

**TOWN OF FAIRFAX
STAFF REPORT
Department of Planning and Building Services**

TO: Fairfax Planning Commission
DATE: September 14, 2023
FROM: Jeffrey Beiswenger, Planning & Building Services Director
Daniel Hortert, Contract Planner
ACTION: Conduct public hearing and recommend Town Council adoption of:
1) Affordable Housing Ordinance; 2) Resolution adopting implementing Affordable Housing Requirements and Program Regulations; 3) Resolution establishing affordable housing in-lieu fees and commercial/nonresidential linkage fees.
CEQA STATUS: The Ordinance Amendment is exempt from the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15061(b)(3) because it can be seen with certainty that there is no possibility that the Amendment will have a significant effect on the environment.

BACKGROUND

Staff is recommending the adoption of a group of affordable housing policies that will promote and provide affordable housing in the Town of Fairfax. As explained further below, these policies and related fees were developed in conjunction with 5 other Marin jurisdictions working with a consultant team to establish common inclusionary requirements among the jurisdictions. The policies are critical to providing housing to households of all income levels within the Town of Fairfax. The policies are designed to work in conjunction with each other to help alleviate the housing crisis that exists throughout the State and in the Town.

Summary of Affordable Housing

Inclusionary housing ordinances and policies and related affordable housing in-lieu fees and commercial/nonresidential linkage fees are tools to increase affordable housing within a jurisdiction. Inclusionary housing requirements (or inclusionary zoning) aim to increase the supply of affordable housing that is deed-restricted for lower-income households by requiring private housing developers to include a certain percentage of deed restricted affordable units in a market rate housing development project, effectively integrating affordable housing units into market rate developments. Inclusionary provisions include setting the minimum project size and number and level of affordable units required. Inclusionary requirements also help a jurisdiction satisfy its Regional Housing Needs Allocation (RHNA) for units at various affordability income levels.

State law also requires alternative(s) to providing on-site inclusionary units for rental projects, and it is considered a best-practice to consider alternatives regarding for-sale units. Alternatives can include in-lieu fees, off-site construction, and land dedication.

Affordable housing in-lieu fees and commercial/nonresidential linkage fees promote affordable housing by providing monies to an affordable housing fund, which are used to promote, procure, and facilitate affordable housing within a community.

AB 602 Fee Study Requirement Satisfied

Assembly Bill 602 (AB 602) imposes new requirements for housing development impact fees. AB 602 requires an impact fee study that is adopted after July 1, 2022, to either calculate a fee levied or imposed on a housing development project proportionately to the square footage of the proposed unit or make specified findings explaining why square footage is not an appropriate metric to calculate fees. In part, the intent is to allow smaller housing units by making the fees proportional to size, thereby reducing the fee amount. AB 602 also imposes certain procedural adoption requirements, such as adoption of the nexus study at a public hearing with 30 days' notice.

A development impact fee is defined as a monetary exaction, other than a tax or special assessment, that is charged by a jurisdiction in connection with the approval of a project in order to defray the costs of "public facilities" related to the project.¹ (Gov. Code, § 66000(b).) Public facilities include public improvements, services, and community amenities. (Gov. Code, §66000(c).) A nexus study provides the legal findings necessary to impose a development impact fee. Fees are adopted by Resolution.

Affordable housing in-lieu fees are required instead of the provision of on-site affordable units and therefore not considered a development impact fee or subject to AB 602. However, the Commercial/nonresidential linkage fees are considered development impact fees and therefore are subject to AB 602. A Commercial/nonresidential linkage fee is a fee imposed on non-residential and commercial development projects. The monies collected from both fees are deposited into an affordable housing fund (described below in this staff report).

The fee studies entitled the "Inclusionary Program and In-Lieu Fee Study for Fairfax" dated February 10, 2023 and "Commercial Linkage Fee Study" dated February 18, 2023 were completed under the SB 2 Grant satisfy the requirement of Assembly Bill 602 (AB 602) and support the commercial/nonresidential linkage fee.

DISCUSSION

The proposed inclusionary affordable housing policies, which includes alternative means of compliance, for Planning Commission recommendation to the Town Council include:

- 1) A proposed Ordinance Amendment would add Chapter 17.140 "Affordable Housing" to Title 17 "Zoning" of the Fairfax Municipal Code, which would provide

¹ A development project fee does not include fees for processing applications and approvals, which are collected in order to cover the costs of processing an application.

for inclusionary housing requirements, establish an affordable housing fund, and authorize affordable housing in-lieu fees and commercial/nonresidential linkage fees “(Ordinance Amendment”); and

2) A Resolution adopting Affordable Housing Requirements and Program Regulations to implement inclusionary policies; and

3) A Resolution adopting affordable housing in-lieu fees and commercial/nonresidential linkage fees.

A description of the above policies and regulations are described as follows:

A. Project Size Threshold.

Pursuant to collaboration among participating Marin jurisdictions, staff recommends a 3-unit minimum project size threshold similar to other participating jurisdictions. A project size threshold of 3 will leverage more affordable units for large projects and while not burden medium projects. Accessory dwelling units and junior accessory dwelling units (ADU/JADU) would not count towards the minimum project threshold. Additionally, reconstruction of any structures that have been destroyed due to an act of nature; or residential building additions, repairs, or remodels are not subject to the Ordinance provided existing units are not increased by three or more units.

B. Percentage Affordable/Set-Aside Requirement.

Inclusionary zoning requires housing developers to include a certain percentage of affordable units in a market rate housing development project and/or pay an in-lieu fee or take an approved alternative action. As a policy matter, the percentage required should be high enough to impact housing supply but must not be so high to discourage development.

After analysis, the Consultants working with the participating jurisdictions recommended an inclusionary housing requirement of 20% for both for-sale and rental housing development projects. This is consistent with the requirements of many other jurisdictions in the Bay Area. However, during the approval of the Inclusionary Study by Town Council, it was determined that a more reasonable percentage of units should be 20% for Single Family Subdivision projects and 15% set-aside for Rental projects. Staff is recommending the Town Council proposed set-asides.

The affordable/set aside units are based on housing affordability levels are established by HUD based on a percentage of Area Median Income. For Marin, the following affordability levels apply.²

² <https://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits/docs/income-limits-2021.pdf>

Current Marin County HUD Affordability Levels

Income Category	% Median Income	Annual Income 1-person	Annual Income 3-person	Annual Income 4-person
Very low	50%	\$63,950	\$82,250	\$91,350
Low	80%	\$102,450	\$131,750	\$146,350
Median	100%	\$104,700	\$134,650	\$149,600
Moderate	120%	\$125,650	\$161,550	\$179,500

The target Area Median Income (AMI), which determines the maximum rent or sales price that can be charged for each unit required to be affordable is set forth below. AMI price levels would be consistent for both rental and for-sale units in order to ease implementation. The very-low income of 50% AMI is at the top of the range consistent with State density bonus law. The remaining categories are mid-point within the range.

Target AMIs for Rental and For-Sale Units

Income Category	Income Range	Target AMI Rental Level	Target AMI Sales Price Level
Very Low	30-50% AMI	50% AMI	n/a
Low	50-80% AMI	65% AMI	65% AMI
Moderate Income	80-100% AMI	100% AMI	100% AMI
Above Moderate	120-150% AMI	n/a	135% AMI

D. Affordable Housing In-lieu Fee and Commercial/nonresidential Linkage Fee. An affordable housing in-lieu fee is a fee that is paid by the developer instead of constructing the required affordable units. A commercial/nonresidential linkage fee is a fee that is imposed on non-residential development in order to mitigate the housing-related impacts on the community of the non-residential development. These fees are paid into the Affordable Housing Fund, which is dedicated to promoting and facilitating affordable housing within the Town.

As supported by the Consultants studies (**see Attachments 4 and 5**), the affordable housing in-lieu fee was calculated based on the housing affordability gap, which is the difference between what households at different income levels can pay for housing and the cost of developing market rate housing. With respect to for-sale projects, the gap is the difference between annual mortgage costs and monthly housing payments at affordable levels. For rental housing the gap is the difference between market rate rents and affordable rents.

The in-lieu study calculated 3 development types: 1) for-sale single family subdivisions; 2) for sale condominiums; and 3) rental apartment projects. The types were based on recent and proposed projects in Marin and through meetings with developers. The affordable housing in-lieu fee proposed are based on the affordability gap for 90% AMI.

Setting the in-lieu fee towards the maximum affordability gap level encourages developers to provide on-site units.

Income Level	For Sale Gap; Single Family Subdivision	For-Sale Gap; Condominium	Rental Gap
Affordable Housing In-Lieu Fee	\$362,817	\$288,650	\$362,817

The affordable housing in-lieu fee will be adjusted to the year-over-year change in the California Construction Cost Index (CCCI). It is recommended that the CCCI is used rather than the Consumer Price Index because the difference of what households can pay is tied directly to construction costs. All in-lieu fees shall be calculated and paid at issuance of the first building permit for the project.

Commercial/nonresidential linkage fees proposed are as follows:

Type of Project	Fee per Square Foot of Net New Gross Floor Area
Office	\$3
Retail/Restaurant	\$3 for over 2500 square feet
Hotel	\$3
Other	\$3

The fee applies to commercial/non-residential components of mixed-use projects. All fees will be calculated and paid at issuance of the first building permit for the project. The fee will also be adjusted annually based on the yearly change in the CCCI.

F. Affordable Housing Fund. The proposed Ordinance Amendment includes the establishment of an Affordable Housing Fund (Fund). This Fund is established to receive housing impact fees including affordable housing in-lieu fees and commercial/nonresidential linkage fees. The monies deposited into the Fund, along with interest earned, shall be used only to increase and improve the supply of affordable housing in the Town of Fairfax. The Planning Director is responsible for administering the Fund consistent with the Town Municipal Code and may develop procedures to implement the Fund.

G. Alternative Means of Compliance. It is considered best-practices to include alternative compliance methods regarding for-sale housing projects, and State law requires alternative methods for rental projects. (Gov. Code, §65850(g).) Alternatives to the provision of on-site inclusionary housing units include in-lieu fees (above) and actions such as off-site construction, land dedication and/or the rehabilitation, acquisition, or preservation of off-site units.

Here, alternative methods of compliance include the payment of affordable housing in-lieu fees, donation of land to the Town or a non-profit, and construction of affordable

units on another site within ½ mile of the project that is subject to the inclusionary housing requirement.

CEQA Consistency

The Ordinance Amendment is exempt from the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15061(b)(3) because it can be seen with certainty that there is no possibility that the Amendment will have a significant effect on the environment. The Amendment will make no changes to land uses, development intensities, or the rate at which development is expected to occur and therefore will have no significant environmental effect.

Recommendation

Staff recommends the Planning Commission conduct the public hearing and take the following actions:

1. Move to Adopt Planning Commission Resolution 2023-26 recommending Town Council adoption of the proposed Affordable Housing Ordinance establishing inclusionary housing requirements, authorizing the establishment of implementing regulations; and authorizing the adoption of affordable housing in-lieu fees and commercial/nonresidential linkage fees. (Attachment A)
2. Move to recommend Town Council adoption of Resolution implementing Affordable Housing Requirements and Program Regulations. (Attachment B)
3. Move to recommend Town Council adoption of Resolution establishing affordable housing in-lieu fees and commercial/nonresidential linkage fees. (Attachment C)

Attachments

- A. Planning Commission Resolution 2023-26
Exhibit 1 - Draft Affordable Housing Ordinance
- B. Draft Council Resolution - Affordable Housing Requirements and Program Regulations
- C. Draft Council Resolution - In-lieu Fees
- D. Inclusionary Program and In-Lieu Fee Study prepared by Strategic Economics and Vernazza Wolfe Associates dated February 10, 2023
- E. Commercial Linkage Study prepared by Strategic Economics and Vernazza Wolfe Associates dated February 18, 2023

RESOLUTION NO. 2023-26

**A RESOLUTION OF THE FAIRFAX PLANNING COMMISSION
RECOMMENDING TOWN COUNCIL ADOPT AN ORDINANCE
ADDING CHAPTER 17.140 (AFFORDABLE HOUSING) TO TITLE 17
“ZONING” CONCERNING INCLUSIONARY HOUSING
REQUIREMENTS, APPROVE A RESOLUTION ADOPTING
AFFORDABLE HOUSING IN-LIEU FEES AND COMMERCIAL/NON-
RESIDENTIAL LINKAGE FEES IN THE MASTER SCHEDULE; AND
APPROVE A RESOLUTION ADOPTING AFFORDABLE HOUSING
REQUIREMENTS AND PROGRAM REGULATIONS**

WHEREAS, the Town of Fairfax, faces a housing crisis that includes the lack of access to affordable housing, which has a direct negative impact on the public health, safety, and welfare of the residents of Fairfax; and

WHEREAS, the California Legislature has consistently recognized the continuing need for affordable housing in California, stating in Government Code Section 65580, that “the availability of housing is of vital statewide importance, and the early attainment of decent housing ... is a priority of the highest order” and, further, that, “local ... governments have a responsibility to use the powers vested in them to facilitate the improvement and development of housing to make adequate provision for the housing needs of all economic segments of the community;” and

WHEREAS, the provision of safe and stable housing for households at all income levels is in the public interest; and

WHEREAS, the Town of Fairfax was awarded funding pursuant to a State Grant established by California Senate Bill 2 (SB 2) for actions to increase housing, and a portion of this money was utilized in collaboration with other Marin jurisdictions to formulate inclusionary housing policies and supporting fee studies; and

WHEREAS, the adoption of inclusionary housing policies is critical for the Town in reaching its RHNA housing requirements for very low, low, and moderate income households; and

WHEREAS, inclusionary housing policies, and related affordable housing in-lieu and nonresidential/commercial linkage fees, are tools that help jurisdictions increase the supply of affordable housing units; and

WHEREAS, the Ordinance Amendment, Chapter 140 “Affordable Housing” to Title 17 “Zoning” of the Fairfax Municipal Code, which would provide for inclusionary housing requirements, establish an affordable housing fund, and authorize affordable housing in-lieu fees and commercial/nonresidential linkage fees “(Ordinance Amendment”); and

WHEREAS, Consultants completed an In-Lieu Housing Fee Study entitled “Inclusionary Program and In-Lieu Fee Study for Fairfax” dated February 10, 2023 and a commercial/nonresidential

ATTACHMENT A

Linkage Fee Study entitled “Commercial Linkage Fee Study” dated February 18, 2023 (collectively “Fee Study Reports”), both of which support the adoption of said fees; and

WHEREAS, Consultants used appropriate, best-practices methodology to determine the maximum amount of said fees to mitigate the burdens created by residential and commercial/nonresidential development, and demonstrate that there is a reasonable relationship between the need for affordable housing and the impacts of the development described in the Fee Study Reports for which the corresponding fee is charged, and that there is also a reasonable relationship between the fee’s use and the type of development for which the fee is charged; and

WHEREAS, the Fee Study Reports include an economic feasibility analysis that determined the fees as recommended would be feasible; and

WHEREAS, in compliance with Assembly Bill 602 (AB 602), Government Code section 66000, to ensure that the fractionable affordable housing in-lieu fee and commercial/nonresidential linkage fee recommended herein does not exceed the actual affordable housing impacts attributable to the development projects on which the fee is imposed, the Town Council will consider the Fee Study Reports; and

WHEREAS, based on the findings above, the Town desires to further the public health, safety, and welfare by requiring residential and commercial/nonresidential projects in the Town to mitigate their impact on the need for affordable housing in Fairfax; and

WHEREAS, the Planning Commission is responsible for providing recommendations to the Town Council for proposed amendments to the Town’s Zoning Code pursuant to Government Code section 65853 et seq.; and

WHEREAS, the Ordinance and adoption of the resolutions are exempt from the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15061(b)(3) because it can be seen with certainty that there is no possibility that the Amendment will have a significant effect on the environment; and

WHEREAS, the adoption of the Ordinance Amendment, the affordable housing in-lieu and commercial/nonresidential linkage fees, and the affordable housing requirements and program regulations are consistent with the Town’s current Housing Element, both of which contain policies to adopt inclusionary housing policies and related fees to be deposited into an affordable housing fund; and

WHEREAS, the Planning Commission held a duly noticed public hearing on September 14, 2023, to consider recommendation of said Amendments to the Town Municipal Code and at that time carefully considered all pertinent testimony and the staff report offered at the public hearing.

NOW, THEREFORE, BE IT RESOLVED that:

1. The recitals are true and correct and incorporated as findings herein by this reference.

2. The Planning Commission of the Town of Fairfax does hereby recommend that the Town Council:

A. Adopt the adopt an ordinance adding chapter 17.140 (Affordable Housing) to Title 17 "Zoning" concerning inclusionary housing requirements, attached hereto as Exhibit A and incorporated herein by this reference.

B. Approve the resolution adopting Affordable Housing Requirements and Program Regulations, attached hereto as Exhibit B and incorporated herein by this reference.

C. Approve the resolution adopting affordable housing in-lieu fees and commercial/nonresidential linkage fees, attached hereto as Exhibit C and incorporated herein by this reference.

RESOLUTION PASSED AND ADOPTED, at the regular meeting of the Fairfax Planning Commission on September 14, 2023 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Chair Cindy Swift

ATTEST: _____

Jeffery Beiswenger, Director of Planning and Building Services

ORDINANCE NO. _____

**ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF FAIRFAX
ADDING CHAPTER 17.140 (AFFORDABLE HOUSING) RELATING
TO INCLUSIONARY HOUSING REQUIREMENTS**

WHEREAS, the Town Council finds that the Town of Fairfax faces a significant shortage of affordable housing and the lack of access to affordable housing has a direct impact upon the health, safety, and welfare of the residents of the Town; and

WHEREAS, the California Legislature has consistently recognized the continuing need for affordable housing in California, stating in Government Code Section 65580, that “the availability of housing is of vital statewide importance, and the early attainment of decent housing ... is a priority of the highest order” and, further, that, “local ... governments have a responsibility to use the powers vested in them to facilitate the improvement and development of housing to make adequate provision for the housing needs of all economic segments of the community;” and

WHEREAS, affordable housing is regulated by a variety of state and local laws, ordinances, and policies, and the Regional Housing Needs Assessment (RHNA) requires the Town to provide for the development of a specified number of housing units. The Town’s Housing Production allocation for the next allocation cycle calls for the development of 490 new housing units, including 149 very-low-income units, 86 low-income units, 71 moderate-income units and 184 above-moderate-income units; and

WHEREAS, the Town desires to explore and to the extent feasible, use all available tools to meet its mandated regional housing goals; and

WHEREAS, a lack of new units affordable to very low-, low- and moderate-income households within the Town results in housing located a significant distance away from employment centers, requiring excess commutes by workers and negatively impacting traffic, air and noise pollution.

WHEREAS, the State of California requires each city or town to develop a general plan establishing policies for future development. As specified in the Government Code, the general plan must: (i) encourage the development of a variety of housing types for all income levels; (ii) assist in the development of adequate housing to meet the needs of low- and moderate-income households; and (iii) conserve and improve the condition of the existing affordable housing stock, which may include addressing ways to mitigate the loss of dwelling units demolished by public or private action; and

WHEREAS, the implementation of an inclusionary housing requirement in accordance with this ordinance, will provide a mechanism for all residential development containing 3 or more units to provide a contribution to affordable housing consistent with the goals of the Town’s Housing Element; and the implementation of the ordinance will aid the

Town in achieving the goal of making affordable housing diverse, dispersed and inclusionary; and

WHEREAS, an affordable inclusionary housing requirement for all new developments containing 3 or more residential units, in the Town of Fairfax will serve to contribute to meeting the Town’s overall future need of affordable housing and to help meet its RHNA allocations; and

WHEREAS, on September 14, 2023, the Planning Commission of the Town of Fairfax conducted a duly and properly notice public hearing regarding the Affordable Housing Ordinance and voted to recommend Town Council adoption of the ordinance; and

WHEREAS, a duly and properly noticed public hearing regarding the Affordable Housing Ordinance was conducted by the Town Council on _____, 2023, and the Town Council carefully considered all pertinent testimony and the staff report offered at the public hearing.

NOW, THEREFORE, the Town Council of the Town of Fairfax, California, does hereby ordain as follows:

SECTION 1: Environmental Review. The Ordinance Amendment is exempt from the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15061(b)(3) because it can be seen with certainty that there is no possibility that the Amendment will have a significant effect on the environment.

SECTION 2: The above recitals are true and correct and are incorporated as findings herein.

SECTION 3: Ordinance Amendment. Chapter 17.140 “Affordable Housing” is hereby added to Title 17 “Zoning” of the Fairfax Municipal Code as follows:

17.140.010 Purpose and Intent.

- (A) The purpose of this chapter is to ensure that new residential and nonresidential development projects contribute to the availability and attainment of decent, affordable housing to a broad range of households with varying income levels throughout the Town of Fairfax.
- (B) These requirements implement the Town’s Housing Element by assisting in meeting the Town’s Regional Housing Needs Allocations, providing funding to facilitate affordable housing development, and affirmatively furthering fair housing by ensuring that affordable housing is constructed in all parts of the Town.
- (C) The Town Council desires to provide and maintain affordable housing opportunities through an affordable Housing In-Lieu Fee, the funds of which will be deposited into the Affordable Housing Fund to be used in the development of affordable housing and related programs in the Town. The commercial/nonresidential linkage fee requirements will assist in alleviating the

impacts of the demand for new affordable housing created by new nonresidential development.

17.140.020 Definitions.

See Chapter 17.008 (Definitions) for terms related to this Chapter.

17.140.030 Affordable Housing Requirements.

Residential Development that includes three or more Dwelling Units shall include the construction of Inclusionary Units in accordance with this chapter, unless an alternative means of compliance is permitted in accordance with this chapter.

(A) *Inclusionary Requirements for For-Sale Dwelling Units.* Residential Developments that include for-sale dwelling units shall provide Inclusionary Units through one of the following means:

(1) For-sale Residential developments shall include deed restricted, for-sale moderate-income units equal to twenty (20%) percent of the total number of dwelling units in the residential development. The developer may, at its discretion, provide very low-income units or low-income units instead of moderate-income units.

(2) As an alternative to developing for-sale Inclusionary Units within the residential development as set forth above, for-sale residential developments may satisfy the requirements of this chapter by developing rental low-income units included within the residential development equal to twenty (20%) percent of the total number of for-sale and rental units included in the residential development. The developer may create a separate legal parcel within the residential development upon which the rental low-income units may be located. The developer may, at its discretion, provide very low-income units instead of low-income units.

(B) *Inclusionary Requirements for Rental Units.* Residential developments that are comprised of rental units shall provide moderate-income Inclusionary Units included within the residential development equal to fifteen (15%) percent of the total number of rental units in the residential development. The developer may, at its discretion, provide rental very low-income units instead of low-income units.

(C) *Residential Development with a Combination of For-sale and Rental Dwelling Units:* When a Residential Development includes a combination of for-sale and rental units, the number and income levels for Inclusionary Units required for the Residential Development shall be calculated for each category of dwelling units (i.e., for-sale and rental) individually, and combined to comprise the Residential Development's total inclusionary housing requirement pursuant to this chapter.

(D) *Density Bonus Units*. For purposes of calculating the number of Inclusionary Units required, any additional units authorized as density bonus units will not be counted in determining the required number of Inclusionary Units.

(E) *Fractional Units*. If in computing the total number of Inclusionary Units required in a residential development, there is a fractional unit required, the Applicant shall pay a Housing In-Lieu Fee in the amount determined in accordance with section 17.140.120 of this chapter, equal to the amount calculated for that fractional unit on a per dwelling unit basis, unless the Applicant elects to round up to the nearest whole number of units and provide that unit.

17.140.040 Exemptions. The requirements of this chapter do not apply to:

(A) The reconstruction of any structures that have been destroyed by fire, flood, earthquake or other act of nature provided that the reconstruction of the site does not increase the number of residential units by three or more.

(B) Residential building additions, repairs or remodels; provided that such work does not increase the number of existing units by three or more.

(C) Residential developments that have been deemed complete by the Town in accordance with Government Code Section 65589.5 or 65943 as of the effective date of this chapter.

(D) Any Accessory Dwelling Unit or Junior Accessory Dwelling Unit approved by the Town.

(E) Any residential development project exempted by State law as may be amended from time to time.

17.140.050. Duration of Affordability Covenants.

(A) For-sale Inclusionary Units produced pursuant to this chapter shall be legally restricted to sale to and occupancy by households of the income levels for which the units were designated for a single cumulative term of fifty-five (55) years. During that term, the for-sale Inclusionary Units may only be sold and resold to Moderate or Low-Income Households at an Affordable Sales Price for Moderate-Income Households.

(B) Rental units produced pursuant to this chapter shall be legally restricted to rental to and occupancy by households in the income level for which the Inclusionary Units are developed for a term of not less than fifty-five (55) years. At the end of the fifty-five year term, the restrictions on rental of the Inclusionary Units may only be removed in the event that the property upon which the rental Inclusionary Unit or units are located is rezoned and used for a non-residential use.

(C) To ensure compliance with the durational requirement, Affordable Housing Agreements, and resale restriction agreements for For-sale Inclusionary Units, shall be recorded in the chain of title for every Inclusionary Unit.

17.140.060 Alternative means of Fulfilling Inclusionary Housing Obligations.

(A) Payment of Housing In-Lieu Fee.

(1) As an alternative to constructing Inclusionary Units as required by this chapter, all or a portion of the inclusionary housing requirement may be fulfilled through the payment of a Housing In-lieu Fee pursuant to an In-lieu Fee schedule adopted by the Town pursuant to this chapter, subject to the following:

- i. For-sale and Rental units may pay a Housing in-lieu fee.
- ii. The Housing In-Lieu fee shall be paid at the time that the first building permit is obtained for the residential development.
- iii. All in-lieu fees collected under this chapter shall be deposited in the Inclusionary Housing Fund established pursuant to this chapter.

(B) Off-site Development of Affordable Units.

(1) As an alternative to constructing Inclusionary Units on site, all or a portion of the inclusionary housing requirement may be fulfilled through the off-site construction of the unit pursuant to this chapter, subject to the following:

- i. Off-site development of the required affordable units is permitted provided the Off-site units are located within one-half mile of the market-rate development that is the subject of the inclusionary housing requirement.
- ii. The off-site units shall not create an over-concentration of deed-restricted affordable dwelling units in any one neighborhood. For purposes of this chapter, "over concentration" is defined as more than fifty (50) deed restricted very low or low-income dwelling units within $\frac{1}{4}$ mile of the site of the proposed Inclusionary Units, or more than two hundred (200) of such units within one-half ($\frac{1}{2}$) mile of the site of the proposed Inclusionary Units.

(C) Land Dedication.

(1) As an alternative to constructing Inclusionary Units as required by this chapter, all or a portion of the inclusionary housing requirement may be fulfilled through the dedication of land to the Town or a non-profit at no cost, subject to the following:

- i. The land dedicated shall be zoned to allow residential use;
- ii. The land shall be of sufficient size to accommodate the required units;
- iii. The applicant shall provide evidence satisfactory to the Town that the property does not contain any hazardous materials at the time of conveyance; shall disclose whether any hazardous materials were previously found on the property; and if hazardous materials were previously remediated from the property, the applicant shall provide evidence satisfactory to the Town that such hazardous

materials were remediated in accordance with all applicable laws and regulations;

- iv. The land shall be fully improved with access infrastructure, adjacent utilities, and grading; and
- v. A non-profit shall enter into an agreement with the Town to construct the units within an agreed upon time period and the units constructed shall be subject to the affordability covenant as set forth in section 17.140.050.

(D) The alternative means of compliance set forth herein are intended to implement the Town's authority to promote the development of affordable housing, in accordance with California Government Code § 65850, subdivision (g), and shall not be considered or construed as an ad hoc exaction, a mandated fee required to develop a specific property, or a fee imposed to offset the development impacts of a specific project.

17.140.070. Development Standards of Inclusionary Units.

Unless otherwise specified by the Town Council, Inclusionary Units shall be developed in a manner consistent with the following requirements:

(A) For-Sale and Rental Inclusionary Units.

- (1) Inclusionary Units shall be reasonably dispersed throughout a Residential Development and not clustered in a specific portion of the development, and the location of the Inclusionary Units within a Residential Development shall be designated before issuance of the first building permit for the Residential Development.
- (2) Inclusionary Units shall be built concurrently with the Market Rate Units in the Residential Development. The Inclusionary Units may be constructed in phases if the Market Rate Units are constructed in phases, provided that the percentage of Inclusionary Units developed in each phase shall be equivalent to or greater than the total percentage of Inclusionary Units to be developed as part of the Residential Development until such time that all the Inclusionary Units have been built.
- (3) Inclusionary Units shall be comparable in infrastructure (including sewer, water and other utilities), construction quality and exterior design to the market-rate units.
- (4) The bedroom mix for the Inclusionary Units shall be proportional to the bedroom mix of the Market Rate Units, but the Inclusionary Units may be smaller in square footage than the Market Rate Units.
- (5) The interior finishes and features for the Inclusionary Units shall be comparable to the base level interior finishes for the market-rate units, and the appliance packages in the Inclusionary Units shall be the same as the appliance packages provided in the base level Market Rate Units.

- (6) Residents and tenants of Inclusionary Units located within the Residential Development shall be provided the same rights and access to common amenities in the development project as residents and tenants occupying market-rate units.
- (B) Off-site Inclusionary Units.
- (1) The off-site Inclusionary Units shall be constructed concurrently with the Market Rate Units in the Residential Development that triggered the requirements for the Inclusionary Units. If the Market Rate Units are constructed in phases, then the off-site Inclusionary Units shall be constructed prior to or concurrently with the first phase of the market rate Residential Development. Construction of the second phase of the Market Rate Units shall not commence until the required off-site Inclusionary Units are completed.
 - (2) Off-site inclusionary Units shall be comparable in infrastructure (including sewer, water and other utilities), construction quality and exterior design to the market-rate units.
 - (3) The bedroom mix for the off-site Inclusionary Units shall be proportional to the bedroom mix of the Market Rate Units, but the off-site Inclusionary Units may be smaller in square footage than the Market Rate Units.
 - (4) The interior finishes and features for the off-site Inclusionary Units shall be comparable to the base level interior finishes for the market-rate units, and the appliance packages in the off-site inclusionary Units shall be the same as the appliance packages provided in the base level Market Rate Units.

