loans in zip codes corresponding to Santa Cruz County during the fourth quarter of 2024 based on data from Freddie Mac.

(3) Average interest rate derived from Freddie Mac Primary Mortgage Market Survey weekly average 30-year mortgage rate from January 2025 to December 2025 for 30-year fixed rate mortgage.

(4) Property tax rate is inclusive of ad valorem taxes and applicable voter approved rates, fixed charges, and assessments.

(5) HOA dues estimated based on newer units in Santa Cruz County.

(6) Based on Utility Allowances published by the Santa Cruz County.

(7) Estimate based on average insurance rates estimated by KMA.

(8) Ratio is consistent with Fannie Mae mortgage underwriting eligibility criteria which establishes a debt to income threshold of 36% above which tighter credit standards apply. A debt to income ratio of up to 45% is permitted for borrowers meeting specified credit criteria. Ratio is also consistent with HUD standards for relating income to housing costs for ownership units. Freddie Mac data on new purchase loans originated in zip codes starting with 950** for the 4th Quarter of 2024 indicates an average debt to income ratio of 40%; however, most households have other forms of debt such as credit cards, student loans, and auto loans that are included as part of this ratio and the ratio considering housing costs only would be lower.

APPENDIX A - TABLE 3**PROTOTYPE 3: TOWNHOME (15 DU/AC)****SALES PRICE TO INCOME RATIO****RESIDENTIAL NEXUS ANALYSIS****SANTA CRUZ COUNTY, CA**

Prototype 3			
Townhome (15 DU/AC)			
Sales Price	\$794 /SF	1,550 SF ¹	\$1,230,000 ¹
Mortgage Payment			
Downpayment @ 20%		20% ²	\$246,000
Loan Amount			\$984,000
Interest Rate			6.62% ³
Term of Mortgage			30 years
Annual Mortgage Paymen	\$6,300 /month		\$75,600
Other Costs			
Property Taxes	1.20% of sales price ⁴		\$14,800
HOA Dues	\$500 per month ⁵		\$6,000
Utilities	\$635 per month ⁶		\$7,620
Homeowner Insurance	0.12% of sales price ⁷		\$1,500
Total Annual Housing Cost	\$8,800 /month		\$105,520
% of Income Spent on Hsg			35% ⁸
Annual Household Income Required			\$301,000
Sales Price to Income Ratio			4.1

Notes

(1) Based on KMA Market Survey.

(2) Reflects the median down payment for home purchase loans in zip codes corresponding to Santa Cruz County during the fourth quarter of 2024 based on data from Freddie Mac.

(3) Average interest rate derived from Freddie Mac Primary Mortgage Market Survey weekly average 30-year mortgage rate from January 2025 to December 2025 for 30-year fixed rate mortgage.

(4) Property tax rate is inclusive of ad valorem taxes and applicable voter approved rates, fixed charges, and assessments.

(5) HOA dues estimated based on newer units in Santa Cruz County.

(6) Based on Utility Allowances published by the Santa Cruz County.

(7) Estimate based on average insurance rates estimated by KMA.

(8) Ratio is consistent with Fannie Mae mortgage underwriting eligibility criteria which establishes a debt to income threshold of 36% above which tighter credit standards apply. A debt to income ratio of up to 45% is permitted for borrowers meeting specified credit criteria. Ratio is also consistent with HUD standards for relating income to housing costs for ownership units. Freddie Mac data on new purchase loans originated in zip codes starting with 950** for the 4th Quarter of 2024 indicates an average debt to income ratio of 40%; however, most households have other forms of debt such as credit cards, student loans, and auto loans that are included as part of this ratio and the ratio considering housing costs only would be lower.

APPENDIX A - TABLE 4**PROTOTYPE 4: TOWNHOME (21 DU/AC)****SALES PRICE TO INCOME RATIO****RESIDENTIAL NEXUS ANALYSIS****SANTA CRUZ COUNTY, CA**

Prototype 4**Townhome (21 DU/AC)**

Sales Price	\$955 /SF	1,100 SF ¹	\$1,050,000 ¹
Mortgage Payment			
Downpayment @ 20%		20% ²	\$210,000
Loan Amount			\$840,000
Interest Rate			6.62% ³
Term of Mortgage			30 years
Annual Mortgage Paymen	\$5,400 /month		\$64,500
Other Costs			
Property Taxes	1.20% of sales price ⁴		\$12,600
HOA Dues	\$500 per month ⁵		\$6,000
Utilities	\$635 per month ⁶		\$7,620
Homeowner Insurance	0.12% of sales price ⁷		\$1,300
Total Annual Housing Cost	\$7,700 /month		\$92,020
% of Income Spent on Hsg			35% ⁸
Annual Household Income Required			\$263,000
Sales Price to Income Ratio			4.0

Notes

(1) Based on KMA Market Survey.

(2) Reflects the median down payment for home purchase loans in zip codes corresponding to Santa Cruz County during the fourth quarter of 2024 based on data from Freddie Mac.

(3) Average interest rate derived from Freddie Mac Primary Mortgage Market Survey weekly average 30-year mortgage rate from January 2025 to December 2025 for 30-year fixed rate mortgage.

(4) Property tax rate is inclusive of ad valorem taxes and applicable voter approved rates, fixed charges, and assessments.

(5) HOA dues estimated based on newer units in Santa Cruz County.

(6) Based on Utility Allowances published by the Santa Cruz County.

(7) Estimate based on average insurance rates estimated by KMA.

(8) Ratio is consistent with Fannie Mae mortgage underwriting eligibility criteria which establishes a debt to income threshold of 36% above which tighter credit standards apply. A debt to income ratio of up to 45% is permitted for borrowers meeting specified credit criteria. Ratio is also consistent with HUD standards for relating income to housing costs for ownership units. Freddie Mac data on new purchase loans originated in zip codes starting with 950** for the 4th Quarter of 2024 indicates an average debt to income ratio of 40%; however, most households have other forms of debt such as credit cards, student loans, and auto loans that are included as part of this ratio and the ratio considering housing costs only would be lower.

APPENDIX A - TABLE 5
 PROTOTYPE 5: APARTMENTS
 RENT TO INCOME RATIO
 RESIDENTIAL NEXUS ANALYSIS
 SANTA CRUZ COUNTY, CA

		Prototype 5 Apartments
Market Rent	<u>Unit Size</u>	
Monthly	750 SF ¹	\$3,300 ¹
Utilities ²		<u>\$219</u>
Monthly housing cost		\$3,519
Annual housing cost		\$42,228
% of Income Spent on Rent		30% ³
Annual Household Income Required		\$141,000
Annual Rent to Income Ratio		3.3

Notes

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

(2) Based on the Utility Allowances published by the Santa Cruz County.

(3) While landlords may permit rental payments to represent a slightly higher share of total income, 30% represents an average. This relationship is established in the California Health and Safety Code and used throughout housing policy to relate income to affordable rental housing costs.

APPENDIX A - TABLE 6
INCOME AVAILABLE FOR EXPENDITURES¹

RESIDENTIAL NEXUS ANALYSIS

SANTA CRUZ COUNTY, CA

	<i>Prototype 1</i>	<i>Prototype 2</i>	<i>Prototype 3</i>	<i>Prototype 4</i>	<i>Prototype 5</i>
	Individual SFD Home	Small Lot SFD	Townhome (15 DU/AC)	Townhome (21 DU/AC)	Apartments
Gross Income	100%	100%	100%	100%	100%
<u>Less:</u>					
Federal Income Taxes ²	16.4%	16.4%	16.4%	16.4%	11.1%
State Income Taxes ³	7.1%	6.4%	6.1%	5.9%	4.0%
FICA Tax Rate ⁴	4.67%	6.63%	7.65%	7.65%	7.65%
Savings & other deductions ⁵	20%	12%	12%	10%	8%
<i>Percent of Income Available for Expenditures⁶ [Input to IMPLAN model]</i>	52%	59%	58%	60%	69%

Notes:

- (1) Gross income after deduction of taxes and savings. Income available for expenditures is the input to the IMPLAN model which is used to estimate the resulting employment impacts. Housing costs are not deducted as part of this adjustment step because they are addressed separately as expenditures within the IMPLAN model.
- (2) Reflects average tax rates (as opposed to marginal) based on U.S. Internal Revenue Services, Tax Statistics, Tables 1.2 and 2.1 for 2018. Homeowners are assumed to itemize deductions. Tax rates reflect averages for applicable income range.
- (3) Average tax rate estimated by KMA based on marginal rates per the California Franchise Tax Board and ratios of taxable income to gross income estimated based on U.S. Internal Revenue Service data.
- (4) For Social Security and Medicare. Social Security taxes estimated based upon the current ceiling on applicability of Social Security taxes of \$176,100 (ceiling applies per earner not per household) and the average number of earners per household.
- (5) Household savings including retirement accounts like 401k / IRA and other deductions such as interest costs on credit cards, auto loans, etc, necessary to determine the amount of income available for expenditures. The 8% rate used in the analysis is based on a 20 year average computed from U.S. Bureau of Economic Analysis data, specifically the National Income and Product Accounts, Table 2.1 "Personal Income and Its Disposition." Households earning more than \$225,000 are assumed to save a higher percentage of their income, based on savings rates for the last 20 years from data published by the National Bureau of Economic Research, "Wealth Inequality in the United States Since 1913: Evidence From Capitalized Income Tax Data," October 2014.
- (6) Deductions from gross income to arrive at the income available for expenditures are consistent with the way the IMPLAN model and National Income and Product Accounts (NIPA) defines income available for personal consumption expenditures. Income taxes, contributions to Social Security and Medicare, and savings are deducted; however, property taxes and sales taxes are not. Housing costs are not deducted as part of the adjustment because they are addressed separately as expenditures within the IMPLAN model.

APPENDIX A - TABLE 7
FOR SALE PROTOTYPES: SALES PRICE TO INCOME SUMMARY
RESIDENTIAL NEXUS ANALYSIS
SANTA CRUZ COUNTY, CA

		Per Unit	Per Sq.Ft.	Total Per 100 Units
PROTOTYPE 1: INDIVIDUAL SFD HOME				
Building Sq.Ft. (excludes garage)		2,700		270,000
Sales Price		\$2,700,000	\$1,000	\$270,000,000
Sales Price to Income Ratio		4.4		4.4
Gross Household Income		\$608,000		\$60,800,000
Income Available for Expenditure ¹	52% of gross	\$316,200		\$31,620,000
PROTOTYPE 2: SMALL LOT SFD				
Building Sq.Ft. (excludes garage)		2,200		220,000
Sales Price		\$1,640,000	\$745	\$164,000,000
Sales Price to Income Ratio		4.3		4.3
Gross Household Income		\$378,000		\$37,800,000
Income Available for Expenditure ¹	59% of gross	\$223,000		\$22,300,000
PROTOTYPE 3: TOWNHOME (15 DU/AC)				
Building Sq.Ft. (excludes garage)		1,550		155,000
Sales Price		\$1,230,000	\$794	\$123,000,000
Sales Price to Income Ratio		4.1		4.1
Gross Household Income		\$301,000		\$30,100,000
Income Available for Expenditure ¹	58% of gross	\$174,600		\$17,460,000
PROTOTYPE 4: TOWNHOME (21 DU/AC)				
Building Sq.Ft. (excludes garage)		1,100		110,000
Sales Price		\$1,050,000	\$955	\$105,000,000
Sales Price to Income Ratio		4.0		4.0
Gross Household Income		\$263,000		\$26,300,000
Income Available for Expenditure ¹	60% of gross	\$157,800		\$15,780,000

Notes:

(1) Represents net income available for expenditures after income tax, payroll taxes, and savings. See Appendix A - Table 6 for derivation.

Source: See Tables B-1 through B-2.

APPENDIX A - TABLE 8
NEW MARKET RATE RESIDENTIAL HOUSEHOLD SUMMARY
RESIDENTIAL NEXUS ANALYSIS
SANTA CRUZ COUNTY, CA

		<u>Per Unit</u>	<u>Per Sq.Ft.</u>	<u>Total Per 100 Units</u>
PROTOTYPE 5: APARTMENTS				
Building Sq.Ft.		750		75,000
Rent				
Monthly		\$3,300	\$4.40 /SF	\$330,000
Monthly with Utilities		\$3,519		
Annual with Utilities		\$42,228		\$4,223,000
Rent to Income Ratio		3.3		3.3
Gross Household Income		\$141,000		\$14,100,000
Income Available for Expenditure ¹	69% of gross	\$97,000		\$9,730,000
Expenditures adjusted for vacancy ²	5% vacancy	\$92,400		\$9,240,000

(1) Represents net income available for expenditures after income tax, payroll taxes, and savings. See Appendix A - Table 6 for derivation.

(2) Allowance to account for standard operational vacancy.

