

ECONOMIC & FISCAL IMPACTS OF DOWNTOWN HOUSING

City of Santa Rosa

Prepared by
Economic & Planning Systems
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ADMINISTRATIVE DRAFT



STUDY OVERVIEW

This economic and fiscal impact analysis provides the City of Santa Rosa (City) with a quantitative assessment of potential benefits from infill housing development downtown.

EPS collaborated with City staff and business stakeholders to understand housing development plans, analyze anticipated economic and fiscal impacts, and to identify potential “catalytic” economic impacts. The findings of the Study cover:

- Fiscal impacts of new housing on the Santa Rosa General Fund
- Economic benefits from resident spending and residential operations
- Potential citywide job growth and economic activity from business expansion enabled by new housing downtown

KEY FINDINGS

ADMINISTRATIVE DRAFT

FISCAL IMPACT ON THE GENERAL FUND

Table 1: Annual Fiscal Impact of a Single Market-Rate Housing Unit (2023\$)

GF Item	Studio	1-Bed	2-Bed
GF Revenue	\$972	\$1,520	\$1,673
GF Expense	<u>(\$740)</u>	<u>(\$1,108)</u>	<u>(\$1,477)</u>
Net Impact	\$233	\$412	\$197

Market rate apartments generate a net annual fiscal benefit to the City's General Fund, with 1-bedroom units yielding the most net revenue.

Table 2: Annual Fiscal Impact of a Single Below-Market-Rate Unit (2023\$)

GF Item	Studio	1-Bed	2-Bed
GF Revenue	\$788	\$891	\$1,214
GF Expense	<u>(\$740)</u>	<u>(\$1,108)</u>	<u>(\$2,214)</u>
Net Impact	\$48	(\$217)	(\$1,000)

Except for studio units, below-market-rate apartments yield a net annual fiscal cost for the General Fund.

ECONOMIC IMPACT OF HOUSING

Construction activity in the City of Santa Rosa supports the creation of one-time local economic benefits. **Property management** generates sustained economic activity.

Table 3: One-Time Economic Impact from Construction of a Single Unit (2023\$)

Economic Impact	Jobs	Labor Income	Economic Output
Direct Spending	2.82	\$256,051	\$445,575
Indirect / Induced	<u>1.37</u>	<u>\$89,229</u>	<u>\$255,405</u>
Total Impact	4.22	\$345,280	\$700,980

Sources: EPS & IMPLAN

Table 4: Annual Economic Impacts of Property Management of a Single Unit (2023\$)

Economic Impact	Jobs	Labor Income	Economic Output
Direct Spending	0.01	\$1,071	\$4,964
Indirect / Induced	<u>0.01</u>	<u>\$625</u>	<u>\$1,011</u>
Total Impact	0.02	\$1,697	\$6,767

Sources: EPS & IMPLAN

ECONOMIC IMPACT OF RESIDENT SPENDING

New households spend in the local economy, which supports added local employment and income. The impact varies by household size and income.

Table 5: Economic Impact of Resident Spending from a Single Market-Rate Unit (2023\$)

Economic Impact	Jobs	Labor Income	Economic Output
Direct Spending	0.03-0.05	\$1.5K-\$2.4K	\$3.6K-\$6.0K
Indirect / Induced	<u>0.00-0.00</u>	<u>\$197-\$323</u>	<u>\$531-\$872</u>
Total Impact	0.03-0.05	\$1.7K-\$2.8K	\$4.2K-\$6.9K

Sources: EPS & IMPLAN

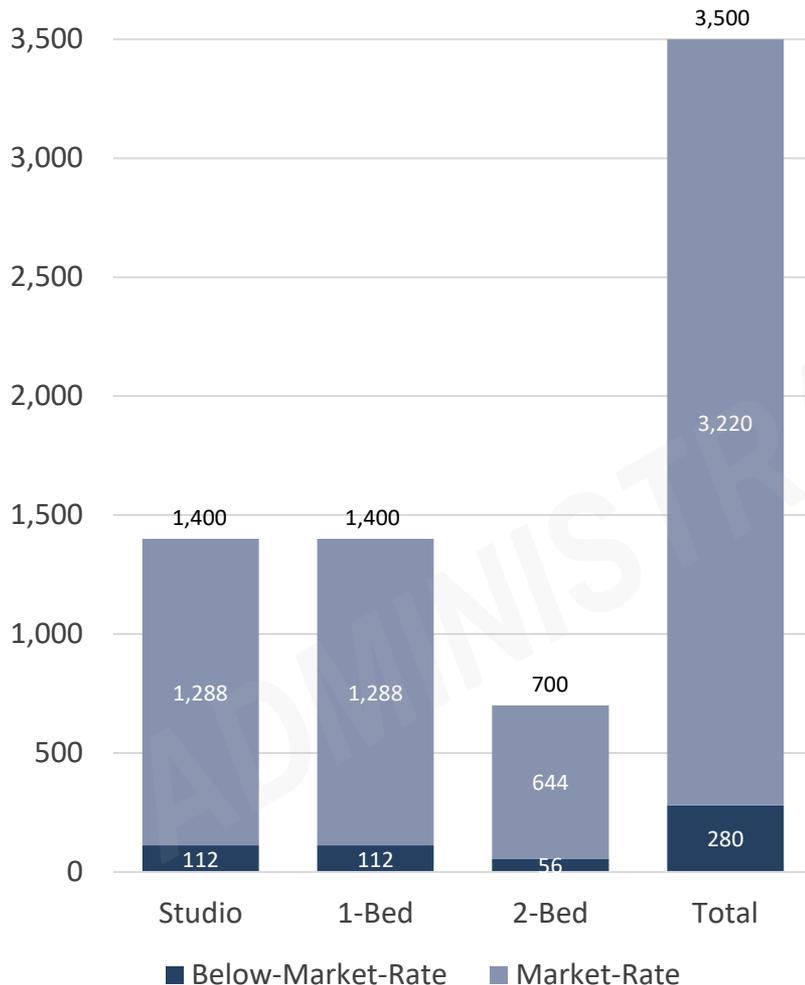
Table 6: Economic Impact of Resident Spending from a Single Below-Market-Rate Unit (2023\$)

Economic Impact	Jobs	Labor Income	Economic Output
Direct Spending	0.02-0.03	\$1.2K-\$1.5K	\$2.9K-\$3.8K
Indirect / Induced	<u>0.00-0.00</u>	<u>\$156-\$203</u>	<u>\$420-\$547</u>
Total Impact	0.02-0.03	\$1.3K-\$1.7K	\$3.3K-\$4.3K

Sources: EPS & IMPLAN

HYPOTHETICAL BUILDOUT OF 3,500 UNITS

Figure 1: Illustrative Example Unit Mix



The Downtown Santa Rosa Specific Plan (DSASP) envisions the development of 7,000 new residential units within the designated Planning Area.