Section 17.140.080 Inclusionary Housing Plan

- (A) No Residential Development subject to this chapter shall be approved or deemed approved without approval of an Inclusionary Housing Plan as provided herein.
- (B) Submittal of Inclusionary Housing Plan: The applicant for a residential project subject to this chapter shall submit an Inclusionary Housing Plan in conjunction with its application for discretionary approvals required of the Town for the Residential Development, or if no discretionary approvals are required, in conjunction with the application for the first ministerial permit or approval required for the Residential Development. The Inclusionary Housing Plan shall be in a form as required by the Town and shall include the following information as applicable based on the applicant's method of compliance with this chapter:
- (1) Whether the Residential Development is For-sale or Rental;
 - (2) How the inclusionary housing requirement will be satisfied pursuant to this chapter;
 - (3) The number, unit type, tenure, number of bedrooms, approximate location, size and design, construction and completion schedule of all Inclusionary Units;
 - (4) For off-site development of Inclusionary Units, such information as is required to demonstrate compliance with section 17.140.070;

- (5) Phasing of Inclusionary Units in relation to Market Rate Units;
 - (6) The amount of In-lieu Fees to be paid by applicant, if applicable.
 - (7) Provide a plan for collecting sufficient reserves for the ongoing repair and maintenance of below-market rate units which shall not compromise the affordability of the below-market rate units.
 - (8) Any other information reasonably requested by the Town Manager to assist with evaluation of the plan under the requirements of this ordinance.
 - (9) Acknowledgement that an instrument as specified by the Town restricting the Inclusionary Unit(s) as affordable shall be recorded against every Inclusionary Unit and that a recordable Affordable Housing Agreement shall be entered into by the applicant and any other necessary party, and/or that all required In-lieu Fees shall be paid at the time set forth in this chapter.
- (C) Approval of Inclusionary Housing Plan.
- (1) In the event that the Residential Development requires discretionary approvals in order to be developed, the Inclusionary Housing Plan shall be considered with the application for such inclusionary approvals by the entity responsible for reviewing such discretionary approvals and may be appealed in accordance with the appeals procedures established for such approvals.
 - (2) In the event that the Residential Development does not require discretionary approvals in order to be developed, the Inclusionary Housing Plan shall be considered by the Town Manager and shall be approved prior to the issuance of any ministerial permits required for the Residential Development. The Town Manager's decision is final unless a written appeal is filed with the Town Clerk's office within ten days from the date of issuance of the Town Manager's decision under this title. The Town Council's decision on appeal shall be final.
 - (3) Notwithstanding the foregoing, in the event the applicant desires to comply with this chapter by means of a method that specifically requires Town Council approval pursuant to this title, the Inclusionary Housing Plan shall be considered by the Town Council either prior to or concurrently with consideration by the required decision-making body for the approvals required for the Residential Development.
- (D) The forms of the Affordable Housing Agreement and any related declarations, resale restrictions, deeds of trust, and other documents authorized by this chapter shall be in a general form as prescribed by the Town and shall be approved by the Town Manager and approved as to form by the Town Attorney prior to being executed with respect to any Residential Development subject to this chapter.
- (E) Recording of Affordable Housing Agreements.
- (1) An Affordable Housing Agreement in a form approved by the Town shall be recorded against Inclusionary Units or the Residential Development in its

entirety, as deemed appropriate by the Town Manager in consultation with the Town Attorney, prior to the issuance of any building permit for the Residential Development. The Affordable Housing Agreement shall ensure that the applicant develops the required Inclusionary Housing Units and complies with all other terms of the approved Inclusionary Housing Plan and this chapter.

- (2) Resale restrictions, deeds of trust, and/or other documents as deemed necessary or appropriate by the Town Manager shall be recorded against For-Sale Inclusionary Units to ensure the continued affordability of the For-Sale Inclusionary Units in compliance with this chapter.
- (F) Building permits: The Town shall not issue a building permit for a Residential Development subject to the requirements of this chapter without an Affordable Housing Agreement executed by the owner, the applicant (if not the owner) and the Town Manager, and approved as to form by the Town Attorney, and recorded against the property, or payment of In-lieu Fees in accordance with this chapter.

17.140.090. Requirements for For-Sale Inclusionary Units:

- (A) Initial sales price and resale. The initial sales price and resale price of the For-sale Inclusionary Unit will be at an Affordable Sales Price that will ensure that the purchaser of the Inclusionary Unit will pay an Affordable Housing Cost for the unit. The Town shall, from time to time, set a benchmark mortgage interest rate and an assumed home buyer down payment amount to be used to calculate the Affordable Sales Price. The Town Manager may establish and adjust such benchmark mortgage interest rates, establish an assumed home buyer down payment amount, along with a range of allowable home buyer down payments pursuant to the delegated authority set forth in section 17.140.160. Such standards shall be in writing and available to the public upon request.
- (B) Transfer. A resale restriction agreement will be entered into on each change of ownership of For-sale Inclusionary Units, to maintain the household income restriction on the Inclusionary Unit prior to the expiration of the affordability period established pursuant to section 17.140.050.
- (C) Owner occupancy required: All for-sale Inclusionary Units are subject to the following regulations:
 - (1) Principal residence. The purchaser of the Inclusionary Unit shall use and occupy the Inclusionary Unit as purchaser's principal place of residence.
 - (2) No rental. Owner is expressly prohibited from leasing or renting the Inclusionary Unit unless the Town has given its prior written consent to such lease or rental on the basis of a demonstrated hardship by the owner.
 - (3) Annual report. The Town from time to time may require certification of continuing occupancy of the Inclusionary Unit by owner, which shall be verified by owner to the reasonable satisfaction of the Town by means of a written report by owner to the Town setting forth the income and family

size of the occupants of the Inclusionary Unit. Such report shall be submitted to the Town annually. Owner shall not be deemed to be in default of the affordable agreement and this program for any failure to deliver such annual report until 30 days after receipt by owner of written notice from the Town requesting such report. The Town shall have the option of establishing the type of form to be used for the report.

17.140.100 Occupancy of Rental Units.

- (A) Occupancy of Rental Units: Unless determined otherwise by the Town Council, all rental Inclusionary Units required by this chapter shall be only rented to households in the appropriate income category for the Inclusionary Units.
- (B) Use and occupancy of rental Inclusionary Units: The applicant shall designate and offer rental Inclusionary Units for rent to households in the appropriate income category, based on the approved Inclusionary Housing Plan.
- (C) Establishment of rental rates: The maximum allowable rent of Inclusionary Units will be the Affordable Rent as defined herein, based on the applicable income levels for the Inclusionary Units, and shall be confirmed by the Town on an annual basis.
- (D) Annual report: The owner shall submit an annual report summarizing the occupancy of each Rental Inclusionary Unit for the year. The Town may require additional information if deemed necessary. The owner shall obtain and review documents that demonstrate the prospective renter's total income, such as income tax returns or W-2s for the previous calendar year, and submit such information on a form approved by the Town.

17.140.110 Affordable Housing In-Lieu Fees

- (A) Affordable Housing In-Lieu Fees are hereby established for residential development projects and mixed use projects with a residential component. The amount of said fees shall be established by Town Council Resolution, as may be amended from time to time. The amount of fees shall not exceed the cost of mitigating the impact residential development projects on the need for affordable housing in the Town of Fairfax.
- (B) All such fees shall be deposited in the Affordable Housing Fund described in section 17.140.130 herein.
- (C) Payment of fees shall be due prior to the issuance of the first building permit for the project. Fees shall be calculated based on the fee schedule in effect at the time the building permit is issued, unless State law specifies that the Town shall use a fee schedule in effect at an earlier date.

17.140.120 Commercial/Nonresidential Linkage Fees.

- (A) Affordable Housing commercial/nonresidential linkage fees (fees) are hereby established for commercial/nonresidential development projects. The amount of said fees shall be established by Town Council Resolution, as may be amended

from time to time. The amount of fees shall not exceed the cost of mitigating the impact of commercial/nonresidential development projects on the need for affordable housing in the Town of Fairfax.

- (B) All such fees shall be deposited in the Affordable Housing Fund described in section 17.140.110 herein.
- (C) Payment of fees shall be due prior to the issuance of the first building permit for the project. Fees shall be calculated based on the fee schedule in effect at the time the building permit is issued, unless State law specifies that the Town shall use a fee schedule in effect at an earlier date.
- (D) Exemptions. The following commercial development projects are exempt from the provisions of this section:
 - (1) Projects adding less than five thousand square feet of net new square footage.
 - (2) Town buildings and facilities and those public facilities entitled to an exemption under law.
 - (3) Projects that have established a vested right not to be subject to this section.
 - (4) The Town Council waives the commercial/nonresidential linkage fee pursuant to section 17.140.130.

17.140.130 Affordable Housing Fund. An Affordable Housing Fund is hereby established to receive all housing impact and other applicable fees and funds.

- (A) All applicable affordable Housing In-Lieu Fees and nonresidential/commercial linkage fees collected shall be deposited into the Affordable Housing Fund. The monies deposited in the Affordable Housing Fund, with any interest earned, shall be used solely to increase and improve the supply of housing affordable to moderate, low, and very low-income households, consistent with the goals and policies contained in the Town's Housing Element and affordable housing requirements and policies.
- (B) The Affordable Housing Fund shall be administered by the Planning Director who may develop procedures to implement said fund consistent with the requirements of this chapter and subject to any adopted budget of the Town and generally acceptable accounting and procurement processes.

17.140.140 Waiver of affordable housing requirements or Commercial/Non-residential Linkage Fees

- (A) Request for waivers of affordable housing requirements or Commercial/Nonresidential Linkage Fees shall be made concurrent with application submittal. As part of an application for the first approval of a residential or commercial development, a builder may request that the requirements of this chapter be reduced, adjusted, or waived based upon a showing that applying the requirements of this chapter would result in an unconstitutional taking of property or would result in any other unconstitutional

result. The applicant shall set forth in detail the factual and legal basis for the claim, including all supporting technical documentation, and shall bear the burden of presenting the requisite evidence to demonstrate the alleged unconstitutional result.

- (B) The Town Council, based upon legal advice provided by or at the behest of the Town Attorney, may approve a reduction, adjustment, or waiver of the affordable housing requirement or Commercial/Nonresidential Linkage Fee if the Town Council determines that applying the requirements of this chapter would effectuate an unconstitutional taking of property or otherwise have an unconstitutional application to the property. The reduction, adjustment, or waiver may be approved only to the extent necessary to avoid an unconstitutional result after adoption of written findings, based on legal analysis and the evidence. If a reduction, adjustment, or waiver is granted, any change in the residential development or commercial and/or nonresidential project shall invalidate the reduction, adjustment, or waiver, and a new application shall be required for a reduction, adjustment, or waiver.

17.140.150 Enforcement.

- (A) The Town Attorney is authorized to enforce the provisions of this chapter and all affordable housing agreements, resale restrictions, deed of trust, and other requirements placed on Inclusionary Units by civil action and any other proceeding or method permitted by law. The Town Attorney may, at its discretion, take such enforcement action as is authorized under this code, as well as any other action authorized by law or by any regulatory document, restriction, or agreement executed under this chapter.
- (B) It shall be unlawful, a public nuisance, and a misdemeanor for any person/entity to sell or rent an affordable unit at a price or rent exceeding the maximum allowed under this chapter and implementing regulations, or to a household not qualified hereunder. Such person/entity shall be subject to a fine of five hundred dollars (\$500) per month plus restitution of the amount charged that exceeded the maximum allowed under this chapter from the date of original noncompliance until the affordable unit is in compliance with this chapter and implementing regulations. Fine monies collected that exceed the cost of enforcement shall be deposited into the Affordable Housing Fund.
- (C) The remedies provided herein nonexclusive and cumulative and shall not preclude the Town from any other remedy or relief to which it is entitled under law or equity.

17.140.160 Administration.

- (A) The Town Manager is hereby given authority to initiate any administrative procedures or implementation guidelines as may be necessary to implement and carry out the purpose and intent of this chapter. Further, the Town Manager may, in the implementation of this program, develop application forms and submittal requirements reasonably related to the implementation of this chapter.

- (B) Forms or materials needed for implementation of this chapter may be introduced and utilized by the Town as the Town Manager deems may be necessary or desirable. All form changes or administrative procedures initiated by the Town Manager, and all administrative determinations or exercises of delegated authority by the Town Manager, shall be carried out in a manner consistent with, and reasonably related to, the purposes and intent of this chapter, the housing element and all other elements of the Town's General Plan, and the furtherance of state and local housing policies and goals, while respecting at all times the rights of property owners and applicants.
- (C) The Town Council may adopt and may amend from time to time by Resolution, implementing Affordable Housing Requirements and Program Regulations consistent with the provisions of this chapter and the Housing Element for the purpose of carrying out the administration of this chapter. A copy of the Affordable Housing Requirements and Program Regulations adopted by the Town Council shall be on file with the Town Clerk's Office and made available for public examination and posted on the Town's website. The Affordable Housing Requirements and Program Regulations shall set forth affordable housing requirements, affordable Housing In-Lieu Fee requirements, and Commercial/Nonresidential Linkage Fee requirements. The Planning Director or designee is responsible for administering this chapter. As part of this administration, the Director may perform the following tasks including, but not limited to: interpret the provisions of this chapter and the Affordable Housing Requirements and Program Regulation and establish operational and procedural requirements such as tenant eligibility, application processes, waitlist management, and income verification requirements.

SECTION 4: Severability. The Town Council hereby declares every section, paragraph, sentence, clause, and phrase is severable. If any section, paragraph, sentence, clause or phrase of these ordinance amendments are for any reason found to be invalid or unconstitutional, such invalidity, or unconstitutionality shall not affect the validity or constitutionality of the remaining sections, paragraphs, sentences, clauses or phrases.

SECTION 5: Effective Date. This Ordinance Amendment shall go into effect thirty (30) days from its adoption. Prior to the expiration of fifteen (15) days of adoption, this Ordinance pursuant to Government Code section 36933 shall, within fifteen days after its passage and adoption, be posted in three public places in the Town of Fairfax, to wit: 1. Bulletin Board, Town Hall Offices; 2. Bulletin Board, Fairfax Post Office; and 3. Bulletin Board, Fairfax Women's Club Building, located at 46 Park Road.

The foregoing Ordinance was introduced at a regular meeting of the Town Council on the ___ day of _____, 2023, and duly adopted at the next regular meeting of the Town Council on the ___ day of _____, 2023, by the following vote, to wit:

AYES:
NOES:
ABSENT:
ABSTAIN:

Approved:

Chance Cutrano, Mayor

Attest:

Michele Gardner, Town Clerk

Date

RESOLUTION NO. _____

**RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF FAIRFAX ADOPTING
AFFORDABLE HOUSING REQUIREMENTS AND PROGRAM REGULATIONS**

WHEREAS, all communities in the State of California, including the Town of Fairfax, face a housing crisis that includes the lack of access to affordable housing, which has a direct negative impact on the public health, safety, and welfare of the residents of Fairfax; and

WHEREAS, inclusionary housing policies, and related affordable housing in-lieu and commercial/nonresidential linkage fees, are tools that help jurisdictions increase the supply of affordable housing units; and

WHEREAS, the provision of safe and stable housing for households at all income levels is in the public interest; and

WHEREAS, California Government Code section 65580 provides that the availability of housing is of vital Statewide importance and that local governments have a responsibility to use their powers to facilitate the development of housing and make adequate provision for the housing needs of all economic segments of the community; and

WHEREAS, the adoption of affordable housing requirements and program regulations, as well as affordable housing in-lieu fees and commercial/nonresidential linkage fees, is critical for the Town in reaching its RHNA housing requirements for very low, low, and moderate income households; and

WHEREAS, the Town of Fairfax was awarded funding pursuant to a State Grant established by California Senate Bill 2 (SB 2) for actions to increase housing, and a portion of this money was utilized in collaboration with other Marin jurisdictions to formulate affordable housing policies and supporting fee studies; and

WHEREAS, using the SB 2 funding, the Town of Fairfax collaborated with several Marin jurisdictions lead by Strategic Economics, Inc. and Vernazza Wolf Associates (Consultants) on the development of a common inclusionary housing policy; and

WHEREAS, Consultants also completed an In-Lieu Housing Fee Study and a Commercial Linkage Fee Study (Fee Study Reports), which studies support the adoption of said fees; and

WHEREAS, in furtherance of the Town's housing goals and consistent with the analysis set for in the "Inclusionary Program and In-Lieu Fee Study for Fairfax" dated February 10, 2023 and "Commercial Linkage Fee Study" dated February 18, 2023, the Town Council has adopted an Ordinance No. _____ adding Chapter 17.140 "Affordable Housing" to Title 17 "Zoning" of the Fairfax Municipal Code adding inclusionary housing

requirements and authorizing the Town Council to establish by Resolution, Affordable Housing Requirements and Program Regulations; and

WHEREAS, on July 20, 2023, the Planning Commission of the Town of Fairfax voted to recommend Town Council approval of the Affordable Housing Requirements and Program Regulations; and

WHEREAS, a duly and properly noticed public hearing regarding the Affordable Housing Requirements and Program Regulations was conducted by the Town Council on September 6, 2023.

NOW, THEREFORE, BE IT RESOLVED that the facts set forth in the recitals in this Resolution are true and correct and incorporated herein by reference. The recitals constitute findings in this matter and, together with the staff report, other written reports, oral staff presentation, public testimony, and other information contained in the record, are an adequate and appropriate evidentiary basis for the actions taken in this Resolution.

BE IT FURTHER RESOLVED that this Resolution is exempt from the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15061(b)(3) because it can be seen with certainty that there is no possibility that the Amendment will have a significant effect on the environment.

BE IT FURTHER RESOLVED that the Town Council hereby adopts the Affordable Housing Requirements and Program Regulations as set forth in Exhibit "A" attached hereto and incorporated herein by reference.

BE IT FURTHER RESOLVED that this the Town Clerk shall attest and certify to the passage and adoption of this Resolution which shall take effect thirty (30) days after the adoption of the Town Council Ordinance adopting adding Chapter 17.140 "Affordable Housing" to Title 17 "Zoning" of the Fairfax Municipal Code.

BE IT FURTHER RESOLVED If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Town Council declares that the Town Council would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

INTRODUCED AND ADOPTED AT A PUBLIC HEARING at a regular meeting of the Fairfax Town Council on _____ by the following vote:

AYES:
NOES:
ABSENT:

ABSTAIN:

APPROVED: _____
Chance Cutrano, Mayor

ATTEST: _____
Michele Gardner, Town Clerk

EXHIBIT "A"

Affordable Housing Requirements and Program Regulations

The following Affordable Housing Requirements and Program Regulations ("Regulations") are adopted pursuant to, and for the implementation of, Fairfax Municipal Code Chapter 17.140 "Affordable Housing". The purpose of these Regulations is to ensure that new residential development projects and commercial/non-residential development projects contribute to the attainment of affordable housing goals by the construction of affordable units, payment of in lieu fees, and/or alternative equivalent actions.

A. Definitions. The definitions in Fairfax Municipal Code Chapter 17.140 apply to these Regulations.

B. Maximum Rent and Sale Price.

- (1) The maximum rent charged for an affordable unit constructed pursuant to the Fairfax Municipal Code above shall be equal to 30% of the area median income (AMI) for the applicable unit-type as shown in Table A, adjusted for household size pursuant to California Department of Housing and Community Development (HCD) guidelines. Such maximum rent shall be inclusive of utility charges.
- (2) The maximum sales price for an affordable unit constructed pursuant to the requirements applicable to for-sale projects shall be equal to 35% of the area median income (AMI) for the applicable unit-type as shown in Table A, adjusted for household size pursuant to Marin Housing Authority (MHA) guidelines. The maximum sales price shall be consistent with other MHA guidelines provided that the maximum sales price permitted by this paragraph is not exceeded.

Table A: Target AMIs for Maximum Rent and Sales Prices.

Unit Type	Very Low	Low	Moderate	Above Moderate
Target AMI	50%	65%	100%	135%

D. Administration. On an annual basis, the Planning Director shall make available to the Town Council a report on the effectiveness of the affordable housing requirements set forth in Fairfax Municipal Code Chapter 17.140 and these Regulations. Measures of effectiveness include, but are not limited to, pending or proposed housing development projects; number of units affordable at various affordable income levels; amounts of affordable housing in-lieu fees and non-residential/commercial linkage fees that have been deposited into the affordable housing fund and any Town actions taken with said funds.

RESOLUTION NO. _____

**RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF FAIRFAX ADOPTING
AFFORDABLE HOUSING IN-LIEU FEES AND COMMERCIAL/NONRESIDENTIAL
LINKAGE FEES IN THE MASTER FEE SCHEDULE**

WHEREAS, all communities in the State of California, including the Town of Fairfax, face a housing crisis that includes the lack of access to affordable housing, which has a direct negative impact on the public health, safety, and welfare of the residents of Fairfax; and

WHEREAS, inclusionary housing policies, and related affordable housing in-lieu and commercial/nonresidential linkage fees, are tools that help jurisdictions increase the supply of affordable housing units; and

WHEREAS, the provision of safe and stable housing for households at all income levels is in the public interest; and

WHEREAS, California Government Code section 65580 provides that the availability of housing is of vital Statewide importance and that local governments have a responsibility to use their powers to facilitate the development of housing and make adequate provision for the housing needs of all economic segments of the community; and

WHEREAS, the adoption of affordable housing policies, including affordable housing in-lieu fees and commercial/nonresidential linkage fees, is critical for the Town in reaching its RHNA housing requirements for very low, low, and moderate income households; and

WHEREAS, the Town of Fairfax was awarded funding pursuant to a State Grant established by California Senate Bill 2 (SB 2) for actions to increase housing, and a portion of this money was utilized in collaboration with other Marin jurisdictions to formulate affordable housing policies and supporting fee studies; and

WHEREAS, using the SB 2 funding, the Town of Fairfax collaborated with several Marin jurisdictions lead by Strategic Economics, Inc. and Vernazza Wolf Associates (Consultants) on the development of a common affordable housing policy; and

WHEREAS, Consultants also completed an In-Lieu Housing Fee Study and a Commercial Linkage Fee Study (Fee Study Reports), which studies support the adoption of said fees; and

WHEREAS, in furtherance of the Town's housing goals and consistent with the analysis set for in the "Inclusionary Program and In-Lieu Fee Study for Fairfax" dated February 10, 2023 and "Commercial Linkage Fee Study" dated February 18, 2023, the Town Council has adopted an Ordinance No. _____ adding Chapter 17.140 "Affordable Housing" to Title 17 "Zoning" of the Fairfax Municipal Code adding inclusionary housing requirements and authorizing the Town Council to establish by Resolution, affordable

housing in-lieu fees and commercial/nonresidential linkage fees based on the Fee Study Reports (“Affordable Housing Ordinance”); and

WHEREAS, the Affordable Housing Ordinance provides in section 17.140.120 that the Town Council shall adopt the Affordable Housing In-Lieu Fees that would be paid by residential developers as an alternative means of compliance with the Town’s Affordable Housing Ordinance, and commercial/nonresidential linkage fees that would be paid by nonresidential developers to offset the impacts of the demand the new nonresidential development has on the demand for affordable housing.

WHEREAS, to ensure that the affordable housing in-lieu fees and the commercial/nonresidential linkage fees set forth in this Resolution do not exceed the actual affordable housing impacts attributable to the development projects on which the fees are imposed, the Town Council has received and considered the Fee Study Reports, entitled “Inclusionary Program and In-Lieu Fee Study for Fairfax” dated February 10, 2023 and “Commercial Linkage Fee Study” dated February 18, 2023 which demonstrate that said fees do not exceed the affordable housing impacts attributable to the development projects on which the fees are imposed; and

WHEREAS, at least ten (10) days prior to the date this Resolution is being heard, data was made available to the public indicating the amount of cost, or estimated cost, required to provide the affordable housing for which the fee is being levied and the revenue sources anticipated to provide the affordable housing, in accordance with Government Code section 66019; and

WHEREAS, notice of the hearing on the proposed fees was published twice in a newspaper of general circulation in the manner set forth in Government Code section 6062(a), in accordance with Government Code sections 66004 and 66018; and

WHEREAS, on July 20, 2023, the Planning Commission of the Town of Fairfax voted to recommend Town Council approval of the proposed Affordable Housing In-Lieu Fees and Commercial/Nonresidential Linkage Fees; and

WHEREAS, a duly and properly noticed public hearing regarding the Affordable Housing In-Lieu Fees and Commercial/Nonresidential Linkage Fees proposed in this Resolution was conducted by the Town Council on September 6, 2023.

NOW, THEREFORE, BE IT RESOLVED that the facts set forth in the recitals in this Resolution are true and correct and incorporated herein by reference. The recitals constitute findings in this matter and, together with the staff report, other written reports, oral staff presentation, public testimony, and other information contained in the record, are an adequate and appropriate evidentiary basis for the actions taken in this Resolution.

BE IT FURTHER RESOLVED that the Town Council of the Town of Fairfax hereby finds as follows with regard to the Affordable Housing In-Lieu Fees and the

Commercial/Nonresidential Linkage Fees to be adopted pursuant to Fairfax Municipal Code section 14.140.120:

A. The purpose of the affordable housing requirements and the Affordable Housing In-Lieu Fees and the Commercial/Nonresidential Linkage Fees are to ensure that the private sector, in addition to public sector, participates in the provision of affordable housing for current and future residents of the Town of Fairfax and ensure the long-term affordability of units and availability for income-eligible households in years to come.

B. The Affordable Housing In-Lieu Fees and the Commercial/Nonresidential Linkage Fees will be placed in the Town's Affordable Housing Fund established pursuant to Fairfax Municipal Code section 17.140.110 and be used exclusively to provide housing affordable to extremely low-income, very low-income, low-income, and moderate-income households in the Town of Fairfax leveraging funds, and administration and compliance monitoring of the Affordable Housing Program.

C. Every new residential development creates a further demand for affordable housing to the extent that such development offers market-rate-only housing. The affordable housing requirements and the affordable in-lieu fee are reasonably related to the mitigation of negative impacts upon the Town's affordable housing supply.

D. The lack of affordable housing options in the Town has an impact upon a broad range of income groups, and no single housing program will be sufficient to meet the Town's housing need. Affordable housing ordinances applicable to new residential developments necessarily increase the supply of affordable housing (*Homebuilders Assoc. v. City of Napa* (2001) 90 Cal. App. 4th, 188, 196), and therefore there is a direct relationship between the affordable housing in-lieu fee and the Town's attainment of its affordable housing goals. Based on the information and analysis provided in the "Inclusionary Program and In-Lieu Fee Study for Fairfax" dated February 10, 2023, the Town Council hereby finds that the schedule of affordable Housing in-lieu fees adopted by this Resolution is reasonably related to the cost to develop affordable housing units in accordance with the Affordable Housing Ordinance.

BE IT FURTHER RESOLVED that this Resolution is exempt from the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15061(b)(3) because it can be seen with certainty that there is no possibility that the Amendment will have a significant effect on the environment.

BE IT FURTHER RESOLVED that the Town Council hereby adopts the Affordable Housing In-Lieu Fees as set forth in Exhibit "A" attached hereto and incorporated herein by reference; and the Commercial/Nonresidential Linkage Fees as set forth in Exhibit "B" attached hereto and incorporated herein by reference and directs that these fees be incorporated into the Town's Master Fee Schedule.

BE IT FURTHER RESOLVED that this the Town Clerk shall attest and certify to the passage and adoption of this Resolution which shall take effect thirty (30) days after the

adoption of the Town Council Ordinance adopting adding Chapter 17.140 "Affordable Housing" to Title 17 "Zoning" of the Fairfax Municipal Code.

BE IT FURTHER RESOLVED that each component of the fees and all portions of this Resolution are severable. Should any individual component of the fee or other provision of this Resolution be adjudicated to be invalid and unenforceable, the remaining provisions shall be and continue to be fully effective, and the fee shall be fully effective except as to that portion that has been judged to be invalid.

INTRODUCED AND ADOPTED AT A PUBLIC HEARING at a regular meeting of the Fairfax Town Council on _____ by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED: _____
Chance Cutrano, Mayor

ATTEST: _____
Michele Gardner, Town Clerk

EXHIBIT "A"

Fees for Residential Development Projects In Lieu of Provision of On-Site Affordable Units

The following fees apply to Rental Residential Development Projects in-lieu of the provision of on-site affordable inclusionary units.

A. Rental Residential Development. The in-lieu fee for the construction of one affordable Rental residential unit shall be \$362,817.

B. For-Sale Residential Development.

1. Single-Family Detached Subdivision. The in-lieu fee for the construction of one affordable unit shall be \$362,817. The amount of the in-lieu fee will be calculated based on the percentage of the fractional unit.

2. Condominium Town Homes. The in-lieu fee for the construction of one affordable Condominium Town Home unit shall be \$288,650.

C. Comments.

1. Application. Fee applies to residential components of mixed-use projects.

2. Annual Fee Adjustment. Fee amounts shall be adjusted annually by the Planning Director in accordance with the year over year increase or decrease in the California Construction Cost Index (CCCI) as measured from December to December. The first adjustment shall be made on January 1, 2024, and thereafter on January 1.

EXHIBIT "B"
**Affordable Housing Linkage Fee for Commercial/Nonresidential
Development Projects**

The following fees apply to Commercial/Nonresidential Development Projects in-lieu of the provision of on-site affordable inclusionary units.

Type of Project	Fee per Square Foot of Net New Gross Floor Area
Office	\$3
Retail/Restaurant	\$3 for over 2500 square feet
Hotel	\$3
Other	\$3

Comments.

1. Application. Fee applies to commercial/nonresidential components of mixed-use projects.
2. Annual Fee Adjustment. Fee amounts shall be adjusted annually by the Planning Director in accordance with the year over year increase or decrease in the California Construction Cost Index (CCCI) as measured from December to December. The first adjustment shall be made on January 1, 2024, and thereafter on January 1.