Source: Appendix A - Table 5

APPENDIX A - TABLE 9
IMPLAN MODEL OUTPUT
EMPLOYMENT GENERATED BY HOUSEHOLD EXPENDITURES
RESIDENTIAL NEXUS ANALYSIS
SANTA CRUZ COUNTY, CA

Jobs Generated by Industry ¹	Individual SFD Home	Small Lot SFD	Townhome (15 DU/AC)	Townhome (21 DU/AC)	Apartments	% of Jobs
Household Expenditures	\$31,620,000	\$22,300,000	\$17,460,000	\$15,780,000	\$9,240,000	
<i>(100 Market Rate Units)</i>						
<i>Per 100 Market Rate Units</i>						
Full-service restaurants	9.2	6.5	5.1	4.6	2.4	7%
Limited-service restaurants	6.5	4.5	3.6	3.2	2.5	5%
All other food and drinking places	<u>5.0</u>	<u>3.5</u>	<u>2.7</u>	<u>2.5</u>	<u>1.4</u>	<u>4%</u>
Subtotal Restaurant	20.6	14.6	11.4	10.3	6.3	15%
Retail - Motor vehicle and parts dealers	1.6	1.1	0.9	0.8	0.5	1%
Retail - Food and beverage stores	4.0	2.8	2.2	2.0	1.3	3%
Retail - Health and personal care stores	1.9	1.3	1.0	0.9	0.6	1%
Retail - Clothing and clothing accessories stores	2.0	1.4	1.1	1.0	0.6	1%
Retail - Sporting goods, hobby, musical instrument and book stores	1.3	0.9	0.7	0.7	0.4	1%
Retail - General merchandise stores	2.1	1.4	1.1	1.0	0.7	1%
Retail - Miscellaneous store retailers	<u>2.7</u>	<u>1.9</u>	<u>1.5</u>	<u>1.3</u>	<u>0.9</u>	<u>2%</u>
Subtotal Retail and Service	15.5	10.9	8.5	7.7	5.1	11%
Hospitals	3.9	2.8	2.2	2.0	1.4	3%
Nursing and community care facilities	0.9	0.6	0.5	0.4	1.0	1%
Offices of physicians	5.9	4.2	3.3	3.0	1.8	4%
Offices of dentists	1.7	1.2	0.9	0.8	0.6	1%
Offices of other health practitioners	1.4	1.0	0.8	0.7	0.4	1%
Outpatient care centers	<u>1.8</u>	<u>1.2</u>	<u>1.0</u>	<u>0.9</u>	<u>0.5</u>	<u>1%</u>
Subtotal Healthcare	15.6	11.0	8.6	7.8	5.7	11%
Automotive repair and maintenance, except car washes	2.3	1.7	1.3	1.2	0.8	2%
Employment services	1.1	0.8	0.6	0.6	0.4	1%
Personal care services	2.5	1.8	1.4	1.3	0.7	2%
Fitness and recreational sports centers	1.5	1.1	0.8	0.8	0.3	1%
Other amusement and recreation industries	0.7	0.5	0.4	0.4	0.1	1%
Securities and commodity contracts intermediation and brokerage	2.8	2.0	1.6	1.4	0.4	2%
Other financial investment activities	2.6	1.8	1.4	1.3	0.3	2%
Insurance agencies, brokerages, and related activities	0.6	0.4	0.3	0.3	0.2	0%
Legal services	0.7	0.5	0.4	0.3	0.2	0%
Couriers and messengers	1.1	0.8	0.6	0.5	0.4	1%
Accounting, tax preparation, bookkeeping, and payroll services	0.8	0.6	0.5	0.4	0.2	1%
Management of companies and enterprises	1.2	0.8	0.6	0.6	0.4	1%
Individual and family services	8.7	6.1	4.8	4.3	1.8	6%
Other personal services	2.5	1.8	1.4	1.2	0.7	2%
Private households	2.9	2.0	1.6	1.4	0.4	2%
Community food, housing, and other relief services, including rehabilitation	1.7	1.2	0.9	0.8	0.3	1%
Transit and ground passenger transportation	0.8	0.6	0.5	0.4	0.3	1%
Religious organizations	3.2	2.2	1.7	1.6	0.7	2%
Other educational services	3.5	2.5	1.9	1.8	0.6	2%
Other local government enterprises	<u>0.5</u>	<u>0.3</u>	<u>0.3</u>	<u>0.2</u>	<u>0.2</u>	<u>0%</u>
All Other	46.5	32.8	25.7	23.2	13.4	33%
Total Number of Jobs Generated	139.8	98.6	77.2	69.8	39.9	100%

¹ Estimated employment generated by expenditures of households within 100 prototypical market rate units for Industries representing more than 1% of total employment. Employment estimates are based on the IMPLAN Group's economic model, IMPLAN, for Santa Cruz County. Includes both full- and part-time jobs.

APPENDIX A - TABLE 10
NET NEW HOUSEHOLDS AND OCCUPATION DISTRIBUTION
EMPLOYEE HOUSEHOLDS GENERATED
RESIDENTIAL NEXUS ANALYSIS
SANTA CRUZ COUNTY, CA

	Prototype 1	Prototype 2	Prototype 3	Prototype 4	Prototype 5
	Individual SFD		Townhome		
	Home	Small Lot SFD	(15 DU/AC)	(21 DU/AC)	Apartments
Step 1 - Employees ¹	139.8	98.6	77.2	69.8	39.9
Step 2 - Adjustment for Changing Industries (15%) (2)	118.9	83.8	65.6	59.3	33.9
Step 3 - Adjustment for No. of Households (1.79) (3)	66.3	46.8	36.6	33.1	18.9
Step 4 - Occupation Distribution ⁴					
Management Occupations	7.3%	7.3%	7.3%	7.3%	6.7%
Business and Financial Operations	7.9%	7.9%	7.9%	7.9%	6.5%
Computer and Mathematical	2.4%	2.4%	2.4%	2.4%	2.2%
Architecture and Engineering	0.3%	0.3%	0.3%	0.3%	0.3%
Life, Physical, and Social Science	0.4%	0.4%	0.4%	0.4%	0.4%
Community and Social Services	2.5%	2.5%	2.5%	2.5%	2.1%
Legal	1.0%	1.0%	1.0%	1.0%	1.0%
Education, Training, and Library	2.9%	2.9%	2.9%	2.9%	1.9%
Arts, Design, Entertainment, Sports, and Media	1.4%	1.4%	1.4%	1.4%	1.2%
Healthcare Practitioners and Technical	6.8%	6.8%	6.8%	6.8%	8.0%
Healthcare Support	6.9%	6.9%	6.9%	6.9%	7.0%
Protective Service	1.2%	1.2%	1.2%	1.2%	1.4%
Food Preparation and Serving Related	13.9%	13.9%	13.9%	13.9%	15.1%
Building and Grounds Cleaning and Maint.	3.3%	3.3%	3.3%	3.3%	2.8%
Personal Care and Service	4.8%	4.8%	4.8%	4.8%	4.5%
Sales and Related	11.5%	11.5%	11.5%	11.5%	12.0%
Office and Administrative Support	11.8%	11.8%	11.8%	11.8%	11.5%
Farming, Fishing, and Forestry	0.0%	0.0%	0.0%	0.0%	0.0%
Construction and Extraction	0.7%	0.7%	0.7%	0.7%	0.8%
Installation, Maintenance, and Repair	3.5%	3.5%	3.5%	3.5%	3.9%
Production	1.1%	1.1%	1.1%	1.1%	1.4%
Transportation and Material Moving	<u>8.3%</u>	<u>8.3%</u>	<u>8.3%</u>	<u>8.3%</u>	<u>9.1%</u>
Totals	100.0%	100.0%	100.0%	100.0%	100.0%
Management Occupations	4.8	3.4	2.7	2.4	1.3
Business and Financial Operations	5.2	3.7	2.9	2.6	1.2
Computer and Mathematical	1.6	1.1	0.9	0.8	0.4
Architecture and Engineering	0.2	0.2	0.1	0.1	0.1
Life, Physical, and Social Science	0.3	0.2	0.2	0.1	0.1
Community and Social Services	1.7	1.2	0.9	0.8	0.4
Legal	0.7	0.5	0.4	0.3	0.2
Education, Training, and Library	1.9	1.3	1.0	0.9	0.4
Arts, Design, Entertainment, Sports, and Media	0.9	0.7	0.5	0.5	0.2
Healthcare Practitioners and Technical	4.5	3.2	2.5	2.2	1.5
Healthcare Support	4.6	3.2	2.5	2.3	1.3
Protective Service	0.8	0.6	0.4	0.4	0.3
Food Preparation and Serving Related	9.2	6.5	5.1	4.6	2.9
Building and Grounds Cleaning and Maint.	2.2	1.5	1.2	1.1	0.5
Personal Care and Service	3.2	2.2	1.7	1.6	0.9
Sales and Related	7.6	5.4	4.2	3.8	2.3
Office and Administrative Support	7.8	5.5	4.3	3.9	2.2
Farming, Fishing, and Forestry	0.0	0.0	0.0	0.0	0.0
Construction and Extraction	0.5	0.3	0.3	0.2	0.1
Installation, Maintenance, and Repair	2.4	1.7	1.3	1.2	0.7
Production	0.8	0.5	0.4	0.4	0.3
Transportation and Material Moving	<u>5.5</u>	<u>3.9</u>	<u>3.0</u>	<u>2.7</u>	<u>1.7</u>
Totals	66.3	46.8	36.6	33.1	18.9

Notes:

¹ Estimated employment generated by expenditures of households within 100 prototypical market rate units from APPENDIX A - TABLE 9.

² The 15% adjustment is based upon job losses in declining sectors of the local economy over the 20 year period from 2005 to 2024. "Downsized" workers from declining sectors are assumed to fill a portion of new jobs in sectors serving residents. 15% adjustment for the combined Santa Cruz-Watsonville and San Jose-Sunnyvale-Santa Clara MSAs calculated as 50,000 jobs lost in declining sectors divided by 326,000 jobs gained in growing and

³ Adjustment from number of workers to households using county average of 1.79 workers per worker household derived from the U.S. Census

⁴ See Appendix B Tables 1 - 4 for additional information on Major Occupation Categories.

APPENDIX A - TABLE 11A
EXTREMELY LOW INCOME EMPLOYEE HOUSEHOLDS¹ GENERATED
RESIDENTIAL NEXUS ANALYSIS
SANTA CRUZ COUNTY, CA

Per 100 Market Rate Units

	<i>Prototype 1</i>	<i>Prototype 2</i>	<i>Prototype 3</i>	<i>Prototype 4</i>	<i>Prototype 5</i>
	Individual SFD Home	Small Lot SFD	Townhome (15 DU/AC)	Townhome (21 DU/AC)	Apartments
Step 5 & 6 - Extremely Low Income Households (under 30% AMI) within Major Occupation Categories ²					
Management	0.03	0.02	0.02	0.02	0.01
Business and Financial Operations	0.12	0.09	0.07	0.06	0.03
Computer and Mathematical	-	-	-	-	-
Architecture and Engineering	-	-	-	-	-
Life, Physical and Social Science	-	-	-	-	-
Community and Social Services	0.19	0.13	0.10	0.09	0.04
Legal	-	-	-	-	-
Education Training and Library	0.24	0.17	0.13	0.12	0.04
Arts, Design, Entertainment, Sports, & Media	0.11	0.08	0.06	0.05	-
Healthcare Practitioners and Technical	0.03	0.02	0.02	0.02	0.01
Healthcare Support	1.02	0.72	0.56	0.51	0.28
Protective Service	-	-	-	-	-
Food Preparation and Serving Related	2.73	1.93	1.51	1.36	0.85
Building Grounds and Maintenance	0.50	0.36	0.28	0.25	0.13
Personal Care and Service	0.82	0.58	0.45	0.41	0.23
Sales and Related	1.93	1.36	1.07	0.96	0.61
Office and Admin	1.07	0.75	0.59	0.53	0.32
Farm, Fishing, and Forestry	-	-	-	-	-
Construction and Extraction	-	-	-	-	-
Installation Maintenance and Repair	0.26	0.18	0.14	0.13	0.08
Production	-	-	-	-	-
Transportation and Material Moving	1.31	0.93	0.73	0.66	0.42
ELI Households - Major Occupations	10.36	7.31	5.72	5.17	3.07
ELI Households ¹ - all other occupations	1.33	0.94	0.74	0.67	0.50
Total ELI Households¹	11.69	8.25	6.46	5.84	3.56

(1) Includes households earning from zero through 30% of Santa Cruz County Area Median Income.

(2) See Appendix B - Tables 1 - 4 for additional information on Major Occupation Categories and estimated household incomes by household size.

APPENDIX A - TABLE 11B

VERY LOW-INCOME EMPLOYEE HOUSEHOLDS¹ GENERATED
RESIDENTIAL NEXUS ANALYSIS
SANTA CRUZ COUNTY, CA

Per 100 Market Rate Units

	Prototype 1	Prototype 2	Prototype 3	Prototype 4	Prototype 5
	Individual SFD Home	Small Lot SFD	Townhome (15 DU/AC)	Townhome (21 DU/AC)	Apartments
Step 5 & 6 - Very Low Income Households (30%-50% AMI) within Major Occupation Categories ²					
Management	0.53	0.38	0.30	0.27	0.15
Business and Financial Operations	0.81	0.57	0.44	0.40	0.20
Computer and Mathematical	-	-	-	-	-
Architecture and Engineering	-	-	-	-	-
Life, Physical and Social Science	-	-	-	-	-
Community and Social Services	0.41	0.29	0.23	0.20	0.10
Legal	-	-	-	-	-
Education Training and Library	0.44	0.31	0.24	0.22	0.08
Arts, Design, Entertainment, Sports, & Media	0.24	0.17	0.13	0.12	-
Healthcare Practitioners and Technical	0.16	0.11	0.09	0.08	0.05
Healthcare Support	1.04	0.73	0.57	0.52	0.32
Protective Service	-	-	-	-	-
Food Preparation and Serving Related	1.85	1.30	1.02	0.92	0.58
Building Grounds and Maintenance	0.57	0.40	0.31	0.28	0.14
Personal Care and Service	0.73	0.51	0.40	0.36	0.20
Sales and Related	1.72	1.21	0.95	0.86	0.51
Office and Admin	2.17	1.53	1.20	1.08	0.61
Farm, Fishing, and Forestry	-	-	-	-	-
Construction and Extraction	-	-	-	-	-
Installation Maintenance and Repair	0.61	0.43	0.34	0.30	0.19
Production	-	-	-	-	-
Transportation and Material Moving	1.33	0.94	0.74	0.67	0.42
Very Low Income Households - Major Occupations	12.59	8.88	6.95	6.28	3.55
Very Low Income Households ¹ - all other occupations	1.62	1.14	0.90	0.81	0.58
Total Very Low Inc. Households¹	14.21	10.02	7.85	7.09	4.13

(1) Includes households earning from 30% through 50% of Santa Cruz County Area Median Income.