The EPS analysis provides an illustrative example of fiscal and economic impacts based on a scenario where half of the units contemplated by the Plan are constructed.

The EPS scenario assumes:

- 40% studio units
- 40% one-bedroom units
- 20% two-bedroom units

The unit mix is based on development projects planned for Downtown. The buildout analysis accounts for inclusionary units with 8% of the units designated for below-market-rate households (Municipal Code 21-02.050).

FISCAL IMPACT FROM BUILDOUT

Buildout of 3,500 units generates an estimated annual positive net fiscal impact of \$883,400 annually for the General Fund:

- Property Tax is over 50% of revenue
- Public Safety (police and fire services) are more than 70% of City cost

Table 7: Illustrative Example Annual Net Fiscal Impacts at Buildout (\$2023)

GF Item	Total Buildout
GF Revenue	\$4,545,200
GF Expense	<u>\$3,661,800</u>
Net Impact	\$883,400

Source: City of Santa Rosa, Operations and Maintenance Budget (Fiscal Year 2022-2023)

Table 8: Illustrative Example Budget Detail (\$2023)

Operating Revenues	\$	%
Property Tax	\$2,311,305	50.9%
Motor Vehicle License Fees	\$1,038,278	22.8%
Real Property Transfer Tax	\$185,192	4.1%
Sales Tax	\$386,484	8.5%
Utility Use Tax	\$262,366	5.8%
Franchise Fees	\$264,566	5.8%
Business Licenses	\$1,929	0.0%
Licenses and Permits	\$58,008	1.3%
Fines and Forfeitures	\$37,029	0.8%
Total Revenues (Rounded)	\$4,545,200	100.0%

Operating Expenditures	\$	%
General Government	\$30,792	0.8%
Communications/ Intergov. Relations	\$5,324	0.1%
Finance	\$26,522	0.7%
Human Resources	\$11,291	0.3%
Housing and Community Services	\$1,143	0.0%
Fire	\$1,100,886	30.1%
Planning & Economic Development	\$213,024	5.8%
Police	\$1,516,227	41.4%
Recreation & Community Engagement	\$142,989	3.9%
Transportation & Public Works	\$600,753	16.4%
Water	\$12,868	0.4%
Total Expenditures (Rounded)	\$3,661,800	100%

ONE-TIME ECONOMIC IMPACTS (CONSTRUCTION)

Construction activity in the City of Santa Rosa supports the creation of one-time local economic benefits totaling **\$2.5 billion and 14,800 jobs** or **\$245 million and 1,500 jobs per year** for 10 years.*

Table 9: One-Time Economic Impacts of 3,500 Unit Construction at Buildout (2023\$)

Economic Impact	Jobs	Labor Income	Economic Output
Direct Spending	9,870	\$896,178,500	\$1,559,512,500
Indirect / Induced	<u>4,795</u>	<u>\$312,301,500</u>	<u>\$893,917,500</u>
Total Impact	14,770	\$1,208,480,000	\$2,453,430,000

Sources: EPS & IMPLAN

Table 10: One-Time Annual Economic Impacts Assuming a 10-Year Buildout (2023\$)

Economic Impact	Jobs	Labor Income	Economic Output
Direct Spending	987	\$89,617,850	\$155,951,250
Indirect / Induced	<u>480</u>	<u>\$31,230,150</u>	<u>\$89,391,750</u>
Total Impact	1,477	\$120,848,000	\$245,343,000

Sources: EPS & IMPLAN

ONGOING ECONOMIC IMPACTS (HOUSING)

Household spending from 3,500 new units will create **146 jobs** and generates an annual economic output of **\$19.0 million**, while operations will generate an additional **70 jobs** and economic output of **\$23.7 million** annually.

Table 11: Ongoing Economic Impacts of Resident Spending at 3,500 Unit Buildout (\$2023)

Economic Impact	Jobs	Labor Income	Economic Output
Direct Spending	132.3	\$6.8M	\$16.6M
Indirect / Induced	<u>13.2</u>	<u>\$897.4K</u>	<u>\$2.4M</u>
Total Impact	145.5	\$7.7M	\$19.0M

Sources: EPS & IMPLAN

Table 12: Annual Economic Impacts of Property Management (\$2023)

Economic Impact	Jobs	Labor Income	Economic Output
Direct Spending	35	\$3.8M	\$17.4M
Indirect / Induced	<u>35</u>	<u>\$2.2M</u>	<u>\$3.5M</u>
Total Impact	70	\$5.9M	\$23.7M

Sources: EPS & IMPLAN

HOUSING UNLOCKS ECONOMIC POTENTIAL

Business Leader Interviews Key Themes:

- Local businesses struggle with recruiting and retaining new employees in large part due to housing constraints
- Diversified housing products across a broad price spectrum will increase potential to maintain and grow a diverse local workforce
- Employers believe that the current housing shortage is constraining their growth prospects
- Increasing housing downtown would add downtown businesses, improve vibrancy, and create a district that increases recruiting competitiveness