MEMORANDUM

To: Ben Berto, Town of Fairfax
From: Strategic Economics and Vernazza Wolfe Associates
Date: February 10, 2023
Project: Marin Inclusionary Study
Subject: Inclusionary Program and In-Lieu Fee Study for Fairfax

Purpose and Background

The County of Marin, Town of Fairfax, and five other jurisdictions within Marin County are collaborating on a regional effort to implement or update existing affordable housing policy tools, namely inclusionary zoning and commercial linkage fees. Some of the jurisdictions currently have inclusionary zoning and/or commercial linkage fee programs they intend to review and update as necessary, while others are establishing new programs. Together, the seven jurisdictions have retained Strategic Economics and Vernazza Wolfe Associates (the Consultant Team) to study and offer recommendations for both these policies.

This memo report provides an assessment of the existing inclusionary housing programs, summarizes best practices for setting inclusionary housing requirements, including on-site affordable units and fees in-lieu of providing affordable units on-site. The report provides an updated calculation of in-lieu fees for all the jurisdictions participating in this study. The maximum in-lieu fees were calculated for three different housing product types – single-family subdivisions, townhomes/condominiums, and rental apartments.

This report also includes an analysis of key policy considerations and recommendations to guide Fairfax’s decision-makers on potential changes to the inclusionary housing requirements and associated in-lieu fees.

The memo is organized into the following sections:

- I. Analysis of Existing Inclusionary Policies
- II. Best Practices for Inclusionary Policies
- III. Affordability Gap/In-lieu Fee Calculation
- IV. Policy Considerations and Recommendations

ATTACHMENT D

I. Analysis of Existing Inclusionary Policies

Some of the communities in Marin County have a relatively long history with inclusionary zoning. Of the seven jurisdictions participating in this study, five already have inclusionary policies, some of which have existed in some form since the 1980s. Sausalito adopted its policy in 2019, while the communities of San Anselmo and Fairfax have not yet adopted a policy. Concurrent to the preparation of this memo, San Rafael adopted a significantly modified inclusionary policy; both the current policy and the newly adopted versions are shown in Figures 1 and 2.

Inclusionary programs typically have a specific onsite requirement to designate a portion of the project for affordable units (see Figure 1 for a comparison of onsite requirements for the seven jurisdictions) as well as alternative means of compliance with the policy, such as the payment of in-lieu fees or land dedication (Figure 2). Below are some key observations of the policy elements across the jurisdictions:

- **All jurisdictions apply an inclusionary requirement to both rental and for-sale projects.** Fairfax and San Anselmo do not have existing inclusionary housing ordinances.
- **The policies for rental projects tend to target lower income households (very low- and low-income households) while the policies for for-sale projects tend to target a combination of low- and moderate-income households.** Exceptions to this include Corte Madera and San Rafael, which have identical affordability targets for both rental and for-sale projects, and Unincorporated Marin County, which has unusually low-income targets: 60 percent of area median income (AMI) for for-sale and 50 percent of AMI for rental developments.
- **The percentage affordable requirement ranges from ten percent to 25 percent.** Some jurisdictions require smaller percentages for smaller projects: Larkspur has a lower requirement for projects less than twenty units in size, while both San Rafael's current and newly adopted policies include a modified requirement for larger projects. Sausalito requires a higher percentage (with deeper affordability) for projects in commercial districts.
- **The inclusionary policies generally have a relatively low unit threshold.** The unit thresholds (minimum number of units in a project for the policy to be applicable) range from 1 or more units in Corte Madera to 5 or more units in Larkspur. The relatively low unit thresholds reflect the smaller multifamily and subdivision developments characteristic of Marin.
- **San Rafael recently modified its policy by relaxing the onsite inclusionary requirement, adding flexibility, and shifting the targeted income groups slightly higher.**
- **The jurisdictions take a mix of approaches to alternative means of compliance, but, overall, the alternatives are structured to encourage developers to build units onsite.** Jurisdictions either disallow the payment of in-lieu fees in all circumstances (Sausalito), or disallow them in some circumstances (Corte Madera, Larkspur, San Rafael), or allow the payment of in-lieu fees on fractional units (Larkspur, Unincorporated Marin County). Land dedication or the provision of offsite units is generally allowed under special circumstances.

FIGURE 1: ONSITE INCLUSIONARY REQUIREMENTS BY JURISDICTION

	Percentage Affordable by Project Size	Minimum Size Threshold	Affordability Target	
			Rental	For-Sale
Corte Madera	All projects: 25%	1 unit	5% Very Low-Income; 10% Low-Income; 10% Moderate-Income	
Sausalito				
Commercial Districts	1-5 units: 1 unit; 6+ units: 20%	1 unit	Low-income	Moderate-income
Other Areas	15%	4 units	Moderate-income	
Larkspur	5-19 units: 15% 20+ units: 20%	5 units	50% Very Low-Income; 50% Low-Income	50% Low-Income; 50% Moderate-Income
Unincorporated Marin County	2+ units or lots: 20%	2 units or lots	Very Low-Income (50% AMI)	Low-Income (60% AMI)
San Rafael				
Current Policy	2-10 units: 10% 11-20 units: 15% 21+ units: 20%	2 units	50% Very Low-Income; 50% Low-Income	50% Low-Income; 50% Moderate-Income
<i>New Policy (Approved by City Council 2/21/2021)</i>				
Primary Requirement	2-15 units: 10% 16+ units: 5%	2 units	Low-Income	
Secondary Requirement (in addition to the primary requirement for 16+ unit projects)	16+ units: Additional 5% or 10%	16 units	5% additional set-aside: Low-Income; 10% additional set-aside: Moderate-Income	
Fairfax			No Policy	
San Anselmo			No Policy	

Source: Staff from Jurisdictions, 2020; Strategic Economics, 2021.

FIGURE 2: INCLUSIONARY REQUIREMENT ALTERNATIVE MEANS OF COMPLIANCE BY JURISDICTION

Alternative Means of Compliance	
Corte Madera	1-9 unit projects can pay in lieu fee. 10+ unit projects must incorporate units on-site.
Sausalito	
Commercial Districts	Applicants can propose land dedication or off-site units if on-site units are not possible, though there is no in-lieu fee option.
Other Areas	Applicants can propose land dedication or off-site units if on-site units are not possible, though there is no in-lieu fee option.
Larkspur	Land donation, transfer of inclusionary credits, second dwelling units; In-lieu fee available for 5-14 unit projects and for fractional units (Rental: \$213,267, For-Sale: \$338,126).
Unincorporated Marin County	2+ unit projects and subdivisions: In-lieu fee available for fractional units (\$329,485 per unit).
San Rafael	
Former Policy	In-lieu fee for fractional units (\$343,969 per unit).
<i>New Policy (Approved by City Council 2/21/2021)</i>	
Primary Requirement	None (must be on-site)
Secondary Requirement	In-lieu fee, off-site units located within 1/2 mile of project, or land donation.
Fairfax	No Policy
San Anselmo	No Policy

EFFECTIVENESS OF INCLUSIONARY POLICIES

The Consultant Team surveyed the five participating jurisdictions that currently have policies, including questions about the units produced by their policy, the means of production, and fee revenues collected. The Team also held meetings with market-rate developers, affordable housing providers, and other stakeholders (see Appendix A) to gain their perspective regarding the policies.

To summarize the results of the inclusionary policies, the Consultant Team summarized the number of units produced and the revenues generated from 2016 to 2020, shown in Figure 3. To provide more context on housing product, a summary of allocated and permitted units in the 2015-2023 Regional Housing Needs Assessment (RHNA) cycle is shown in Figure 4. The effectiveness of the inclusionary policies as a tool for affordable housing production is discussed below.

The jurisdictions in this study produced 58 affordable units through their inclusionary programs over a five-year period. In the last five years, the five jurisdictions with inclusionary policies produced a total of 41 affordable rental units, 17 affordable for-sale units, and approximately \$4 million for affordable housing development. San Rafael constituted most of the activity, with all 41 rental units produced there, 13 for-sale units produced, and \$3.6 million generated from a single development, the 81-unit Village at Loch Lomond Marina project.¹

Inclusionary programs accounted for about 14 percent of affordable housing production in the seven participating jurisdictions. According to the RHNA progress report shown in Figure 4, the participating jurisdictions permitted a total 414 affordable units and 700 market-rate units from 2015 to 2020. This indicates that the majority of below-market rate housing development has been implemented through 100 percent affordable projects. The jurisdictions are on track to meet their market-rate (over 120% AMI) and low-income (80% AMI) housing allocations. However, they are less likely to meet the target for producing very-low income (50% AMI) and moderate-income (120%) units.

The inclusionary programs have not resulted in significant production of new affordable units in part because of the complexity of residential development in the county. Residential developers participating in this study cited many factors contributing to the complexity of housing development in Marin, including long and unpredictable approvals processes, opposition from some community members, lack of available sites, especially those that are zoned for multi-family housing, high land and construction costs, and inadequate or expensive infrastructure.

Inclusionary requirements can be a secondary factor impacting the viability of new development in Marin, mainly in instances where the requirement is poorly matched to market conditions. Market rate developers participating this study believed that new development projects can support inclusionary requirements for lower income households. However, some noted that the percentage requirement had been increased over time in many cities, without consideration of the relative market strengths of different locations in the county. For example, some jurisdictions have targeted very low-income households for for-sale projects, which requires a deeper subsidy than low- and moderate-income households.

The conversion of off-site units as an alternative means of compliance with the inclusionary requirement can fall short of the communities' goals for affordable housing. Allowing developers to convert existing units to deed-restricted affordable units can be problematic. First, unlike the

¹ The \$3.6 million generated from the Loch Lomond Marina project were not from in-lieu fees but rather a "buyout" of a portion of the BMR requirement.

construction of new units, the conversion of existing units fails to expand the overall supply of housing in the county, trading a market rate unit for one below market rate unit rather than expanding the overall supply. Second, converted units are often of lower quality than new units, and may come with hidden costs, such as additional maintenance costs.

In Marin County, the current inclusionary requirement appears to encourage developers to reduce the scale of projects to allow for the payment of in-lieu fees rather than providing on-site units. The County’s policy targets very low-income households: 50 percent of Area Median Income for rental developments and 60 percent for for-sale. These income targets are lower than other jurisdictions in the Bay Area. Projects with two units or more must provide units onsite, with the payment of in-lieu fees allowed only on fractional units. According to County staff, some development projects have reduced the scale of their projects to enable the payment of in-lieu fees rather than providing units on-site.

The variation in inclusionary requirements from jurisdiction to jurisdiction can create confusion and unnecessary complexity for developers. Because each jurisdiction in Marin County has set its inclusionary requirements in an uncoordinated way, the finer details of the many different policies can be difficult for developers to navigate. A more standardized approach that is closely tied to market conditions, rather than jurisdictional boundaries, would help to rationalize the process for developers.

FIGURE 3: AFFORDABLE UNITS PRODUCED AND FEE REVENUES COLLECTED, BY JURISDICTION, 2016-2020.

Jurisdiction	Rental Units	For-sale Units	Fee Revenues
Corte Madera	0	3	\$379,478
Fairfax ^[a]	n/a	n/a	n/a
Larkspur	0	0	0
Unincorporated Marin County	0	1 ^[d]	\$213,603
San Anselmo ^[b]	n/a	n/a	n/a
San Rafael	41	13	\$3,600,000 ^[e]
Sausalito ^[c]	0	0	0
Total	41	17	\$4,193,081

^[a] Fairfax does not currently have an inclusionary program.

^[b] San Anselmo does not currently have an inclusionary program.

^[c] Sausalito adopted an inclusionary program in 2019.

^[d] Produced through a shared agreement with Mill Valley.

^[e] Revenues collected from a buy-out of six Below Market Rate units.

Source: Reported by each jurisdiction, 2016-2020.

FIGURE 4. RHNA FIFTH CYCLE ALLOCATION AND PERMITTED UNITS BY AFFORDABILITY LEVEL ACROSS JURISDICTIONS, AS OF 2020

	Corte Madera	Fairfax	Larkspur	San Anselmo	San Rafael	Sausalito	Unincorporated Marin County	Total
Very Low Income (50% AMI)								
RHNA	22	16	40	33	240	26	55	432
Permitted Units	16	13	6	15	5	12	26	93
% Complete	73%	81%	15%	45%	2%	46%	47%	22%
Low Income (80% AMI)								
RHNA	13	11	20	17	148	14	32	255
Permitted Units	13	60	11	21	79	20	27	231
% Complete	100%	545%	55%	124%	53%	143%	84%	91%
Moderate Income (120% AMI)								
RHNA	13	11	21	19	181	16	37	298
Permitted Units	8	4	9	23	12	6	28	90
% Complete	62%	36%	43%	121%	7%	38%	76%	30%
Market-Rate (>120% AMI)								
RHNA	24	23	51	37	438	23	61	657
Permitted Units	179	10	90	39	201	7	174	700
% Complete	746%	43%	176%	105%	46%	30%	285%	107%
Permitted Units Summary								
Total Affordable Units (<120% AMI)	37	77	26	59	96	38	81	414
Total Market Rate Units (>120% AMI)	179	10	90	39	201	7	174	700
Affordable Units as Share of Total	17%	89%	22%	60%	32%	84%	32%	37%

Source: HCD, 2020; Strategic Economics, 2021.

II. Best Practices for Inclusionary Policies

This section provides a discussion of key policy issues for jurisdictions to consider as they introduce a new inclusionary program or modify an existing program, and provides recommendations based on best practices. To identify best practices, the Consultant Team reviewed reports from the UC Berkeley Turner Center for Housing Innovation, Grounded Solutions Network, and the Lincoln Institute of Land Policy. To guide the recommendations for best practices, the Consultant Team first designated market area zones. Following that, the policy elements discussed in this section include:

- Considering market factors when setting inclusionary requirements
- The income groups targeted in inclusionary requirements
- The minimum applicable development size
- Setting in-lieu fees as an alternative to on-site or off-site units, and
- Other alternative means of compliance.

MARKET CONDITIONS

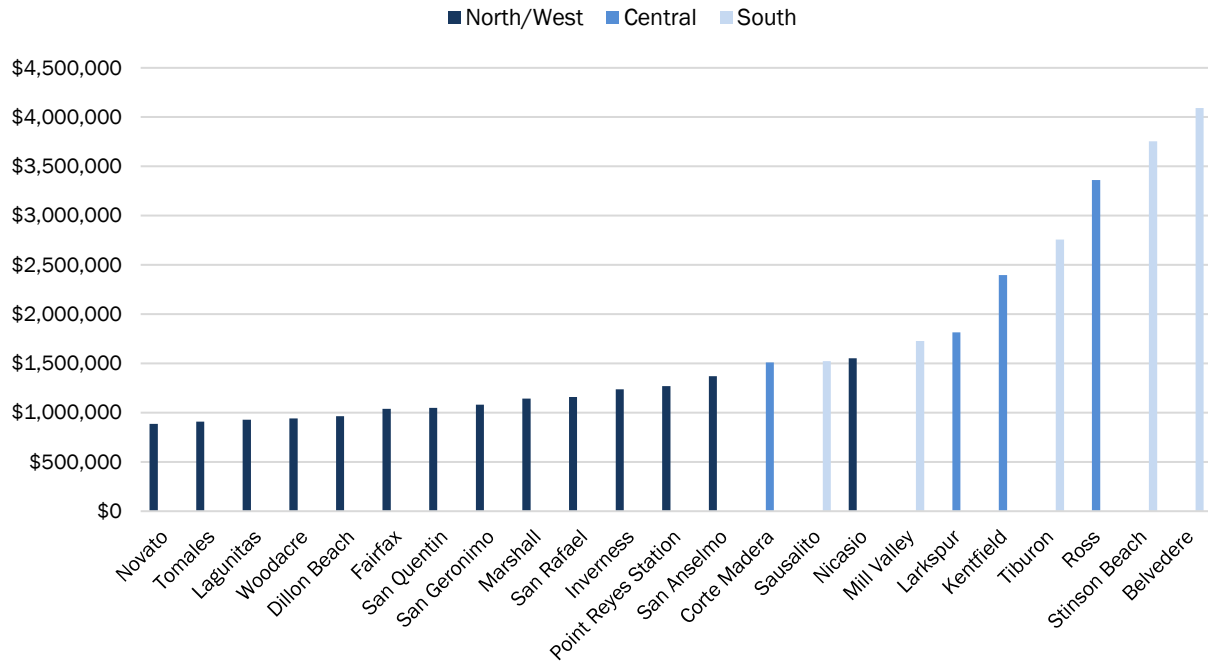
It is important to consider market conditions when setting an inclusionary housing requirement to ensure that the policy can be tailored to the unique context of each jurisdiction, and that the policy does not constrain the development of new housing. Jurisdictions that have stronger housing markets can establish higher inclusionary requirements than those with less established or weaker markets.

Based on Zillow home sale data and interviews with residential developers with experience working in Marin County (see Appendix A), the Consultant Team identified three market areas for for-sale housing across the participating jurisdictions in the County. Figures 5 and 6 show Zillow home value indices for both overall home sales and condominium sales.

As shown in Figure 5, home values are highest in South Marin, which offer the best access to San Francisco via the Golden Gate Bridge and ferries. Home values are slightly lower in Central Marin, and drop in North/ West Marin areas, which are comparatively less accessible.

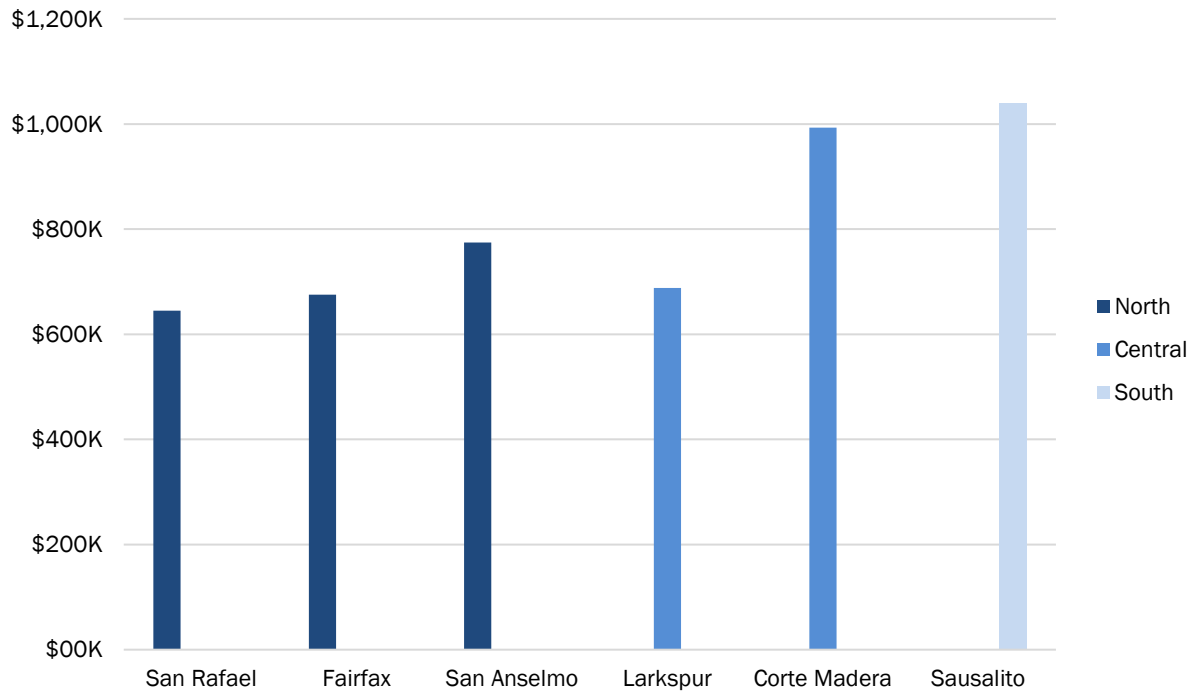
The market for rental housing is different from for-sale housing in Marin County. The rental housing market is strongest in the more urbanized areas that offer access to transportation infrastructure, jobs, and amenities. Most of the recent market-rate rental development activity has occurred in urban San Rafael. Tam Ridge is another significant rental project which was completed in Corte Madera in 2017.

FIGURE 5: ZILLOW HOME VALUE INDEX FOR MARIN COMMUNITIES



Source: Zillow, 2020; Strategic Economics, 2021.

FIGURE 6: ZILLOW HOME VALUE INDEX FOR CONDO/COOPS IN MARIN COMMUNITIES



Source: Zillow, 2020; Strategic Economics, 2021.

PERCENTAGE REQUIREMENTS

Figure 7 and Figure 8 illustrate the income targets and percentage requirements for the jurisdictions that currently have inclusionary programs. Figure 7 plots the current onsite requirements for rental units, with the percent set-aside on the x-axis and average Area Median Income² targeted by the policy on the y-axis. Figure 8 shows the same information for for-sale units. Policies that appear toward the lower right of the plots have a higher percentage requirement and deeper affordability, while those toward the upper left have a relatively lower percentage requirement and less affordability.

Five of the seven participating jurisdictions already have inclusionary policies in place requiring affordable units onsite. The percentage of units varies by jurisdiction, ranging from 10 percent (San Rafael) to 25 percent (Corte Madera). Most of the jurisdictions have similar percentage requirements for for-sale and rental development, but the income targeted is typically lower for rental than for for-sale housing.

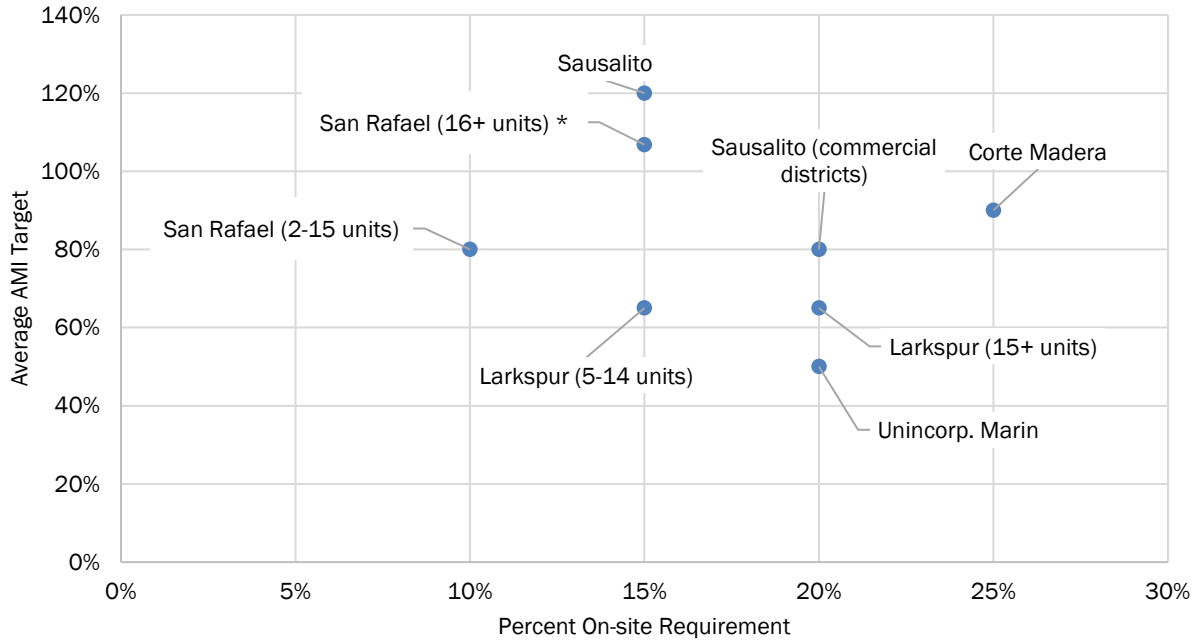
The percentage of affordable housing required in a project should be set at an economically feasible level so that the inclusionary requirement does not create an impediment to housing development.³ According to market-rate housing developers, the market context for inclusionary requirements is particularly important in Marin. Development projects in the southern and central portions of the county, such as Corte Madera, Larkspur, Sausalito and parts of Unincorporated Marin, can more feasibly accommodate a higher percentage of inclusionary and/or a deeper level of affordability, compared to communities located in northern and western portions of the county.

Setting a high inclusionary requirement could be prohibitive for new rental projects in Marin County. San Rafael recently relaxed its inclusionary requirement to encourage new development, despite being the most active rental market in the county. Because rental developments tend to serve a lower income market segment than for-sale developments, the inclusionary requirement for rentals is sometimes slightly lower than that for for-sale developments. Local jurisdictions can make up that gap by providing zoning incentives to reduce development costs for rental projects.

² For example, San Rafael requires at least 50 percent of its BMR units to be targeted to very low-income households (maximum income: 50 percent of AMI) and the remainder to be targeted to low-income households (maximum income: 80 percent of AMI). Therefore, the average AMI target for San Rafael is $.50 \times .50 + .50 \times .80 = 65$ percent of AMI.

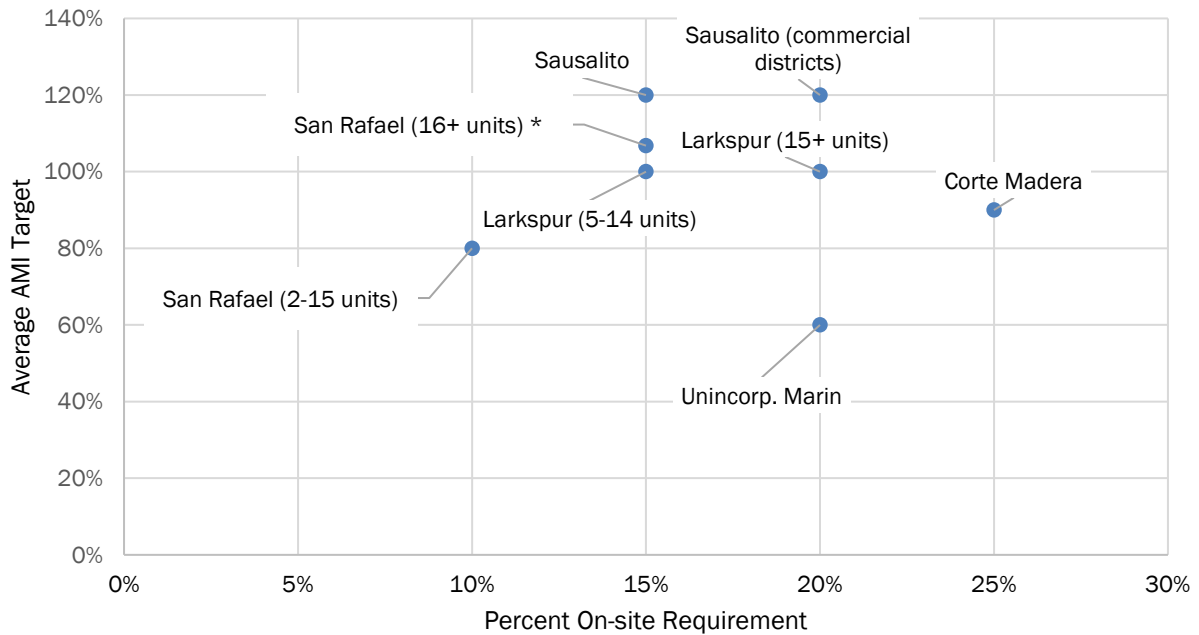
³ AB1505, also known as the “Palmer Fix” permits California Department of Housing and Community Development (HCD) to review inclusionary zoning ordinances adopted or amended after September 15, 2017 if it requires more than 15% of the units to be affordable to lower income households and if the locality has failed to meet 75% of its share of the above moderate RHNA. HCD can request localities to provide an “economic feasibility study” to demonstrate that the higher inclusionary requirement will not impede development activity.

FIGURE 7: AVERAGE AMI TARGETS AND PERCENT ONSITE REQUIREMENT FOR RENTAL DEVELOPMENTS



* Assumes the developer selects the 10% / moderate-income option for the secondary requirement.
 Source: Participating jurisdictions, 2020; Strategic Economics, 2021.

FIGURE 8: AVERAGE AMI TARGETS AND PERCENT SET-ASIDE FOR FOR-SALE DEVELOPMENTS



* Assumes the developer selects the 10% / moderate-income option for the secondary requirement.
 Source: Participating jurisdictions, 2020; Strategic Economics, 2021.

INCOME TARGETS

There is a wide range in the income targets for inclusionary programs among the participating jurisdictions, as shown in Figures 7 and 8. It is common practice for jurisdictions to target lower-income households for renter housing than for ownership housing. This is because it is generally easier for low- and moderate-income households to meet typical lending requirements.

Larkspur, Sausalito, and Unincorporated Marin County target lower-income households for rental units compared to for-sale units. San Rafael and Corte Madera target moderate-income for both rental and for-sale housing.

RENTAL

The income targets for rental units among the jurisdictions vary widely (Figure 7). Unincorporated Marin targets very low-income households, while Larkspur targets a mix of very low- and low-income households. The other jurisdictions have higher income targets overall, including targeting to some moderate-income households.

Currently, the most active rental market in Marin is San Rafael, which, of the jurisdictions in this study, produced the only affordable rental units in the last five years (Figure 3). These units were produced under the city's previous policy, which targeted low- and very low-income households. San Rafael has relaxed this requirement with its new ordinance, which is designed to further promote new development. Among other changes, the new ordinance eliminates targeting for very low-income households.

FOR-SALE

In comparison to rentals, the income targets for for-sale development are overall more uniform across jurisdictions. The targeted income groups tend to consist of a mix of low- and moderate-income households.

The exception to this pattern is Unincorporated Marin County, which requires a significantly deeper level of affordability (60 percent of AMI) on for-sale projects. This policy can pose a challenge in two ways. First, it can make the County uncompetitive for development with its neighbors. Further, the lower-than-average income targets in Marin County's policy was identified by developers as being a financial burden on projects such that many do not pencil. As mentioned in Section I, County staff reports that developers tend to reduce the size of their projects in order to build fewer onsite BMR units than otherwise would have been required, preferring to pay the in-lieu fee on fractional units to the greatest extent possible.

UNIT THRESHOLDS

One important element of an inclusionary policy is the minimum size of development (the threshold number of dwelling units) for which the policy will apply. Because smaller scale projects are often more complex and less efficient than larger projects, many inclusionary programs around the country have exemptions or lower requirements on small projects. According to Grounded Solutions Network, California jurisdictions typically set the minimum threshold for an inclusionary requirement at between

two to five units.⁴ This is consistent with the policies of the jurisdictions in this study, where the minimum threshold ranges between one unit and five units.