(2) See Appendix B - Tables 1 - 4 for additional information on Major Occupation Categories and estimated household incomes by household size.

APPENDIX A - TABLE 11C

LOW-INCOME EMPLOYEE HOUSEHOLDS¹ GENERATED
RESIDENTIAL NEXUS ANALYSIS
SANTA CRUZ COUNTY, CA

Per 100 Market Rate Units

	Prototype 1	Prototype 2	Prototype 3	Prototype 4	Prototype 5
	Individual SFD Home	Small Lot SFD	Townhome (15 DU/AC)	Townhome (21 DU/AC)	Apartments
Step 5 & 6 - Low Income Households (50%-80% AMI) within Major Occupation Categories²					
Management	1.17	0.82	0.64	0.58	0.32
Business and Financial Operations	1.76	1.24	0.97	0.88	0.43
Computer and Mathematical	-	-	-	-	-
Architecture and Engineering	-	-	-	-	-
Life, Physical and Social Science	-	-	-	-	-
Community and Social Services	0.42	0.30	0.23	0.21	0.10
Legal	-	-	-	-	-
Education Training and Library	0.49	0.35	0.27	0.25	0.09
Arts, Design, Entertainment, Sports, & Media	0.25	0.17	0.14	0.12	-
Healthcare Practitioners and Technical	0.81	0.57	0.45	0.41	0.28
Healthcare Support	0.83	0.58	0.46	0.41	0.25
Protective Service	-	-	-	-	-
Food Preparation and Serving Related	1.29	0.91	0.71	0.64	0.40
Building Grounds and Maintenance	0.32	0.22	0.18	0.16	0.08
Personal Care and Service	0.45	0.31	0.25	0.22	0.12
Sales and Related	1.20	0.85	0.67	0.60	0.35
Office and Admin	1.58	1.12	0.87	0.79	0.43
Farm, Fishing, and Forestry	-	-	-	-	-
Construction and Extraction	-	-	-	-	-
Installation Maintenance and Repair	0.59	0.42	0.33	0.30	0.19
Production	-	-	-	-	-
Transportation and Material Moving	0.88	0.62	0.49	0.44	0.28
Low Households - Major Occupations	12.04	8.49	6.65	6.01	3.32
Low Households ¹ - all other occupations	1.55	1.09	0.86	0.77	0.54
Low Inc. Households¹	13.59	9.58	7.50	6.78	3.86

(1) Includes households earning from 50% through 80% of Santa Cruz County Area Median Income.

(2) See Appendix B - Tables 1 - 4 for additional information on Major Occupation Categories and estimated household incomes by household size.

APPENDIX A - TABLE 11D

**MODERATE INCOME EMPLOYEE HOUSEHOLDS¹ GENERATED
RESIDENTIAL NEXUS ANALYSIS
SANTA CRUZ COUNTY, CA**

Per 100 Market Rate Units

	Prototype 1	Prototype 2	Prototype 3	Prototype 4	Prototype 5
	Individual SFD Home	Small Lot SFD	Townhome (15 DU/AC)	Townhome (21 DU/AC)	Apartments
Step 5 & 6 - Moderate (80%-120% AMI) Employee Households within Major Occupation Categories ²					
Management	0.03	0.02	0.02	0.01	0.01
Business and Financial Operations	0.02	0.01	0.01	0.01	0.00
Computer and Mathematical	-	-	-	-	-
Architecture and Engineering	-	-	-	-	-
Life, Physical and Social Science	-	-	-	-	-
Community and Social Services	0.00	0.00	0.00	0.00	0.00
Legal	-	-	-	-	-
Education Training and Library	0.00	0.00	0.00	0.00	0.00
Arts, Design, Entertainment, Sports, & Media	0.00	0.00	0.00	0.00	-
Healthcare Practitioners and Technical	0.00	0.00	0.00	0.00	(0.00)
Healthcare Support	0.00	0.00	0.00	0.00	0.00
Protective Service	-	-	-	-	-
Food Preparation and Serving Related	0.00	0.00	0.00	0.00	0.00
Building Grounds and Maintenance	0.00	0.00	0.00	0.00	0.00
Personal Care and Service	0.00	0.00	0.00	0.00	0.00
Sales and Related	0.00	0.00	0.00	0.00	0.00
Office and Admin	0.01	0.01	0.01	0.01	0.00
Farm, Fishing, and Forestry	-	-	-	-	-
Construction and Extraction	-	-	-	-	-
Installation Maintenance and Repair	0.00	0.00	0.00	0.00	0.00
Production	-	-	-	-	-
Transportation and Material Moving	0.00	0.00	0.00	0.00	0.00
Moderate Households - Major Occupations	0.09	0.06	0.05	0.04	0.02
Moderate Households ¹ - all other occupations	0.01	0.01	0.01	0.01	0.00
Total Moderate Households (80% to 120% AMI)¹	0.10	0.07	0.05	0.05	0.03

(1) Includes households earning from 80% through 120% of Santa Cruz County Area Median Income.

(2) See Appendix B - Tables 1 - 4 for additional information on Major Occupation Categories and estimated household incomes by household size.

APPENDIX A - TABLE 12
IMPACT ANALYSIS SUMMARY
EMPLOYEE HOUSEHOLDS GENERATED
RESIDENTIAL NEXUS ANALYSIS
SANTA CRUZ COUNTY, CA

RESIDENTIAL UNIT DEMAND IMPACTS - PER 100 MARKET RATE UNITS

	<i>Prototype 1</i>	<i>Prototype 2</i>	<i>Prototype 3</i>	<i>Prototype 4</i>	<i>Prototype 5</i>
Number of New Households¹	Individual SFD Home	Small Lot SFD	Townhome (15 DU/AC)	Townhome (21 DU/AC)	Apartments
Under 30% AMI	11.7	8.2	6.5	5.8	3.6
30% to 50% AMI	14.2	10.0	7.8	7.1	4.1
50% to 80% AMI	13.6	9.6	7.5	6.8	3.9
80% to 120% AMI	0.1	0.1	0.1	0.05	0.03
Subtotal through 120% AMI	39.6	27.9	21.9	19.8	11.6
Over 120% AMI	26.7	18.9	14.8	13.3	7.4
Total Employee Households	66.3	46.8	36.6	33.1	18.9

RESIDENTIAL UNIT DEMAND IMPACTS - PER EACH (1) MARKET RATE UNIT

	<i>Prototype 1</i>	<i>Prototype 2</i>	<i>Prototype 3</i>	<i>Prototype 4</i>	<i>Prototype 5</i>
Number of New Households¹	Individual SFD Home	Small Lot SFD	Townhome (15 DU/AC)	Townhome (21 DU/AC)	Apartments
Under 30% AMI	0.12	0.08	0.06	0.06	0.04
30% to 50% AMI	0.14	0.10	0.08	0.07	0.04
50% to 80% AMI	0.14	0.10	0.08	0.07	0.04
80% to 120% AMI	0.00	0.00	0.00	0.00	0.00
Subtotal through 120% AMI	0.40	0.28	0.22	0.20	0.12
Over 120% AMI	0.27	0.19	0.15	0.13	0.07
Total Employee Households	0.66	0.47	0.37	0.33	0.19

Notes

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

AMI = Area Median Income

APPENDIX A - TABLE 13
SUPPORTED FEE / NEXUS SUMMARY
RESIDENTIAL NEXUS ANALYSIS
SANTA CRUZ COUNTY, CA

TOTAL NEXUS COST PER MARKET RATE UNIT

		Nexus Cost Per Market Rate Unit ²				
		Prototype 1	Prototype 2	Prototype 3	Prototype 4	Prototype 5
	Affordability Gap Per Unit	Individual SFD Home	Small Lot SFD	Townhome (15 DU/AC)	Townhome (21 DU/AC)	Apartments
Household Income Level						
Under 30% AMI	\$462,300	\$54,100	\$38,100	\$29,900	\$27,000	\$16,500
30% to 50% AMI	\$344,100	\$48,900	\$34,500	\$27,000	\$24,400	\$14,200
50% to 80% AMI	\$244,800	\$33,300	\$23,500	\$18,400	\$16,600	\$9,500
80% to 120% AMI	\$245,300	\$200	\$200	\$100	\$100	\$100
Total Supported Fee Per Unit		\$136,500	\$96,300	\$75,400	\$68,100	\$40,300

TOTAL NEXUS COST PER SQUARE FOOT ³

		Nexus Cost Per Square Foot ³				
		Prototype 1	Prototype 2	Prototype 3	Prototype 4	Prototype 5
		Individual SFD Home	Small Lot SFD	Townhome (15 DU/AC)	Townhome (21 DU/AC)	Apartments
Household Income Level						
	Avg. Unit Size (SF)	2,700 SF	2,200 SF	1,550 SF	1,100 SF	750 SF
Under 30% AMI		\$20.00	\$17.30	\$19.30	\$24.50	\$22.00
30% to 50% AMI		\$18.10	\$15.70	\$17.40	\$22.20	\$18.90
50% to 80% AMI		\$12.30	\$10.70	\$11.90	\$15.10	\$12.70
80% to 120% AMI		\$0.10	\$0.10	\$0.10	\$0.10	\$0.10
Total Supported Fee Per Sq.Ft.		\$50.50	\$43.80	\$48.70	\$61.90	\$53.70

Notes:

¹ Assumes affordable rental units. Affordability gaps represent the remaining affordability gap after tax credit financing, except for moderate income. See affordability gap section for details.

² Nexus cost per unit calculated by multiplying the affordable unit demand from Appendix A - Table 12 by the affordability gap.

³ Nexus cost per square foot computed by dividing the nexus cost per unit from above by the average unit size.

APPENDIX B

OCCUPATION AND COMPENSATION TABLES

RESIDENTIAL NEXUS ANALYSIS

SANTA CRUZ COUNTY, CA

APPENDIX B - TABLE 1
WORKER OCCUPATION DISTRIBUTION, 2024
SERVICES TO HOUSEHOLDS EARNING \$100 - \$150K, RESIDENT SERVICES
RESIDENTIAL NEXUS ANALYSIS
SANTA CRUZ COUNTY, CA

Major Occupations (2% or more)	Worker Occupation Distribution ¹	
	Services to Households Earning \$100,000 to \$150,000	
Management Occupations	6.4%	
Business and Financial Operations Occupations	5.2%	
Community and Social Service Occupations	2.5%	
Educational Instruction and Library Occupations	2.6%	
Healthcare Practitioners and Technical Occupations	7.7%	
Healthcare Support Occupations	7.8%	
Food Preparation and Serving Related Occupations	15.6%	
Building and Grounds Cleaning and Maintenance Occupations	3.1%	
Personal Care and Service Occupations	4.1%	
Sales and Related Occupations	10.5%	
Office and Administrative Support Occupations	10.0%	
Installation, Maintenance, and Repair Occupations	3.4%	
Transportation and Material Moving Occupations	7.1%	
All Other Worker Occupations - Services to Households Earning \$100,000 to \$150,000	<u>14.0%</u>	
INDUSTRY TOTAL		100.0%

¹ Distribution of employment by industry is per the IMPLAN model and the distribution of occupational employment within those industries is based on the Bureau of Labor Statistics Occupational Employment Survey.

APPENDIX B - TABLE 2
AVERAGE ANNUAL WORKER COMPENSATION, 2025
SERVICES TO HOUSEHOLDS EARNING \$100,000 TO \$150,000
RESIDENTIAL NEXUS ANALYSIS
SANTA CRUZ COUNTY, CA