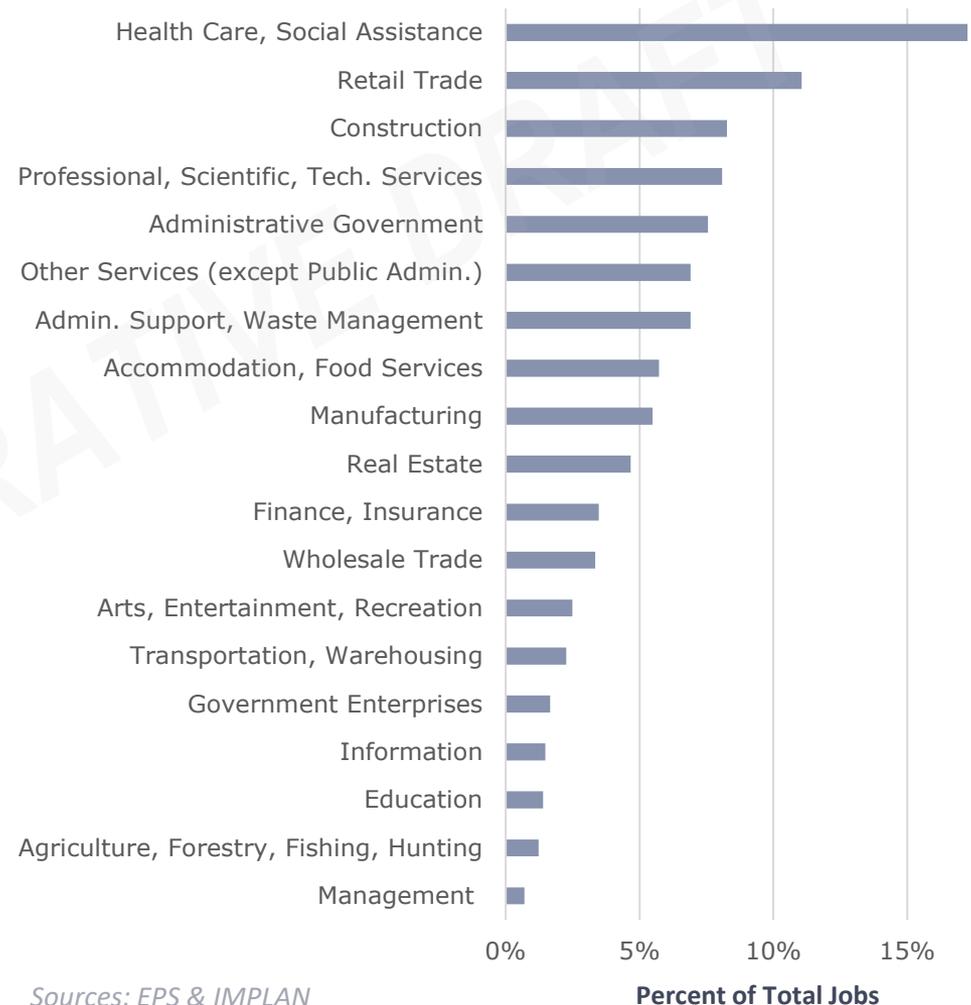
Three of four interviewees stated that infill housing has the potential to improve Santa Rosa's competitive position in the Bay Area

DOWNTOWN HOUSING'S CATALYTIC POTENTIAL

EPS interviews with local business representatives confirmed the notion that new housing downtown has the potential to spur citywide job growth and economic activity. To illustrate the concept, EPS quantified additional local employment opportunities that might be filled by residents of new downtown housing units.

With between **3,000 and 4,000 new units downtown**, EPS estimates the City might gain **2,000 to 2,600 new jobs**. Assuming these new jobs are distributed across the local economy similarly to today, the analysis finds 340-450 jobs in the Health Care, 160-210 jobs in Professional Services, and 110-140 jobs in Manufacturing, among other industries.

Figure 2: Employment by Industry in Santa Rosa



Sources: EPS & IMPLAN

CATALYTIC POTENTIAL – MULTIPLIER EFFECT

The job creation enabled by downtown housing will have ripple effects in the local economy. The total economic output from the upper end of buildout (4,000 units) will result in economic output of **\$561 million**, with an additional **400 indirect/induced jobs** on top of **2,600 direct jobs**.

Table 13: Ongoing Economic Impacts of Job Growth (\$2023)

Economic Impact	Jobs	Labor Income	Economic Output
Direct Spending	2,000 - 2,600	\$144.8M - \$193.0M	\$366.6M - \$488.8M
Indirect / Induced	<u>300 - 400</u>	<u>\$20.2M - \$26.9M</u>	<u>\$54.2M - \$72.2M</u>
Total Impact	2,300 - 3,000	\$165M - \$220M	\$420.8M - \$561M

Sources: EPS & IMPLAN

METHODOLOGY AND ASSUMPTIONS

ADMINISTRATIVE DRAFT

PURPOSE AND STRUCTURE.

This briefing presents details of the Economic and Fiscal Impact Analysis conducted by Economic & Planning Systems, Inc. (EPS) for the City of Santa Rosa. The analysis examines the potential benefits and costs of infill housing development in the City's downtown. The study evaluates the potential for new housing to have a "catalytic" effect on local economic development.



KEY TERMS

Fiscal Impact. Assessment of the tax revenue and service cost factors for market-rate and below-market rate units constructed in Santa Rosa.

Economic Impact. Evaluation of employment opportunities generated through the construction and operation of new units in Downtown Santa Rosa.

Economic Development. Consideration of local advantages and disadvantages to create new opportunities for business expansion, job growth, and fiscal sustainability.

Catalytic Potential. Outlook on potential economic expansion from new infill housing and downtown vibrancy, including job creation, income growth, and spending in the local economy.

FISCAL IMPACTS OF NEW HOUSING

METHODOLOGY

EPS conducted the fiscal impact analysis (FIA) using current real estate market and tax factors in combination with the City of Santa Rosa Operations and Maintenance Budget data for Fiscal Year 2022-2023.

The FIA evaluates implications of new housing for the City's General Fund, considering revenue streams such as property and sales taxes and the cost of delivering public services. The analysis estimates fiscal impacts for market-rate and below-market rate units across a range of unit sizes.

Actual fiscal impacts will depend on a variety of factors that cannot be predicted with certainty, including future changes in City or State budgeting practices, the efficiency of services, and other factors.

KEY ASSUMPTIONS

Service Population: 1 resident is equivalent to 0.33 employee; assumes 0.01 employee per unit for multi-family operations.

Per Unit Household Sizes:

Unit Type	BMR	MR
Studio	1.00	1.00
1-Bed	1.50	1.50
2-Bed	3.00	2.00

Per Unit Monthly Rents:

Unit Type	BMR	MR
Studio	\$1,664	\$1,900
1-Bed	\$1,783	\$3,000
2-Bed	\$2,139	\$3,200

Per Unit Assessed Values:

Unit Type	BMR	MR
Studio	\$312K	\$399K
1-Bed	\$330K	\$630K
2-Bed	\$393K	\$672K

Service Costs: Include general government, housing, community services, public safety, planning, economic development, recreation, community engagement, transportation, public works, and water, totaling **\$737 annually per resident (\$246 per employee).**