Because a significant share of new development projects in Marin County's jurisdictions are quite small, it is important that all projects be required to provide affordable units. However, for smaller projects that have more challenging development feasibility, the percentage set-aside required could be lower, or the income group targeted could be set higher. In San Rafael projects with 5 to 15 units have a set-aside requirement of 10 percent, compared to 15 percent for larger projects. Similarly, Larkspur's ordinance requires 15 percent affordable units for projects with less than 15 units, compared to 20 percent for larger projects. San Francisco has a lower percentage requirement on projects between 10 to 24 units of 12 percent, compared to approximately 21 percent for larger projects.

SETTING IN-LIEU FEES

A jurisdiction's approach to setting in-lieu fees should consider a number of factors. The first consideration is to compare the in-lieu fee option with the provision of onsite units – which of these options does the jurisdiction wish to encourage? In many California communities, collecting in-lieu fees and leveraging funding from other sources can allow them to build 100 percent affordable housing projects for extremely-low, very-low, and low-income households. However, this approach requires administrative capacity on behalf of city and county staff, capacity from local affordable housing developers, and access to other funding sources. It can also take a significant amount of time to acquire sites and secure funding to build 100 percent affordable projects.

For many of the above reasons, most of the jurisdictions participating in this study would prefer to incentivize on-site production rather than off-site units. Inclusionary housing is an important tool to promote mixed-income housing and to help correct historical patterns of economic and racial segregation. Setting the in-lieu fee at the maximum level can encourage more developers to provide units onsite. When the in-lieu fee option is available, developers are more likely to pay the fee when constructing high value or luxury units, because the revenue sacrificed from building units onsite is higher. (The potential value of luxury units is high, which means the developer must forgo more revenue for each unit that is designated affordable.)

Another consideration for in-lieu fees is the basis of the fee. Is the fee charged on the basis of dwelling units or square feet of residential area? While communities in Marin generally charge on a per unit basis, charging on the fee on a per-square-foot basis can encourage the development of smaller units, like studios and one-bedrooms. As an example, San Francisco's affordable housing in-lieu fee is charged on a per-square-foot basis.

It is recommended that fees be implemented with a schedule for annual adjustments. As economic factors, such as construction costs, change over time, the affordability gap will also change. Fees should be adjusted based on a regularly published cost index.

Further considerations for setting in-lieu fees on the basis of the affordability gap analysis are examined in Section IV.

⁴ Jacobus, Rick. "Inclusionary Housing: Creating and Maintaining Equitable Communities," Lincoln Institute of Land Policy, 2015.

ALTERNATIVE MEANS OF COMPLIANCE

Because circumstances surrounding each project are different, it is important for an inclusionary program to provide alternative ways of meeting the inclusionary requirement other than with the provision of onsite units. Marin County has successfully used alternative means to produce new affordable units and raise revenue for housing; these alternative means include the provision of offsite units, land dedication, and partnerships with affordable housing developers. The option to construct units offsite is typically met with a higher percentage than what would be required onsite.

Market rate developers stress that flexibility in the inclusionary policy is a key determinant of the production of new housing. For some projects, the dedication of land to a jurisdiction or an affordable developer can result in the construction of a greater number of units for lower income households than the provision of on-site inclusionary units.

As mentioned in Section I, some developers may propose to fulfill an inclusionary requirement, not through the construction of new units offsite, but through the conversion of offsite market rate units to deed-restricted affordable units. However, this approach has some disadvantages. First, it does not result in net new housing units. Second, the off-site unit does not create a mixed-income development project. Finally, the conversion of units can sometimes result in affordable housing units that are of lower quality than new construction. If the off-site provision of units is offered as a means of compliance, it is important for the jurisdiction to ensure that the offsite units are of equivalent quality and within close proximity to the market-rate development project. Other best practices are to require that the value of the off-site contribution is equivalent or greater than the value of the in-lieu fees.

BEST PRACTICES FOR SMALL LOT SUBDIVISIONS

Recent state legislation (AB 1315 [2019-2020]) sets forth rules for small lot subdivisions to encourage affordable housing in areas zoned for multifamily development. The law allows developers to subdivide parcels into smaller lots for the construction of small, individual units with limited parking. For the purposes of applying an inclusionary policy, it is advisable to treat a small lot subdivision as if it were a new construction project of the same number of units.

As there may be a significant period of time between the subdivision and when new construction occurs, jurisdictions should clarify for developers the point in time when the inclusionary policy is applied and, for example, any applicable in-lieu fees are paid. Ordinarily, it is the developer entitling the construction of the residential units, and not the developer performing the land division, who will be responsible for fulfilling whatever inclusionary policy is in effect at that time and paying any applicable fees.

III. Calculation of In-Lieu Fee

Inclusionary zoning requires that new developments provide affordable housing along with market-rate housing units, either on-site or off-site, or comply with alternative measures such as payment of fees “in-lieu” of providing affordable units. The in-lieu fee is calculated based on the housing affordability gap – the difference between what households at various income levels can pay for housing and the cost of developing market rate housing. If this is for-sale housing, then the gap is based on the difference between annual mortgage costs and affordable monthly housing payments, and for rental housing, it is the difference between market rate rents and affordable rents. Once the total gap is calculated, the actual fee that is adopted depends on financial feasibility of the costs of the fee on prototypical residential developments.

For the purposes of this study, the in-lieu fees were calculated for Marin County and participating jurisdictions for three development types:

- For-sale single-family subdivisions
- For-sale condominium townhomes
- Rental apartments

While the study presents the total affordability gap, the actual fee that is adopted in each jurisdiction depends on policy considerations, which are outlined in Section IV of this report.

METHODOLOGY

The affordability gap is defined as the difference between what very low-, low- and moderate-income households can afford to pay for housing and the cost of developing new housing. Because it measures this shortfall that must be made up by a developer offering Below Market Rate units, the affordability gap is useful for setting in-lieu fees as an alternative to producing units directly through the inclusionary program.

The following steps illustrate the methodology used for calculating the affordability gap:

1. Estimate affordable rents and housing prices for households in target groups;
2. Estimate development costs of building new housing units, based on current cost and market data;
3. Calculate the difference between what renters and homeowners can afford to pay for housing, and the cost of developing those rental and for-sale units

Because California Department of Housing and Community Development (HCD) and the U.S. Department of Housing and Urban Development (HUD) define the ability to pay for housing at the county level, the affordability gap is calculated on the same income categories for the entire county. The calculated in-lieu fees are valid for all of the jurisdictions participating in this study.

RESIDENTIAL PROTOTYPES

The Consultant Team established three housing prototypes that represent the types of development likely to occur in Marin County. The prototypes are informed by recently built and proposed development projects in Marin as well as conversations with developers with experience in Marin County. Example projects that represent the types of development likely to occur in Marin County are

shown in Figures 9 and 10. All five projects are in either San Rafael or Corte Madera, which have attracted most of the recent development activity among the participating jurisdictions.

FIGURE 9. MARIN PROJECTS THAT INFORMED PROTOTYPES 1 AND 2 (FOR-SALE PROTOTYPES)

Project	The Strand	Enclave	350 Merrydale Rd.
Building Type	Detached single-family and townhomes	Townhomes	Townhomes, plus flats
Jurisdiction	San Rafael	Corte Madera	San Rafael
Status	Built in 2015	Built in 2019	Proposed
Units	34 detached, 42 townhomes	16 townhomes	41 townhomes, 4 flats
Site Size (acres)	8.5 (approximate)	1.3	2.28
Units Per Acre	9	12	20
Unit Size Sq. Ft. (Approximate)	Townhome: 1,650-1,900 Sq. Ft.; Detached: 1,950-3,300 Sq. Ft.	2,020 Sq. Ft.	Townhome: 1,450-2,100 Sq. Ft.; Flat: 800 Sq. Ft.
Parking	2 car garage per unit plus visitor surface parking	2 car garage per unit plus visitor surface parking	2 car garage per townhome unit; 1 car garage per flat unit; Surface visitor parking.

Source: Costar, 2021; Various marketing materials for, and articles about projects; Interviews with developers; Strategic Economics, 2021.

FIGURE 10. MARIN PROJECTS THAT INFORMED PROTOTYPE 3 (RENTAL PROTOTYPE)

Project	Tam Ridge	703 Third St.
Building Type	Wood-frame apartment flats over podium, plus townhomes	Wood-frame apartment flats over podium, using density bonus, near SMART station
Jurisdiction	Corte Madera	San Rafael
Status	Built in 2017	Proposed
Units	154 flats, 25 townhomes	120 flats
Site Size (acres)	4.5	0.63
Unit Density	40	190
Unit Size Sq. Ft. Range (Approximate)	Flats: 750-1,100 Sq. Ft.; Townhome: 1,300 Sq. Ft.	450-900 Sq. Ft.
Parking	1.6 spaces per unit (tenant parking in podium garage plus visitor surface parking)	1 space per unit in podium (incorporates mechanical lifts)

Source: Costar, 2021; Various marketing materials for, and articles about projects; Interviews with developers; Strategic Economics, 2021.

The prototypes are generally based on developments built recently or proposed. Some communities in Marin typically see much smaller projects and are unlikely to see new projects of this scale. However, the per-unit cost of development is unlikely to be significantly different even for smaller and lower density projects, because the reductions in construction costs would be counterbalanced with the higher cost of land per unit.

The prototypes developed for the analysis are summarized below and further details are shown in Figure 11.

Prototype 1: Single-Family Subdivision

The single-family subdivision prototype has 14 detached for-sale units at a density of seven units per acre, making it typical for a “small-lot” subdivision. The units, which are two stories, are a mix of three and four-bedrooms and average 2,200 square feet.

Prototype 2: Condominium Townhome

The condominium townhome prototype includes 30 attached for-sale units at a density of 15 units per acre. Two-thirds of the units have three bedrooms while one-third have four bedrooms. The units are three stories with tuck-under garages on the ground level, and the average unit size is 1,800 square feet.

Prototype 3: Rental Apartments

The rental apartment prototype is a 100-unit apartment building. It has a density of 50 units per acre and is five stories. The building is a “Five-over-one” construction type, which means the first floor is a “Type I” concrete podium to accommodate parking, with four stories of “Type V” wood-frame construction for the residential area above. Typical of rental projects, the units in this prototype are a mix of studios, one-bedrooms, and two-bedrooms. The average unit size is 800 square feet.

FIGURE 11. SUMMARY OF PROTOTYPES

	Prototype 1: Single-Family Subdivision	Prototype 2: Condominium Townhome	Prototype 3: Rental Apartments
Tenure	For-Sale	For-Sale	Rental
Unit Mix	3, 4 bedrooms	3, 4 bedrooms	Studios, 1, 2 bedrooms
Construction Type	Wood-frame	Wood-frame	Type V over 1
Residential Stories	2	3	5
Number of Units	14	30	100
Parcel Size (Acres)	2	2	2
Parcel Size (Sq. Ft.)	87,120	87,120	87,120
Dwelling Units Per Acre	7	15	50
Unit Mix	7 3-Bedrooms; 7 4-Bedrooms	20 3-Bedrooms; 10 4-Bedrooms	10 Studios; 50 1-Bedrooms; 40 2-Bedrooms
Average Unit Size	2,200	1,800	800
Net Residential Sq. Ft.	30,800	54,000	80,000
Efficiency Ratio (a)	100%	100%	90%
Gross Residential Sq. Ft.	30,800	54,000	88,889
Parking Type	2-car garage plus surface	2-car garage plus surface	Podium
Parking Ratio (Per Unit) (b)	2.50	2.25	1.25
Total Parking Spaces	35	68	125
Garage Parking Sq. Ft. (c)	9,800	21,000	43,750
Floor-Area Ratio (Residential Only)	0.35	0.62	1.02
Floor-Area Ratio (Including Structured Parking)	0.47	0.86	1.52

Source: Strategic Economics, 2021.

Notes:

(a) Sq. Ft. associated with residential units divided by total interior square feet of building, (excludes space associated with parking).

(b) The urban design specifications of these three prototypes, such as their parking ratios, may vary from the building typologies suggested in Opticos' Objective Design and Development Standards study, currently in process. The parking ratios, as well as other metrics displayed here, are market-based, informed by conversation with residential developers familiar with Marin.

(c) Based on "350 sq. ft. per parking space" standard industry assumption, which incorporates circulation.

ESTIMATING AFFORDABLE RENTS AND HOUSING PRICES

Affordable rents and housing prices were identified based on resources from public agencies, such as HUD and HCD, which set income levels and maximum housing costs for federal and state-funded affordable housing programs. The Marin Housing Authority then provided the specific approach for calculating affordable sales prices, which currently vary across jurisdictions because of the different income levels that jurisdictions target as a part of their inclusionary programs.

The Consultant Team identified the affordability targets that would be tested in collaboration with the County of Marin, set at a level typical of existing inclusionary policies among participating jurisdictions. The affordable targets are shown below in Figure 12. Consistent with best practices from other inclusionary housing programs, the affordability gap for both rental and for-sale units was calculated for very low-, low-, and moderate-income households.⁵ In consultation with the client, the Consultant Team identified specific AMI levels to reflect the average incomes of households that these units would serve, with for-sale units typically targeting households with incomes that are slightly higher than rental units within the income categories. The income levels tested for the for-sale prototypes are generally higher than for the rental prototypes because for-sale affordable housing programs tend to serve households at the higher end of the income target ranges.

FIGURE 12. HOUSEHOLD INCOME TARGETS FOR AFFORDABLE UNITS BY TENURE

	For-sale Housing	Rental Housing
Very Low-income	50% AMI	50% AMI
Low-income	70% AMI	65% AMI
Moderate Income	110% AMI	90% AMI

Source: County of Marin; Strategic Economics, 2021.

Figure 13 below shows the maximum affordable monthly rents for rental housing. The household sizes shown are for one, two, and three persons per household, reflecting the typical occupancy of studio, one-bedroom, and two-bedroom units, respectively, in Prototype 3.

Based on HCD guidelines, the affordable rent is calculated as 30 percent of a household's gross monthly income, minus a deduction for utilities. The utility deduction includes costs that are usually passed onto the tenant, such as heating, water heating, cooking, and electricity. Natural gas is assumed for heating and water heating. (Water, sewer, and trash removal costs are typically covered by the property owner and excluded from the utility deduction.)

⁵ Households that fall between 30-50% AMI are considered very low-income; households that fall within 50-80% AMI are considered Low-income; households that fall between 80-120% AMI are considered moderate income.

FIGURE 13. MAXIMUM AFFORDABLE RENT ASSUMPTIONS FOR VERY LOW, LOW, AND MODERATE INCOME HOUSEHOLDS

Very Low-income (50%)	Household Size		
	1	2	3
Maximum Annual Household Income	\$50,075	\$57,250	\$64,400
Maximum Monthly Housing Cost (a)	\$1,252	\$1,431	\$1,610
	Unit Type		
	Studio	1-BR	2-BR
Maximum Monthly Housing Cost (a)	\$1,252	\$1,431	\$1,610
Utility Allowance (b)	\$43	\$52	\$71
Maximum Rent	\$1,209	\$1,379	\$1,539

Low-income (65%)	Household Size		
	1	2	3
Maximum Annual Household Income	\$65,098	\$74,425	\$83,720
Maximum Monthly Housing Cost (a)	\$1,627	\$1,861	\$2,093
	Unit Type		
	Studio	1-BR	2-BR
Maximum Monthly Housing Cost (b)	\$1,627	\$1,861	\$2,093
Utility Allowance (c)	\$43	\$52	\$71
Maximum Rent	\$1,584	\$1,809	\$2,022

Moderate Income (90%)	Household Size		
	1	2	3
Maximum Annual Household Income	\$90,135	\$103,050	\$115,920
Maximum Monthly Housing Cost (c)	\$2,253	\$2,576	\$2,898
	Unit Type		
	Studio	1-BR	2-BR
Maximum Monthly Housing Cost (a)	\$2,253	\$2,576	\$2,898
Utility Allowance (b)	\$43	\$52	\$71
Maximum Rent	\$2,210	\$2,524	\$2,827

Sources: Marin Housing Authority, 2020; U.S. Department of Housing and Urban Development, 2020; Strategic Economics, 2020.

Notes:

(a) 30 percent of maximum monthly household income.

(b) The maximum monthly cost for each unit type is associated with households that have one more person than bedroom. (Ex: Maximum costs for studios are associated with affordability for one-person households; One-bedroom costs are associated with 2-person households; Two-bedroom costs are associated with 3-person households).

(c) Utilities for rentals include an allowance for cooking (natural gas), heating (natural gas), water heating (natural gas), and "other electric" utility usage. Assumes water, sewer, and trash charges are included in the rent.

Figures 14 and 15 shows the calculations of affordable sales prices for for-sale housing. The calculations are based on the following assumptions:

- Based on the anticipated households that would occupy the 3- and 4-bedroom units in the two for-sale prototypes (prototypes 1 and 2), it is assumed that, on average, 6-person households

would occupy 4-bedroom units, while an even mix of 4- and 5-person households would occupy 3-bedroom units.

- Based on the Marin Housing Authority’s approach for calculating affordable sales prices, homeowners were assumed to pay no more than 33 percent of their gross monthly income on housing costs.
- The maximum affordable sales price is determined by the total monthly mortgage payment that a homeowner could afford, which incorporates standard assumptions related to the mortgage terms and other monthly housing costs associated with homeownership.
 - The mortgage is assumed to be 30-year fixed rate, with an interest rate of 3.8 percent, which is a typical rate at the time of research (December 2020). The owner is assumed to put down a 5 percent down payment, which is standard for conventional and CalFHA loans.
 - Other monthly housing costs include homeowners’ association dues, property taxes, homeowners’ insurance, interior property insurance, and premiums for private mortgage insurance required on home purchases with a down payment of less than 20 percent. Note there is no utility deduction, in accordance with MHA’s approach.
- Other monthly housing costs overall are assumed to be slightly greater for condominium housing types than for single-family detached housing types, which is driven by different assumptions on monthly homeowner’s association costs. The homeowner’s association costs are expected to be higher on a per-unit basis for condominium units than for detached single-family units, which decreases the household budget available for a mortgage. (On the other hand, detached single-family homeowners are responsible for more costs that are not included in Figure 14.)

FIGURE 14. MAXIMUM AFFORDABLE SALES PRICES FOR SINGLE-FAMILY DETACHED SUBDIVISION (PROTOTYPE 1)

Household Size (Persons per HH)	4.5	6
Very Low Income (50% AMI)		
Annual Household Income at 50% AMI	\$74,413	\$83,000
Maximum Monthly Housing Cost (a)	\$2,046	\$2,283
Monthly Deductions (b)	\$1,074	\$1,218
HOA Dues (c)	\$500	\$600
Property Taxes and Insurance (d)	\$574	\$618
Monthly Income Available for Mortgage Payment (e)	\$973	\$1,064
Maximum Mortgage Amount (f)	\$208,728	\$228,378
Maximum Affordable Sales Price (g)	\$219,714	\$240,398
Low Income (70%)		
Annual Household Income at 70% AMI	\$104,178	\$116,200
Maximum Monthly Housing Cost (a)	\$2,865	\$3,196
Monthly Deductions (b)	\$1,342	\$1,518
HOA Dues (c)	\$500	\$600
Property Taxes and Insurance (d)	\$842	\$918
Monthly Income Available for Mortgage Payment (e)	\$1,523	\$1,678
Maximum Mortgage Amount (f)	\$326,872	\$360,209
Maximum Affordable Sales Price (g)	\$344,076	\$379,167
Moderate Income (110%)		
Annual Household Income at 110% AMI	\$163,708	\$182,600
Maximum Monthly Housing Cost (a)	\$4,502	\$5,022
Monthly Deductions (b)	\$1,892	\$2,131
HOA Dues (c)	\$500	\$600
Property Taxes and Insurance (d)	\$1,392	\$1,531
Monthly Income Available for Mortgage Payment (e)	\$2,610	\$2,891
Maximum Mortgage Amount (f)	\$560,102	\$620,390
Maximum Affordable Sales Price (g)	\$589,581	\$653,042

Source: Strategic Economics, 2021.

Notes:

- (a) 33 percent of maximum monthly household income.
- (b) Unlike for rentals, monthly deductions for for-sale units do not include utility costs.
- (c) Homeowners Association dues are assuming to average \$0.25 per square foot.
- (d) Assumes annual effective property tax rate of 1.50% percent of sales price, after exemptions; annual private mortgage insurance premium rate of 0.85 percent of mortgage amount.
- (e) Maximum monthly housing cost minus deductions.
- (f) Assumes 3.8 percent interest rate and 30-year loan term. Interest rate is based on correspondence with Marin Housing Authority.
- (g) Assumes 5 percent down payment (95 percent loan-to-value ratio).

FIGURE 15. MAXIMUM AFFORDABLE SALES PRICES FOR CONDOMINIUM TOWNHOME (PROTOTYPE 2)

Household Size (Persons per HH)	4.5	6
Very Low Income (50% AMI)		
Annual Household Income at 50% AMI	\$74,413	\$83,000
Maximum Monthly Housing Cost (a)	\$2,046	\$2,283
Monthly Deductions (b)		
HOA Dues (c)	\$613	\$665
Property Taxes and Insurance (d)	\$537	\$597
Monthly Income Available for Mortgage Payment (e)	\$897	\$1,020
Maximum Mortgage Amount (f)	\$192,493	\$218,997
Maximum Affordable Sales Price (g)	\$202,624	\$230,523
Low Income (70%)		
Annual Household Income at 70% AMI	\$104,178	\$116,200
Maximum Monthly Housing Cost (a)	\$2,865	\$3,196
Monthly Deductions (b)	\$1,418	\$1,561
HOA Dues (c)	\$613	\$665
Property Taxes and Insurance (d)	\$805	\$896
Monthly Income Available for Mortgage Payment (e)	\$1,447	\$1,635
Maximum Mortgage Amount (f)	\$310,637	\$350,829
Maximum Affordable Sales Price (g)	\$326,986	\$369,293
Moderate Income (110%)		
Annual Household Income at 110% AMI	\$163,708	\$182,600
Maximum Monthly Housing Cost (a)	\$4,502	\$5,022
Monthly Deductions (b)	\$1,967	\$2,175
HOA Dues (c)	\$613	\$665
Property Taxes and Insurance (d)	\$1,355	\$1,510
Monthly Income Available for Mortgage Payment (e)	\$2,535	\$2,847
Maximum Mortgage Amount (f)	\$543,953	\$611,059
Maximum Affordable Sales Price (g)	\$572,582	\$643,220

Source: Strategic Economics, 2020.

Notes:

- (a) 33 percent of maximum monthly household income.
- (b) Unlike for rentals, monthly deductions for for-sale units do not include utility costs.
- (c) Homeowners Association dues are assuming to average \$0.35 per square foot.
- (d) Assumes annual effective property tax rate of 1.50% percent of sales price, after exemptions; annual private mortgage insurance premium rate of 0.85 percent of mortgage amount.
- (e) Maximum monthly housing cost minus deductions.
- (f) Assumes 3.8 percent interest rate and 30-year loan term. Interest rate is based on correspondence with Marin Housing Authority.
- (g) Assumes 5 percent down payment (95 percent loan-to-value ratio).

MAXIMUM AFFORDABLE RENTS AND SALES PRICES

Figures 16 and 17 provide summaries for the maximum affordable rents and sales prices respectively for the various prototypes that were tested.

FIGURE 16. SUMMARY OF MAXIMUM AFFORDABLE RENTS

Income Level	Studio	1-BR	2-BR
Very Low-income (50%)	\$1,209	\$1,379	\$1,539
Low-income (65%)	\$1,584	\$1,809	\$2,022
Moderate Income (90%)	\$2,210	\$2,524	\$2,827

Source: Strategic Economics, 2021.

FIGURE 17. SUMMARY OF MAXIMUM AFFORDABLE SALES PRICES

	Single-Family Subdivision		Condominium Townhome	
	3-BR	4-BR	3-BR	4-BR
Very Low Income (50% AMI)	\$219,714	\$240,398	\$202,624	\$230,523
Low Income (70%)	\$344,076	\$379,167	\$326,986	\$369,293
Moderate Income (110%)	\$589,581	\$653,042	\$572,582	\$643,220

Source: Strategic Economics, 2021.

ESTIMATING DEVELOPMENT COSTS

The second step in the affordability gap analysis is to estimate development costs for the three prototypes. Development costs include land costs, direct or “hard” construction costs, indirect or “soft” costs, as well as financing costs, a developer fee, and a contingency for overruns.

Because multi-unit residential projects are relatively rare in Marin, the Consultant Team collected available data on the few recent comparable development projects and land sales and supplemented the data with feedback from local developers (see Appendix A), other available studies of costs in the Bay Area, and past experience with pro forma studies.

The development cost assumptions are shown below in Figure 18, and a chart that summarizes the breakdown of overall development costs for the prototypes is shown in Figure 19.

The development costs for for-sale housing are based on interviews with developers and homebuilders experienced with single-family and townhome development projects in Marin. This analysis estimated that total development costs for the single-family subdivision were \$355 per net residential square foot while the costs for the condominium townhome were \$373 per net residential square foot.

Because there are limited examples of recent multifamily development in Marin, the Consultant Team relied on a variety of sources to identify the multifamily cost assumptions. They are partly based on a pro forma for a proposed Type V development in Marin, as well as an interview with a multifamily developer. The team also relied on cost data and recently completed feasibility studies for similar rental apartment developments in the Bay Area. The analysis estimated that the total development cost for Prototype 3 was \$705 per net square foot.

The remainder of this section explains the costs assumptions in more detail.

FIGURE 18. SUMMARY OF DEVELOPMENT COST ASSUMPTIONS

	Single Family Subdivision	Condominium Townhome	Rental Apartments
Land Cost (a)			
Per Land Sq. Ft.	\$56	\$69	\$86
Per Unit	\$350,000	\$200,000	\$75,000
Hard Costs			
Site Costs per Land Sq. Ft. (b)	\$15	\$35	\$35
Construction Costs per Sq. Ft. of Residential Area	\$110	\$150	\$350
Parking Cost per Space (c)	n/a	n/a	\$32,500
Other Costs (Displayed as % of Hard Cost)			
Soft Costs (d)	12%	12%	12%
Contingency	5%	5%	5%
Developer Overhead	4%	4%	4%
Financing Costs			
Amount Financed (% of Hard and Soft Costs)	65%	65%	70%
Construction Loan Fee	1.5%	1.5%	1.5%
Term (Months)	18	18	24
Construction Interest Rate	4.5%	4.5%	5.0%

Source: Developer Interviews, 2021; Project Pro Formas, 2021; Strategic Economics, 2021.

Notes:

- (a) Entitled land
- (b) Assumes relatively flat site

(c) Parking costs for for-sale prototypes are incorporated into the construction cost. Cost for rental prototype refers to one level of podium
 (d) Includes architectural, engineering, and consulting fees, as well as taxes, legal, insurance, accounting, and other costs.

FIGURE 19. TOTAL DEVELOPMENT COSTS BY PROTOTYPE

Cost Category	Single Family Subdivision	Condominium Townhome	Rental Apartments
Total Project			
Land Cost	\$4,900,000	\$6,000,000	\$7,500,000
Hard Costs	\$4,694,800	\$11,149,200	\$38,222,811
Soft Costs	\$1,344,396	\$3,001,696	\$10,660,521
Development Costs	\$10,939,196	\$20,150,896	\$56,383,332
Per Unit			
Land Cost	\$350,000	\$200,000	\$75,000
Hard Costs	\$335,343	\$371,640	\$382,228
Soft Costs	\$96,028	\$100,057	\$106,605
Development Costs	\$781,371	\$671,697	\$563,833
Per Net Residential Sq. Ft.			
Land Cost	\$159	\$111	\$94
Hard Cost	\$152	\$206	\$478
Soft Costs	\$44	\$56	\$133
Development Costs	\$355	\$373	\$705

Source: Strategic Economics, 2021.

The following subsections provide further details on how the cost assumptions were identified.

LAND COST

Land costs typically vary widely, depending on factors such as location, zoning, and the amount of site work required to prepare the land for development. Because the price of land is so strongly tied to what can be built upon it, land costs are characterized in this study as the cost per dwelling unit of development. Recent comparable sales that informed land cost for the three prototypes are shown below in Figures 20-22.

- There is only one relevant recent sale for an entitled single-family subdivision. The site is in Mill Valley, which tends to have high land costs compared to the Marin average.
- A range of \$180,000 per unit to approximately \$300,000 per unit was identified for the condominium townhome prototype based on two recent sales, which reflect the high end (Mill Valley) and the low end (Novato) of the Marin County market.
- For the rental apartment prototype, two sales for sites entitled for multifamily development had land costs of \$75,000 per unit, a number that was corroborated by a developer with experienced in multifamily development in Marin.

Based on these comparable examples and feedback from developers, the land cost assumptions were set at \$350,000 per unit for Prototype 1, \$200,000 per unit for Prototype 2, and \$75,000 per unit for Prototype 3.

FIGURE 20. RECENT LAND SALE FOR SITE ZONED FOR SINGLE-FAMILY SUBDIVISION

Site Address	548 Miller Ave., Mill Valley
Description	Single-family subdivision (13 fee simple lots, three of which include ADUs)
Site Acres	1.58
Site Sq. Ft.	68,825
Units Per Acre	10
Sale Date	September 2019
Sale Price	\$8,500,000
Price Per Unit	\$531,250

Source: Costar, 2021; Strategic Economics, 2021.

FIGURE 21. RECENT LAND SALES FOR CONDOMINIUM TOWNHOMES

Site Address	500 Miller Ave., Mill Valley	7533-7537 Redwood Blvd., Novato
Description	Nine condominium townhomes with underground parking and corner retail space	50 condominium townhomes (Atherton Place)
Site Acres	1.2	3.7
Site Sq. Ft.	52,272	161,172
Units Per Acre	7.5	13.5
Sale Date	June 2017	July 2018
Sale Price	\$2,900,000	\$9,000,000
Price Per Unit	\$322,222	\$180,000

Source: Costar, 2021; Strategic Economics, 2021.