Occupation ³	2025 Avg. Compensation ¹	Household Income Estimate ⁴			% of Total	
		One Worker	Two Workers	Three+ Workers	Occupation Group ²	% of Total Workers
Page 1 of 5						
Management Occupations						
General and Operations Managers	\$136,300	\$147,000	\$241,000	\$271,000	38.0%	2.4%
Sales Managers	\$129,100	\$140,000	\$228,000	\$257,000	4.3%	0.3%
Computer and Information Systems Managers	\$204,100	\$211,000	\$322,000	\$346,000	3.8%	0.2%
Financial Managers	\$183,700	\$190,000	\$290,000	\$312,000	7.6%	0.5%
Food Service Managers	\$81,000	\$100,000	\$168,000	\$232,000	4.4%	0.3%
Medical and Health Services Managers	\$161,800	\$167,000	\$256,000	\$274,000	7.2%	0.5%
Property, Real Estate, and Community Association Managers	\$87,800	\$108,000	\$183,000	\$251,000	8.6%	0.5%
Social and Community Service Managers	\$93,500	\$115,000	\$194,000	\$268,000	3.4%	0.2%
Managers, All Other	\$170,700	\$176,000	\$270,000	\$289,000	3.8%	0.2%
All Other Management Occupations	<u>\$137,500</u>	<u>\$149,000</u>	<u>\$243,000</u>	<u>\$274,000</u>	<u>18.9%</u>	<u>1.2%</u>
Weighted Mean Annual Wage	\$137,500	\$149,000	\$240,000	\$274,000	100.0%	6.4%
Business and Financial Operations Occupations						
Human Resources Specialists	\$90,800	\$112,000	\$189,000	\$260,000	7.7%	0.4%
Project Management Specialists	\$110,000	\$120,000	\$214,000	\$264,000	6.0%	0.3%
Management Analysts	\$114,200	\$125,000	\$222,000	\$274,000	6.0%	0.3%
Training and Development Specialists	\$78,100	\$90,000	\$183,000	\$237,000	5.0%	0.3%
Market Research Analysts and Marketing Specialists	\$86,900	\$107,000	\$181,000	\$249,000	8.7%	0.5%
Business Operations Specialists, All Other	\$90,900	\$112,000	\$189,000	\$260,000	8.8%	0.5%
Accountants and Auditors	\$94,800	\$117,000	\$197,000	\$271,000	14.5%	0.8%
Financial and Investment Analysts	\$98,800	\$122,000	\$205,000	\$283,000	6.0%	0.3%
Personal Financial Advisors	\$156,400	\$162,000	\$247,000	\$265,000	7.6%	0.4%
All Other Business and Financial Operations Occupations	<u>\$101,700</u>	<u>\$111,000</u>	<u>\$198,000</u>	<u>\$244,000</u>	<u>29.6%</u>	<u>1.5%</u>
Weighted Mean Annual Wage	\$101,700	\$117,000	\$201,000	\$258,000	100.0%	5.2%
Community and Social Service Occupations						
Educational, Guidance, and Career Counselors and Advisors	\$94,900	\$117,000	\$197,000	\$272,000	3.9%	0.1%
Rehabilitation Counselors	\$50,800	\$62,000	\$134,000	\$183,000	3.8%	0.1%
Substance abuse, behavioral, and mental health counselors	\$66,800	\$77,000	\$157,000	\$202,000	16.5%	0.4%
Child, Family, and School Social Workers	\$68,400	\$79,000	\$161,000	\$207,000	12.4%	0.3%
Healthcare Social Workers	\$96,100	\$118,000	\$200,000	\$275,000	6.3%	0.2%
Mental Health and Substance Abuse Social Workers	\$75,100	\$87,000	\$176,000	\$228,000	4.3%	0.1%
Social and Human Service Assistants	\$58,200	\$71,000	\$154,000	\$210,000	19.3%	0.5%
Community and Social Service Specialists, All Other	\$65,700	\$76,000	\$154,000	\$199,000	3.6%	0.1%
Clergy	\$74,800	\$86,000	\$176,000	\$227,000	10.2%	0.3%
Directors, Religious Activities and Education	\$72,100	\$83,000	\$169,000	\$219,000	5.9%	0.1%
Religious Workers, All Other	\$65,700	\$76,000	\$154,000	\$199,000	3.6%	0.1%
All Other Community and Social Service Occupations	<u>\$69,400</u>	<u>\$80,000</u>	<u>\$163,000</u>	<u>\$210,000</u>	<u>10.3%</u>	<u>0.3%</u>
Weighted Mean Annual Wage	\$69,400	\$82,000	\$164,000	\$216,000	100.0%	2.5%

APPENDIX B - TABLE 2
AVERAGE ANNUAL WORKER COMPENSATION, 2025
SERVICES TO HOUSEHOLDS EARNING \$100,000 TO \$150,000
RESIDENTIAL NEXUS ANALYSIS
SANTA CRUZ COUNTY, CA

Occupation ³	2025 Avg. Compensation ¹	Household Income Estimate ⁴			% of Total Occupation Group ²	% of Total Workers
		One Worker	Two Workers	Three+ Workers		
Page 2 of 5						
Educational Instruction and Library Occupations						
Career/Technical Education Teachers, Postsecondary	\$98,600	\$121,000	\$205,000	\$282,000	3.1%	0.1%
Preschool Teachers, Except Special Education	\$49,800	\$77,000	\$145,000	\$197,000	15.3%	0.4%
Elementary School Teachers, Except Special Education	\$89,200	\$110,000	\$185,000	\$255,000	7.9%	0.2%
Middle School Teachers	\$86,600	\$107,000	\$180,000	\$248,000	3.5%	0.1%
Secondary School Teachers	\$98,600	\$121,000	\$205,000	\$282,000	6.2%	0.2%
Self-Enrichment Teachers	\$64,300	\$74,000	\$151,000	\$195,000	17.7%	0.5%
Substitute Teachers, Short-Term	\$66,000	\$76,000	\$155,000	\$200,000	3.6%	0.1%
Tutors	\$43,100	\$67,000	\$125,000	\$171,000	6.0%	0.2%
Instructional Coordinators	\$103,500	\$113,000	\$202,000	\$248,000	3.3%	0.1%
Teaching Assistants, Except Postsecondary	\$47,900	\$74,000	\$139,000	\$190,000	15.0%	0.4%
All Other Educational Instruction and Library Occupations	<u>\$65,900</u>	<u>\$76,000</u>	<u>\$155,000</u>	<u>\$200,000</u>	<u>18.6%</u>	<u>0.5%</u>
Weighted Mean Annual Wage	\$65,900	\$84,000	\$158,000	\$211,000	100.0%	2.6%
Healthcare Practitioners and Technical Occupations						
Pharmacists	\$168,100	\$174,000	\$266,000	\$285,000	4.0%	0.3%
Registered Nurses	\$163,900	\$169,000	\$259,000	\$278,000	27.6%	2.1%
Nurse Practitioners	\$163,100	\$169,000	\$258,000	\$277,000	4.4%	0.3%
Physicians, All Other	\$284,500	\$292,000	\$373,000	\$413,000	3.8%	0.3%
Dental Hygienists	\$137,700	\$149,000	\$243,000	\$274,000	4.2%	0.3%
Pharmacy Technicians	\$56,500	\$69,000	\$150,000	\$204,000	6.8%	0.5%
Licensed Practical and Licensed Vocational Nurses	\$86,600	\$107,000	\$180,000	\$248,000	6.9%	0.5%
All Other Healthcare Practitioners and Technical Occupations	<u>\$148,300</u>	<u>\$160,000</u>	<u>\$262,000</u>	<u>\$295,000</u>	<u>42.3%</u>	<u>3.3%</u>
Weighted Mean Annual Wage	\$148,300	\$158,000	\$251,000	\$283,000	100.0%	7.7%
Healthcare Support Occupations						
Home Health and Personal Care Aides	\$43,700	\$68,000	\$127,000	\$173,000	57.2%	4.5%
Nursing Assistants	\$48,100	\$75,000	\$140,000	\$191,000	13.9%	1.1%
Dental Assistants	\$54,800	\$67,000	\$145,000	\$197,000	7.1%	0.6%
Medical Assistants	\$56,000	\$68,000	\$148,000	\$202,000	12.5%	1.0%
All Other Healthcare Support Occupations	<u>\$46,900</u>	<u>\$73,000</u>	<u>\$137,000</u>	<u>\$186,000</u>	<u>9.3%</u>	<u>0.7%</u>
Weighted Mean Annual Wage	\$46,900	\$69,000	\$134,000	\$182,000	100.0%	7.8%

APPENDIX B - TABLE 2
AVERAGE ANNUAL WORKER COMPENSATION, 2025
SERVICES TO HOUSEHOLDS EARNING \$100,000 TO \$150,000
RESIDENTIAL NEXUS ANALYSIS
SANTA CRUZ COUNTY, CA

Occupation ³	2025 Avg. Compensation ¹	Household Income Estimate ⁴			% of Total	
		One Worker	Two Workers	Three+ Workers	Occupation Group ²	% of Total Workers
Page 3 of 5						
Food Preparation and Serving Related Occupations						
Supervisors of Food Preparation and Serving Workers	\$52,900	\$64,000	\$140,000	\$191,000	8.8%	1.4%
Cooks, Fast Food	\$41,600	\$65,000	\$121,000	\$165,000	4.9%	0.8%
Cooks, Restaurant	\$44,300	\$69,000	\$129,000	\$176,000	10.6%	1.7%
Food Preparation Workers	\$40,100	\$62,000	\$117,000	\$159,000	6.2%	1.0%
Bartenders	\$45,100	\$70,000	\$131,000	\$179,000	7.2%	1.1%
Fast Food and Counter Workers	\$41,600	\$65,000	\$121,000	\$165,000	27.9%	4.4%
Waiters and Waitresses	\$45,200	\$70,000	\$132,000	\$179,000	16.5%	2.6%
Dining Room and Cafeteria Attendants and Bartender Helpers	\$39,800	\$67,000	\$124,000	\$194,000	3.5%	0.6%
Dishwashers	\$38,700	\$65,000	\$120,000	\$188,000	3.5%	0.5%
Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop	\$38,100	\$64,000	\$119,000	\$185,000	3.1%	0.5%
All Other Food Preparation and Serving Related Occupations	<u>\$43,500</u>	<u>\$68,000</u>	<u>\$127,000</u>	<u>\$172,000</u>	<u>7.9%</u>	<u>1.2%</u>
Weighted Mean Annual Wage	\$43,500	\$67,000	\$126,000	\$174,000	100.0%	15.6%
Building and Grounds Cleaning and Maintenance Occupations						
First-Line Supervisors of Housekeeping & Janitorial Workers	\$61,100	\$71,000	\$143,000	\$185,000	3.4%	0.1%
Supervisors of Landscaping, Lawn, & Groundskeeping Workers	\$72,500	\$84,000	\$170,000	\$220,000	3.0%	0.1%
Janitors and Cleaners	\$45,800	\$71,000	\$133,000	\$181,000	51.6%	1.6%
Maids and Housekeeping Cleaners	\$44,400	\$69,000	\$129,000	\$176,000	12.8%	0.4%
Landscaping and Groundskeeping Workers	\$49,900	\$77,000	\$145,000	\$198,000	23.3%	0.7%
All Other Building and Grounds Cleaning and Maint. Occupations	<u>\$48,000</u>	<u>\$74,000</u>	<u>\$140,000</u>	<u>\$190,000</u>	<u>5.9%</u>	<u>0.2%</u>
Weighted Mean Annual Wage	\$48,000	\$73,000	\$137,000	\$186,000	100.0%	3.1%
Personal Care and Service Occupations						
First-Line Supervisors of Personal Service Workers	\$60,100	\$69,000	\$141,000	\$182,000	4.3%	0.2%
Animal Caretakers	\$41,500	\$64,000	\$121,000	\$164,000	18.0%	0.7%
Ushers, Lobby Attendants, and Ticket Takers	\$37,600	\$63,000	\$117,000	\$183,000	3.5%	0.1%
Amusement and Recreation Attendants	\$37,600	\$63,000	\$117,000	\$183,000	6.9%	0.3%
Hairdressers, Hairstylists, and Cosmetologists	\$50,900	\$62,000	\$135,000	\$183,000	16.6%	0.7%
Manicurists and Pedicurists	\$50,900	\$62,000	\$135,000	\$183,000	8.9%	0.4%
Skincare Specialists	\$58,500	\$71,000	\$155,000	\$211,000	3.7%	0.2%
Childcare Workers	\$40,700	\$63,000	\$118,000	\$161,000	11.0%	0.5%
Exercise Trainers and Group Fitness Instructors	\$66,400	\$77,000	\$156,000	\$201,000	4.4%	0.2%
Recreation Workers	\$43,400	\$67,000	\$126,000	\$172,000	4.9%	0.2%
All Other Personal Care and Service Occupations	<u>\$47,000</u>	<u>\$73,000</u>	<u>\$137,000</u>	<u>\$186,000</u>	<u>17.8%</u>	<u>0.7%</u>
Weighted Mean Annual Wage	\$47,000	\$66,000	\$131,000	\$179,000	100.0%	4.1%

APPENDIX B - TABLE 2
AVERAGE ANNUAL WORKER COMPENSATION, 2025
SERVICES TO HOUSEHOLDS EARNING \$100,000 TO \$150,000
RESIDENTIAL NEXUS ANALYSIS
SANTA CRUZ COUNTY, CA

Occupation ³	2025 Avg. Compensation ¹	Household Income Estimate ⁴			% of Total	
		One Worker	Two Workers	Three+ Workers	Occupation Group ²	% of Total Workers
Page 4 of 5						
Sales and Related Occupations						
First-Line Supervisors of Retail Sales Workers	\$56,400	\$69,000	\$149,000	\$203,000	9.8%	1.0%
Cashiers	\$39,800	\$67,000	\$124,000	\$194,000	26.9%	2.8%
Counter and Rental Clerks	\$48,700	\$76,000	\$142,000	\$193,000	3.6%	0.4%
Retail Salespersons	\$41,700	\$65,000	\$121,000	\$165,000	37.0%	3.9%
Securities, Commodities, and Financial Services Sales	\$87,500	\$108,000	\$182,000	\$250,000	3.3%	0.4%
Sales Representatives	\$77,700	\$90,000	\$182,000	\$236,000	4.8%	0.5%
Sales Reps., Wholesale & Manuf., Except Tech. and Scientific	\$90,200	\$111,000	\$188,000	\$258,000	3.8%	0.4%
Real Estate Sales Agents	\$87,500	\$108,000	\$182,000	\$250,000	3.2%	0.3%
All Other Sales and Related Occupations	<u>\$50,100</u>	<u>\$61,000</u>	<u>\$133,000</u>	<u>\$181,000</u>	<u>7.4%</u>	<u>0.8%</u>
Weighted Mean Annual Wage	\$50,100	\$72,000	\$136,000	\$191,000	100.0%	10.5%
Office and Administrative Support Occupations						
First-Line Supervisors of Office and Admin. Support Workers	\$79,200	\$91,000	\$186,000	\$240,000	8.1%	0.8%
Billing and Posting Clerks	\$59,000	\$72,000	\$156,000	\$213,000	3.0%	0.3%
Bookkeeping, Accounting, and Auditing Clerks	\$62,800	\$73,000	\$147,000	\$190,000	8.7%	0.9%
Customer Service Representatives	\$53,100	\$65,000	\$141,000	\$191,000	13.9%	1.4%
Receptionists and Information Clerks	\$45,000	\$70,000	\$131,000	\$178,000	10.7%	1.1%
Shipping, Receiving, and Inventory Clerks	\$49,500	\$77,000	\$144,000	\$196,000	3.4%	0.3%
Medical Secretaries and Administrative Assistants	\$54,100	\$66,000	\$143,000	\$195,000	8.8%	0.9%
Secretaries and Administrative Assistants	\$57,400	\$70,000	\$152,000	\$207,000	10.3%	1.0%
Office Clerks, General	\$52,400	\$64,000	\$139,000	\$189,000	15.0%	1.5%
All Other Office and Administrative Support Occupations	<u>\$56,200</u>	<u>\$68,000</u>	<u>\$149,000</u>	<u>\$203,000</u>	<u>17.9%</u>	<u>1.8%</u>
Weighted Mean Annual Wage	\$56,200	\$70,000	\$147,000	\$198,000	100.0%	10.0%
Installation, Maintenance, and Repair Occupations						
Supervisors of Mechanics, Installers, and Repairers	\$89,100	\$110,000	\$185,000	\$255,000	9.9%	0.3%
Automotive Body and Related Repairers	\$71,700	\$83,000	\$168,000	\$217,000	7.9%	0.3%
Automotive Service Technicians and Mechanics	\$66,500	\$77,000	\$156,000	\$202,000	22.2%	0.8%
Bus and Truck Mechanics and Diesel Engine Specialists	\$73,500	\$85,000	\$173,000	\$223,000	4.0%	0.1%
Maintenance and Repair Workers, General	\$56,700	\$69,000	\$150,000	\$204,000	35.0%	1.2%
All Other Installation, Maintenance, and Repair Occupations	<u>\$65,900</u>	<u>\$76,000</u>	<u>\$155,000</u>	<u>\$200,000</u>	<u>21.0%</u>	<u>0.7%</u>
Weighted Mean Annual Wage	\$65,900	\$78,000	\$158,000	\$210,000	100.0%	3.4%