OTHER FISCAL ASSUMPTIONS

General Fund Revenue Category	Estimating Factors for General Fund Revenues	General Fund Expense Category	% Variable of Budget	Estimating Factors for General Fund Expenditures
Property Tax	12.5% City share of 1% of base AV	City Attorney	15%	\$2.89 per Service Population
Motor Vehicle License Fees	Case Study Approach	City Council	15%	\$1.17 per Service Population
Real Property Transfer Tax	\$2.00 per \$1,000 in AV	City Manager	15%	\$2.14 per Service Population
Sales Tax	1.00% of Estimated Taxable Sales	Com./ Intergov. Relations	15%	\$1.07 per Service Population
Utility Use Tax	\$52.81 per Service Population	Finance	15%	\$5.34 per Service Population
Franchise Fees	\$53.26 per Service Population	Human Resources	15%	\$2.27 per Service Population
Business Licenses	\$55.11 per Employee	Housing and Community	25%	\$0.23 per Resident
Licenses and Permits	\$11.68 per Service Population	Fire	90%	\$221.61 per Service Population
Fines and Forfeitures	\$7.45 per Service Population	Planning & Econ.Development	50%	\$42.88 per Service Population
Charges for Services	Cost Recovery	Police	90%	\$305.22 per Service Population
Intergovernmental Revenue	Not Impacted	Recreation & Engagement	50%	\$28.85 per Resident
Cannabis Industry Tax	Not Impacted	Transportation & Public Works	75%	\$120.93 per Service Population
Transient Occupancy Tax	Not Impacted	Water	75%	\$2.59 per Service Population
Investment Earnings	Not Impacted	Non-Departmental	n/a	Not Estimated
Miscellaneous Revenues	Not Impacted			

ECONOMIC IMPACT OF NEW HOUSING

METHODOLOGY

The Economic Impact Analysis (EIA) evaluates one-time construction-related impacts and ongoing operational impacts attributable to new housing. Inputs to the analysis include local construction investments and apartment operating data from local developers. Impacts from household spending rely on data from Bureau of Labor Statistics Consumer Expenditure Survey.

EPS relies on IMPLAN (regional economic modelling software) to estimate job counts, labor income, and multiplier impacts that result when spending recirculates in the City economy.

KEY ASSUMPTIONS

Construction Spend: \$457K per unit, excluding land.

Operational Spend: of \$5K per unit, excluding property tax.

Annual Household Incomes:

Unit Type	BMR	MR
Studio	\$66.6K	\$83.1K
1-Bed	\$71.3K	\$128.5K
2-Bed	\$85.6K	\$138.8K

Assumes 30 percent housing cost burden including utility allowances.

Total Annual Household Taxable Retail Spending:

Unit Type	BMR	MR
Studio	\$13,200	\$16,900
1-Bed	\$14,500	\$25,800
2-Bed	\$17,400	\$27,900

Total Annual Household Taxable Retail Spending in the City of Santa Rosa (50% of Total)

Unit Type	BMR	MR
Studio	\$6,600	\$8,500
1-Bed	\$7,300	\$12,900
2-Bed	\$8,700	\$13,900

CATALYTIC POTENTIAL: INTERVIEWS

METHODOLOGY

EPS conducted 4 interviews with local business experts, employers, and stakeholders to assess potential economic development outcomes that could result from significant additional housing in Downtown Santa Rosa. These interviews provided important insights into the City's housing needs, the possible effects of a revitalized Downtown area, and the local economic growth potential that might be realized with new housing in the City. Interviewees included a small business, large-scale food equipment manufacturer, a large technology company, and a Business Organization. The interviews serve as a foundation to explore the potential economic effects of infill housing Downtown.

KEY TOPICS DISCUSSED

- Business type and trends
- Workforce hiring and retention
- Importance of housing to business and/or workforce
- Housing needs
- Other factors affecting business competitiveness
- Potential for catalytic impacts of Downtown infill housing

CATALYTIC POTENTIAL: ILLUSTRATIVE EXAMPLE

METHODOLOGY

The interview results support the concept that potential citywide job growth and economic activity from business expansion can be enabled by new infill housing in Downtown Santa Rosa.

EPS quantified these impacts by projecting current City employment trends onto a buildout scenario of 3,000-4,000 new units. The projection uses the proportion of existing working residents to estimate the number of workers within the new households. EPS uses recent commute trends of City workers to determine the total number of jobs generated at buildout.

IMPLAN analysis estimates the industries of these new jobs and the economic impacts driven by this job growth.

ILLUSTRATIVE CALCULATION

Assumption	Calculation	Source
3,500 Net New Units	<i>a</i>	EPS Assumption
1.42 Average Residents/ Unit	<i>b</i>	EPS Assumption
4,956 Total Residents	$c = a * b$	Calculation
49.6% of Working Residents of Total Population	<i>d</i>	American Community Survey 2021
2,459 Working Residents	$e = c * d$	Calculation
36.2% of Working Residents Living and Employed in City	<i>f</i>	OntheMap, LEHD 2020
890 of Working Residents Living and Employed in City	$g = e * f$	Calculation
38.7% of City Workers Living in City	<i>i</i>	OntheMap, LEHD 2020
2,300 Total Workers (i.e., Jobs)	$j = g / i$	Calculation

APPENDIX (DETAILED TABLES)

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Santa Rosa Downtown Residential Infill Fiscal and Economic Impact Analysis (EPS# 221050)

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Table 1
Annual Fiscal Impact Analysis per Unit Summary
Santa Rosa Downtown Residential Infill Fiscal and Economic Impact Analysis (EPS# 221050)

Item	Per Unit						3,500 Unit Buildout [2]
	Studio		1 Bedroom		2 Bedroom		
	Market Rate	BMR [1]	Market Rate	BMR [1]	Market Rate	BMR [1]	
General Fund Revenues	\$972	\$788	\$1,520	\$891	\$1,673	\$1,214	\$4,545,200
General Fund Expenditures	<u>(\$740)</u>	<u>(\$740)</u>	<u>(\$1,108)</u>	<u>(\$1,108)</u>	<u>(\$1,477)</u>	<u>(\$2,214)</u>	<u>(\$3,661,800)</u>
<i>Net Impact on General Fund</i>	\$233	\$48	\$412	(\$217)	\$197	(\$1,000)	\$883,400

[1] Below-market-rate analysis is based on rental rates for low-income households (at or below 80 percent of AMI).

[2] Assumes 8.0 percent of total program is affordable to low-income households consistent with Municipal Code 21-02.050.