FIGURE 22. RECENT LAND SALES FOR MULTIFAMILY HOUSING

Site Address	703 Third St., San Rafael (a)	1203-1211 Lincoln Ave., San Rafael (b)
Description	Proposed apartment project with 61 units and underground, automated parking and incorporating density bonus	36 condominium flats Type V over I construction
Site Acres	0.63	0.74
Site Sq. Ft.	27,395	32,234
Units Per Acre	97	49
Sale Date	August 2014	March 2017
Sale Price	\$4,650,000	\$2,700,000
Price Per Unit	\$76,230	\$75,000

Source: Costar, 2021; Developer Pro Formas, 2021; Strategic Economics, 2021.

Notes:

(a) Reflects the site's "base case scenario" which is more comparable to Prototype 3

(b) Site is now associated with pipeline assisted living proposal but at time of sale, it had been planned for condominiums

HARD COSTS

Hard costs refer to both horizontal site costs and vertical construction costs, including the residential area construction and parking construction.

According to developers active in Marin County, construction costs for the county are higher than other locations in the Bay Area because it is less accessible to construction workers. Subcontractors often charge a premium that is equivalent to prevailing wage. The construction cost estimates for residential buildings incorporate these cost factors specific to Marin County.

The construction costs also include horizontal/site costs that include demolition, grading, utility connection installation, paving, and landscaping. For the purposes of this analysis, it is assumed that

the hypothetical sites are relatively flat, with horizontal costs of \$15 per land square foot for the single-family subdivision, and \$35 per land square foot for the condominium townhomes and apartments.

The construction costs for the single-family subdivision and the condominium townhome, which are based on feedback from Marin developers and homebuilders, are \$110 and \$150 per gross residential square foot respectively. Note that the cost of garage parking is incorporated into the residential hard cost, while the cost of any surface parking is incorporated into the site cost for these prototypes.

For the rental prototype, the construction cost of the residential area is estimated to be \$350 per gross residential square foot. Because there are very few examples of recent and under construction apartments over podium in Marin, the Consultant Team also reviewed pro formas for planned affordable and market-rate projects in San Rafael and other Bay Area cities to estimate costs.

Based on this broad review of costs, the Consultant Team estimated that residential construction costs for Prototype 3 were approximately \$350 per gross residential square foot, which translates to per unit costs of \$564,000. A review of financial data from affordable housing projects in the San Francisco Bay Area supported these cost estimates, which show that affordable housing per unit costs are in the range of \$530,000 to \$678,000.

SOFT COSTS

Soft costs refer to necessary costs of development that are not directly related to the physical construction of the building. They include architecture, engineering costs and other professional services fees, as well as other costs associated with doing business, such as insurance and taxes. Finally, soft costs include city permits and fees, and other miscellaneous costs. It is estimated that soft costs are 12 percent of hard costs for all three prototypes, a standard assumption that was confirmed by developer interviewees. The developer's contingency and overhead, also account for an additional five and four percent of hard costs, respectively.⁶

FINANCING COSTS

Financing assumptions are consistent for both for-sale prototypes because the two hypothetical projects would have similar loan terms and construction timelines. Based on input from developers that specialize in owner-occupied single-family and townhome developments, 65 percent of the project cost would be financed with debt, with a typical interest rate of approximately 4.5 percent. The development period for the for-sale prototypes is assumed to be 18 months.

The rental apartment prototype incorporates a slightly higher interest rate at 5 percent, to account for a higher level of risk, with a 24-month development period. The amount financed is also tends to be slightly higher at 70 percent of project cost, according to a multifamily developer.

All three prototypes incorporate a 1.5 percent construction loan fee, which is a standard industry assumption.

⁶ Developer profit is not included in the consideration of costs.

AFFORDABILITY GAP

The final step is to calculate the housing affordability gap, which is the difference between what very low-, low-, and moderate-income households can afford to pay and the cost of developing those units. The gap helps determine the in-lieu fee amount that would be required to cover the cost associated with developing affordable housing units.

FOR-SALE HOUSING

Figures 23 and 24 shows the affordability gap calculation for the for-sale housing prototypes. For each unit type, the gap is calculated as the difference between the per-unit cost of development and the affordable sales price for each income level. The average housing affordability gap is weighted based on the unit mix in the prototypes.

FIGURE 23. AFFORDABILITY GAP FOR SINGLE-FAMILY SUBDIVISION

Income Level and Unit Type	Unit Size (Sq. Ft.)	Affordable Sales Price (a)	Development Costs (b)	Affordability Gap (c)
Very Low Income (50%)				
3 Bedroom	2,000	\$219,714	\$710,337	\$490,623
4 Bedroom	2,400	\$240,398	\$852,405	\$612,007
Weighted Average		\$230,056	\$781,371	\$551,315
Low Income (70%)				
3 Bedroom	2,000	\$344,076	\$710,337	\$366,261
4 Bedroom	2,400	\$379,167	\$852,405	\$473,237
Weighted Average		\$361,622	\$781,371	\$419,749
Moderate Income (110%)				
3 Bedroom	2,000	\$589,581	\$710,337	\$120,757
4 Bedroom	2,400	\$653,042	\$852,405	\$199,363
Weighted Average		\$621,311	\$781,371	\$160,060

Source: Strategic Economics, 2021.

Notes:

- (a) See calculation in Figure 14, above.
- (b) Assumes \$349 per SF for development costs
- (c) Calculated as the difference between affordable sales price and development cost
- (d) Includes 50% three-bedrooms and 50% four-bedrooms.

FIGURE 24. AFFORDABILITY GAP FOR CONDOMINIUM TOWNHOME

Income Level and Unit Type	Unit Size (Sq. Ft.)	Affordable Sales Price (a)	Development Costs (b)	Affordability Gap (c)
Very Low Income (50%)				
3 Bedroom	1,750	\$202,624	\$653,038	\$450,414
4 Bedroom	1,900	\$230,523	\$709,013	\$478,490
Weighted Average		\$211,924	\$671,697	\$459,773
Low Income (70%)				
3 Bedroom	1,750	\$326,986	\$653,038	\$326,052
4 Bedroom	1,900	\$369,293	\$709,013	\$339,720
Weighted Average		\$341,089	\$671,697	\$330,608
Moderate Income (110%)				
3 Bedroom	1,750	\$572,582	\$653,038	\$80,456
4 Bedroom	1,900	\$643,220	\$709,013	\$65,793
Weighted Average		\$596,128	\$671,697	\$75,568

Source: Strategic Economics, 2021.

Notes

(a) See calculation in Figure 15, above.

(b) Assumes \$393 per square foot for development costs

(c) Calculated as the difference between affordable sales price and development cost

(d) Includes two-thirds three-bedrooms and one-third four-bedrooms.

RENTAL HOUSING

Figure 25 shows the affordability gap calculation for the rental prototype. For each rental unit type and income level, the gap is defined as the difference between the per-unit cost of development and the supportable debt per unit. The supportable debt is calculated based on the net operating income generated from the monthly rent from the affordable unit and incorporates assumptions about operating expenses (including property taxes, insurance, maintenance, etc.), reserves, and vacancy. It also incorporates financing assumptions related to the permanent loan on the property. Assumptions on operating costs are informed by data on Victory Village, which is a recent affordable housing development built in Marin. The average housing affordability gap is also weighted based on the unit mix of the prototype.

FIGURE 25. HOUSING AFFORDABILITY GAP FOR RENTAL APARTMENTS

Income Level and Unit Type	Unit Size (Sq. Ft.)	Maximum Monthly Rent (a)	Annual Income	Net Operating Income (b)	Available for Debt Service (c)	Supportable Debt (d)	Development Costs (e)	Affordability Gap (f)
Very Low-income (50%)								
Studio	650	\$1,209	\$14,507	\$2,781	\$2,418	\$39,393	\$458,250	\$418,857
1 Bedroom	750	\$1,379	\$16,551	\$4,723	\$4,107	\$66,904	\$528,750	\$461,846
2 Bedroom	900	\$1,539	\$18,468	\$6,545	\$5,691	\$92,699	\$634,500	\$541,801
Weighted Average (g)						\$74,471	\$564,000	\$489,529
Low-income (65%)								
Studio	650	\$1,584	\$19,013	\$7,063	\$6,141	\$100,036	\$458,250	\$358,214
1 Bedroom	750	\$1,809	\$21,704	\$9,618	\$8,364	\$136,236	\$528,750	\$392,514
2 Bedroom	900	\$2,022	\$24,264	\$12,051	\$10,479	\$170,691	\$634,500	\$463,809
Weighted Average (g)						\$146,398	\$564,000	\$417,602
Moderate Income (90%)								
Studio	650	\$2,210	\$26,525	\$14,198	\$12,346	\$153,206	\$458,250	\$305,044
1 Bedroom	750	\$2,524	\$30,291	\$17,776	\$15,458	\$191,816	\$528,750	\$336,934
2 Bedroom	900	\$2,827	\$33,924	\$21,228	\$18,459	\$229,058	\$634,500	\$405,442
Weighted Average (g)						\$202,852	\$564,000	\$361,148

Notes:

(a) Affordable rent levels based on 2020 income limits

(b) Amount available for debt. Assumes 5% vacancy and collection loss and \$11,000 per unit for operating expenses and reserves, based on operating pro formas for recent affordable projects in Marin County.

(c) Assumes 1.15 Debt Coverage Ratio.

(d) Assumes 4.5% permanent financing interest rate and 30 year loan.

(e) Assumes development cost of \$705 per net square foot on rental units.

(f) Calculated as the difference between development costs and supportable debt.

(g) Incorporates 10% studios, 50% one-bedrooms, and 40% two-bedrooms.

SUMMARY OF MAXIMUM IN-LIEU FEE BY HOUSING TYPE

A summary of the affordability gaps by tenure and income level is displayed in Figure 26. The affordability gap is the basis for setting the maximum in-lieu fee. As shown, the maximum in-lieu fee per required affordable unit (rounded) is approximately \$377,000 for single-family subdivisions, \$289,000 for condominium townhomes, and \$423,000 for rental apartments.

The maximum in-lieu fee is highest for rental apartments because the average targeted income is lower (68 percent of AMI, compared to 78 percent AMI for for-sale housing), resulting in a wider affordability gap.

The calculated in-lieu fee is lower for condominium townhomes than single-family subdivisions because the construction cost for townhomes is slightly lower, while the targeted income groups remain the same.

It is important to note that the County of Marin can choose to adopt lower fees than the maximum calculated in-lieu fees shown in Figure 26.

FIGURE 26. SUMMARY OF MAXIMUM IN-LIEU FEES

Income Level	For-sale Gap		Rental Gap
	Single-Family Subdivision	Condominium Townhome	
Very Low-income (50% AMI)	\$551,315	\$459,773	\$489,529
Low-income (65% AMI Rental/ 70% Owner)	\$419,749	\$330,608	\$417,602
Moderate Income (90% AMI Rental)/ 110% AMI Owner)	\$160,060	\$75,568	\$361,148
Average Affordability Gap/ Maximum In-Lieu Fee	\$377,042	\$ 288,650	\$422,760

Source: Strategic Economics, 2021.

IV. Policy Considerations and Recommendations

This section summarizes key policy issues for the County of Marin to consider when updating its inclusionary housing ordinance and in-lieu fee. The following questions are addressed:

- How do the calculated in-lieu fees compare with the County's existing fees?
- How do the calculated fees compare with in-lieu fees in other jurisdictions?
- How much do the calculated in-lieu fees raise development costs in Marin County and impact financial feasibility?
- How do the calculated fees compare with existing municipal fees, such as building permit and other impact fees?

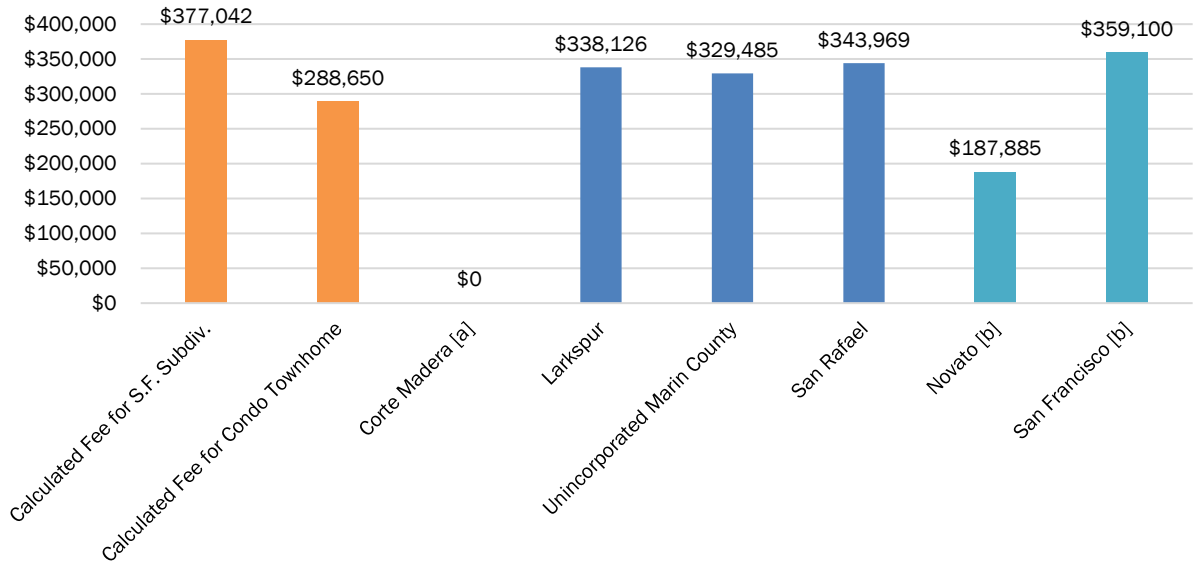
Each of these questions is addressed in the sections below, followed by a set of recommendations.

COMPARISON OF IN-LIEU FEES IN MARIN COUNTY AND NEIGHBORING JURISDICTIONS

The newly calculated in-lieu fees from the previous section are shown along with the existing in-lieu fees for for-sale housing for the participating jurisdictions and other nearby jurisdictions for comparison in Figure 27. As shown, the newly calculated maximum in-lieu fee for single-family subdivisions is higher than the existing fee in all the other jurisdictions. However, the calculated fee for for-sale townhomes is lower than the County's existing fee but higher than the current in-lieu fee for for-sale housing in Novato.

The same information is shown for rental housing in Figure 28. As shown, the calculated maximum in-lieu fee for rental projects is higher than the existing fees in Marin County and all the neighboring cities. Larkspur, Novato, and San Francisco charge lower in-lieu fees for rental projects, even though the affordability gap may be higher than for-sale housing.

FIGURE 27: COMPARISON OF CALCULATED IN-LIEU FEES WITH EXISTING IN-LIEU FEES, FOR-SALE DEVELOPMENTS

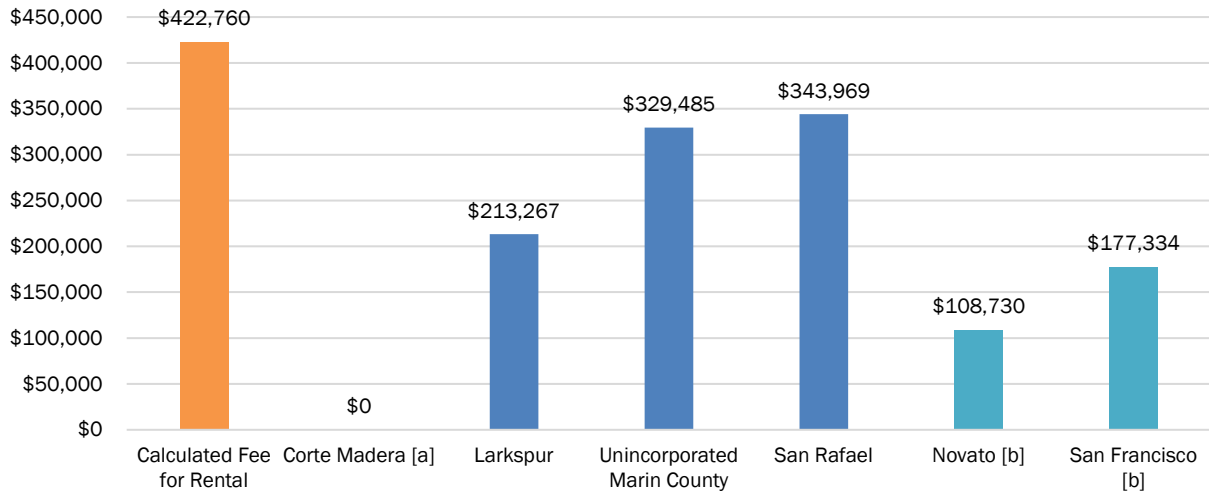


[a] Corte Madera has an in-lieu fee that is calculated based on construction costs and area median incomes. Because the assumptions in the calculation have not been updated for several years, the fee currently evaluates to zero.

[b] In-lieu fees for San Francisco and Novato vary by the number of units in the project. Both fee amounts assume the 30-unit condo townhome prototype.

Sources: Available documents from jurisdictions, 2020; Strategic Economics, 2021.

FIGURE 28: COMPARISON OF CALCULATED IN-LIEU FEES WITH EXISTING IN-LIEU FEES, RENTAL DEVELOPMENTS



[a] Corte Madera has an in-lieu fee that is calculated based on construction costs and area median incomes. Because the assumptions in the calculation have not been updated for several years, the fee currently evaluates to zero.

[b] In-lieu fees for San Francisco and Novato vary by the number of units in the project. Both fee amounts assume the 100-unit rental apartment prototype.

Sources: Available documents from jurisdictions, 2020; Strategic Economics, 2021. in-Lieu Fee in Relation to Development costs

Using the development cost estimates from the previous section, the Consultant Team calculated the increase in costs that would be experienced when charging the fee in-lieu of an onsite requirement at a level of 10 percent, 15 percent, 20 percent, and 25 percent. As shown in Figure 29, the cost of the fee for would range from five to 12 percent for the single-family subdivision

prototype, four to 11 percent for the condo townhome prototype, and seven to 19 percent for the apartment prototype.

FIGURE 29: IMPACT OF IN-LIEU FEE ON TOTAL DEVELOPMENT COSTS BY PROTOTYPE

	Single Family Subdivision	Condo Townhome	Rental Apartment
Total Development Costs per Unit	\$781,371	\$671,697	\$563,833
In lieu Fees per Affordable Unit	\$289,905	\$203,088	\$422,760
Increase in Total Development Costs			
@ 10% Onsite Requirement	5%	4%	7%
@ 15% Onsite Requirement	7%	6%	11%
@ 20% Onsite Requirement	10%	9%	15%
@ 25% Onsite Requirement	12%	11%	19%

Source: Strategic Economics, 2021.

The calculated in-lieu fee for the apartment prototype has the largest impact on development costs, due to the much higher affordability gap for apartments. Although rental apartments are the least expensive of the three prototypes to build per unit, the smaller households expected to occupy these units, which translates to lower tenant incomes, and the high operating costs of apartments mean that the affordability gap for rentals is higher in this case. This analysis suggests that for-sale developments will be able to accommodate a substantially higher percentage onsite requirement than will rental projects.

BURDEN OF IN-LIEU COMBINED WITH OTHER MUNICIPAL FEES

The Consultant Team reviewed the total burden of the calculated in-lieu fees in the context of other municipal fees charged by the cities, including fees such as building permits as well as any impact fees each jurisdiction might have in place.⁷ A table of these costs for each jurisdiction is given in Figure 30 below, including the total fees that would be paid on each prototype in-lieu of hypothetical inclusionary requirements ranging from ten to 25 percent.

Because each jurisdiction has its own schedule of fees for new development, the cost of development in each community varies. For example, municipal fees for the prototypes in Fairfax are currently estimated at between one and two percent of development costs. Enacting maximum in-lieu fees with a 15 percent inclusionary requirement would raise municipal fees to between seven and 13 percent. The Town of Fairfax will need to take into account the impact to total development costs when setting an in-lieu fee and/or inclusionary percentage.

⁷ Connection fees charged by a local sanitary sewer and water district were also estimated; they would be expected to represent an additional three to four percent of development costs above what is shown in the Figure 30.

FIGURE 30: IN-LIEU FEES AND OTHER MUNICIPAL FEES* BY JURISDICTION

Current level of onsite requirement for each jurisdiction in bold.

	Per Unit			As % of Development Costs		
	S.F. Subdiv.	Condo	Apt.	S.F. Subdiv.	Condo	Apt.
Corte Madera						
Municipal Fees	\$35,776	\$27,116	\$23,339	5%	4%	4%
Tot. Fees @10% Rqmt.	\$64,767	\$47,424	\$65,615	8%	7%	12%
Tot. Fees @15% Rqmt.	\$79,262	\$57,579	\$86,753	10%	9%	15%
Tot. Fees @20% Rqmt.	\$93,757	\$67,733	\$107,891	12%	10%	19%
Tot. Fees @25% Rqmt.	\$108,253	\$77,888	\$129,029	14%	12%	23%
Fairfax						
Municipal Fees	\$13,231	\$11,258	\$8,104	2%	2%	1%
Tot. Fees @10% Rqmt.	\$42,221	\$31,567	\$50,380	5%	5%	9%
Tot. Fees @15% Rqmt.	\$56,717	\$41,722	\$71,518	7%	6%	13%
Tot. Fees @20% Rqmt.	\$71,212	\$51,876	\$92,656	9%	8%	16%
Tot. Fees @25% Rqmt.	\$85,707	\$62,030	\$113,794	11%	9%	20%
Larkspur						
Municipal Fees	\$39,839	\$25,951	\$19,449	5%	4%	3%
Tot. Fees @10% Rqmt.	\$68,830	\$46,260	\$61,725	9%	7%	11%
Tot. Fees @15% Rqmt.	\$83,325	\$56,414	\$82,863	11%	8%	15%
Tot. Fees @20% Rqmt.	\$97,820	\$66,569	\$104,001	13%	10%	18%
Tot. Fees @25% Rqmt.	\$112,316	\$76,723	\$125,139	14%	11%	22%
Unincorporated Marin County						
County Fees	\$25,397	\$23,656	\$5,470	3%	4%	1%
Tot. Fees @10% Rqmt.	\$63,101	\$52,521	\$47,746	8%	8%	8%
Tot. Fees @15% Rqmt.	\$81,953	\$66,954	\$68,884	10%	10%	12%
Tot. Fees @20% Rqmt.	\$100,806	\$81,386	\$90,022	15%	12%	18%
Tot. Fees @25% Rqmt.	\$119,658	\$95,819	\$111,160	17%	15%	22%
San Anselmo						
Municipal Fees	\$12,821	\$13,837	\$14,034	2%	2%	2%
Tot. Fees @10% Rqmt.	\$41,811	\$34,146	\$56,310	5%	5%	10%
Tot. Fees @15% Rqmt.	\$56,306	\$44,300	\$77,448	7%	7%	14%
Tot. Fees @20% Rqmt.	\$70,802	\$54,455	\$98,586	9%	8%	17%
Tot. Fees @25% Rqmt.	\$85,297	\$64,609	\$119,724	11%	10%	21%
San Rafael						
Municipal Fees	\$27,044	\$23,545	\$15,113	3%	4%	3%
Tot. Fees @10% Rqmt.	\$56,034	\$43,854	\$57,389	7%	7%	10%
Tot. Fees @15% Rqmt.	\$70,530	\$54,009	\$78,527	9%	8%	14%
Tot. Fees @20% Rqmt.	\$85,025	\$64,163	\$99,665	11%	10%	18%
Tot. Fees @25% Rqmt.	\$99,520	\$74,317	\$120,803	13%	11%	21%

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Sausalito						
Municipal Fees	\$7,448	\$7,694	\$9,987	1%	1%	2%
Tot. Fees @10% Rqmt.	\$36,438	\$28,003	\$52,263	5%	4%	9%
Tot. Fees @15% Rqmt.	\$50,934	\$38,157	\$73,401	7%	6%	13%
Tot. Fees @20% Rqmt.	\$65,429	\$48,311	\$94,539	8%	7%	17%
Tot. Fees @25% Rqmt.	\$79,924	\$58,466	\$115,677	10%	9%	21%

* Municipal fees include all applicable permits and impact fees charged by the jurisdiction. Water and sanitary sewer connection fees are not included. Based on estimates from Marin Municipal Water District and Ross Valley Sanitary District, water and sewer fees represent and additional four percent to development costs of the single family subdivision and three percent to condo townhomes and apartments.

Source: Strategic Economics, 2021.

CONVERSION TO PER SQUARE FOOT FEE

Jurisdictions can opt to implement the in-lieu fee as a per square foot fee, rather than a per unit fee, in order to incentivize development projects with smaller units. This may be useful for jurisdictions that primarily see developments with large, luxury units. The per square foot fees are calculated by dividing the per-unit in lieu fee by the weighted average unit square feet for each prototype. This calculation is shown below in Figure 31.

FIGURE 31. EQUIVALENT IN LIEU FEES PER UNIT SQUARE FOOT FOR PROTOTYPES

	Multifamily Rental	Condominium Townhome	Single Family Subdivision
Weighted Average Unit Sq. Ft.	800	1800	2,200
Affordability Gap per Unit			
Very Low Income (50% AMI Rental and Owner)	\$489,529	\$459,773	\$551,315
Low Income (65% AMI Rental/ 70% AMI Owner)	\$417,602	\$330,608	\$419,749
Moderate Income (90% AMI Rental)/ 110% AMI Owner)	\$361,148	\$75,568	\$160,060
Affordability Gap per Sq. Ft.			
Very Low Income (50% AMI)	\$612	\$255	\$251
Low Income (65% AMI Rental/ 70% AMI Owner)	\$522	\$184	\$191
Moderate Income (90% AMI Rental)/ 110% AMI Owner)	\$451	\$42	\$73

Source: Strategic Economics, 2021.

COMPARISON OF INCLUSIONARY REQUIREMENTS IN SELECTED BAY AREA CITIES

Figure 32 summarizes the inclusionary requirements for selected Bay Area cities outside of Marin County for the purposes of comparison. As shown, the cities all have inclusionary requirements on for-sale development projects ranging from a minimum of 5 percent in Oakland to 22 percent in San Francisco. The income targets for for-sale housing are typically low-income and moderate-income households.

For rental housing, the percentage requirement ranges from 5 percent in Oakland to 20 percent in San Francisco. Most of the jurisdictions require some proportion of very low-income units, along with low-income and moderate-income units.

San Francisco, San Jose, and Cupertino have lower requirements for small projects.

FIGURE 32. INCLUSIONARY POLICIES FOR SELECT BAY AREA JURISDICTIONS

Jurisdiction	For-Sale Housing	Rental Housing	Fee Option	Year Adopted/Updated
Berkeley	20% affordable at or below 80% AMI.	20% must be affordable (10% at 80% AMI and 10% at 50% AMI).	For sale: In-lieu fee option (62.5% of difference between affordable and market price). Rental: Affordable housing impact fee \$39,716 per market-rate unit.	2020
Oakland	5% at 50% AMI or 10% at 80% AMI or 10% at 120% AMI.	5% at 50% AMI or 10% at 80% AMI or 10% at 120% AMI.	Fee permitted.	2016
San Francisco	Projects with 25+ units: 22% must be affordable to 80%-110% AMI. Projects with 10-24 units: 13% must be affordable.	Projects with 25+ units: 20% must be affordable to 55%-110% AMI. Projects with 10-24 units: 13% must be affordable to 55% AMI.	Fee permitted but with a higher percentage requirement than building on-site. Smaller projects pay a lower fee.	2017
San Jose	Projects with 20+ units must meet 15% affordable set-aside at or below 120% AMI. Smaller projects have lower percentage requirements.	5% at 100% AMI, 5% at 60% AMI, and 5% at 50% AMI, or 10% at 30% AMI. Smaller projects have lower percentage requirements.	Fee permitted.	2021
Santa Cruz	20% must be affordable to households at or 80% - 100% AMI.	20% must be affordable to households at or below 80% AMI.	On-site units encouraged.	2019
Palo Alto	15% must be affordable to households at 120% AMI or below.	No on-site requirement for rental.	For sale: Fee permitted but developer must demonstrate infeasibility of on-site units. Rental: Affordable housing impact fee charged.	2012
Cupertino	15% must be affordable to 120% or 100% AMI.	15% must be affordable to 120% or 80% AMI.	Projects with 1-6 units may provide a unit or pay a fee. For projects with 7 or more units, requires City Council approval.	2012

Source: Urban Displacement Project, 2021; City of Berkeley, 2021; Strategic Economics, 2021.

Recommendations

A number of considerations inform the decision to update the inclusionary requirements and the in-lieu fees, including market and feasibility factors, comparative policies in other jurisdictions, and the pros and cons of alternative means of compliance. Below is a summary of recommendations tailored for the Town of Fairfax:

Establish inclusionary percentage requirement of 20 percent for for-sale and rental development projects. The Consultant Team recommends that the Town of Fairfax establish an inclusionary requirement of 20 percent for for-sale and rental development projects, including single-family subdivisions, townhomes, and rental apartments. This percentage requirement is consistent with many other jurisdictions in the Bay Area. Once the policy has been in effect and the market has responded, the Town may wish to review the policy to determine whether a higher inclusionary requirement can be supported.

Establish income targets that are consistent with other Marin County jurisdictions. The Consultant Team recommends that the inclusionary policy include a mix of very low-, low- and moderate-income households for both for-sale and rental projects.

Establish flexible requirements for housing projects containing six or fewer units. According to the site analysis conducted by Opticos for the Objective Development Design Standards project, a large share of potential housing sites countywide are infill lots that could only accommodate small projects. These types of projects are more challenging to build than larger projects. To ensure they are financially feasible, the Consultant Team recommends that the Town of Fairfax establish more flexible requirements for these types of projects, which could include:

- Allowing for a higher average income target, with a higher proportion of moderate-income units.
- Providing more flexibility on providing a combination of on-site units and payment of in-lieu fees.
- Allowing for the provision of an accessory dwelling unit (ADU), with provisions to ensure that it is made available to renter households.