APPENDIX B - TABLE 2
AVERAGE ANNUAL WORKER COMPENSATION, 2025
SERVICES TO HOUSEHOLDS EARNING \$100,000 TO \$150,000
RESIDENTIAL NEXUS ANALYSIS
SANTA CRUZ COUNTY, CA

Occupation ³	2025 Avg. Compensation ¹	Household Income Estimate ⁴			% of Total Occupation Group ²	% of Total Workers
		One Worker	Two Workers	Three+ Workers		
Page 5 of 5						
Transportation and Material Moving Occupations						
Supervisors of Transportation and Material-Moving Workers	\$66,500	\$77,000	\$156,000	\$202,000	5.2%	0.4%
Driver/Sales Workers	\$45,000	\$70,000	\$131,000	\$178,000	5.8%	0.4%
Heavy and Tractor-Trailer Truck Drivers	\$60,800	\$70,000	\$143,000	\$184,000	10.2%	0.7%
Light Truck Drivers	\$51,000	\$62,000	\$135,000	\$184,000	9.4%	0.7%
Bus Drivers, School	\$60,700	\$70,000	\$142,000	\$184,000	3.6%	0.3%
Shuttle Drivers and Chauffeurs	\$46,100	\$72,000	\$134,000	\$183,000	3.9%	0.3%
Parking Attendants	\$39,300	\$66,000	\$122,000	\$191,000	4.9%	0.3%
Cleaners of Vehicles and Equipment	\$42,000	\$65,000	\$122,000	\$166,000	6.2%	0.4%
Laborers and Freight, Stock, and Material Movers, Hand	\$45,200	\$70,000	\$132,000	\$179,000	15.8%	1.1%
Packers and Packagers, Hand	\$38,700	\$65,000	\$120,000	\$188,000	3.3%	0.2%
Stockers and Order Fillers	\$42,500	\$66,000	\$124,000	\$168,000	23.8%	1.7%
All Other Transportation and Material Moving Occupations	<u>\$47,900</u>	<u>\$74,000</u>	<u>\$139,000</u>	<u>\$190,000</u>	<u>7.8%</u>	<u>0.6%</u>
Weighted Mean Annual Wage	\$47,900	\$68,000	\$132,000	\$180,000	100.0%	7.1%
						86.0%

¹ The methodology utilized by the California Employment Development Department (EDD) assumes hourly paid employees are employed full-time. Annual compensation is calculated by EDD by multiplying hourly wages by 40 hours per work week by 52 weeks. Compensations are adjusted upward where necessary to reflect the State minimum wage of \$16.90/hour effective January 1, 2026.

² Occupation percentages are based on the 2024 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics. Wages are based on Occupational Employment Survey data applicable to Santa Cruz County as of 2024 and are adjusted by EDD to the first quarter of 2025.

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

⁴ Household income estimated based average worker compensation and ratios between employee income and household income identified in Table 3-11.

APPENDIX B - TABLE 3
WORKER OCCUPATION DISTRIBUTION, 2024
SERVICES TO HOUSEHOLDS EARNING \$200K+, RESIDENT SERVICES
RESIDENTIAL NEXUS ANALYSIS
SANTA CRUZ COUNTY, CA

Major Occupations (2% or more)	Worker Occupation Distribution ¹
	Services to Households Earning \$200k+
Management Occupations	6.8%
Business and Financial Operations Occupations	6.1%
Community and Social Service Occupations	2.9%
Educational Instruction and Library Occupations	3.9%
Arts, Design, Entertainment, Sports, and Media Occupations	2.0%
Healthcare Practitioners and Technical Occupations	6.7%
Healthcare Support Occupations	7.8%
Food Preparation and Serving Related Occupations	14.6%
Building and Grounds Cleaning and Maintenance Occupations	4.1%
Personal Care and Service Occupations	4.2%
Sales and Related Occupations	9.8%
Office and Administrative Support Occupations	10.2%
Installation, Maintenance, and Repair Occupations	3.1%
Transportation and Material Moving Occupations	6.4%
All Other Worker Occupations - Services to Households Earning \$200k+	<u>11.4%</u>
INDUSTRY TOTAL	100.0%

¹ Distribution of employment by industry is per the IMPLAN model and the distribution of occupational employment within those industries is based on the Bureau of Labor Statistics Occupational Employment Survey.

APPENDIX B - TABLE 4

AVERAGE ANNUAL WORKER COMPENSATION, 2025
SERVICES TO HOUSEHOLDS EARNING \$200K+
RESIDENTIAL NEXUS ANALYSIS
SANTA CRUZ COUNTY, CA

Occupation ³	2025 Avg. Compensation ¹	Household Income Estimate ⁴			% of Total	
		One Worker	Two Workers	Three+ Workers	Occupation Group ⁴	% of Total Workers
Page 1 of 5						
Management Occupations						
General and Operations Managers	\$136,300	\$147,000	\$241,000	\$271,000	37.4%	2.5%
Sales Managers	\$129,100	\$140,000	\$228,000	\$257,000	4.2%	0.3%
Computer and Information Systems Managers	\$204,100	\$211,000	\$322,000	\$346,000	4.0%	0.3%
Financial Managers	\$183,700	\$190,000	\$290,000	\$312,000	8.8%	0.6%
Food Service Managers	\$81,000	\$100,000	\$168,000	\$232,000	3.9%	0.3%
Medical and Health Services Managers	\$161,800	\$167,000	\$256,000	\$274,000	5.8%	0.4%
Property, Real Estate, and Community Association Managers	\$87,800	\$108,000	\$183,000	\$251,000	8.0%	0.5%
Social and Community Service Managers	\$93,500	\$115,000	\$194,000	\$268,000	3.7%	0.3%
Managers, All Other	\$170,700	\$176,000	\$270,000	\$289,000	3.9%	0.3%
All Other Management Occupations	<u>\$138,500</u>	<u>\$150,000</u>	<u>\$244,000</u>	<u>\$276,000</u>	<u>20.3%</u>	<u>1.4%</u>
Weighted Mean Annual Wage	\$138,500	\$150,000	\$241,000	\$276,000	100.0%	6.8%
Business and Financial Operations Occupations						
Human Resources Specialists	\$90,800	\$112,000	\$189,000	\$260,000	6.8%	0.4%
Project Management Specialists	\$110,000	\$120,000	\$214,000	\$264,000	5.5%	0.3%
Management Analysts	\$114,200	\$125,000	\$222,000	\$274,000	5.6%	0.3%
Training and Development Specialists	\$78,100	\$90,000	\$183,000	\$237,000	4.7%	0.3%
Market Research Analysts and Marketing Specialists	\$86,900	\$107,000	\$181,000	\$249,000	7.9%	0.5%
Business Operations Specialists, All Other	\$90,900	\$112,000	\$189,000	\$260,000	8.2%	0.5%
Accountants and Auditors	\$94,800	\$117,000	\$197,000	\$271,000	14.0%	0.9%
Financial and Investment Analysts	\$98,800	\$122,000	\$205,000	\$283,000	7.7%	0.5%
Personal Financial Advisors	\$156,400	\$162,000	\$247,000	\$265,000	12.5%	0.8%
All Other Business and Financial Operations Occupations	<u>\$105,600</u>	<u>\$115,000</u>	<u>\$206,000</u>	<u>\$253,000</u>	<u>27.0%</u>	<u>1.6%</u>
Weighted Mean Annual Wage	\$105,600	\$120,000	\$205,000	\$261,000	100.0%	6.1%
Community and Social Service Occupations						
Educational, Guidance, and Career Counselors and Advisors	\$94,900	\$117,000	\$197,000	\$272,000	5.1%	0.1%
Rehabilitation Counselors	\$50,800	\$62,000	\$134,000	\$183,000	4.0%	0.1%
Substance abuse, behavioral, and mental health counselors	\$66,800	\$77,000	\$157,000	\$202,000	15.1%	0.4%
Child, Family, and School Social Workers	\$68,400	\$79,000	\$161,000	\$207,000	11.7%	0.3%
Healthcare Social Workers	\$96,100	\$118,000	\$200,000	\$275,000	5.0%	0.1%
Mental Health and Substance Abuse Social Workers	\$75,100	\$87,000	\$176,000	\$228,000	3.8%	0.1%
Social and Human Service Assistants	\$58,200	\$71,000	\$154,000	\$210,000	19.2%	0.6%
Community and Social Service Specialists, All Other	\$65,700	\$76,000	\$154,000	\$199,000	3.8%	0.1%
Clergy	\$74,800	\$86,000	\$176,000	\$227,000	11.4%	0.3%
Directors, Religious Activities and Education	\$72,100	\$83,000	\$169,000	\$219,000	6.8%	0.2%
Religious Workers, All Other	\$65,700	\$76,000	\$154,000	\$199,000	4.2%	0.1%
All Other Community and Social Service Occupations	<u>\$69,300</u>	<u>\$80,000</u>	<u>\$163,000</u>	<u>\$210,000</u>	<u>9.8%</u>	<u>0.3%</u>
Weighted Mean Annual Wage	\$69,300	\$82,000	\$164,000	\$216,000	100.0%	2.9%

APPENDIX B - TABLE 4

AVERAGE ANNUAL WORKER COMPENSATION, 2025
SERVICES TO HOUSEHOLDS EARNING \$200K+
RESIDENTIAL NEXUS ANALYSIS
SANTA CRUZ COUNTY, CA

Occupation ³	2025 Avg. Compensation ¹	Household Income Estimate ⁴			% of Total	
		One Worker	Two Workers	Three+ Workers	Occupation Group ⁴	% of Total Workers
Page 2 of 5						
Educational Instruction and Library Occupations						
Career/Technical Education Teachers, Postsecondary	\$98,600	\$121,000	\$205,000	\$282,000	3.4%	0.1%
Preschool Teachers, Except Special Education	\$49,800	\$77,000	\$145,000	\$197,000	13.4%	0.5%
Elementary School Teachers, Except Special Education	\$89,200	\$110,000	\$185,000	\$255,000	8.5%	0.3%
Middle School Teachers	\$86,600	\$107,000	\$180,000	\$248,000	3.7%	0.1%
Secondary School Teachers	\$98,600	\$121,000	\$205,000	\$282,000	6.6%	0.3%
Self-Enrichment Teachers	\$64,300	\$74,000	\$151,000	\$195,000	17.6%	0.7%
Substitute Teachers, Short-Term	\$65,957	\$76,000	\$155,000	\$200,000	3.6%	0.1%
Tutors	\$43,100	\$67,000	\$125,000	\$171,000	6.5%	0.3%
Instructional Coordinators	\$103,500	\$113,000	\$202,000	\$248,000	3.4%	0.1%
Teaching Assistants, Except Postsecondary	\$47,900	\$74,000	\$139,000	\$190,000	14.4%	0.6%
All Other Educational Instruction and Library Occupations	<u>\$66,900</u>	<u>\$77,000</u>	<u>\$157,000</u>	<u>\$203,000</u>	<u>19.0%</u>	<u>0.7%</u>
Weighted Mean Annual Wage	\$66,900	\$70,000	\$129,000	\$174,000	100.0%	3.9%
Arts, Design, Entertainment, Sports, and Media Occupations						
Graphic Designers	\$75,000	\$87,000	\$176,000	\$227,000	4.8%	0.1%
Merchandise Displayers and Window Trimmers	\$46,600	\$72,000	\$136,000	\$185,000	5.7%	0.1%
Actors	\$43,800	\$68,000	\$128,000	\$174,000	3.8%	0.1%
Producers and Directors	\$97,700	\$120,000	\$203,000	\$280,000	7.7%	0.2%
Coaches and Scouts	\$68,400	\$79,000	\$161,000	\$207,000	10.5%	0.2%
Musicians and Singers	\$43,800	\$68,000	\$128,000	\$174,000	13.5%	0.3%
Public Relations Specialists	\$82,100	\$101,000	\$171,000	\$235,000	10.0%	0.2%
Audio and Video Technicians	\$70,200	\$81,000	\$165,000	\$213,000	3.5%	0.1%
All Other Arts, Design, Sports, and Media Occupations	<u>\$65,900</u>	<u>\$76,000</u>	<u>\$155,000</u>	<u>\$200,000</u>	<u>40.6%</u>	<u>0.8%</u>
Weighted Mean Annual Wage	\$65,900	\$81,000	\$157,000	\$207,000	100.0%	2.0%
Healthcare Practitioners and Technical Occupations						
Pharmacists	\$168,100	\$174,000	\$266,000	\$285,000	4.0%	0.3%
Registered Nurses	\$163,900	\$169,000	\$259,000	\$278,000	26.5%	1.8%
Nurse Practitioners	\$163,100	\$169,000	\$258,000	\$277,000	4.8%	0.3%
Dental Hygienists	\$137,700	\$149,000	\$243,000	\$274,000	3.8%	0.3%
Pharmacy Technicians	\$56,500	\$69,000	\$150,000	\$204,000	6.9%	0.5%
Licensed Practical and Licensed Vocational Nurses	\$86,600	\$107,000	\$180,000	\$248,000	5.3%	0.4%
All Other Healthcare Practitioners and Technical Occupations	<u>\$139,800</u>	<u>\$151,000</u>	<u>\$247,000</u>	<u>\$278,000</u>	<u>48.7%</u>	<u>3.3%</u>
Weighted Mean Annual Wage	\$139,800	\$150,000	\$241,000	\$271,000	100.0%	6.7%