ADMINISTRATIVE DRAFT

Table 2
Annual Fiscal Impact Analysis Summary at 3,500 Unit Buildout Summary
Santa Rosa Downtown Residential Infill Fiscal and Economic Impact Analysis (EPS# 221050)

General Fund Category	3,500 Unit Buildout
Operating Revenues	
Property Tax	\$2,311,305
Motor Vehicle License Fees	\$1,038,278
Real Property Transfer Tax	\$185,192
Sales Tax	\$386,484
Utility Use Tax	\$262,366
Franchise Fees	\$264,566
Business Licenses	\$1,929
Licenses and Permits	\$58,008
Fines and Forfeitures	<u>\$37,029</u>
Total Revenues (Rounded)	\$4,545,200
Operating Expenditures	
City Attorney	\$14,337
City Council	\$5,827
City Manager	\$10,627
Communications/ Intergovernmental Relations	\$5,324
Finance	\$26,522
Human Resources	\$11,291
Housing and Community Services	\$1,143
Fire	\$1,100,886
Planning & Economic Development	\$213,024
Police	\$1,516,227
Recreation & Community Engagement	\$142,989
Transportation & Public Works	\$600,753
Water	<u>\$12,868</u>
Total Expenditures (Rounded)	\$3,661,800
Net Fiscal Impact per New Unit (Rounded)	\$883,400

Table 3
Resident and Service Population Assumptions
Santa Rosa Downtown Residential Infill Fiscal and Economic Impact Analysis (EPS# 221050)

Land Use	Residents [1]	Employees [2]	Service Population [3]
PER UNIT			
<u>Market-Rate Units</u>			
Average	1.50 Residents/Unit	0.01 Employees per Unit	1.50
Studio	1.00 Residents/Unit	0.01 Employees per Unit	1.00
1BR	1.50 Residents/Unit	0.01 Employees per Unit	1.50
2BR	2.00 Residents/Unit	0.01 Employees per Unit	2.00
<u>Below-Market-Rate Units</u>			
Average	1.83 Residents/Unit	0.01 Employees per Unit	1.84
Studio	1.00 Residents/Unit	0.01 Employees per Unit	1.00
1BR	1.50 Residents/Unit	0.01 Employees per Unit	1.50
2BR	3.00 Residents/Unit	0.01 Employees per Unit	3.00
3,500 UNIT BUILDOUT			
Per Unit	1.42 Residents/Unit	0.01 Employees per Unit	1.42
Total	4,956 Residents	35 Employees	4,968

[1] Market-rate assumptions are based on EPS data derived from comparable projects. Below-market-rate assumptions are based on the City's published Affordable Housing Program.

[2] The number of employees for an apartment building can vary depending on the size of the building.

[3] Service population is the sum of total residential population and one third of total employment, representing a measure of public service demand in which an employee generates one third the demand of a resident.

Sources: City of Santa Rosa Affordable Housing Program Rents, IMPLAN, Effective June 2022; Economic & Planning Systems

Table 4
FY 2022-23 Budget Summary and Fiscal Impact Estimating Factors
Santa Rosa Downtown Residential Infill Fiscal and Economic Impact Analysis (EPS# 221050)

General Fund Revenue Category	FY 2022-23 Proposed Budget	Estimating Factors for General Fund Revenues
Operating Revenues		
Property Tax	\$34,695,000	12.5% City share of 1% of base AV
Motor Vehicle License Fees	\$16,509,103	Case Study Approach
Real Property Transfer Tax	\$5,000,000	\$2.00 per \$1,000 in AV
Sales Tax	\$74,745,226	1.00% of Estimated Taxable Sales
Utility Use Tax	\$10,674,100	\$52.81 per Service Population
Franchise Fees	\$10,763,600	\$53.26 per Service Population
Business Licenses	\$4,560,150	\$55.11 per Employee
Licenses and Permits	\$2,360,000	\$11.68 per Service Population
Fines and Forfeitures	\$1,506,500	\$7.45 per Service Population
Charges for Services	\$21,393,337	Cost Recovery/ Not Estimated
Intergovernmental Revenue	\$5,150,640	Not Impacted
Cannabis Industry Tax	\$1,800,000	Not Impacted
Transient Occupancy Tax	\$5,750,000	Not Impacted
Investment Earnings	\$600,000	Not Impacted
Miscellaneous Revenues	\$1,995,000	Not Impacted
Total Revenues	\$197,502,656	

Sources: City of Santa Rosa, Operations and Maintenance Budget (Fiscal Year 2022-2023)

Table 5
FY 2022-23 Budget Summary and Fiscal Impact Estimating Factors
Santa Rosa Downtown Residential Infill Fiscal and Economic Impact Analysis (EPS# 221050)

General Fund Expense Category	FY 2022-23 Proposed Budget	% Variable of Budget	Estimating Factors for General Fund Expenditures
Operating Expenditures			
City Attorney	\$3,888,597	15%	per Service Population
City Council	\$1,580,544	15%	per Service Population
City Manager	\$2,882,370	15%	per Service Population
Communications/ Intergovernmental Relations	\$1,444,055	15%	per Service Population
Finance	\$7,193,577	15%	per Service Population
Human Resources	\$3,062,482	15%	per Service Population
Housing and Community Services	\$161,000	25%	per Resident
Fire	\$49,764,957	90%	per Service Population
Planning & Economic Development	\$17,333,340	50%	per Service Population
Police	\$68,540,250	90%	per Service Population
Recreation & Community Engagement	\$10,070,591	50%	per Resident
Transportation & Public Works	\$32,588,077	75%	per Service Population
Water	\$698,045	75%	per Service Population
Non-Departmental	<u>(\$8,942,425)</u>	n/a	Not Estimated
Total Expenditures	\$190,265,460		

Sources: City of Santa Rosa, Operations and Maintenance Budget (Fiscal Year 2022-2023)

Table 6
Estimated per Unit Assessed Value Assumptions
Santa Rosa Downtown Residential Infill Fiscal and Economic Impact Analysis (EPS# 221050)

Land Use	Total Units	Assessed Valuation per Unit
PER UNIT		
<u>Market-Rate Units [1]</u>		
Studio	1	\$399,000 per unit
1 Bedroom	1	\$630,000 per unit
2 Bedroom	1	\$672,000 per unit
<u>Below-Market-Rate Units [2]</u>		
Studio	1	\$312,000 per unit
1 Bedroom	1	\$330,000 per unit
2 Bedroom	1	\$393,000 per unit
3,500 UNIT BUILDOUT [3]		
Market-Rate Units [1]	3,220	\$546,000 per unit
Below-Market-Rate Units [2]	<u>280</u>	\$335,000 per unit
Total Assessed Value	3,500	\$1,851,920,000

[1] Market-rate assessed value based on rents for new construction in Downtown Santa Rosa. Assumes operating expenses at 30% of gross operating income, and a 4.0 percent capitalization rate.