For ownership housing, designate a separate fee for single-family versus townhome condominium developments, and set the fee amount at the maximum level for each. This study establishes a maximum in-lieu fee of \$377,042 for single-family subdivisions and a fee of \$288,650 for condominium townhomes. Establishing a lower fee on townhome condominiums relative to single-family subdivisions recognizes that higher density ownership housing can be relatively more challenging to build.

For rental housing, establish an in-lieu fee amount below the maximum level to avoid inhibiting development. The maximum calculated fees of \$422,760 are considerably higher than the fees in Marin County's jurisdictions. A high fee would be a significant cost burden on rental projects, which do not command the same values as for-sale housing in Fairfax. For this reason, the Consultant Team recommends that Fairfax consider implementing a lower fee than the maximum calculated in-lieu fee on rental development.

Allow for payment of fees and land dedication as alternative means of compliance. Many jurisdictions allow for developers to comply with the inclusionary policy by dedicating land for off-site units or acquiring and converting existing housing units to deed-restricted housing. However,

conversion can result in the provision of units that are not comparable in quality or location to the market-rate development projects. Furthermore, it does not add to the overall supply of housing and burdens the jurisdiction with the cost of monitoring and compliance. The Consultant Team recommends that the Town of Fairfax develop a policy that prioritizes on-site units, allowing for the payment of in-lieu fees or land dedication as the preferred alternatives. It is recommended that the off-site conversion option is permitted only if the converted units are of a similar quality and located within close proximity to the principal project.

Require for-sale development projects with on-site units to submit a plan for the ongoing maintenance of below-market rate units. According to Marin Housing, some for-sale condominium and townhome projects have not been able to adequately fund the maintenance and repair of below-market rate units. The Consultant Team recommends that the Town of Fairfax require developers to provide a realistic plan for collecting sufficient reserves for the repair and maintenance of below-market rate units without compromising the affordability of those units.

Explore options for a countywide administration program for inclusionary units. Establishing and administering an inclusionary program requires staff to manage negotiations with developers to provide affordable units (on-site or off-site) in accordance with local requirements, monitor the resales/leasing of below-market rate units to qualified households, and ongoing administration. Because there is often limited staffing capacity in-house, the Consultant Team recommends that the participating jurisdictions investigate the potential to partner with a non-profit to provide these services. Some cities charge property owners a small administrative fee to help offset the costs of monitoring and compliance.

Appendix A

The Consultant Team spoke with a range of stakeholders for this report, including market-rate housing developers, affordable housing developers, affordable housing advocates, Marin housing authority staff, and local community land trusts. Stakeholders that participated in either one-on-one interviews with the Consultant Team, or in developer forums, both of which helped inform this report, are listed below in Figure 33.

FIGURE 33. LIST OF STAKEHOLDERS INTERVIEWED FOR STUDY

Name	Organization/ Affiliation
Judith Bloomberg	Marin Organizing Committee
Ariane Dar	Bolinas Community Land Trust
Todd David	Housing Action Committee
Justin Derby	Meritage Homes
Bruce Dorfman	Thompson Dorfman
Aaron Eckhouse	California YIMBY
Michael Hooper	Campus Property Group
Larry Kennings	Marin Environmental Housing Collaborative
Stacey Laumann	Community Land Trust of West Marin
Marianne Lim	EAH Housing
Stephanie Lovette	Marin Housing Authority
Linda Mandolini	Eden Housing
Tom Monahan	Monahan Parker Development
Wick Polite	Seagate Properties
Kiki La Porta	Coalition for a Livable Marin
Phil Richardson	Individual developer
Suzanne Sadowsky	San Geronimo Valley Affordable Housing Association
Carmen Soruco	Marin Housing Authority
Mary Kay Sweeney	Homeward Bound Housing Crisis Action Group, San Rafael Chamber of Commerce
Joanne Webster	Commerce

Source: Strategic Economics, 2021.



MEMORANDUM

To: Heather Abrams and Daniel Hortert, Town of Fairfax
From: Strategic Economics and Vernazza Wolfe Associates
Date: February 18, 2023
Project: Marin Inclusionary Study
Subject: Commercial Linkage Fee Study

I. INTRODUCTION AND METHODOLOGY

Purpose and Background

The County of Marin, along with six of the jurisdictions within the County, are collaborating on a regional effort to implement or update existing affordable housing policy tools, namely inclusionary zoning and commercial linkage fees. Some of the jurisdictions currently have inclusionary zoning and/or commercial linkage fee programs they intend to review and update as necessary, while others are establishing new programs. Together, the seven jurisdictions have retained Strategic Economics and Vernazza Wolfe Associates (the Consultant Team) to study and offer recommendations for both these policies.

This memo fulfills Task 4 of the study, which includes an analysis of commercial linkage fees in the seven participating jurisdictions. Currently, three of the seven jurisdictions charge commercial linkage fees, while the remaining four may enact fees based on the results of this study. A commercial linkage fee is a type of impact fee that charges new commercial development for its role in creating new demand for affordable housing. It is based on the finding of a “rational nexus” between the new employment created by commercial development, and the accompanying need for affordable housing for new worker households. There are two main parts to the analysis:

1. The nexus analysis establishes the linkage between new jobs and the needed affordable housing.
2. The affordability gap analysis quantifies the shortfall between what employee households can afford and what new housing costs to build. The affordability gap analysis was performed as part of the In-lieu Fee Study (Task 3) and is summarized in Section IV of this report.

The results of the nexus findings and the affordability gap analysis establish the maximum fees that can be charged on new development projects.

It is important to note that the analysis relies on occupational wage data from the California Employment Development Department collected in December 2019. It does not capture the effects of the COVID-19 pandemic on local employment and wages since then.

ATTACHMENT E

The Nexus Concept

Many commercial developments are associated with jobs that pay wages that are insufficient to afford local housing costs. A nexus study determines the justifiable commercial linkage fee that might be charged on development based on the need for affordable housing that new development projects create. To establish this relationship, a nexus analysis quantifies any increase in demand for affordable housing that accompanies new commercial development, and the additional funding required to address the uptick in demand. The increase in demand is a result of the net gain in employment directly attributable to the new commercial space that is built.

The magnitude of the nexus, and hence the maximum justifiable fee, depends on the number and types of jobs created and the prevailing cost of providing housing for the new worker households. The ability of the new workers to pay for housing costs is linked to their occupations (and hence salaries). Some of the new workers will have household incomes below the market prices for new homes and would qualify for income-restricted affordable housing. This study quantifies the demand for housing created at several household income levels and estimates the “affordability gap” between what worker households can afford to pay (to rent or to buy) and the actual costs of building new housing.

Methodology and Report Organization

To perform the nexus analysis, the Consultant Team used an established methodology described below to calculate the relationship between new commercial development and household incomes of employees, which then determines the employees' need for affordable housing. These steps provide the rationale for calculating the maximum justified commercial linkage fee that could be levied on commercial development. An overview of the methodology and contents of the report is provided below. There are ten steps to calculate the maximum nexus fees, which are covered in Section II, Section III, and Section IV of this report. However, most jurisdictions do not implement the maximum fee levels. There are multiple policy considerations that are taken into account, including market factors, the commercial linkage fees enacted in other similar communities, and the potential impact on development. These policy issues are discussed in Section V followed by recommendations for setting or updating the fee levels. Finally, Section VI outlines the fee proposal to be taken up by the jurisdictions based upon this study and follow-up collaboration with planning staff in the jurisdictions. To satisfy the requirements of recently passed state legislation (AB 602), this section provides further justification on the specific fee proposal under consideration.

STEPS 1-6: COMMERCIAL LINKAGE FEE NEXUS ANALYSIS (SEE SECTION II)

Step 1. Define commercial “land use prototypes” that represent broad categories of new commercial development in Marin County.

The purpose of defining prototypes is to estimate future employment linked to various categories of commercial space. The land use prototypes are used to estimate the amount of employment generated from commercial development in the county. Three land use prototypes were selected for the nexus analysis, based on common categories of commercial development in Marin County: 1) Office, R&D, and medical office uses; 2) Retail, restaurants, and services; and 3) Hotel.

Each land use prototype is assumed to be 100,000 square feet in floor area. This number was chosen not because it is necessarily typical of new commercial development, but rather as a round number to

simplify the calculations in the steps below. (In Section IV, more typical prototypes are designated to evaluate feasibility.)

Step 2. Estimate the number of workers that will work in the new commercial space.

The Consultant Team estimated the employment density for each prototype based on national survey data on employment density for commercial land uses and other sources. The employment density is expressed as the number of square feet of building area per worker.¹ For example, a building prototype of 100,000 sf and employing 100 workers would have an employment density of $100,000 / 100 = 1,000$ square feet per worker.

Step 3. Estimate the number of new households represented by these new workers.

Since there are multiple wage earners in a household, the number of new workers must be translated into a number of households. This adjustment is based on the average number of wage-earners per worker household for Marin County (1.60), estimated from the U.S. Census Bureau American Community Survey 5-Year Estimates, 2015-2019.

Step 4. Estimate wages of new workers.

The first step in calculating employee wages is to identify industries that are typically associated with each prototype. Using industry data from the U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), industries were identified that are associated with each land use category. The next step is to identify all the occupations that are associated with each industry based on data provided by the U.S. Bureau of Labor Statistics (BLS). The national BLS occupational matrix is then calibrated to match the county's employment mix by weighting the national employment distribution to reflect the distribution of employment by industry within Marin County. Finally, the average wage by worker is calculated using data on average annual wages by occupation in the San Francisco-Oakland-Berkeley Metropolitan Statistical Area from the Bureau of Labor Statistics.

Step 5. Estimate household income of worker households.

Worker wage estimates from the previous step are then converted to household incomes. This step assumes that the income of the second wage-earner is similar to the wage of the first wage-earner. According to the U.S. Census Bureau American Community Survey 5-Year Estimates, 2015-2019, there are 1.60 wage-earners per worker household in Marin County. Individual worker wages are therefore multiplied by 1.60 to represent household incomes.

Step 6. Calculate the number of households that would be eligible for affordable housing divided into relevant income categories.

The average household size in Marin is 2.4 persons, based on the US Census, American Community Survey 5-Year Estimates, 2015-2019. Because household income tables are organized by whole numbers, the average household size was rounded down to 2 persons. Thus, the income groups are defined for a household size of two persons and based on standard household income categories used

¹ The analysis takes into account the effects of physical distancing and remote work on employment density by estimating slightly higher assumptions of square feet per employee in office/R&D buildings than were typical before the COVID-19 pandemic.

in California. The income categories analyzed include very low-, low-, and moderate-income households.²

STEPS 7-9: CALCULATION OF THE HOUSING AFFORDABILITY GAP (SEE SECTION III)

The affordability gap represents the difference between what households can afford to pay for housing and the development cost of new housing. As part of the In-lieu Fee Study Calculation memo already submitted to participating jurisdictions, the Consultant Team analyzed the affordability gap of new rental and for-sale housing units. The In-lieu Fee Study identified the affordability gap for one rental prototype (rental stacked flats) and two for-sale housing prototypes (condo townhomes and single-family subdivision units) for very low-, low-, and moderate-income households. The affordability gap findings of this previous analysis were applicable here because the household incomes of new worker households identified in Step 5 align with the household income categories that were considered in that analysis. The steps below describe how the affordability gap analysis from the In-lieu Fee Study was adapted for this analysis.

Step 7. Estimate affordable rents and housing prices for households in the targeted income groups.

As part of the In-lieu Fee Study, the affordable rent levels and for-sale housing prices were estimated for each of the worker household income categories described above. Households with incomes in the very low-income range are assumed to occupy rental housing. Households in the low- and moderate-income ranges are assumed to require a combination of rental and for-sale housing. The respective rents and sales prices that are affordable to these households were based on the income limits used by the Marin Housing Authority and the California Department of Housing and Community Development.

Step 8. Estimate the development cost of new housing.

As part of the In-lieu Fee Study, the Consultant Team estimated the typical development costs of new units in rental apartment, townhome condo, and single family subdivision developments.

Step 9. Calculate the affordability gap.

The affordability gap is calculated for each of the three income categories. Very low-income households are assumed to be renters, so the affordability gap is the difference between the cost of developing new rental housing and what those households can afford to pay, based on the gap for the rental prototype analyzed in the In-lieu Fee Study. Since low-income and moderate-income households are expected to include a mix of renters and homeowners, the overall gap per household for these income categories is calculated as the average of the three affordability gaps for all three housing types that were considered in the In-lieu Fee Study.

To estimate the total affordability gap for each commercial land use prototype, the total number of very low-, low-, and moderate-income new worker households for each prototype is multiplied by the corresponding affordable housing gap figure.

² The occupation and wage analysis found no extremely low-income households. These households are defined as earning less than 30 percent of area median income and do not typically earn wages from permanent employment.

STEP 10: CALCULATION OF MAXIMUM LINKAGE FEES (SEE SECTION IV)

Step 10. Calculate maximum justifiable commercial linkage fees for each prototype.

For each category of land use, the maximum fee per square foot is the total affordability gap calculated in Step 9 divided by the floor area of the land use prototype (100,000 square feet for each).

MARKET FACTORS, FEASIBILITY, AND OTHER POLICY CONSIDERATIONS (SECTION V)

This section of this report contains a discussion and analysis of policy considerations jurisdictions should review before enacting a commercial linkage fee. Typically, a commercial linkage fee is set at a level significantly below the maximum justifiable fee determined in the nexus study. Thus, considerations for setting appropriate fee levels include the impact of fees on the total development costs of typical commercial projects. Jurisdictions will also want to be cognizant of similar linkage fees charged in nearby or comparable cities as well as the amount the commercial linkage fee will raise their existing municipal fees. To facilitate an analysis of these considerations, the Consultant Team created a set of illustrative “fee scenarios” to highlight the fees’ impact on development costs and the existing set of municipal fees for each jurisdiction. These fee scenarios were tested on three development prototypes representative of the three commercial land uses that were evaluated in the nexus study. These “feasibility prototypes” were created based on recent and proposed commercial development projects in Marin County, and in consultation with local developers. Following this analysis is a section with recommendations for setting the fees, as well as a brief analysis of the potential revenues that could be generated by implementing the fee recommendations.

UNIFIED FEE PROPOSAL AND FULFILLING STATE REQUIREMENTS FOR ADOPTION (SECTION VI)

The final section of the report considers the commercial linkage fee program to be formally proposed by the seven jurisdictions based on the recommendations in Section V. To establish more consistency and uniformity across jurisdictions, each of the jurisdictions plans to propose the same schedule of fees in their respective communities. The section first includes an overview of the fees in comparison to the linkage fees currently in place in some of the jurisdictions. Based on the unified fee proposal, Strategic Economics estimated the potential affordable housing revenues that could be raised over a five year period. Strategic Economics also performed further analysis on the unified fee proposal to fulfill the requirements of recently passed state legislation (AB 602) relating to impact fees imposed on new development. As required by AB 602, Strategic Economics summarized the revenues collected from each of the three existing fee programs and provided a justification for the new level of service advanced by the new fee program. Finally, the section concludes with a discussion of the purpose of these fees and the role of new commercial development to contribute to funding affordable housing in Marin County.

II. COMMERCIAL LINKAGE FEE NEXUS ANALYSIS

This section describes each step of the nexus analysis in detail, including Steps 1 through 6 outlined in the previous section.

Step 1: Commercial Prototypes

This study examined the jobs-housing linkage for three commercial land use prototypes, which are described below. These prototypes were selected because they are the most common categories of commercial development in Marin County, based on a review of recently built, planned, and proposed projects.³

1. **Office/ R&D/ Medical Office:** Includes professional and business services offices, medical/dental office, and research and development.
2. **Retail/Restaurants/Services:** Includes retail stores, eating and drinking places (cafes, restaurants, bars, etc.), and personal and financial services such as salons, drycleaners, retail banks.
3. **Hotel:** Includes full-service hotels, limited-service hotels, motels, and other lodging.

The nexus analysis is calculated based on a 100,000 square foot building, but the actual development projects that are likely to occur in Marin will be smaller. ⁴ Since the fee is calculated on a per-square-foot basis, the fee would be proportional to the size of the development project.

Step 2: Number of Workers

For each building prototype, an average employment density was applied based on a combination of national survey data for existing commercial buildings and a review of other recently completed linkage fee nexus studies. Figure 1 summarizes the available research on employment density by building type that formed the basis for establishing average employment density assumptions for the nexus model.

Figure 2 shows the assumptions on worker density for each commercial land use prototype, measured by the average number of square feet per worker. A lower number of square feet per worker implies a higher worker density, which leads to a higher estimate of worker households. For each prototype, the Consultant Team selected an employee density number in the middle of the range; this is a more conservative approach to avoid overestimating the maximum linkage fee amount. The density factors represent the average density for the prototypes; individual projects and buildings may have a greater or lower worker density than the average.

The employee density factor is multiplied by the prototype's floor area (100,000 square feet) to calculate the total number of workers in each commercial prototype. The density assumption is used to generate the total number of direct workers occupying the commercial space in each prototype.

³ Some commercial developments will lie outside the three major categories of land use analyzed in this study. Examples of such land uses include industrial projects, assisted living facilities, and child care centers. Jurisdictions may still charge a commercial linkage fee on these land uses provided the applicant for development supplies estimates of jobs and wages that accompany the new development.

⁴ Section V contains financial feasibility testing on a more detailed set of prototypes that would be typical of new development in Marin County. These feasibility prototypes vary in size and contain additional details such as parking, number of floors, and land area.

- **Office/Medical Office/R&D.** The average density assumption for office is 375 square feet per worker. This is a blended average that represents a combination of business office spaces (estimated to be approximately 300 square feet per worker in the Bay Area), nonprofit offices, medical office, (typically estimated at approximately 500 square feet per worker) and R&D, (approximately 350 square feet per worker).⁵ Note that there are limited sources on R&D employee density, so the R&D density assumption is based on qualitative research from previous work in the Bay Area conducted by the Consultant Team.
- **Retail/Restaurants/Services.** Worker density varies widely for this category depending on the specific use (food service, grocery stores, dry goods retail, and services all have different average densities). Worker densities are typically higher for independent retailers and tenants in smaller-scale neighborhood centers and urban locations than in large-scale big box retail (around 600 square feet per worker). For this reason, Strategic Economics used a slightly higher density number of 450 square feet per worker.
- **Hotel.** The average employment density assumption for visitor accommodations is 0.70 workers per room (or approximately 880 square feet per worker).⁶ This density is consistent with the Vallen and Vallen estimate for select service mid-scale hotels, which are in between full-service “luxury” properties and economy properties. Select service hotels are typical of new development in Marin.

⁵ In the last decade, there has been a trend towards an increasing density of workers (225-250 square feet per worker) occupying open format office spaces. Since the onset of the COVID-19 pandemic, there is anecdotal evidence suggesting that the trend may be reversing as firms implement measures to create more physical distancing and allow employees to work from home. For this reason, the Consultant Team used a density number for business office that represents a return to conventional office spaces rather than open layouts.

⁶ The assumption of 880 square feet per worker for visitor accommodations assumes an average 0.70 workers per hotel room and an average room size of 615 square feet of gross building area per room.

FIGURE 1. EMPLOYMENT DENSITY DATA AND SOURCES

Employee Density Figure	Source
Visitor Accommodations	
1.5 workers per full-service (luxury) hotel room	Vallen and Vallen, "Chapter 1: The Traditional Hotel Industry," Check-In, Check-Out, 2012
0.5 to 1.0 workers per room for "in-between" hotels	Vallen and Vallen, "Chapter 1: The Traditional Hotel Industry," Check-In, Check-Out, 2012
As few as 0.25 workers per room for "budget" hotels	Vallen and Vallen, "Chapter 1: The Traditional Hotel Industry," Check-In, Check-Out, 2012
Retail	
605 square feet per worker	A.C. Nelson, "Reshaping Metropolitan America" (based on calculations from EIA survey)
368 square feet per worker	"San Francisco Jobs Housing Nexus Analysis", Keyser Marston Associates, 2019
400 square feet per worker	Study Session: City of Emeryville Impact Fees, Helen Bean, Director, Economic Development and Housing Department, 2014.
Office	
306 square feet per worker	Building Owners and Managers Association Survey, 2012
434 square feet per worker	Energy Information Administration, 2003 Commercial Buildings Energy Consumption Survey, Rev. 2006
300 square feet per worker	A.C. Nelson, "Reshaping Metropolitan America," 2013
250-350 square feet per worker	San Mateo County Housing Needs Study, Economic & Planning Systems, 2006
300 square feet per worker	Jobs Housing Impact Fee Draft Nexus Study: City of Napa, CA, Vernazza Wolfe Associates Inc., 2011
312.5 square feet per worker	Housing Impact Fee Nexus Study: Mountain View, CA, KMA, 2012
Medical Office	
484 square feet per worker for outpatient care	Energy Information Administration, 2003 Commercial Buildings Energy Consumption Survey: Building Characteristics Tables, Revised June 2006;
513 square feet per worker for inpatient care	Energy Information Administration, 2003 Commercial Buildings Energy Consumption Survey: Building Characteristics Tables, Revised June 2006;

Note: Many studies of worker density are older. Because information on worker densities is not collected by any public agency, estimates must rely on other studies, which are not routinely done.

FIGURE 2. EMPLOYMENT DENSITY BY PROTOTYPE

Commercial Prototype	Prototype Size	Average Worker Density	Number of Workers in Prototype
Office/Medical Office/R&D	100,000 sq. ft.	375 sq. ft. per worker	267 workers
Retail/Restaurant/Services	100,000 sq. ft.	450 sq. ft. per worker	222 workers
Hotel	100,000 sq. ft.; 163 rooms*	880 sq. ft. per worker; 0.70 workers per room	114 workers

* Assumes the gross building area is 615 square feet per room.
Source: Strategic Economics and Vernazza Wolfe Associates, 2021.

Step 3: Number of Worker Households

Based on the total number of workers directly employed in the prototypes, the Consultant Team estimated the total number of worker households. The number of worker households is calculated by dividing the number of workers by the average number of wage-earners per household in Marin County. Based on data from the U.S. Census American Community Survey 5-Year Estimates, 2015-2019, there is an average of 1.60 workers per household in Marin. The calculation of total new worker households is shown in Figure 3 below, ranging from 71 for hotel to 167 for office.

FIGURE 3. NUMBER OF WORKER HOUSEHOLDS BY PROTOTYPE

Commercial Prototype	Number of New Workers	Workers per Household	Number of New Worker Households
Office/ Medical Office/ R&D	267	1.60	167
Retail/Restaurant/Services	222	1.60	139
Hotel	114	1.60	71

Sources: US Census, American Community Survey 3-Year Estimates, 2015-2019; Strategic Economics and Vernazza Wolfe Associates, 2021.

Step 4: Worker Wages

The first step in calculating employee wages is to establish a list of the industries associated with each prototype (as defined by the North American Industry Classification System, or “NAICS”). Using industry data from Quarterly Census of Employment and Wages (QCEW), industries were associated with each land use prototype. Figures 4 through 6 below list the industries associated with each prototype.

FIGURE 4. DEFINITION OF INDUSTRIES FOR OFFICE/MEDICAL OFFICE/R&D PROTOTYPE

NAICS Code	Description	Percent Total Workers in Prototype
5617	Services to buildings and dwellings	9.2%
5511	Management of companies and enterprises	8.8%
5415	Computer systems design and related services	6.5%
6214	Outpatient care centers	6.4%
5416	Management and technical consulting services	5.8%
6211	Offices of physicians	4.9%
6212	Offices of dentists	3.9%
5112	Software publishers	3.9%
5412	Accounting and bookkeeping services	3.9%
5313	Activities related to real estate	3.0%
5239	Other financial investment activities	3.0%
5413	Architectural and engineering services	2.9%
5611	Office administrative services	2.9%
5411	Legal services	2.7%
5221	Depository credit intermediation	2.3%
5311	Lessors of real estate	2.1%
5613	Employment services	2.1%
8133	Social advocacy organizations	2.0%
5419	Other professional and technical services	1.8%
8134	Civic and social organizations	1.7%
6213	Offices of other health practitioners	1.7%
5616	Investigation and security services	1.6%
5418	Advertising, pr, and related services	1.5%
5242	Insurance agencies and brokerages	1.4%
5619	Other support services	1.2%
5312	Offices of real estate agents and brokers	1.2%
5417	Scientific research and development services	1.1%
5111	Newspaper, book, and directory publishers	1.0%
5414	Specialized design services	1.0%
5231	Securities and commodity contracts brokerage	0.9%
5222	Nondepository credit intermediation	0.9%
6117	Educational support services	0.8%
8139	Professional and similar organizations	0.8%
3345	Electronic instrument manufacturing	0.7%
8132	Grantmaking and giving services	0.7%
5223	Activities related to credit intermediation	0.7%

FIGURE 4. DEFINITION OF INDUSTRIES FOR OFFICE/ MEDICAL OFFICE/ R&D PROTOTYPE, CONTINUED

NAICS Code	Description	Percent Total Workers in Prototype
5615	Travel arrangement and reservation services	0.7%
6114	Business, computer and management training	0.4%
5241	Insurance carriers	0.4%
5182	Data processing, hosting and related services	0.4%
5191	Other information services	0.3%
5173	Wired and wireless telecommunications carriers	0.3%
7114	Agents and managers for public figures	0.2%
7113	Promoters of performing arts and sports	0.1%
5122	Sound recording industries	0.1%
3391	Medical equipment and supplies manufacturing	0.1%
3344	Semiconductor and electronic component mfg.	0.02%
Total		100%

Source: United States Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), 2019; Strategic Economics and Vernazza Wolfe Associates, 2021.

FIGURE 5. DEFINITION OF INDUSTRIES FOR RETAIL/RESTAURANTS/SERVICES PROTOTYPE

NAICS Code	Description	Percent Total Workers in Prototype
7225	Restaurants and other eating places	38.6%
4451	Grocery stores	13.3%
4411	Automobile dealers	4.5%
4533	Used merchandise stores	3.7%
4441	Building material and supplies dealers	3.2%
8121	Personal care services	3.2%
4481	Clothing stores	3.1%
4422	Home furnishings stores	2.9%
4522	Department stores	2.9%
4461	Health and personal care stores	2.9%
4523	General merchandise stores, including warehouse clubs and supercenters	2.6%
4511	Sporting goods and musical instrument stores	2.3%
5121	Motion picture and video industries	1.6%
7223	Special food services	1.6%
8129	Other personal services	1.6%
4431	Electronics and appliance stores	1.5%
4471	Gasoline stations	1.3%
4539	Other miscellaneous store retailers	1.2%
8123	Drycleaning and laundry services	1.1%
4541	Electronic shopping and mail-order houses	0.8%
4413	Auto parts, accessories, and tire stores	0.8%
4452	Specialty food stores	0.7%
4532	Office supplies, stationery, and gift stores	0.6%
4512	Book stores and news dealers	0.5%
4421	Furniture stores	0.5%
7224	Drinking places, alcoholic beverages	0.5%
5321	Automotive equipment rental and leasing	0.5%
4442	Lawn and garden equipment and supplies stores	0.3%
4453	Beer, wine, and liquor stores	0.3%
4482	Shoe stores	0.3%
5322	Consumer goods rental	0.3%
4483	Jewelry, luggage, and leather goods stores	0.2%
4412	Other motor vehicle dealers	0.2%
8122	Death care services	0.2%
4531	Florists	0.1%
4542	Vending machine operators	0.02%
4543	Direct selling establishments	0.02%
Total		100%

Source: United States Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), 2019; Strategic Economics and Vernazza Wolfe Associates, 2021.

FIGURE 6. DEFINITION OF INDUSTRIES FOR HOTEL PROTOTYPE

NAICS Code	Description	Percent Total Workers in Prototype
7211	Traveler accommodation	100%

* Note: Unlike other prototypes, the visitor accommodations prototype only includes one NAICS industry category.

Source: United States Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), 2019; Strategic Economics, 2020.

The next step is to identify all the occupations that are associated with each industry based on data provided by the U.S. Bureau of Labor Statistics (BLS). The best available data is at the national level; state level industry-occupation data exist but do not include all relevant industries. The national BLS occupational matrix is calibrated to match the county’s employment mix by weighting the national employment distribution to reflect the distribution of employment by industry within Marin County. Finally, the average wage by worker is calculated using data on average annual wages by occupation in the San Francisco-Oakland-Berkeley Metropolitan Statistical Area (the smallest geographic level at which wage data are available) from the Bureau of Labor Statistics.

Figure 7 below summarizes the results of these calculations, computing the average weighted wages⁷ for each prototype. As shown, office/medical office/R&D employees have the highest average wage of the three prototypes, reflecting a greater mix of higher salary occupations in that use. The lowest average annual wages are in the retail/restaurants/services category. Due to the level of detail associated with the data on occupational wages, the full occupation mix in each land use prototype are shown in Figures 35 through 37 at the end of this report.

FIGURE 7. AVERAGE ANNUAL WAGE BY PROTOTYPE

Commercial Prototype	Weighted Average Annual Wage (a)
Office/Medical Office/R&D	\$85,441
Retail/Restaurant/Services	\$37,493
Hotel	\$46,473

(a) Average wages are weighted to account for the proportion of jobs in each occupational wage category.

Source: United States Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), 2019; United States Bureau of Labor Statistics, Occupational Employment and Wage Estimates, 2019; Strategic Economics and Vernazza Wolfe Associates, 2021.

⁷ The weighted average wage accounts for the proportion of jobs in each occupational category.

Step 5: Household Incomes

Based on the employee wage calculations discussed above, household incomes are estimated for each land use prototype. As a standard assumption for nexus studies, the average worker wage is multiplied by the number of wage-earners per household to calculate the annual household income. According to the U.S. Census Bureau American Community Survey 5-Year Estimates, 2015-2019, the average number of wage-earners per household in Marin County is 1.6. The average annual wage per employee within each occupation was multiplied by 1.6 to determine annual average household income.

Step 6: Household Income Categories

Employee households are then categorized as extremely low-, very low-, low-, moderate-, or above moderate-income based on standard income definitions based on percentage of Area Median Income (AMI).