Page 2 of 5

APPENDIX B - TABLE 4

AVERAGE ANNUAL WORKER COMPENSATION, 2025

SERVICES TO HOUSEHOLDS EARNING \$200K+

RESIDENTIAL NEXUS ANALYSIS

SANTA CRUZ COUNTY, CA

Occupation ³	2025 Avg. Compensation ¹	Household Income Estimate ⁴			% of Total	
		One Worker	Two Workers	Three+ Workers	Occupation Group ⁴	% of Total Workers
Page 3 of 5						
Healthcare Support Occupations						
Home Health and Personal Care Aides	\$43,700	\$68,000	\$127,000	\$173,000	66.8%	5.2%
Nursing Assistants	\$48,100	\$75,000	\$140,000	\$191,000	7.4%	0.6%
Dental Assistants	\$54,800	\$67,000	\$145,000	\$197,000	5.5%	0.4%
Medical Assistants	\$56,000	\$68,000	\$148,000	\$202,000	11.7%	0.9%
All Other Healthcare Support Occupations	<u>\$46,300</u>	<u>\$72,000</u>	<u>\$135,000</u>	<u>\$183,000</u>	<u>8.6%</u>	<u>0.7%</u>
Weighted Mean Annual Wage	\$46,300	\$63,000	\$120,000	\$164,000	100.0%	7.8%
Food Preparation and Serving Related Occupations						
Supervisors of Food Preparation and Serving Workers	\$52,900	\$64,000	\$140,000	\$191,000	8.8%	1.3%
Cooks, Fast Food	\$41,600	\$65,000	\$121,000	\$165,000	4.8%	0.7%
Cooks, Restaurant	\$44,300	\$69,000	\$129,000	\$176,000	10.6%	1.5%
Food Preparation Workers	\$40,100	\$62,000	\$117,000	\$159,000	6.2%	0.9%
Bartenders	\$45,100	\$70,000	\$131,000	\$179,000	7.7%	1.1%
Fast Food and Counter Workers	\$41,600	\$65,000	\$121,000	\$165,000	27.8%	4.0%
Waiters and Waitresses	\$45,200	\$70,000	\$132,000	\$179,000	16.6%	2.4%
Dining Room and Cafeteria Attendants and Bartender Helpers	\$39,800	\$67,000	\$124,000	\$194,000	3.6%	0.5%
Dishwashers	\$38,700	\$65,000	\$120,000	\$188,000	3.5%	0.5%
Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop	\$38,100	\$64,000	\$119,000	\$185,000	3.1%	0.4%
All Other Food Preparation and Serving Related Occupations	<u>\$43,500</u>	<u>\$68,000</u>	<u>\$127,000</u>	<u>\$172,000</u>	<u>7.4%</u>	<u>1.1%</u>
Weighted Mean Annual Wage	\$43,500	\$62,000	\$117,000	\$162,000	100.0%	14.6%
Building and Grounds Cleaning and Maintenance Occupations						
First-Line Supervisors of Housekeeping & Janitorial Workers	\$61,100	\$71,000	\$143,000	\$185,000	3.4%	0.1%
Supervisors of Landscaping, Lawn, & Groundskeeping Workers	\$72,500	\$84,000	\$170,000	\$220,000	3.5%	0.1%
Janitors and Cleaners	\$45,800	\$71,000	\$133,000	\$181,000	51.0%	2.1%
Maids and Housekeeping Cleaners	\$44,400	\$69,000	\$129,000	\$176,000	9.8%	0.4%
Pest Control Workers	\$53,800	\$65,000	\$142,000	\$194,000	3.3%	0.1%
Landscaping and Groundskeeping Workers	\$49,900	\$77,000	\$145,000	\$198,000	25.8%	1.0%
All Other Building and Grounds Cleaning and Maint. Occupation	<u>\$48,500</u>	<u>\$75,000</u>	<u>\$141,000</u>	<u>\$192,000</u>	<u>3.3%</u>	<u>0.1%</u>
Weighted Mean Annual Wage	\$48,500	\$73,000	\$138,000	\$187,000	100.0%	4.1%
Personal Care and Service Occupations						
First-Line Supervisors of Personal Service Workers	\$60,100	\$69,000	\$141,000	\$182,000	4.3%	0.2%
Animal Caretakers	\$41,500	\$64,000	\$121,000	\$164,000	17.8%	0.7%
Ushers, Lobby Attendants, and Ticket Takers	\$37,600	\$63,000	\$117,000	\$183,000	3.7%	0.2%
Amusement and Recreation Attendants	\$37,600	\$63,000	\$117,000	\$183,000	5.6%	0.2%
Hairdressers, Hairstylists, and Cosmetologists	\$50,900	\$62,000	\$135,000	\$183,000	16.2%	0.7%
Manicurists and Pedicurists	\$50,900	\$62,000	\$135,000	\$183,000	8.7%	0.4%
Skincare Specialists	\$58,500	\$71,000	\$155,000	\$211,000	3.6%	0.1%
Childcare Workers	\$40,700	\$63,000	\$118,000	\$161,000	12.9%	0.5%
Exercise Trainers and Group Fitness Instructors	\$66,400	\$77,000	\$156,000	\$201,000	5.7%	0.2%
Recreation Workers	\$43,400	\$67,000	\$126,000	\$172,000	4.4%	0.2%
All Other Personal Care and Service Occupations	<u>\$47,300</u>	<u>\$73,000</u>	<u>\$138,000</u>	<u>\$187,000</u>	<u>17.1%</u>	<u>0.7%</u>
Weighted Mean Annual Wage	\$47,300	\$54,000	\$107,000	\$147,000	100.0%	4.2%

Sources: U.S. Bureau of Labor Statistics, California Employment Development Department, IMPLAN

Keyser Marston Associates, Inc.

\\File1\Employees\lbretz\My Documents\Santa Cruz County\Nexus Studies\Residential Nexus Study\Santa Cruz County Residential Nexu

APPENDIX B - TABLE 4

AVERAGE ANNUAL WORKER COMPENSATION, 2025

SERVICES TO HOUSEHOLDS EARNING \$200K+

RESIDENTIAL NEXUS ANALYSIS

SANTA CRUZ COUNTY, CA

Occupation ³	2025 Avg. Compensation ¹	Household Income Estimate ⁴			% of Total	
		One Worker	Two Workers	Three+ Workers	Occupation Group ⁴	% of Total Workers
Sales and Related Occupations						
First-Line Supervisors of Retail Sales Workers	\$56,400	\$69,000	\$149,000	\$203,000	9.3%	0.9%
Cashiers	\$39,800	\$67,000	\$124,000	\$194,000	25.7%	2.5%
Counter and Rental Clerks	\$48,700	\$76,000	\$142,000	\$193,000	3.6%	0.4%
Retail Salespersons	\$41,700	\$65,000	\$121,000	\$165,000	35.2%	3.5%
Securities, Commodities, and Financial Services Sales	\$87,500	\$108,000	\$182,000	\$250,000	6.7%	0.7%
Sales Representatives	\$77,700	\$90,000	\$182,000	\$236,000	5.4%	0.5%
Sales Reps., Wholesale & Manuf., Except Tech. and Scientific	\$90,200	\$111,000	\$188,000	\$258,000	3.5%	0.3%
Real Estate Sales Agents	\$87,500	\$108,000	\$182,000	\$250,000	3.4%	0.3%
All Other Sales and Related Occupations	<u>\$51,800</u>	<u>\$63,000</u>	<u>\$137,000</u>	<u>\$187,000</u>	<u>7.3%</u>	<u>0.7%</u>
Weighted Mean Annual Wage	\$51,800	\$69,000	\$128,000	\$181,000	100.0%	9.8%
Office and Administrative Support Occupations						
First-Line Supervisors of Office and Admin. Support Workers	\$79,200	\$91,000	\$186,000	\$240,000	8.0%	0.8%
Bookkeeping, Accounting, and Auditing Clerks	\$62,800	\$73,000	\$147,000	\$190,000	8.8%	0.9%
Customer Service Representatives	\$53,100	\$65,000	\$141,000	\$191,000	13.6%	1.4%
Receptionists and Information Clerks	\$45,000	\$70,000	\$131,000	\$178,000	10.1%	1.0%
Executive Secretaries and Executive Admin. Assistants	\$84,500	\$104,000	\$176,000	\$242,000	3.5%	0.4%
Medical Secretaries and Administrative Assistants	\$54,100	\$66,000	\$143,000	\$195,000	7.7%	0.8%
Secretaries and Administrative Assistants	\$57,400	\$70,000	\$152,000	\$207,000	11.5%	1.2%
Office Clerks, General	\$52,400	\$64,000	\$139,000	\$189,000	16.0%	1.6%
All Other Office and Administrative Support Occupations	<u>\$57,700</u>	<u>\$70,000</u>	<u>\$153,000</u>	<u>\$208,000</u>	<u>20.9%</u>	<u>2.1%</u>
Weighted Mean Annual Wage	\$57,700	\$71,000	\$149,000	\$201,000	100.0%	10.2%
Installation, Maintenance, and Repair Occupations						
Supervisors of Mechanics, Installers, and Repairers	\$89,100	\$110,000	\$185,000	\$255,000	9.9%	0.3%
Automotive Body and Related Repairers	\$71,700	\$83,000	\$168,000	\$217,000	7.1%	0.2%
Automotive Service Technicians and Mechanics	\$66,500	\$77,000	\$156,000	\$202,000	20.4%	0.6%
Bus and Truck Mechanics and Diesel Engine Specialists	\$73,500	\$85,000	\$173,000	\$223,000	3.8%	0.1%
Maintenance and Repair Workers, General	\$56,700	\$69,000	\$150,000	\$204,000	37.7%	1.2%
All Other Installation, Maintenance, and Repair Occupations	<u>\$65,500</u>	<u>\$76,000</u>	<u>\$154,000</u>	<u>\$199,000</u>	<u>21.1%</u>	<u>0.7%</u>
Weighted Mean Annual Wage	\$65,500	\$78,000	\$158,000	\$209,000	100.0%	3.1%

Sources: U.S. Bureau of Labor Statistics, California Employment Development Department, IMPLAN

Keyser Marston Associates, Inc.

\\File1\Employees\lbretz\My Documents\Santa Cruz County\Nexus Studies\Residential Nexus Study\Santa Cruz County Residential Nexu

APPENDIX B - TABLE 4

AVERAGE ANNUAL WORKER COMPENSATION, 2025

SERVICES TO HOUSEHOLDS EARNING \$200K+

RESIDENTIAL NEXUS ANALYSIS

SANTA CRUZ COUNTY, CA

		Household Income Estimate ⁴			% of Total	
Occupation ³	2025 Avg. Compensation ¹	One Worker	Two Workers	Three+ Workers	Occupation Group ⁴	% of Total Workers
Page 5 of 5						
Transportation and Material Moving Occupations						
Supervisors of Transportation and Material-Moving Workers	\$66,500	\$77,000	\$156,000	\$202,000	5.1%	0.3%
Driver/Sales Workers	\$45,000	\$70,000	\$131,000	\$178,000	5.7%	0.4%
Heavy and Tractor-Trailer Truck Drivers	\$60,800	\$70,000	\$143,000	\$184,000	10.1%	0.6%
Light Truck Drivers	\$51,000	\$62,000	\$135,000	\$184,000	9.4%	0.6%
Bus Drivers, School	\$60,700	\$70,000	\$142,000	\$184,000	3.8%	0.2%
Shuttle Drivers and Chauffeurs	\$46,100	\$72,000	\$134,000	\$183,000	4.0%	0.3%
Parking Attendants	\$39,300	\$66,000	\$122,000	\$191,000	5.4%	0.3%
Cleaners of Vehicles and Equipment	\$42,000	\$65,000	\$122,000	\$166,000	5.9%	0.4%
Laborers and Freight, Stock, and Material Movers, Hand	\$45,200	\$70,000	\$132,000	\$179,000	16.3%	1.0%
Packers and Packagers, Hand	\$38,700	\$65,000	\$120,000	\$188,000	3.3%	0.2%
Stockers and Order Fillers	\$42,500	\$66,000	\$124,000	\$168,000	23.2%	1.5%
All Other Transportation and Material Moving Occupations	<u>\$47,900</u>	<u>\$74,000</u>	<u>\$139,000</u>	<u>\$190,000</u>	<u>7.9%</u>	<u>0.5%</u>
Weighted Mean Annual Wage	<u>\$47,900</u>	<u>\$68,000</u>	<u>\$132,000</u>	<u>\$180,000</u>	<u>100.0%</u>	<u>6.4%</u>

88.6%

¹ The methodology utilized by the California Employment Development Department (EDD) assumes hourly paid employees are employed full-time. Annual compensation is calculated by EDD by multiplying hourly wages by 40 hours per work week by 52 weeks. Compensations are adjusted upward where necessary to reflect the State minimum wage of \$16.90/hour effective January 1, 2026.