[2] Below-market-rate assessed value based on maximum allowable rents (net utilities) for low-income (80% of AMI) households in the City of Santa Rosa, Effective June 2022. Assumes operating expenses at 30% of gross operating income, and a 4.0 percent capitalization rate.

[3] Reflects a weighted average. Assumes a 5.0 percent vacancy rate.

Sources: City of Santa Rosa Affordable Housing Program Rents, Effective June 2022; City of Santa Rosa Utilities Allowance Schedule, Effective May 2022; CoStar; Economic & Planning Systems, Inc.

Table 7
Property Tax and Property Tax In Lieu of VLF Revenue
Santa Rosa Downtown Residential Infill Fiscal and Economic Impact Analysis (EPS# 221050)

Property Tax and Estimating Factors	Assumption/ Estimating Factor	Per Unit						3,500 Unit Buildout
		Studio		1 Bedroom		2 Bedroom		
		MR	BMR	MR	BMR	MR	BMR	
Property Tax								
Net Assessed Value	see Table 6	\$399,000	\$312,000	\$630,000	\$330,000	\$672,000	\$393,000	\$1,851,920,000
Property Tax	1.0% Base Property Tax Rate	\$3,990	\$3,120	\$6,300	\$3,300	\$6,720	\$3,930	\$18,519,200
General Fund Property Tax Revenue [1]	12.5% Allocation to General Fund	\$498	\$389	\$786	\$412	\$839	\$490	\$2,311,305
Property Tax In Lieu of VLF								
Existing Citywide Property Tax in Lieu of VLF	\$16,509,103							
Citywide Assessed Value [2]	\$29,446,398,440							
Percentage Increase in Citywide Assessed Value		0.001%	0.001%	0.002%	0.001%	0.002%	0.001%	6.3%
New General Fund Property Tax In Lieu of VLF		\$224	\$175	\$353	\$185	\$377	\$220	\$1,038,278

[1] Property tax allocation rate based on Downtown tax rate areas including 004-297, 004-296, 004-214, 004-057, 004-051, 004-023, 004-300, 004-055, 004-299, 004-053, 004-001, adjusted to reflect State ERAF contributions.

[2] Provided by the City of Santa Rosa in May 2023 using incorporated City boundaries.

Sources: City of Santa Rosa, Operations and Maintenance Budget (Fiscal Year 2022-2023); County of Sonoma Assessor's Office.

Table 8
Property Transfer Tax
Santa Rosa Downtown Residential Infill Fiscal and Economic Impact Analysis (EPS# 221050)

Item	Per Unit						3,500 Unit Buildout
	Studio		1-Bedroom		2-Bedroom		
	MR	BMR	MR	BMR	MR	BMR	
Estimated Value	\$399,000	\$312,000	\$630,000	\$330,000	\$672,000	\$393,000	\$1,851,920,000
Transfer Tax	\$2.00 per \$1,000 of Assessed Valuation						
Average Turnover [1]	5.0% per Year						
Total Property Transfer Tax to General Fund	\$39.90	\$31.20	\$63.00	\$33.00	\$67.20	\$39.30	\$185,192

[1] EPS assumption based on long-term averages. A turnover rate of 5 percent suggests that investment properties sell approximately once every 20 years.

Table 9
Annual Household Income Estimates
Santa Rosa Downtown Residential Infill Fiscal and Economic Impact Analysis (EPS# 221050)

Land Use	Monthly Rent + Utilities per Unit [1]	Annual Unit Rent + Utilities [2]	Avg. HH Income [3]
PER UNIT			
<u>Market Rate Housing</u>			
Studio	\$2,078	\$24,936	\$83,120
1-Br	\$3,212	\$38,544	\$128,480
2-Br	\$3,469	\$41,628	\$138,760
<u>Below-Market-Rate</u>			
Studio	\$1,664	\$19,968	\$66,560
1-Br	\$1,783	\$21,396	\$71,320
2-Br	\$2,139	\$25,668	\$85,560
3,500 UNIT BUILDOUT			
Market Rate Housing	\$2,810	\$33,718	\$112,392
Below-Market-Rate	\$2,016	\$24,197	\$80,656

[1] Includes utility allowances as stated in the City's Utility Allowance Schedule, Effective May 2022.

[2] Multiplied by twelve months.

[3] Incomes assume a 30 percent housing cost burden, consistent with affordable housing income eligibility standards.

Sources: CoStar; City of Santa Rosa Affordable Housing Program Rents.

Table 10
Retail Sales Tax Estimate
Santa Rosa Downtown Residential Infill Fiscal and Economic Impact Analysis (EPS# 221050)

Item	Assumptions		Market Rate	BMR
PER UNIT				
Project Households Retail Purchases in Santa Rosa				
Estimated Annual Household Income				
Studio			\$83,120	\$66,560
1-BR	See Table 9		\$128,480	\$71,320
2-BR			\$138,760	\$85,560
Household Taxable Retail Spending as % of Income [1]	<u>MR</u>	<u>BMR</u>		
Studio	20.3%	19.86%	\$16,898	\$13,218
1-BR	20.1%	20.33%	\$25,811	\$14,499
2-BR	20.1%	20.33%	\$27,877	\$17,394
Household Retail Spending in Santa Rosa [2]				
Studio			\$8,449	\$6,609
1-BR	50.0%	of retail expenditures	\$12,906	\$7,250
2-BR			\$13,938	\$8,697
Net New Retail Sales Tax Captured in Santa Rosa				
Studio			\$84	\$66
1-BR	1.00%	of Taxable Sales [3]	\$129	\$72
2-BR			\$139	\$87
3,500 UNIT BUILDOUT				
Project Households Retail Purchases in Santa Rosa				
Number of Units			3,220	280
Estimated Annual Household Income	See Table 9		\$112,392	\$80,656
Total Household Income at Buildout			\$361,902,240	\$22,583,680
Household Taxable Retail Spending as % of Income [1]	<u>MR</u>	<u>BMR</u>		
	20.1%	20.33%	\$72,705,731	\$4,591,168
Household Retail Spending in Santa Rosa [2]	50% of retail expenditures		\$36,352,865	\$2,295,584
Net New Retail Sales Captured in Santa Rosa	1.00% of Taxable Sales [3]		\$363,529	\$22,956
Total Net New Retail Sales Tax Captured in Santa Rosa				\$386,484

[1] Based on Bureau of Labor Statistics Consumer Expenditure Survey for different income ranges.