According to the U.S. Census Bureau American Community Survey 5-Year Estimates, 2015-2019, the average household size in Marin County is 2.4. To reference the available income tables, this has been rounded to 2, the nearest whole number. The income categories for very low-, low-, and moderate-income households, are therefore based on the household size of two persons, using the income thresholds shown in Figure 8.⁸ Note that this analysis uses 2020 income thresholds to match up with the affordability gap calculations which were also based on 2020 income figures.

FIGURE 8. AMI LEVELS FOR 2-PERSON HOUSEHOLDS IN MARIN COUNTY, 2020

Income Category	Maximum Income
Area Median Income (100% AMI)	\$114,500
Extremely Low-income (<30% AMI)	\$34,350
Very Low-income (31-50% AMI)	\$57,250
Low-income (51-80% AMI)	\$91,600
Moderate-income (81-120% AMI)	\$137,400

Source: Marin Housing Authority, 2020. Strategic Economics and Vernazza Wolfe Associates, 2021.

Using the income categories described above, the new worker households were sorted into income groups. As shown in Figure 9 below, the distribution of workers within each income group varies markedly between the prototypes. The majority of employment in retail/restaurants/services is in the very low-income group, while the majority of hotel workers are in the low-income group. Employment in office/medical office/R&D tends to be distributed more in the higher income groups. According to the results of this analysis, the primary affordable housing need associated with these prototypes is at the very low-income, low-income, and moderate-income levels. While the results of this analysis did not demonstrate demand from extremely low-income worker

⁸ Rounding to two persons per household is a conservative estimate. Using a larger household size assumption would result in a higher maximum commercial linkage fee calculation.

households associated with new commercial development, it is understood that there are worker households in Marin County that require extremely low-income housing.

FIGURE 9. NUMBER OF WORKER HOUSEHOLDS BY INCOME CATEGORY

Land Use	Number of Worker Households	Percent of Workers In Prototype
Office/Medical Office/R&D		
Extremely Low (<=30% AMI) (a)	0	0%
Very Low-income (31-50% AMI)	4	2%
Low-income (51-80% AMI)	67	40%
Moderate-income (81-120% AMI)	26	16%
Above 120% AMI (b)	69	42%
Total Households Requiring Affordable Housing	97	100%
Total Households	166	
Retail/Restaurants/ Services		
Extremely Low (<=30% AMI) (a)	0	0%
Very Low-income (31-50% AMI)	74	53%
Low-income (51-80% AMI)	59	42%
Moderate-income (81-120% AMI)	4	3%
Above 120% AMI (b)	2	1%
Total Households Requiring Affordable Housing	137	100%
Total	139	
Hotel		
Extremely Low (<=30% AMI) (a)	0	0%
Very Low-income (31-50% AMI)	14	19%
Low-income (51-80% AMI)	49	69%
Moderate-income (81-120% AMI)	4	6%
Above 120% AMI (b)	4	6%
Total Households Requiring Affordable Housing	67	100%
Total	71	

Notes:

- (a) The methodology used to estimate worker household incomes relies on identifying the weighted averages of a large number of occupations present in each land use prototype. According to the results of this analysis, the primary affordable housing need associated with these prototypes is at the very low-income, low-income, and moderate-income levels. While this methodology does not estimate demand from extremely low-income worker households associated with new commercial development, it is understood that there are worker households in Marin County that require extremely low-income housing.
- (b) Worker households earning above 120% AMI are expected to be able to afford market-rate rental or ownership housing, and therefore they are not incorporated in the affordability gap calculation.

Source: Strategic Economics and Vernazza Wolfe Associates, 2021.

III. HOUSING AFFORDABILITY GAP

This section summarizes the approach to calculating the housing affordability gap and the results of the analysis (steps 7, 8 and 9). The steps outlined here draw upon a previous estimation of affordability gaps in the In-lieu Fee Study. A more detailed explanation of the methodology and assumptions for the affordability gap calculation can be found in that study (“Inclusionary Program Study and In-lieu Fee Calculation”).

Methodology

The housing affordability gap is defined as the difference between what very low-, low-, and moderate-income households can afford to pay for housing and the development cost of building new housing units.⁹ From the nexus methodology section at the beginning of this report, calculating the housing affordability gap involves the following steps 7 through 9:

7. Estimating affordable rents and housing prices for households in the targeted income groups.
8. Estimating development costs of building new housing units, based on current cost and market data.
9. Calculating the difference between what renters and owners can afford to pay for housing and the cost of development of rental and ownership units to arrive at the “affordability gap.”

Step 7: Estimating Affordable Rents and Sales Prices

The first step in calculating the housing affordability gap is to determine the amount that households at the targeted income levels can afford to pay for housing. As introduced in Step 6, for eligibility purposes, most affordable housing programs define very low-income households as those earning 31 to 50 percent of area median income (AMI), low-income households as those earning between 51 and 80 percent of AMI, and moderate-income households as those earning between 81 and 120 percent of AMI.¹⁰

Households with incomes in the very low range are assumed to live in rental housing. Households in the low and moderate ranges are assumed to live in a mix of rental and ownership housing. While the nexus analysis identified some new worker households that would fall above the moderate-income range (above 120 percent of AMI), the Consultant Team did not calculate an affordability gap for this group because it is expected they would find housing at market rates.

⁹ As shown in the previous section, there are no households created by commercial development in the extremely low-income range (zero to 30 percent of AMI).

¹⁰ Drawing on the In-lieu Fee Study, very low-income households were assumed to be at 50% AMI; Low-income households were assumed to be at 70% AMI for ownership housing and 65% AMI for rental housing. Moderate-income households were assumed to be at 110% AMI for ownership housing and 90% AMI for rental housing.

Figure 10 shows the maximum monthly rents and supportable debt for rental housing, as determined by the In-lieu Fee study. Renters are assumed to pay a maximum of 30 percent of their gross monthly income on total housing costs for the housing to be considered “affordable”. The maximum rent is then identified after deducting utility costs from monthly income. It is assumed that one-to-three person households occupy these units. In order to calculate the affordability gap, the affordable rents were converted to supportable debt. The supportable debt represents the one-time value of the rental revenue stream, incorporating assumptions about operating expenses, reserves, vacancy and collection loss, and mortgage terms.

FIGURE 10. AFFORDABLE RENTS AND SUPPORTABLE DEBT BY UNIT TYPE

	Studio	1-BR	2-BR	Weighted Average (a)
Maximum Affordable Rents				
Very Low-income (50%)	\$1,209	\$1,379	\$1,539	\$1,426
Low-income (65%)	\$1,584	\$1,809	\$2,022	\$1,872
Moderate-income (90%)	\$2,210	\$2,524	\$2,827	\$2,614
Supportable Debt				
Very Low-income (50%)	\$39,393	\$66,904	\$92,699	\$74,471
Low-income (65%)	\$100,036	\$136,236	\$170,691	\$146,398
Moderate-income (90%)	\$153,206	\$191,816	\$229,058	\$202,852

Notes:

- (a) The weighted average incorporates a unit mix assumption of 50% 1-bedrooms, 40% 2-bedrooms, and 10% studio units.

Source: Marin Housing Authority, 2020; Strategic Economics and Vernazza Wolfe Associates, 2021.

Figure 11 shows the maximum sales prices for homeowners, as determined by the In-lieu Fee Study. Homeowners are assumed to pay a maximum of 33 percent of gross monthly income on total housing costs. The maximum affordable price for for-sale housing is then calculated based on the total monthly mortgage payment that a homeowner could afford, using typical mortgage loan assumptions for income-restricted ownership housing, as well as other housing cost assumptions such as homeowner’s association (HOA) fees.¹¹ It is assumed that four-to-six person households occupy these units. Due to varying HOA costs, the maximum sales price varies slightly between the two ownership prototypes, condominium townhomes and single-family subdivision units.

¹¹ The housing cost assumptions for homeowners are based on correspondence with the Marin Housing Authority. It is assumed the homeowner pays a 5% downpayment, and their mortgage is 30-year fixed rate, with an interest rate of 3.8%. Other annual housing costs include: 1) Homeowner’s insurance costing 0.28% of the sales price; 2) Property tax rate of 1.5% the sales price; 3) Private mortgage insurance premium rate of 0.85% the amount financed; 4) Interior property insurance of \$1,200; and 5) homeowner’s association fees of \$0.35 per square foot for condominium units and \$0.25 for single-family units.

FIGURE 11. AFFORDABLE SALES PRICES BY UNIT TYPE

	Condo Townhome			Single-Family Subdivision		
	3-BR	4-BR	Weighted Average (a)	3-BR	4-BR	Weighted Average (a)
Low-income (70%)	\$326,986	\$369,293	\$341,089	\$344,076	\$379,167	\$361,622
Moderate-income (110%)	\$572,582	\$643,220	\$596,128	\$589,581	\$653,042	\$621,311

Notes:

- (a) The weighted average for the condo townhome assumes a unit mix of 66% three-bedrooms units and 33% four-bedroom units. For the single-family subdivision, it is assumed half of the units have three bedrooms and half have four bedrooms.

Source: Strategic Economics and Vernazza Wolfe Associates, 2021.

Step 8: Estimating Housing Development Costs

The next step in calculating the housing affordability gap is to estimate the cost of developing new housing units to address the housing need. As part of the In-lieu Fee Study, the Consultant Team estimated development costs for three prototypes: a single-family subdivision, a development of condominium townhomes, and a rental apartment development. The estimated development costs of those prototypes are shown below in Figure 12.

FIGURE 12. TOTAL DEVELOPMENT COSTS BY PROTOTYPE

Cost Category	Single Family Subdivision	Condominium Townhome	Rental Apartments
Per Unit			
Land Cost	\$350,000	\$200,000	\$75,000
Hard Costs	\$335,343	\$371,640	\$382,228
Soft Costs	\$96,028	\$100,057	\$106,605
Development Costs	\$781,371	\$671,697	\$563,833
Per Net Residential Sq. Ft.			
Land Cost	\$159	\$111	\$94
Hard Cost	\$152	\$206	\$478
Soft Costs	\$44	\$56	\$133
Development Costs	\$355	\$373	\$705

Source: Strategic Economics and Vernazza Wolfe Associates, 2021.

Step 9: Calculating the Housing Affordability Gap

The final step is to calculate the housing affordability gap, or the difference between what renters and owners can afford to pay and the total cost of developing new units. The purpose of the housing affordability gap calculation is to help determine the fee amount that would be necessary to cover the cost of developing housing for very low-, low-, and moderate-income households. The calculation does not assume the availability of any other source of housing subsidy because not all housing is built with public subsidies, and tax credits and tax-exempt bond financing are highly competitive programs that will not always be available to developers of modest housing units.

Figures 13 and 14 shows the housing affordability gap calculation for the rental prototype and the two ownership prototypes respectively.

- For the rental prototype, the gap is defined as the difference between the per-unit cost of development and the supportable debt per unit. The supportable debt is calculated based on the net operating income generated by an affordable monthly rent, incorporating assumptions about operating expenses (including property taxes, insurance, etc.), reserves, vacancy and collection loss, and mortgage terms.
- For the ownership housing prototypes, the gap is calculated as the difference between the per-unit cost of development and the affordable sales price for each income level. To calculate the maximum affordable sales price, Strategic Economics relied on the approach used by Marin Housing Authority for local affordable housing homeownership programs. The mortgage is assumed to be 30-year fixed rate, with an interest rate of 3.8 percent, which is a typical rate at the time of research (December 2020). The owner is assumed to put down a five percent down payment, which is standard for conventional and CalFHA loans. Other monthly housing costs include homeowners' association dues, property taxes, homeowners' insurance, interior property insurance, and premiums for private mortgage insurance.

Note that for each prototype, the gaps shown for each income level are the weighted average of the specific gaps for each unit type in the prototype.

The average affordability gap for each income group was then calculated by averaging the affordability gaps for each prototype, shown in Figure 15. Since it is assumed that all households in the very low-income group are renters, the average affordability gap is simply the rental gap.

For more explanation, see the In-lieu Fee Study.

FIGURE 13. AFFORDABILITY GAP CALCULATION FOR RENTAL HOUSING BY INCOME GROUP

	Supportable Debt (a)	Development Costs (b)	Affordability Gap (c)
Very Low-income (50%)	\$74,471	\$564,000	\$489,529
Low-income (65%)	\$146,398	\$564,000	\$417,602
Moderate-income (90%)	\$202,852	\$564,000	\$361,148

Notes:

- (a) Calculated as net operating income generated by an affordable monthly rent, incorporating assumptions about operating expenses, reserves, vacancy and collection loss, and mortgage terms.
- (b) Assumes development cost of \$705 per net square foot on rental units.
- (c) Calculated as the difference between development costs and supportable debt.

Source: Strategic Economics and Vernazza Wolfe Associates, 2021.

FIGURE 14. AFFORDABILITY GAP CALCULATION FOR OWNERSHIP HOUSING BY INCOME GROUP

	Affordable Sales Price (a)	Development Cost (b)	Affordability Gap (c)
Condo Townhome			
Low-income (70%)	\$341,089	\$671,697	\$330,608
Moderate-income (110%)	\$596,128	\$671,697	\$75,568
Single-family Subdivision			
Low-income (70%)	\$361,622	\$781,371	\$419,749
Moderate-income (110%)	\$621,311	\$781,371	\$160,060

Notes:

- (a) Based on affordable sales prices identified in Figure 14, this is the weighted average affordable sales price, incorporating the prototypes' overall unit mix.
- (b) Assumes a development cost of \$373 per square foot for the condo townhome, and \$355 per square foot for the single-family subdivision.
- (c) Calculated as the difference between the affordable sales price and development cost.

Source: Strategic Economics and Vernazza Wolfe Associates, 2021.

FIGURE 15: AVERAGE AFFORDABILITY GAP FOR VERY LOW-, LOW-, AND MODERATE-INCOME HOUSEHOLDS

Income Level	Rental Gap	Ownership Gap Townhome	Ownership Gap SF Subdivision	Average Affordability Gap
Very Low-income (50% AMI)	\$489,529	N/A	N/A	\$489,529
Low-income (65% AMI Rental / 70% Owner)	\$417,602	\$330,608	\$419,749	\$389,320
Moderate-income (90% AMI Rental / 110% AMI Owner)	\$361,148	\$75,568	\$160,060	\$198,925

Note: The affordability gap for Above Moderate-income Households (more than 120 percent of AMI) is assumed to be zero.

Source: Strategic Economics and Vernazza Wolfe Associates, 2021.

IV. MAXIMUM LINKAGE FEES

This section builds on the findings of the previous analytical steps to calculate the maximum justified linkage fees for each commercial prototype.

Step 10: Maximum Fee Calculation

To derive the maximum nexus-based fee for each land use prototype, the housing affordability gap amounts (see previous section) are applied to the number of worker households in each respective income category (Figure 9). The number of very low-, low-, and moderate-income households associated with each land use prototype is used to calculate the total affordability gap (Figure 16). The above moderate-income households are included in the number of worker households shown in Figure 16, but there is no affordability gap for this group and it does not contribute to the total affordability gap. Finally, the total gap for each land use prototype is divided by 100,000 square feet to calculate a maximum fee per square foot.

As shown in Figure 16, the maximum fee results (rounded to the nearest dollar) are \$331 per square foot for office/medical office/R&D, \$601 per square foot for retail/restaurants/services, and \$267 per square foot for hotel.

The calculated linkage fees are relatively high because of the high cost of housing development in Marin, leading to large affordability gaps particularly for very low- and low-income households. The maximum fee calculation is highest for retail/restaurants/services because of the relatively low worker wage levels in these industries, combined with a moderate employee density. Hotel uses also employ a large share of lower wage workers, but have a much lower employee density, resulting in the lowest maximum fee of all of the uses. Finally, office/medical/R&D uses have a lower number of lower wage workers, but have the highest employment density, resulting in a maximum fee that is lower than retail/restaurants/services but higher than hotel.

The maximum fees shown in Figure 16 are not the recommended fees for adoption. They are the preliminary nexus-justified fees that represent the maximum that Marin jurisdictions could charge to mitigate affordable housing demand related to commercial development.

FIGURE 16. MAXIMUM COMMERCIAL LINKAGE FEES

Land Use	Number of Worker Households*	Average Gap (per Household)	Total Affordability Gap	Size of Prototype (SF)	Max Fee per SF
Office/Medical Office/R&D	166	\$199,226	\$33,116,879	100,000	\$331
Retail/Restaurants/Services	139	\$432,496	\$60,068,911	100,000	\$601
Hotel	71	\$374,089	\$26,673,031	100,000	\$267

* The number of worker households includes above moderate-income households. However, these households are assumed to have an affordability gap of zero and, therefore, do not affect the calculations of the total affordability gap and the maximum fee.

Source: Strategic Economics and Vernazza Wolfe Associates, 2021.

V. MARKET FACTORS, FEASIBILITY, AND OTHER POLICY CONSIDERATIONS

The previous section presented the maximum commercial linkage fees for each land use based on the nexus study. These fees are the maximum justifiable fee that jurisdictions can charge to mitigate the affordable housing need. However, for most jurisdictions, other factors are considered when enacting the commercial linkage fees, and, as a result, the fees are almost always set at a level significantly below the maximum amount that is justified by the nexus study.

This section considers market factors and their impact on the feasibility of a range of commercial linkage fee scenarios, as well as other policy factors each jurisdiction will want to consider when setting commercial linkage fees. The first subsection includes a brief market overview of commercial development in Marin County. That is followed by a review of commercial linkage fees in comparable cities, which inform a set of “fee scenarios” that are intended to illustrate a range of reasonable fee levels that could be adopted. Following that is a discussion highlighting the following policy considerations:

- An evaluation of the potential impact of the fee scenarios on the financial feasibility of commercial development; and
- An estimate of the amount the fee scenarios would raise existing municipal fees.

To inform this analysis, the Consultant Team reviewed recent development trends, spoke with local professionals in the development and building trades, and reviewed commercial linkage fee levels in comparable Bay Area jurisdictions.

Finally, this section makes a set of recommendations for setting the commercial linkage fees, including ranges for the fees, possible affordable housing revenues generated, and an approach for updating the fees.

Market Overview

Marin County is considered a secondary market for most commercial development in relation to San Francisco and the more urban areas of the East Bay. Consequently, Marin County’s commands lower rents and attracts less development activity than the primary commercial real estate markets. In the last year, the COVID-19 pandemic has depressed the market for commercial development, with rising vacancy rates and decreasing revenues for office, retail, and hotel uses. This dynamic presents many challenges for the feasibility of new development projects.

Market conditions for each of the land use categories addressed in this study are discussed separately below in more detail.

OFFICE/MEDICAL OFFICE/R&D

Office employment in Marin is concentrated in downtown San Rafael, with a few areas of lower density office employment in North San Rafael, eastern Larkspur, and Sausalito (see Figure 17). Recent office development has included the San Rafael Corporate Center, a Class A office development in downtown San Rafael; Biomarin Pharmaceuticals, R&D lab space also in downtown San Rafael; and smaller office developments in San Anselmo and Corte Madera.

According to developers interviewed for this study, because of uncertainties about the timing of the COVID-19 economic recovery, many investors are delaying decisions about building new

commercial projects. It is unclear whether the Biomarin laboratories will attract additional demand for life sciences R&D space.

Historically, San Rafael has been the center of office development in Marin County. Once the demand for office returns, it is likely that new, larger-scale office and R&D developments will continue to be concentrated in downtown San Rafael. As the primary location for office uses, San Rafael is considered the strongest tier for office uses in Marin County. The other six jurisdictions have not captured significant office development in the last decade, and therefore comprise a weaker office market tier.

RETAIL/RESTAURANTS/SERVICES

Demand for brick-and-mortar retail development nationwide has slowed as an increasing share of retail sales move online. The shelter-in-place restrictions from COVID-19 have accelerated this trend, and it is unclear when significant demand for new retail space will return. Marin County has seen only a small amount of retail development in recent years, limited to single tenant stores such as the RH showroom in Corte Madera. Redevelopment plans for the Northgate Mall in San Rafael will reduce the overall retail area on the site while adding over 1,300 new housing units.

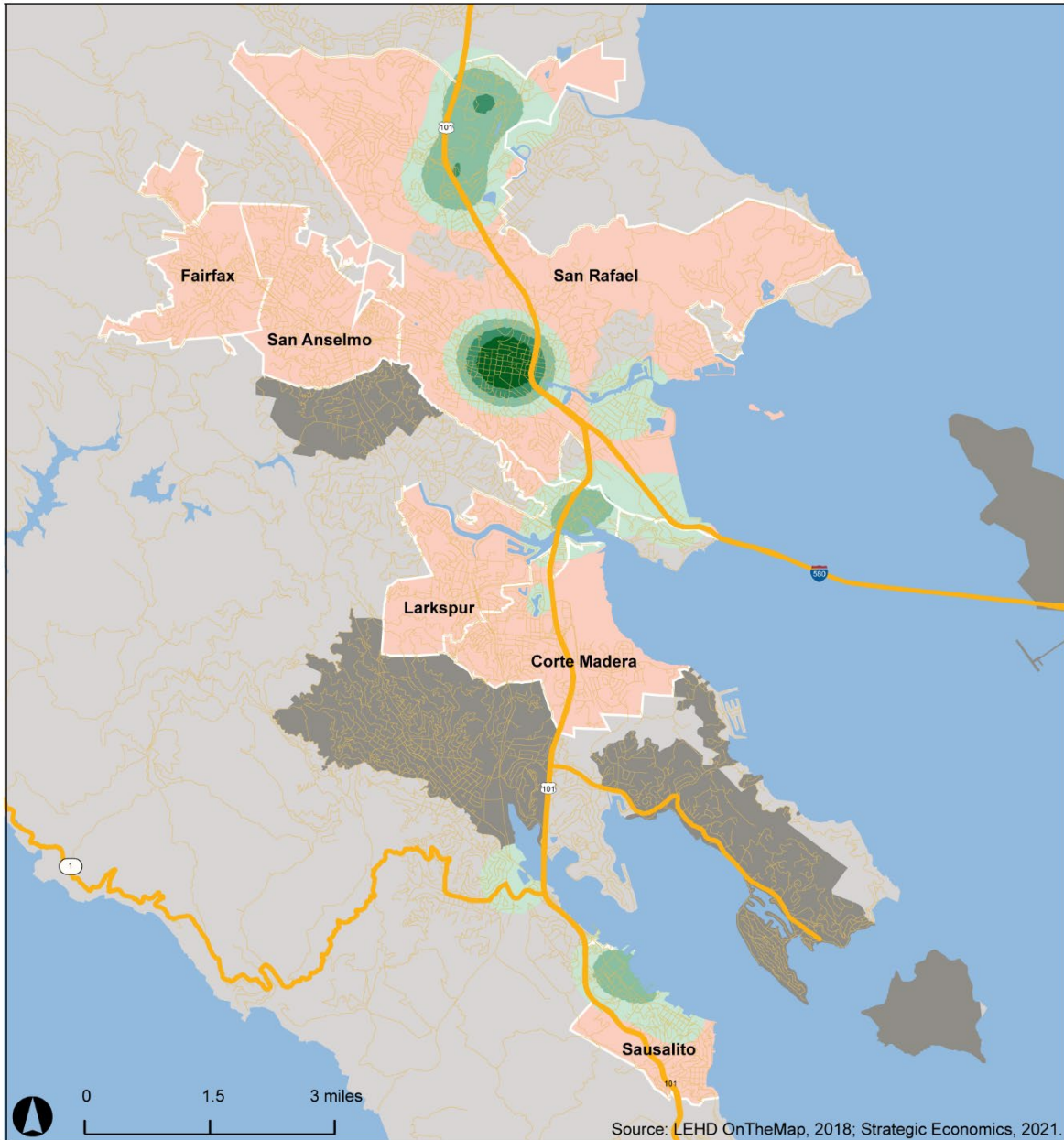
It is unlikely that the county will see significant new retail development in the coming years. When the market does recover, new retail is expected to be relatively small scale, serving a local trade area and/or any new residential development. Rather than concentrating in any one area of the county, retail is likely to be dispersed, favoring sites close to US-101, major highways with good visibility, or serving larger residential developments. For this reason, to the Consultant Team recommends that the jurisdictions adopt a relatively uniform commercial linkage fee. Jurisdictions may also wish to enact lower fees for small and independently-owned businesses. Many jurisdictions exempt retail spaces of under 5,000 square feet from these fees.

HOTEL

Located geographically in between San Francisco and Northern California's wine country, Marin County is a secondary market for hotel development. Business travel is an important component of demand in San Rafael, serving the downtown employment center, while the market in the remainder of the county is mostly composed of leisure travelers. Although the county has seen no new hotels in over twenty years, currently several hotels and motels have been proposed, planned, or are under construction. These new projects include two in downtown San Rafael (the select service AC Marriot and Hampton Inn and Suites), and three additional proposals in Corte Madera and Larkspur. All of these developments were planned and proposed before the start of the COVID-19 pandemic, with the AC Marriot already under construction.

The pandemic has taken a serious toll on hotel demand, causing developers that have yet to break ground to reconsider moving forward with their projects. Developers and industry leaders do not expect the market to recover for several years.

FIGURE 17: OFFICE EMPLOYMENT DENSITY IN MARIN COUNTY, 2018



Marin County: Office jobs per square mile, 2018*

- <500 jobs
- 500 - 1,000 jobs
- 1,000 - 1,500 jobs
- 1,500 - 2,000 jobs
- >2,000 jobs

*Includes jobs in NAICS categories 51-55



Source: U.S. Census Longitudinal Employer-Household Dynamics, 2018; Strategic Economics and Vernazza Wolfe Associates, 2021.

Comparable Cities

Figures 18 through 20 show existing commercial linkage fees for the jurisdictions participating in this study alongside other comparable jurisdictions in Sonoma County, Napa County, San Mateo County, and San Francisco.

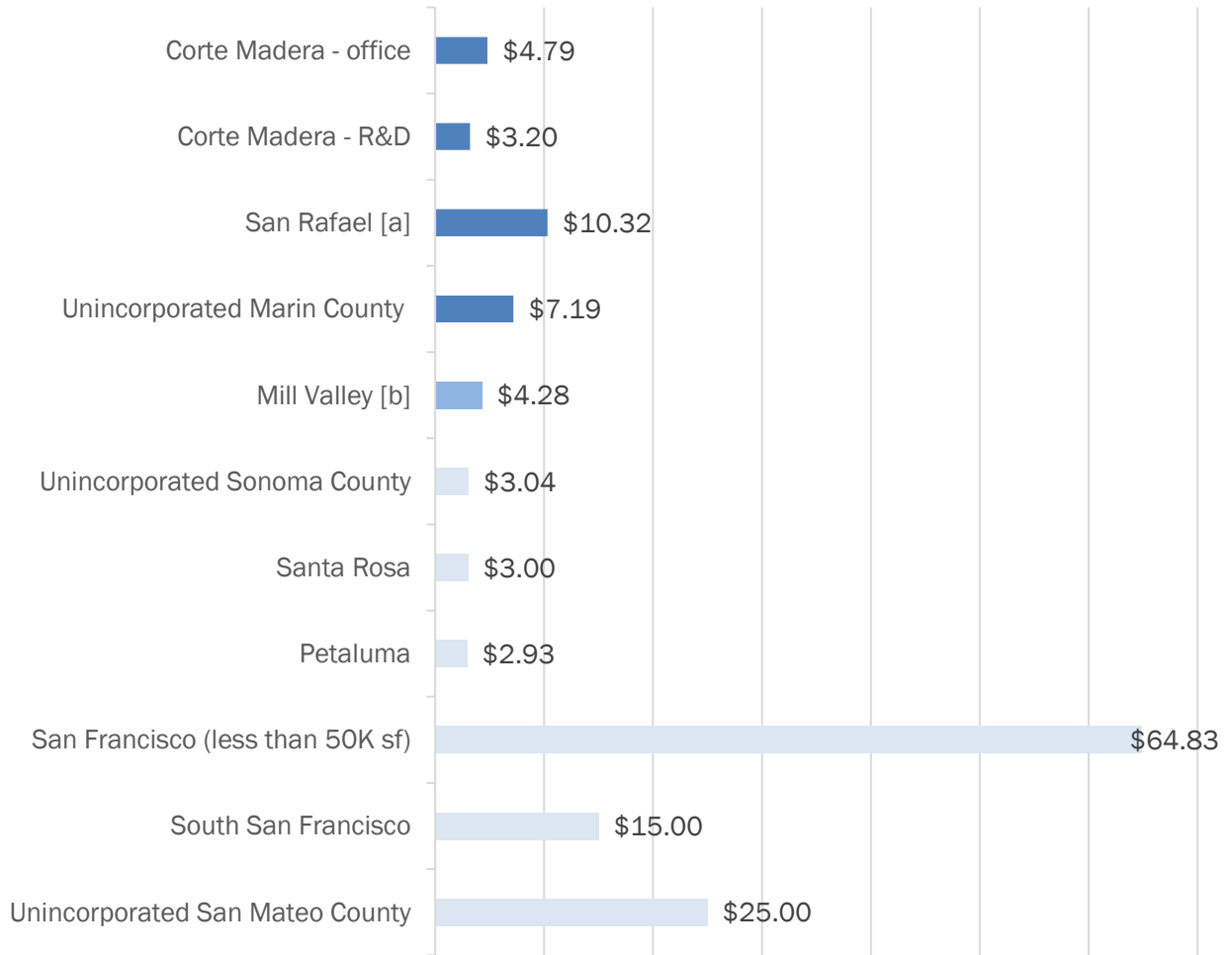
As shown in Figure 18, linkage fees for office/medical office/R&D land uses in Marin County range from \$3.20 to \$10.32 per square foot. The fee in San Rafael is at the high end of this range, reflecting its relative strength as an office center within the county. The selected jurisdictions from Sonoma County, (Petaluma, Santa Rosa, and Unincorporated Sonoma County) all charge approximately \$3.00 per square foot. San Francisco, San Mateo County, and South San Francisco have stronger office markets than Marin and all charge much higher fees ranging from \$15 to \$65 per square foot.¹²

Figure 19 gives a comparison of linkage fees for retail/restaurants/services. These fees tend to be lower than what is charged for office, except in places where retail markets have been particularly strong. In Marin County the linkage fees on these uses range from \$3.28 to \$8.38, with Corte Madera at the top of the range. The selected jurisdictions in Sonoma County range from \$3.00 to \$5.25.