² Occupation percentages are based on the 2024 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics. Wages are based on Occupational Employment Survey data applicable to Santa Cruz County as of 2024 and are adjusted by EDD to the first quarter of 2025.

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

⁴ Household income estimated based average worker compensation and ratios between employee income and household income identified in Table 3-11.

APPENDIX C
AFFORDABILITY GAP ANALYSIS
NEXUS ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA

I. BACKGROUND

A key component of an impact analysis is the mitigation cost. In an affordable housing nexus analysis, the mitigation cost is the “affordability gap” – the financial gap between what lower income households can afford to pay and the cost of producing new affordable housing in Santa Cruz County.

The affordability gap analysis identifies the financial assistance required to produce each unit of affordable housing that is needed to mitigate the affordable housing impacts of new development, using affordable housing impact fee funds. For Extremely Low (0% to 30% AMI) and Very Low (30% to 50% AMI) Income units, the affordability gap analysis is based on the remaining financial gap after assistance available through Federal 4% Low Income Housing Tax Credits (4% Tax Credits). For Low Income (50% to 80% AMI) units, KMA analyzed two scenarios – one that assumes 4% Tax Credits and one that assumes that the project is unleveraged (no public financing). Moderate income units are assumed to be assisted in an affordable rental unit; however, tax credit financing is not available for units above 80% AMI. For Moderate Income units, the affordability gap is equal to the difference between the estimated development costs of a Moderate Income unit and the amount of developer investment that can be supported based on Moderate Income rents.

II. COUNTY-ASSISTED AFFORDABLE UNIT PROTOTYPES

To estimate the affordability gap, there is a need to match the household of each income level with a unit type and size according to governmental regulations and County practices and policies. The prototype affordable unit should reflect a modest unit consistent with affordable developments that the County is likely to provide financial assistance to using affordable housing impact fee funds. The focus is on affordable projects developed for families rather than projects consisting of primarily studios or single room occupancy units that would be too small to accommodate a typical-size worker household, given that the purpose of the affordable housing impact fee is to address affordable housing needs of workers and should reflect units that meet housing needs of the workforce more broadly. KMA assumed that the County will use impact fee funds to provide financial assistance for development of multi-family rental units averaging approximately 1.90 bedrooms per unit.

A. Development Costs

KMA prepared an estimate of total development costs for the affordable housing prototype unit described above (inclusive of land acquisition costs, direct construction costs, indirect costs

of development and financing). The development cost estimate reflects the average for multi-family affordable rental projects proposed to be developed in Santa Cruz County. For the purposes of estimating the development costs, KMA researched recent applications submitted to the California Debt Limit Allocation Committee (CDLAC) and the California Tax Credit Allocation Committee (TCAC) for an award of Multifamily Tax Exempt Bonds and 4% Tax Credits. In addition, KMA utilized cost estimates from recent projects within the region that KMA has analyzed.

The development cost estimates utilized for the affordability gap analysis are summarized in Attachment 1 - Appendix A. Based on cost data for the recent projects, the total development cost for the prototype affordable rental unit is estimated at approximately \$729,000.

B. Available Permanent Financing Sources

For the Extremely Low and Very Low Income rental units, the affordability gaps assume that the project can access additional financing sources. These funding sources include tax-exempt permanent debt financing supported by the project's net operating income and equity generated by 4% Tax Credits. The highly competitive 9% federal tax credits are not assumed because of the limited number of projects that receive an allocation of 9% tax credits in any given year. Other affordable housing subsidy sources awarded at the State and Federal level are also limited and difficult to obtain, and therefore are not assumed in this analysis as available to offset the cost of mitigating the affordable housing impacts of new development. For the Low and Moderate Income analysis, the unit value reflects the estimated debt and equity investment supportable based on the project's net operating income.¹

III. AFFORDABILITY GAPS

The affordability gap is the difference between the cost of developing the affordable units and the available financing sources, which are in part based on the restricted affordable rent. The resulting affordability gaps are presented in the following table:

¹ The Low Income unleveraged scenario resulted in a lower affordability gap than the Low Income scenario utilizing 4% Tax Credits.

	<u>Affordability Gap</u>
Extremely Low Income	\$462,300
Very Low Income	\$344,100
Low Income	\$244,800
Moderate Income	\$245,300

The affordability gaps provided above are utilized in nexus study as the mitigation cost necessary to provide affordable housing.

APPENDIX C
SUMMARY TABLE
NEXUS STUDY AFFORDABILITY GAPS
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA

AFFORDABILITY GAPS PER UNIT		Leveraged (Assumes 4% Tax Credits)	Unleveraged (No Public Assistance)
I.	RENTS @ 30% TCAC MEDIAN	(\$462,300)	(\$628,600)
II.	RENTS @ 50% TCAC MEDIAN	(\$344,100)	(\$475,100)
III.	RENTS @ 60% TCAC MEDIAN	(\$285,100)	(\$398,300)
IV.	RENTS @ 80% TCAC MEDIAN	NA	(\$244,800)
V.	RENTS @ 110% TCAC MEDIAN	NA	(\$245,300)

APPENDIX C - EXHIBIT 1

**ESTIMATED DEVELOPMENT COSTS
NEXUS STUDY AFFORDABILITY GAPS
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA**

APPENDIX C - EXHIBIT 1 - TABLE 1

ESTIMATED DEVELOPMENT COSTS
NEXUS STUDY AFFORDABILITY GAPS
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA

I.	Land Acquisition Costs	¹	65,500 Sf Land	\$75 /Sf Land		\$4,913,000
II.	<u>Direct Costs</u>					
	Site Improvement Costs		65,500 Sf Land	\$25 /Sf Land	\$1,638,000	
	Above-Ground Podium Parking	²	100 Spaces	\$30,000 /Space	3,000,000	
	Building Costs		65,000 Sf GBA	\$275 /Sf Res GBA	17,875,000	
	Contractor Costs	³	20% Other Direct Costs		4,503,000	
	Total Direct Costs		65,000 Sf GBA	\$416 /Sf GBA		\$27,016,000
III.	<u>Indirect Costs</u>					
	Arch, Eng, & Consulting		7.00% Direct Costs		\$1,891,000	
	Permits & Fees/Impact Fees		60 Units	\$35,000 /Unit	2,100,000	
	Taxes, Ins, Legal & Acctg		3.00% Direct Costs		810,000	
	Development Management		4.00% Direct Costs		1,081,000	
	Soft Cost Contingency Allowance		5.00% Other Indirect Costs		294,000	
	Total Indirect Costs					\$6,176,000
IV.	<u>Financing Costs</u>					
	Land Carrying Costs	⁴	\$4,913,000 Financed	7.10% Interest	\$698,000	
	Interest During Construction	⁵	\$38,805,000 Financed	6.10% Interest	3,314,000	
	Financing Fees					
	Construction Loan		\$38,805,000 Financed	2.50 Points	970,000	
	Permanent Loan		\$25,223,000 Financed	2.50 Points	631,000	
	Total Financing Costs					\$5,613,000
V.	Total Development Costs		60 Units	\$728,600 /Unit		\$43,718,000

¹ Estimated based on a survey of recent land sales in the County.

² The parking count is based on the assumption that the project applies for and receives a Government Code Section 65915 density bonus.

³ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁴ Based on an 18-month construction period and a 6-month absorption period with a 100% average outstanding balance.

⁵ Based on an 18-month construction period with a 60% average outstanding balance and a 6-month absorption period with a 100% average outstanding balance.

APPENDIX C - EXHIBIT 2A

**NEXUS STUDY AFFORDABILITY GAPS
RENTS @ 30% TCAC MEDIAN
LEVERAGED: 4% TAX CREDIT SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA**

APPENDIX C - EXHIBIT 2A - TABLE 1

ESTIMATED NET OPERATING INCOME
RENTS @ 30% TCAC MEDIAN
LEVERAGED: 4% TAX CREDIT SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA

NET OPERATING INCOME: RESIDENTIAL COMPONENT

I. <u>Rent @ 30% TCAC MEDIAN</u>				
	¹			
One-Bedroom Units	20 Units	\$926 /Unit/Month	\$222,200	
Two-Bedroom Units	25 Units	\$1,083 /Unit/Month	324,900	
Three-Bedroom Units	15 Units	\$1,220 /Unit/Month	219,600	
Gross Rent Income			\$766,700	
Laundry and Miscellaneous Income	60 Units	\$10 /Unit/Month	7,200	
Gross Residential Income			\$773,900	
(Less) Vacancy and Collection	5% Gross Residential Income		(38,700)	
Effective Gross Residential Income				\$735,200
II. Residential Operating Expenses				
	²	60 Units	\$5,750 /Unit/Year	\$345,000
III. Residential Net Operating Income				\$390,200

¹ The affordable rents are based on 2025 rents published by TCAC and assume the deduction of the utility allowances published by the County of Santa Cruz as of 1/1/2025.

² Assumes the project will apply for a property tax exemption accorded to non-profit housing organizations for units rented to households earning less than 80% of the Area Median Income.

APPENDIX C - EXHIBIT 2A - TABLE 2

ESTIMATED AFFORDABILITY GAP
RENTS @ 30% TCAC MEDIAN
LEVERAGED: 4% TAX CREDIT SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA

I. <u>Available Outside Funding Sources</u>			
A. Permanent Loan ¹			
Net Operating Income	\$390,200	NOI (See Table 1)	
Income Available for Mortgage	1.20	DCR	\$325,167 Debt Service
Interest Rate	5.80%	Interest	7.04% Mortgage Constant
Total Permanent Loan			\$4,618,000
B. Tax Credit Equity ²			\$12,784,000
Total Outside Funding Sources			\$17,402,000
II. <u>Affordability Gap Calculation</u>			
Total Outside Funding Sources			\$17,402,000
Less:			
Total Development Costs			(43,718,000)
Additional Developer Fee ³			(1,419,000)
Total Affordability Gap			(\$27,735,000)
	60 Units	(\$462,300) /Unit	
	65,000 Sf GBA	(\$427) /Sf	

¹ Assumes a 30-year amortization period.

² Assumes a 4.00% tax credit rate, no difficult to develop premium, and a \$0.85 tax credit equity rate.

³ Equal to the \$2,500,000 maximum amount typically allowed by TCAC minus the \$1,081,000 Developer Fee included in the Total Development Costs.

APPENDIX C - EXHIBIT 2B

**NEXUS STUDY AFFORDABILITY GAPS
RENTS @ 50% TCAC MEDIAN
LEVERAGED: 4% TAX CREDIT SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA**

APPENDIX C - EXHIBIT 2B - TABLE 1

ESTIMATED NET OPERATING INCOME
RENTS @ 50% TCAC MEDIAN
LEVERAGED: 4% TAX CREDIT SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA

NET OPERATING INCOME: RESIDENTIAL COMPONENT

I. <u>Rent @ 50% TCAC MEDIAN</u>				
	¹			
One-Bedroom Units	20 Units	\$1,668 /Unit/Month	\$400,300	
Two-Bedroom Units	25 Units	\$1,973 /Unit/Month	591,900	
Three-Bedroom Units	15 Units	\$2,249 /Unit/Month	404,800	
Gross Rent Income			\$1,397,000	
Laundry and Miscellaneous Income	60 Units	\$10 /Unit/Month	7,200	
Gross Residential Income			\$1,404,200	
(Less) Vacancy and Collection	5% Gross Residential Income		(70,200)	
Effective Gross Residential Income				\$1,334,000
II. Residential Operating Expenses				
	²	60 Units	\$5,750 /Unit/Year	\$345,000
III. Residential Net Operating Income				\$989,000

¹ The affordable rents are based on 2025 rents published by TCAC and assume the deduction of the utility allowances published by the County of Santa Cruz as of 1/1/2025.

² Assumes the project will apply for a property tax exemption accorded to non-profit housing organizations for units rented to households earning less than 80% of the Area Median Income.

APPENDIX C - EXHIBIT 2B - TABLE 2

ESTIMATED AFFORDABILITY GAP
RENTS @ 50% TCAC MEDIAN
LEVERAGED: 4% TAX CREDIT SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA

I. <u>Available Outside Funding Sources</u>			
A. Tax-Exempt Bond Financing ¹			
Net Operating Income	\$989,000	NOI (See Table 1)	
Income Available for Mortgage	1.20	DCR	\$824,167 Debt Service
Interest Rate	5.8%	Interest	7.04% Mortgage Constant
Total Tax-Exempt Bond Financing			\$11,705,000
B. Tax Credit Equity ²			
			\$12,784,000
Total Outside Funding Sources			\$24,489,000
II. <u>Affordability Gap Calculation</u>			
Total Outside Funding Sources			\$24,489,000
Less:			
Total Development Costs			(43,718,000)
Additional Developer Fee ³			(1,419,000)
Total Affordability Gap			(\$20,648,000)
	60 Units	(\$344,100) /Unit	
	65,000 Sf GBA	(\$318) /Sf	

¹ Assumes a 30-year amortization period.

² Assumes a 4.00% tax credit rate, no difficult-to-develop premium, and a \$0.85 tax credit equity rate.

³ Equal to the \$2,500,000 maximum amount typically allowed by TCAC minus the \$1,081,000 Developer Fee included in the Total Development Costs.