[2] City sales capture based on local retail supply relative to the County's retail supply.

[3] In November 2020, voters approved Measure Q (the combination of Measure P/N and Measure O-Temporary Fire Relief). Measure Q is a fifty-cent sales tax measure that expires in June 2030 and goes to the City's General Fund. This measure is not included within the analysis.

Sources: U.S. Bureau of Labor Statistics; CoStar

Table 11
Revenue from Other Taxes and Fees
Santa Rosa Downtown Residential Infill Fiscal and Economic Impact Analysis (EPS# 221050)

Other Revenue Sources [1]	Existing Estimating Factors	Per Unit						3,500 Unit Buildout
		Studio		1 Bedroom		2 Bedroom		
		Market Rate	BMR	Market Rate	BMR	Market Rate	BMR	
Utility Use Tax								
2022-2023 Revenue to General Fund	\$10,674,100							
Service Population	202,105	1.00	1.00	1.50	1.50	2.00	3.00	4,968
Revenue per Existing Service Population	\$52.81							
<i>Revenue per Unit</i>		<i>\$52.99</i>	<i>\$52.99</i>	<i>\$79.40</i>	<i>\$79.40</i>	<i>\$105.81</i>	<i>\$158.62</i>	<i>\$262,366</i>
Franchise Fees								
2022-2023 Revenue to General Fund	\$10,763,600							
Service Population	202,105	1.00	1.00	1.50	1.50	2.00	3.00	4,968
Revenue per Service Population	\$53.26							
<i>Revenue per Unit</i>		<i>\$53.44</i>	<i>\$53.44</i>	<i>\$80.06</i>	<i>\$80.06</i>	<i>\$106.69</i>	<i>\$159.95</i>	<i>\$264,566</i>
Business License Tax								
2022-2023 Revenue to General Fund	\$4,560,150							
Employees	82,745	0.01	0.01	0.01	0.01	0.01	0.01	35
Revenue per Existing Employee	\$55.11							
<i>Revenue per Unit</i>		<i>\$0.55</i>	<i>\$0.55</i>	<i>\$0.55</i>	<i>\$0.55</i>	<i>\$0.55</i>	<i>\$0.55</i>	<i>\$1,929</i>
Licenses and Permits								
2022-2023 Revenue to General Fund	\$2,360,000							
Service Population	202,105	1.00	1.00	1.50	1.50	2.00	3.00	4,968
Revenue per Existing Service Population	\$11.68							
<i>Revenue per Unit</i>		<i>\$11.72</i>	<i>\$11.72</i>	<i>\$17.55</i>	<i>\$17.55</i>	<i>\$23.39</i>	<i>\$35.07</i>	<i>\$58,008</i>
Fines and Forfeitures								
2022-2023 Revenue to General Fund	\$1,506,500							
Service Population	202,105	1.00	1.00	1.50	1.50	2.00	3.00	4,968
Revenue per Existing Service Population	\$7.45							
<i>Revenue per Unit</i>		<i>\$7.48</i>	<i>\$7.48</i>	<i>\$11.21</i>	<i>\$11.21</i>	<i>\$14.93</i>	<i>\$22.39</i>	<i>\$37,029</i>
Total Other Revenues per Unit		\$126.17	\$126.17	\$188.77	\$188.77	\$251.38	\$376.58	\$623,898

Table 12
General Government Operating Cost Estimates
Santa Rosa Downtown Residential Infill Fiscal and Economic Impact Analysis (EPS# 221050)

Item	City General Fund Expenses	Percent Variable [1]	Variable Expenses	Estimating Factors	Per Capita Expense
City Attorney	\$3,888,597	15%	\$583,290	202,105 Serv. Pop.	\$2.89
City Council	\$1,580,544	15%	\$237,082	202,105 Serv. Pop.	\$1.17
City Manager	\$2,882,370	15%	\$432,356	202,105 Serv. Pop.	\$2.14
Communications/ Intergovernmental Relations	\$1,444,055	15%	\$216,608	202,105 Serv. Pop.	\$1.07
Finance	\$7,193,577	15%	\$1,079,037	202,105 Serv. Pop.	\$5.34
Human Resources	\$3,062,482	15%	\$459,372	202,105 Serv. Pop.	\$2.27
Housing and Community Services	\$161,000	25%	\$40,250	174,523 Resident Pop.	\$0.23
Fire	\$49,764,957	90%	\$44,788,461	202,105 Serv. Pop.	\$221.61
Planning & Economic Development	\$17,333,340	50%	\$8,666,670	202,105 Serv. Pop.	\$42.88
Police	\$68,540,250	90%	\$61,686,225	202,105 Serv. Pop.	\$305.22
Recreation & Community Engagement	\$10,070,591	50%	\$5,035,296	174,523 Resident Pop.	\$28.85
Transportation & Public Works	\$32,588,077	75%	\$24,441,058	202,105 Serv. Pop.	\$120.93
Water	\$698,045	75%	\$523,534	202,105 Serv. Pop.	\$2.59
Non-Departmental	<u>(\$8,942,425)</u>			Not Applicable	
Total General Government	\$190,265,460				\$737.20

[1] Percentage of costs that increase in proportion to growing service population, as opposed to fixed costs or costs recovered through fees or charges.

Table 13
General Government Operating Cost Estimates by Unit Size
Santa Rosa Downtown Residential Infill Fiscal and Economic Impact Analysis (EPS# 221050)