APPENDIX C - EXHIBIT 2C

**NEXUS STUDY AFFORDABILITY GAPS
RENTS @ 60% TCAC MEDIAN
LEVERAGED: 4% TAX CREDIT SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA**

APPENDIX C - EXHIBIT 2C - TABLE 1

ESTIMATED NET OPERATING INCOME
RENTS @ 60% TCAC MEDIAN
LEVERAGED: 4% TAX CREDIT SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA

NET OPERATING INCOME: RESIDENTIAL COMPONENT				
I.	Rent @ 60% TCAC MEDIAN	¹		
	One-Bedroom Units	20 Units	\$2,039 /Unit/Month	\$489,400
	Two-Bedroom Units	25 Units	\$2,418 /Unit/Month	725,400
	Three-Bedroom Units	15 Units	\$2,763 /Unit/Month	497,300
	Gross Rent Income			\$1,712,100
	Laundry and Miscellaneous Income	60 Units	\$10 /Unit/Month	7,200
	Gross Residential Income			\$1,719,300
	(Less) Vacancy and Collection	5% Gross Residential Income		(86,000)
	Effective Gross Residential Income			\$1,633,300
II.	Residential Operating Expenses	²	60 Units	\$5,750 /Unit/Year
				\$345,000
III.	Residential Net Operating Income			\$1,288,300

¹ The affordable rents are based on 2025 rents published by TCAC and assume the deduction of the utility allowances published by the County of Santa Cruz as of 1/1/2025.

² Assumes the project will apply for a property tax exemption accorded to non-profit housing organizations for units rented to households earning less than 80% of the Area Median Income.

APPENDIX C - EXHIBIT 2C - TABLE 2

ESTIMATED AFFORDABILITY GAP
RENTS @ 60% TCAC MEDIAN
LEVERAGED: 4% TAX CREDIT SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA

I. Available Outside Funding Sources			
A. Tax-Exempt Bond Financing ¹			
Net Operating Income	\$1,288,300	NOI (See Table 1)	
Income Available for Mortgage	1.20	DCR	\$1,073,583 Debt Service
Interest Rate	5.8%	Interest	7.04% Mortgage Constant
Total Tax-Exempt Bond Financing			\$15,248,000
B. Tax Credit Equity ²			
			\$12,784,000
Total Outside Funding Sources			\$28,032,000
II. Affordability Gap Calculation			
Total Outside Funding Sources			\$28,032,000
Less:			
Total Development Costs			(43,718,000)
Additional Developer Fee ³			(1,419,000)
Total Affordability Gap			
	60 Units	(\$285,100) /Unit	(\$17,105,000)
	65,000 Sf GBA	(\$263) /Sf	

¹ Assumes a 30-year amortization period.

² Assumes a 4.00% tax credit rate, no difficult-to-develop premium, and a \$0.85 tax credit equity rate.

³ Equal to the \$2,500,000 maximum amount typically allowed by TCAC minus the \$1,081,000 Developer Fee included in the Total Development Costs.

APPENDIX C - EXHIBIT 3A

**NEXUS STUDY AFFORDABILITY GAPS
RENTS @ 30% TCAC MEDIAN
UNLEVERAGED SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA**

APPENDIX C - EXHIBIT 3A - TABLE 1

ESTIMATED NET OPERATING INCOME
RENTS @ 30% TCAC MEDIAN
UNLEVERAGED SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA

NET OPERATING INCOME: RESIDENTIAL COMPONENT				
I.	Rent @ 30% TCAC MEDIAN	¹		
	One-Bedroom Units	20 Units	\$926 /Unit/Month	\$222,200
	Two-Bedroom Units	25 Units	\$1,083 /Unit/Month	324,900
	Three-Bedroom Units	15 Units	\$1,220 /Unit/Month	219,600
	Gross Rent Income			\$766,700
	Laundry and Miscellaneous Income	60 Units	\$10 /Unit/Month	7,200
	Gross Residential Income			\$773,900
	(Less) Vacancy and Collection	5% Gross Residential Income		(38,700)
	Effective Gross Residential Income			\$735,200
II.	Residential Operating Expenses	²	60 Units	\$5,750 /Unit/Year
				\$345,000
III.	Residential Net Operating Income			\$390,200

¹ The affordable rents are based on 2025 rents published by TCAC and assume the deduction of the utility allowances published by the County of Santa Cruz as of 1/1/2025.

² Assumes the project will apply for a property tax exemption accorded to non-profit housing organizations for units rented to households earning less than 80% of the Area Median Income.

APPENDIX C - EXHIBIT 3A - TABLE 2

ESTIMATED AFFORDABILITY GAP
RENTS @ 30% TCAC MEDIAN
UNLEVERAGED SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA

I.	<u>Supportable Private Investment</u>	1		
	Net Operating Income		NOI (See Table 1)	\$390,200
	Threshold Stabilized Return			6.50%
	Total Supportable Private Investment			\$6,003,000
II.	<u>Affordability Gap Calculation</u>			
	Total Supportable Private Investment			\$6,003,000
	(Less) Total Development Costs			(43,718,000)
	Total Affordability Gap			(\$37,715,000)
		60 Units	(\$628,600) /Unit	
		65,000 Sf GBA	(\$580) /Sf	

1 Based on a 6.5% threshold return.

APPENDIX C - EXHIBIT 3B

**NEXUS STUDY AFFORDABILITY GAPS
RENTS @ 50% TCAC MEDIAN
UNLEVERAGED SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA**

APPENDIX C - EXHIBIT 3B - TABLE 1

ESTIMATED NET OPERATING INCOME
RENTS @ 50% TCAC MEDIAN
UNLEVERAGED SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA

NET OPERATING INCOME: RESIDENTIAL COMPONENT				
I.	Rent @ 50% TCAC MEDIAN	¹		
	One-Bedroom Units	20 Units	\$1,668 /Unit/Month	\$400,300
	Two-Bedroom Units	25 Units	\$1,973 /Unit/Month	591,900
	Three-Bedroom Units	15 Units	\$2,249 /Unit/Month	404,800
	Gross Rent Income			\$1,397,000
	Laundry and Miscellaneous Income	60 Units	\$10 /Unit/Month	7,200
	Gross Residential Income			\$1,404,200
	(Less) Vacancy and Collection	5% Gross Residential Income		(70,200)
	Effective Gross Residential Income			\$1,334,000
II.	Residential Operating Expenses	²	60 Units	\$5,750 /Unit/Year
				\$345,000
III.	Residential Net Operating Income			\$989,000

¹ The affordable rents are based on 2025 rents published by TCAC and assume the deduction of the utility allowances published by the County of Santa Cruz as of 1/1/2025.

² Assumes the project will apply for a property tax exemption accorded to non-profit housing organizations for units rented to households earning less than 80% of the Area Median Income.

APPENDIX C - EXHIBIT 3B - TABLE 2

ESTIMATED AFFORDABILITY GAP
RENTS @ 50% TCAC MEDIAN
UNLEVERAGED SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA

I.	<u>Supportable Private Investment</u>	1		
	Net Operating Income		NOI (See Table 1)	\$989,000
	Threshold Stabilized Return			6.50%
	Total Supportable Private Investment			\$15,215,000
II.	<u>Affordability Gap Calculation</u>			
	Total Supportable Private Investment			\$15,215,000
	(Less) Total Development Costs			(43,718,000)
	Total Affordability Gap			(\$28,503,000)
		60 Units	(\$475,100) /Unit	
		65,000 Sf GBA	(\$439) /Sf	

1 Based on a 6.5% threshold return.

APPENDIX C - EXHIBIT 3C

**NEXUS STUDY AFFORDABILITY GAPS
RENTS @ 60% TCAC MEDIAN
UNLEVERAGED SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA**

APPENDIX C - EXHIBIT 3C - TABLE 1

ESTIMATED NET OPERATING INCOME
RENTS @ 60% TCAC MEDIAN
UNLEVERAGED SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA

NET OPERATING INCOME: RESIDENTIAL COMPONENT				
I.	Rent @ 60% TCAC MEDIAN	¹		
	One-Bedroom Units	20 Units	\$2,039 /Unit/Month	\$489,400
	Two-Bedroom Units	25 Units	\$2,418 /Unit/Month	725,400
	Three-Bedroom Units	15 Units	\$2,763 /Unit/Month	497,300
	Gross Rent Income			\$1,712,100
	Laundry and Miscellaneous Income	60 Units	\$10 /Unit/Month	7,200
	Gross Residential Income			\$1,719,300
	(Less) Vacancy and Collection	5% Gross Residential Income		(86,000)
	Effective Gross Residential Income			\$1,633,300
II.	Residential Operating Expenses	²	60 Units	\$5,750 /Unit/Year
				\$345,000
III.	Residential Net Operating Income			\$1,288,300

¹ The affordable rents are based on 2025 rents published by TCAC and assume the deduction of the utility allowances published by the County of Santa Cruz as of 1/1/2025.

² Assumes the project will apply for a property tax exemption accorded to non-profit housing organizations for units rented to households earning less than 80% of the Area Median Income.

APPENDIX C - EXHIBIT 3C - TABLE 2

ESTIMATED AFFORDABILITY GAP
RENTS @ 60% TCAC MEDIAN
UNLEVERAGED SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA

I. Available Outside Funding Sources

Supportable Private Investment	1		
Net Operating Income		NOI (See Table 1)	\$1,288,300
Threshold Stabilized Return			6.50%
Total Supportable Private Investment			\$19,820,000

II. Affordability Gap Calculation

Total Supportable Private Investment			\$19,820,000
(Less) Total Development Costs			(43,718,000)
Total Affordability Gap			(\$23,898,000)
	60 Units	(\$398,300) /Unit	
	65,000 Sf GBA	(\$368) /Sf	

1 Based on a 6.5% threshold return.

APPENDIX C - EXHIBIT 3D

**NEXUS STUDY AFFORDABILITY GAPS
RENTS @ 80% TCAC MEDIAN
UNLEVERAGED SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA**

APPENDIX C - EXHIBIT 3D - TABLE 1

ESTIMATED NET OPERATING INCOME
RENTS @ 80% TCAC MEDIAN
UNLEVERAGED SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA

NET OPERATING INCOME: RESIDENTIAL COMPONENT				
I.	Rent @ 80% TCAC MEDIAN	¹		
	One-Bedroom Units	20 Units	\$2,781 /Unit/Month	\$667,400
	Two-Bedroom Units	25 Units	\$3,308 /Unit/Month	992,400
	Three-Bedroom Units	15 Units	\$3,792 /Unit/Month	682,600
	Gross Rent Income			\$2,342,400
	Laundry and Miscellaneous Income	60 Units	\$10 /Unit/Month	7,200
	Gross Residential Income			\$2,349,600
	(Less) Vacancy and Collection	5% Gross Residential Income		(117,500)
	Effective Gross Residential Income			\$2,232,100
II.	Residential Operating Expenses	²	60 Units	\$5,750 /Unit/Year
				\$345,000
III.	Residential Net Operating Income			\$1,887,100

¹ The affordable rents are based on 2025 rents published by TCAC and assume the deduction of the utility allowances published by the County of Santa Cruz as of 1/1/2025.

² Assumes the project will apply for a property tax exemption accorded to non-profit housing organizations for units rented to households earning less than 80% of the Area Median Income.

APPENDIX C - EXHIBIT 3D - TABLE 2

ESTIMATED AFFORDABILITY GAP
RENTS @ 80% TCAC MEDIAN
UNLEVERAGED SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA

I. <u>Supportable Private Investment</u>			
Net Operating Income			\$1,887,100
Threshold Stabilized Return		1	6.50%
Total Supportable Private Investment			\$29,032,000
II. <u>Affordability Gap Calculation</u>			
Total Supportable Private Investment			\$29,032,000
(Less) Total Development Costs			(43,718,000)
Total Affordability Gap			(\$14,686,000)
		60 Units	(\$244,800) /Unit
		65,000 Sf GBA	(\$226) /Sf

1 Based on a 6.5% threshold return.

APPENDIX C - EXHIBIT 3E

**NEXUS STUDY AFFORDABILITY GAPS
RENTS @ 110% TCAC MEDIAN
UNLEVERAGED SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA**

APPENDIX C - EXHIBIT 3E - TABLE 1

ESTIMATED NET OPERATING INCOME
RENTS @ 110% TCAC MEDIAN
UNLEVERAGED SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA

NET OPERATING INCOME: RESIDENTIAL COMPONENT				
I.	<u>Rent @ 110% TCAC MEDIAN</u>	¹		
	One-Bedroom Units	20 Units	\$3,095 /Unit/Month	\$742,700
	Two-Bedroom Units	25 Units	\$4,172 /Unit/Month	1,251,500
	Three-Bedroom Units	15 Units	\$4,455 /Unit/Month	801,900
	Gross Rent Income			\$2,796,100
	Laundry and Miscellaneous Income	60 Units	\$10 /Unit/Month	7,200
	Gross Residential Income			\$2,803,300
	(Less) Vacancy and Collection	5% Gross Residential Income		(140,200)
	Effective Gross Residential Income			\$2,663,100
II.	<u>Residential Operating Expenses</u>			
	General Operating Expenses	60 Units	\$5,750 /Unit/Year	\$345,000
	Property Taxes	60 Units	\$7,220 /Unit/Year	433,000
	Total Residential Operating Expenses			\$778,000
III.	Residential Net Operating Income			\$1,885,100

¹ The affordable rents are based on the lesser of 2025 rents published by TCAC and 10% below market rents, and assume the deduction of the utility allowances published by the County of Santa Cruz as of 1/1/2025.

² The residential property tax expense is estimated based on the residential NOI capitalized at a 5.0% rate, and a 1.15% property tax rate.

APPENDIX C - EXHIBIT 3E - TABLE 2

ESTIMATED AFFORDABILITY GAP
RENTS @ 110% TCAC MEDIAN
UNLEVERAGED SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA

I. <u>Supportable Private Investment</u>			
Net Operating Income			\$1,885,100
Threshold Stabilized Return		1	6.50%
Total Supportable Private Investment			\$29,002,000
II. <u>Affordability Gap Calculation</u>			
Total Supportable Private Investment			\$29,002,000
(Less) Total Development Costs			(43,718,000)
Total Affordability Gap			(\$14,716,000)
		60 Units	(\$245,300) /Unit
		65,000 Sf GBA	(\$226) /Sf

1 Based on a 6.5% threshold return.