Item	Per Capita Expense	Per Unit						3,500 Unit Buildout
		Studio		1 Bedroom		2 Bedroom		
		Market Rate	BMR	Market Rate	BMR	Market Rate	BMR	
City Attorney	\$2.89 /Serv. Pop.	\$2.90	\$2.90	\$4.34	\$4.34	\$5.78	\$8.67	\$14,337
City Council	\$1.17 /Serv. Pop.	\$1.18	\$1.18	\$1.76	\$1.76	\$2.35	\$3.52	\$5,827
City Manager	\$2.14 /Serv. Pop.	\$2.15	\$2.15	\$3.22	\$3.22	\$4.29	\$6.42	\$10,627
Communications/ Intergov. Relations	\$1.07 /Serv. Pop.	\$1.08	\$1.08	\$1.61	\$1.61	\$2.15	\$3.22	\$5,324
Finance	\$5.34 /Serv. Pop.	\$5.36	\$5.36	\$8.03	\$8.03	\$10.70	\$16.03	\$26,522
Human Resources	\$2.27 /Serv. Pop.	\$2.28	\$2.28	\$3.42	\$3.42	\$4.55	\$6.83	\$11,291
Housing and Community Services	\$0.23 /Resident Pop.	\$0.23	\$0.23	\$0.35	\$0.35	\$0.46	\$0.69	\$1,143
Fire	\$221.61 /Serv. Pop.	\$222.35	\$222.35	\$333.15	\$333.15	\$443.96	\$665.57	\$1,100,886
Planning & Economic Development	\$42.88 /Serv. Pop.	\$43.03	\$43.03	\$64.47	\$64.47	\$85.91	\$128.79	\$213,024
Police	\$305.22 /Serv. Pop.	\$306.24	\$306.24	\$458.85	\$458.85	\$611.46	\$916.68	\$1,516,227
Recreation & Community Engagement	\$28.85 /Resident Pop.	\$28.85	\$28.85	\$43.28	\$43.28	\$57.70	\$86.56	\$142,989
Transportation & Public Works	\$120.93 /Serv. Pop.	\$121.34	\$121.34	\$181.80	\$181.80	\$242.27	\$363.20	\$600,753
Water	<u>\$2.59</u> /Serv. Pop.	<u>\$2.60</u>	<u>\$2.60</u>	<u>\$3.89</u>	<u>\$3.89</u>	<u>\$5.19</u>	<u>\$7.78</u>	<u>\$12,868</u>
Total General Government	\$737.20	\$739.56	\$739.56	\$1,108.16	\$1,108.16	\$1,476.76	\$2,213.96	\$3,661,820

Table 14
Economic Impact Analysis of Construction and Ongoing Operations
Santa Rosa Downtown Residential Infill Fiscal and Economic Impact Analysis (EPS# 221050)

Economic Impacts per Unit	Employment (Job Years) [1]	Labor Income [2]	Economic Output
<u>One-Time Construction</u>			
Direct	2.85	\$256,051	\$445,575
Indirect	0.49	\$33,045	\$94,679
Induced	<u>0.88</u>	<u>\$56,184</u>	<u>\$160,727</u>
<i>Total</i>	4.22	\$345,280	\$700,980
<u>Ongoing Operations</u>			
Direct	0.01	\$1,071	\$4,964
Indirect	0.00	\$349	\$1,011
Induced	<u>0.00</u>	<u>\$277</u>	<u>\$792</u>
<i>Total</i>	0.01	\$1,697	\$6,767

[1] Job-year refers to a unit of labor demand or employment equivalent to one full-time job for one year.

[2] Labor Income comprises Employee Compensation (wages, salaries, benefits, and payroll taxes of employees) and Proprietor Income (payments to self-employed individuals and unincorporated business owners).

Source: IMPLAN

Table 15
Economic Impact Analysis of Resident Spending
Santa Rosa Downtown Residential Infill Fiscal and Economic Impact Analysis (EPS# 221050)

Ongoing Resident Spend	Employment [1]	Labor Income [2]	Economic Output
PER UNIT			
Market Rate per Unit Spend			
Studio			
Direct	0.03	\$1,488	\$3,643
Indirect	0.00	\$132	\$367
Induced	<u>0.00</u>	<u>\$65</u>	<u>\$164</u>
<i>Total</i>	<i>0.03</i>	<i>\$1,685</i>	<i>\$4,174</i>
1-Bedroom			
Direct	0.04	\$2,262	\$5,539
Indirect	0.00	\$200	\$559
Induced	<u>0.00</u>	<u>\$99</u>	<u>\$249</u>
<i>Total</i>	<i>0.05</i>	<i>\$2,562</i>	<i>\$6,347</i>
2-Bedroom			
Direct	0.05	\$2,443	\$5,982
Indirect	0.00	\$216	\$603
Induced	<u>0.00</u>	<u>\$107</u>	<u>\$269</u>
<i>Total</i>	<i>0.05</i>	<i>\$2,767</i>	<i>\$6,855</i>
Below Market Rate Unit Spend			
Studio			
Direct	0.02	\$1,177	\$2,882
Indirect	0.00	\$104	\$291
Induced	<u>0.00</u>	<u>\$52</u>	<u>\$130</u>
<i>Total</i>	<i>0.025</i>	<i>\$1,333</i>	<i>\$3,302</i>
1-Bedroom			
Direct	0.02	\$1,277	\$3,126
Indirect	0.00	\$113	\$315
Induced	<u>0.00</u>	<u>\$56</u>	<u>\$140</u>
<i>Total</i>	<i>0.027</i>	<i>\$1,446</i>	<i>\$3,582</i>
2-Bedroom			
Direct	0.03	\$1,531	\$3,750
Indirect	0.00	\$136	\$378
Induced	<u>0.00</u>	<u>\$67</u>	<u>\$169</u>
<i>Total</i>	<i>0.033</i>	<i>\$1,734</i>	<i>\$4,297</i>
3,500 UNIT BUILDOUT			
Direct	132.27	\$6,776,092	\$16,592,036
Indirect	7.94	\$599,870	\$1,673,764
Induced	<u>5.29</u>	<u>\$297,504</u>	<u>\$745,756</u>
<i>Total</i>	<i>145.50</i>	<i>\$7,673,467</i>	<i>\$19,011,557</i>

[1] Job-year refers to a unit of labor demand or employment equivalent to one full-time job for one year.

[2] Labor Income comprises Employee Compensation (wages, salaries, benefits, and payroll taxes of employees) and Proprietor Income (payments to self-employed individuals and unincorporated business owners).

Source: IMPLAN

Table 16
City of Santa Rosa Population, Employment, and Service Population
Santa Rosa Downtown Residential Infill Fiscal and Economic Impact Analysis (EPS# 221050)

Item	Amount	Sources
Housing Units	71,563	DOF 2023
Occupied Households	68,044	DOF 2023
Population	174,523	DOF 2023
Persons/Household	2.56	DOF 2023
Jobs	82,745	JobsEQ, 2022 Average
Service Population [1]	202,105	DOF 2023 / JobsEQ 2022

[1] Daytime population is calculated by adding total residential population and one-third of total employment.

Sources: JobsEQ and State of California Department of Finance.

EPS

REAL ESTATE ECONOMICS

PUBLIC FINANCE

LAND USE & TRANSPORTATION

ECONOMIC DEVELOPMENT &
REVITALIZATION

FISCAL & ECONOMIC IMPACT ANALYSIS

HOUSING POLICY

PUBLIC PRIVATE PARTNERSHIPS (P3)

PARKS & OPEN SPACE ECONOMICS