Figure 20 shows linkage fees for hotel uses in the comparable jurisdictions. Fees charged for hotel uses in Marin tend to be lower than for other uses, ranging from \$1.20 to \$4.63 per square foot. The selected communities in Sonoma County all charge approximately \$3.00 per square foot, and the fee in the City of Napa is as high as \$6.00 per square foot. The fee in San Francisco is more than \$23 per square foot.

¹² South San Francisco is shown because it provides a reference point for life sciences industry clusters that have a high concentration of R&D space.

FIGURE 18: COMMERCIAL LINKAGE FEES FOR OFFICE/MEDICAL OFFICE/R&D ADOPTED IN MARIN AND COMPARABLE JURISDICTIONS

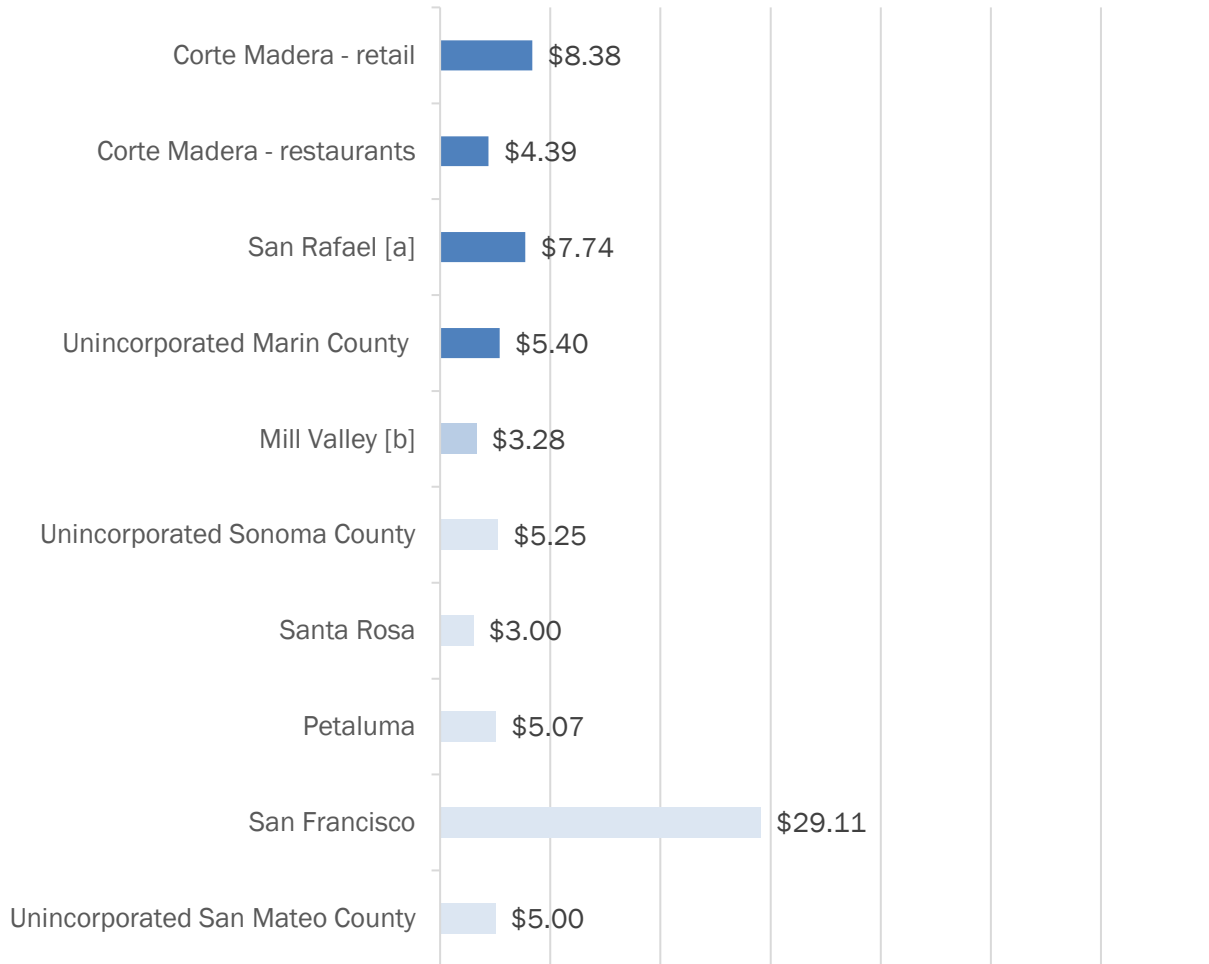


[a] San Rafael's fee is defined as a percentage of the inclusionary in-lieu fee.

[b] Mill Valley's fee is defined as one percent of the valuation of the proposed project. The Consultant Team assumed the valuation of the office prototype used for feasibility testing (see next section).

Sources: Published schedules of city fees; Strategic Economics and Vernazza Wolfe Associates, 2021.

FIGURE 19: COMMERCIAL LINKAGE FEES FOR RETAIL/RESTAURANT/SERVICES ADOPTED IN MARIN AND COMPARABLE JURISDICTIONS

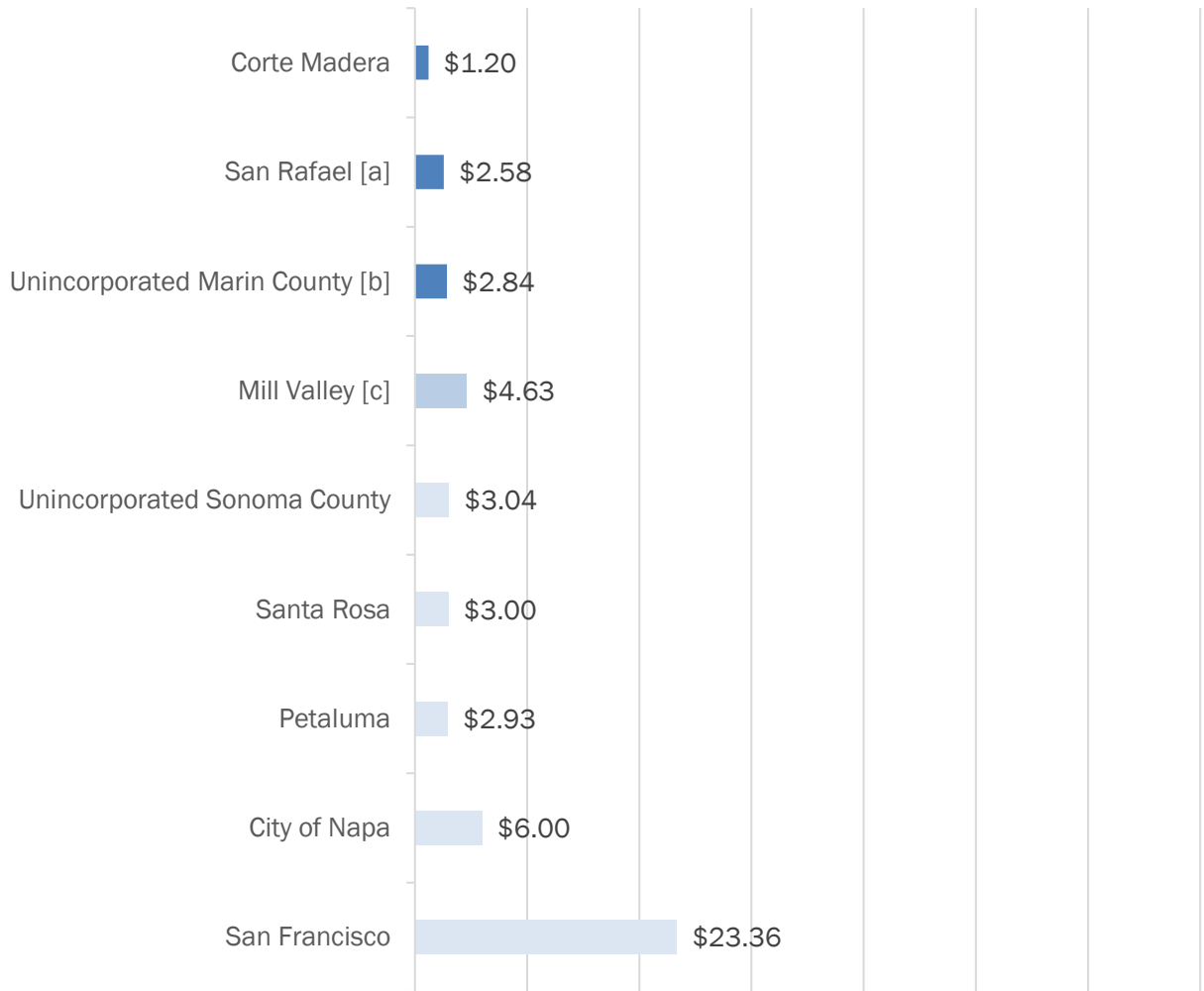


[a] San Rafael's fee is defined as a percentage of the inclusionary in-lieu fee.

[b] Mill Valley's fee is defined as one percent of the valuation of the proposed project. The Consultant Team assumed the valuation of the retail prototype used for feasibility testing (see next section).

Sources: Published schedules of city fees; Strategic Economics and Vernazza Wolfe Associates, 2021.

FIGURE 20: COMMERCIAL LINKAGE FEES FOR HOTEL ADOPTED IN MARIN AND COMPARABLE JURISDICTIONS



[a] San Rafael's fee is defined as a percentage of the inclusionary in-lieu fee.

[b] Marin County's fee \$1,745 per room. This figure was converted to a value per square foot assuming a hotel development will average 615 square feet of gross building area per room.

[c] Mill Valley's fee is defined as one percent of the valuation of the proposed project. The Consultant Team assumed the valuation of the hotel prototype used for feasibility testing (see next section).

Sources: Published schedules of city fees; Strategic Economics and Vernazza Wolfe Associates, 2021.

Fee Scenarios

The Consultant Team developed a set of fee scenarios to analyze the impact of a commercial linkage fee adopted for the three categories of land use. The determination of the fee scenarios was based on the range of fee levels that have been adopted in comparable cities and counties in the Bay Area.

The four fee scenarios range from \$3.00 per square foot to \$15.00 per square foot (Figure 21). The fee scenarios, which are all only a fraction of the nexus-justified maximum fee, are intended as a guide to illustrate a range of commercial linkage fee amounts that might be implemented for

each land use category. Jurisdictions may choose to set linkage fees at different scenarios for different land uses, at an amount different from the values shown, or may choose to implement a commercial linkage fee for only certain land uses.

FIGURE 21: COMMERCIAL LINKAGE FEE SCENARIOS PER BUILDING GROSS SQUARE FOOT

	Office/Medical Office/R&D	Retail/Restaurant/Services	Hotel
Maximum Fee	\$331	\$601	\$267
Scenario 1	\$3.00	\$3.00	\$3.00
Scenario 2	\$5.00	\$5.00	\$5.00
Scenario 3	\$10.00	\$10.00	\$10.00
Scenario 4	\$15.00	\$15.00	\$15.00

Source: Strategic Economics and Vernazza Wolfe Associates, 2021.

Feasibility Analysis

One of the important policy considerations when enacting a new fee is the impact of the fee on the financial feasibility of new commercial development. The Consultant Team analyzed the financial feasibility of potential new linkage fees by assessing their impact on overall development costs. While there are no established rules-of-thumb for setting commercial linkage fees in relation to development costs, generally where real estate markets are strong, new development is able to accommodate higher fees if they represent a relatively low share of overall development costs.¹³

DEVELOPMENT PROTOTYPES FOR ANALYZING FEASIBILITY

The Consultant Team designated a set of development prototypes to analyze feasibility. These prototypes are different from the commercial prototypes used for the nexus study and introduced in Section II. While the nexus prototypes represent broad categories of use, the development prototypes for feasibility represent more specific developments within each category and include additional details such as land area and parking to facilitate the estimation of costs. The three “feasibility prototypes” are defined as: 1) Class B Office; 2) Small Neighborhood Center; and 3) Select-Service Hotel. These development prototypes, which are designed to represent a typical development within each land use category, are informed by recent and proposed commercial developments in Marin, as well as from interviews with local developers and builders. The prototypes are described below and summarized further in Figure 22.

- **Class B Office:** A smaller, Class B office format was used because Marin is a secondary office market within the Bay Area, and the economics of smaller developments are likely to be more impacted by municipal fees than larger developments. This prototype is 17,000 square feet in two stories on a one acre site. Surface parking is assumed with a ratio of 4.0 (one stall per 250 square feet of gross building area).

¹³ Over time, fee increases are expected to be capitalized into lower land costs.

- **Small Neighborhood Center:** This is a 7,600 square-foot neighborhood shopping center on one-half acre. This prototype assumes surface parking with a parking ratio of 4.0 (one stall per 250 square feet of gross building area). Similar to the office prototype above, a smaller center is likely to be more impacted by new fees. In addition, the parcel size is very small because there is very limited retail development occurring in Marin, and developer interviews also suggested that Marin’s limited site availability meant larger retail developments were unlikely to occur.
- **Select-Service Hotel:** Most recent and pipeline hotel projects in Marin are select-service hotels. This prototype is a 70,000 square foot select service hotel with 115 guest rooms on a 2.5 acre site. It assumes surface parking with a parking ratio of 1.1 spaces per room. The hotel will include a limited number of high-quality amenities such as a small restaurant/bar, a fitness room, and a business center.

FIGURE 22. DEVELOPMENT PROTOTYPES

	Class B Office	Small Neighborhood Center	Select Service Hotel
Land Area			
Parcel Size (Sq. Ft.)	43,560	21,780	108,900
Parcel Size (acres)	1.00	0.50	2.50
Building Height and FAR			
Total Stories	2 stories	Single story	3 stories
FAR	0.40	0.35	0.65
Building Area			
Gross area (gsf)	17,424	7,623	70,785
Net area (nsf)	15,682	6,861	n/a
Number of rooms	n/a	n/a	115
Average Room Size (nsf)	n/a	n/a	400
Average Room Size (gsf)	n/a	n/a	615
Parking			
Total Spaces (surface)	70	30	127
Parking Ratio (per room)	n/a	n/a	1.10
Parking Ratio (per 1,000 SF)	4.0	4.0	1.8

Source: Strategic Economics and Vernazza Wolfe Associates, 2021.

DEVELOPMENT COSTS

The Consultant Team estimated development costs based on interviews with developers and general contractors experienced with commercial development in Marin, as well as a review of recent land transactions. Key development cost assumptions are described below, and a summary of the assumptions is provided in Figure 23.

LAND AND SITE COST ASSUMPTIONS

One of the critical cost factors for a commercial development project is land cost. To determine the land value of sites zoned for commercial uses, the Consultant Team combined feedback from developer interviews with an analysis of recent sales transactions of vacant parcels for development in the relevant areas of Marin County. Land costs can range greatly based on the site's location and characteristics. The Consultant Team reviewed comparable land sales and generally based land cost assumptions on the middle of the range of comparable land prices.

Site costs include the horizontal costs associated with preparation of the site for development and demolition of any existing buildings. As these costs vary widely from site to site, the Consultant Team estimated average site costs based on developer interviews and experience with previous feasibility studies.

BUILDING AREA HARD COSTS

The hard costs for the building area include the cost of vertical construction of the building. This ranges from \$300 per gross square foot for the Small Neighborhood Center to \$450 per gross square foot for the Class B Office. These costs are informed by developer interviews as well as recent construction cost market reports.

TENANT IMPROVEMENTS AND FF&E COSTS

This cost category includes a separate allowance for tenant improvements for the office and retail prototypes as well as "fixtures, furniture, and equipment" (FF&E) for the hotel prototype. The tenant improvement allowance of \$75 per square foot for office and retail is based on recent feasibility studies for these development types in the Bay Area. The FF&E cost of \$25,000 per room is based on feedback from developer interviews.

SURFACE PARKING COSTS

The direct cost of parking is assumed to be an average of \$10,000 per stall for a surface lot, which applies to all development prototypes.

SOFT COST ASSUMPTIONS

Soft costs include all costs for architecture, engineering, consulting, legal, and accounting fees, as well as taxes, insurance, financing costs, contingency, and any other incidental costs not included in the cost categories listed in this section. Soft costs were estimated as 12 percent of hard costs for all prototypes. Note that existing municipal fees, including utility hook-ups, are not incorporated into this assumption, and are addressed separately, because they vary across the jurisdictions.

FIGURE 23: DEVELOPMENT COST ASSUMPTIONS

	Class B Office	Small Neighborhood Center	Select Service Hotel
Land and Sites Costs (per sf)	\$75	\$75	\$40
Building Area Hard Costs (per gsf)	\$400	\$300	\$450
Tenant Improvements (per nsf, office and retail only)	\$75	\$75	n/a
FF&E (per room, hotel only)	n/a	n/a	\$25,000
Surface parking (per space)	\$10,000	\$10,000	\$10,000
Soft Costs (as % of hard costs)	12%	12%	12%

Sources: Developer Interviews, 2021; Costar, 2021; Rider, Levett, Bucknall Quarterly Construction Cost Report, Q4 2020; Strategic Economics and Vernazza Wolfe Associates, 2021.

TOTAL DEVELOPMENT COSTS

Based on the assumptions summarized in Figure 23, The Consultant Team estimated the total development costs for the prototypes, summarized in Figure 24. The costs are summarized for the whole project, by square foot of gross building area, and by guest room for hotel. On a per-square foot basis, the Class B Office is the most expensive, and the Select Service Hotel is the least expensive.

FIGURE 24: TOTAL DEVELOPMENT COST BY PROTOTYPE

	Class B Office	Small Neighborhood Center	Select Service Hotel
Overall Project			
Land and Site Costs	\$3,267,000	\$1,633,500	\$4,356,000
Building Area Hard Costs	\$6,969,600	\$2,286,900	\$31,853,250
Tenant Improvements / FF&E	\$1,176,120	\$514,553	\$2,875,641
Surface parking	\$700,000	\$300,000	\$1,270,000
Soft Costs	\$920,352	\$310,428	\$3,974,790
Total Development Cost	\$13,033,072	\$5,045,381	\$44,329,681
Per GSF			
Land and Site Costs	\$188	\$214	\$62
Building Area Hard Costs	\$400	\$300	\$450
Tenant Improvements / FF&E	\$68	\$68	\$41
Surface parking	\$40	\$39	\$18
Soft Costs	\$53	\$41	\$56
Total Development Cost	\$748	\$662	\$626
Per Guest Room			
Land and Site Costs			\$37,870
Building Area Hard Costs			\$276,923
Tenant Improvements / FF&E			\$25,000
Surface parking			\$11,041
Soft Costs			\$34,556
Total Development Cost			\$385,390

Source: Strategic Economics and Vernazza Wolfe Associates, 2021.

INCREASES IN DEVELOPMENT COSTS

The fee scenarios were applied to the development costs for each prototype and are summarized below and in Figure 25. A fee level of \$3.00 per square foot (Scenario 1) increases development costs by 0.4 to 0.5 percent, depending on the prototype; a fee level of \$5.00 (Scenario 2) increases development costs by 0.7 to 0.8 percent; at \$10.00 per square foot (Scenario 3), the increase in costs ranges from 1.3 to 1.6 percent; and, finally, at \$15.00 per square foot (Scenario 4), the increase in costs ranges from 2.0 to 2.4 percent. In percentage terms, hotel development experiences the largest increase from a new fee because hotel is the least expensive prototype to build per square foot.

FIGURE 25: FEE SCENARIOS AND PERCENTAGE OF DEVELOPMENT COSTS FOR EACH PROTOTYPE

	Class B Office	Small Neighborhood Center	Select Service Hotel
Total Development Costs before Linkage Fee (\$/sf)	\$748	\$662	\$626
Linkage Fee Scenarios (\$/sf)			
Maximum Fee	\$331	\$601	\$267
Scenario 1	\$3.00	\$3.00	\$3.00
Scenario 2	\$5.00	\$5.00	\$5.00
Scenario 3	\$10.00	\$10.00	\$10.00
Scenario 4	\$15.00	\$15.00	\$15.00
Linkage Fee Scenarios (as % to Total Dev. Costs)			
Maximum Fee	44%	91%	43%
Scenario 1	0.4%	0.5%	0.5%
Scenario 2	0.7%	0.8%	0.8%
Scenario 3	1.3%	1.5%	1.6%
Scenario 4	2.0%	2.3%	2.4%

Source: Strategic Economics and Vernazza Wolfe Associates, 2021.

FEE SCENARIOS COMBINED WITH OTHER MUNICIPAL FEES

The Consultant Team reviewed the total burden of the fee scenarios in the context of other fees charged by the cities and Marin County, including fees such as building permits as well as any impact fees each jurisdiction might have in place.¹⁴ A table of these costs for each jurisdiction is given in Figure 26 below, including the total fees that would be paid on each prototype for the commercial linkage fee scenarios.

Because each jurisdiction has its own schedule of fees for new development, the cost of development in each community varies. For example, municipal fees for the prototypes in Corte Madera range from 0.6 percent to 0.9 percent of development costs, while fees in San Rafael are higher, ranging from 2.2

¹⁴ Connection fees charged by a local sanitary sewer and water district were also estimated; they would be expected to represent an additional 1.0 to 2.6 percent of development costs above what is shown in the Figure 26.

to 4.4 percent of development costs. Jurisdictions will need to take into account these baseline costs when setting a commercial linkage fee amount.

FIGURE 26. COMMERCIAL LINKAGE FEE SCENARIOS AND OTHER MUNICIPAL AND COUNTY FEES* BY JURISDICTION

	Per GSF			As % of Development Costs		
	Class B Office	Small Neighborhood Center	Select Service Hotel	Class B Office	Small Neighborhood Center	Select Service Hotel
Corte Madera						
Municipal Fees	\$4.71	\$4.75	\$5.90	0.6%	0.7%	0.9%
Total Fees with Scenario 1	\$7.71	\$7.75	\$8.90	1.0%	1.2%	1.4%
Total Fees with Scenario 2	\$9.71	\$9.75	\$10.90	1.3%	1.5%	1.7%
Total Fees with Scenario 3	\$14.71	\$14.75	\$15.90	2.0%	2.2%	2.5%
Total Fees with Scenario 4	\$19.71	\$19.75	\$20.90	2.6%	3.0%	3.3%
Fairfax						
Municipal Fees	\$8.53	\$8.83	\$9.42	1.1%	1.3%	1.5%
Total Fees with Scenario 1	\$11.53	\$11.83	\$12.42	1.5%	1.8%	2.0%
Total Fees with Scenario 2	\$13.53	\$13.83	\$14.42	1.8%	2.1%	2.3%
Total Fees with Scenario 3	\$18.53	\$18.83	\$19.42	2.5%	2.8%	3.1%
Total Fees with Scenario 4	\$23.53	\$23.83	\$24.42	3.1%	3.6%	3.9%
Larkspur						
Municipal Fees	\$16.02	\$19.04	\$13.05	2.1%	2.9%	2.1%
Total Fees with Scenario 1	\$19.02	\$22.04	\$16.05	2.5%	3.3%	2.6%
Total Fees with Scenario 2	\$21.02	\$24.04	\$18.05	2.8%	3.6%	2.9%
Total Fees with Scenario 3	\$26.02	\$29.04	\$23.05	3.5%	4.4%	3.7%
Total Fees with Scenario 4	\$31.02	\$34.04	\$28.05	4.1%	5.1%	4.5%
Unincorporated Marin County						
County Fees	\$4.88	\$5.38	\$5.14	0.7%	0.8%	0.8%
Total Fees with Scenario 1	\$7.88	\$8.38	\$8.14	1.1%	1.3%	1.3%
Total Fees with Scenario 2	\$9.88	\$10.38	\$10.14	1.3%	1.6%	1.6%
Total Fees with Scenario 3	\$14.88	\$15.38	\$15.14	2.0%	2.3%	2.4%
Total Fees with Scenario 4	\$19.88	\$20.38	\$20.14	2.7%	3.1%	3.2%
San Anselmo						
Municipal Fees	\$10.12	\$11.03	\$12.86	1.4%	1.7%	2.1%
Total Fees with Scenario 1	\$13.12	\$14.03	\$15.86	1.8%	2.1%	2.5%
Total Fees with Scenario 2	\$15.12	\$16.03	\$17.86	2.0%	2.4%	2.9%
Total Fees with Scenario 3	\$20.12	\$21.03	\$22.86	2.7%	3.2%	3.6%
Total Fees with Scenario 4	\$25.12	\$26.03	\$27.86	3.4%	3.9%	4.4%

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San Rafael						
Municipal Fees	\$16.59	\$29.24	\$14.62	2.2%	4.4%	2.3%
Total Fees with Scenario 1	\$19.59	\$32.24	\$17.62	2.6%	4.9%	2.8%
Total Fees with Scenario 2	\$21.59	\$34.24	\$19.62	2.9%	5.2%	3.1%
Total Fees with Scenario 3	\$26.59	\$39.24	\$24.62	3.6%	5.9%	3.9%
Total Fees with Scenario 4	\$31.59	\$44.24	\$29.62	4.2%	6.7%	4.7%
Sausalito						
Municipal Fees	\$7.18	\$7.81	\$9.08	1.0%	1.2%	1.4%
Total Fees with Scenario 1	\$10.18	\$10.81	\$12.08	1.4%	1.6%	1.9%
Total Fees with Scenario 2	\$12.18	\$12.81	\$14.08	1.6%	1.9%	2.2%
Total Fees with Scenario 3	\$17.18	\$17.81	\$19.08	2.3%	2.7%	3.0%
Total Fees with Scenario 4	\$22.18	\$22.81	\$24.08	3.0%	3.4%	3.8%

* Municipal and County fees include all applicable permits and impact fees charged by the jurisdiction. Water and sanitary sewer connection fees are not included. Based on estimates from Marin Municipal Water District and Ross Valley Sanitary District, water and sewer fees represent may add an additional 1.0 percent to development costs of Class B office, 1.9 percent to small neighborhood retail, and 2.6 percent to select service hotel.

Sources: Participating Jurisdictions, 2021; Strategic Economics and Vernazza Wolfe Associates, 2021.

Fee Recommendations

The Consultant Team evaluated the four fee scenarios based on the analyses summarized above: market factors, fees in comparable cities, fees as a percentage of development costs, and fees in relation to the municipal/county fees that are currently charged in the seven jurisdictions. Recommendations for setting a commercial linkage fee are outlined below.

In the wake of the commercial real estate market slowdown due to COVID-19, the Consultant Team recommends that jurisdictions enact commercial linkage fees that are generally comparable across the different jurisdictions within the county, without significantly raising fees in the places that already have them. Several jurisdictions in this study have commercial linkage fees currently in place, and the recommendations below do not represent a significant departure from these fee levels. Jurisdictions without commercial linkage fees should consider adopting fees comparable with their neighbors. However, there is one exception to this guidance with regard to office/R&D/medical office, where San Rafael can reasonably impose a higher fee than other jurisdictions.

For office/R&D/medical office uses, the Consultant Team recommends the commercial linkage fee for office be set between \$10 and \$15 per square foot in San Rafael and between \$5 and \$10 per square foot in the other six jurisdictions. Because the market for office is stronger in San Rafael, new office development is more likely to be able to support the higher fee levels. In San Rafael, the recommended fee level represents an increase in development costs of 0.7 to 1.3 percent for the Class B prototype (Figure 26). Class A office and R&D, which are more expensive product types and more likely to occur in downtown San Rafael, would experience a lower percentage increase. For the other communities, the recommended fees would result in an increase in development costs of 0.4 to 0.7 percent.

The Consultant Team recommends the commercial linkage fee for retail be set between \$5 and \$10 per square foot for all jurisdictions. The existing fee levels for retail are in this range, which amounts

to 0.8 to 1.5 percent in development costs for a small neighborhood center (Figure 26). Because the future of retail is very uncertain, it is difficult to generalize where demand will be strong once retail markets recover, and it is recommended the fees be relatively consistent across jurisdictions. Post-pandemic demand for retail could materialize in small scale developments dispersed throughout the county, depending on site-specific conditions related to transportation access and nearby amenities and development.

The Consultant Team recommends that jurisdictions consider reducing the commercial linkage fee requirement for small and independent businesses. It is expected that the viability of small-scale retail in particular will be challenging, so jurisdictions may choose to exempt smaller retail projects from paying the fee or reduce the overall fee. For instance, San Rafael does not apply a commercial linkage fee to developments 5,000 square feet and below, while Sonoma County exempts the first 2,000 square feet from its fee. Because many large “big-box” tenants occupy far more than 5,000 square feet, this incentive would not apply to those types of businesses. Because the definition for “small scale retail” may vary by jurisdiction, the Consultant Team recommends that each jurisdiction develop its own appropriate threshold.

For hotel uses, the Consultant Team recommends that all jurisdictions adopt a commercial linkage fee of \$3 to \$5 per square foot. This fee level would represent between 0.5 and 0.8 percent of development costs for a select service hotel (Figure 26). Fees of \$3 to \$5 would increase in the cost of development slightly in Corte Madera, San Rafael, and Unincorporated Marin County while keeping them comparable with Mill Valley and the communities in Sonoma County that were reviewed for this study. It is important to note that while jurisdictions may charge on the basis of number of rooms rather than square feet, charging the fee by square foot advantages more efficient hotels with smaller room sizes.

It is advised that the jurisdictions reexamine the potential for raising the fees once the commercial real estate market recovers and development activity picks up. This study provides the economic analysis for higher fees, so that a new study would not be needed if this were to occur in the next five years.

Other Policy Considerations

This section briefly addresses other considerations for adopting or updating a commercial linkage fee, including establishing equivalencies for payment of the fee, and an approach to updating the fees.

EQUIVALENCIES TO PAYMENT OF FEES

It is recommended that jurisdictions establish a process for developers to make an in-kind contribution to affordable housing in lieu of paying a commercial linkage fee. Some examples of alternative mitigation include land dedication, providing on-site affordable units, or providing off-site affordable units. Typically, developers would need to demonstrate that the value of these contributions would be in excess or equal to the value of the commercial linkage fee requirement. In such instances, jurisdictions will want to have an established process in place for financially evaluating these proposals as a substitute for paying the fee to create predictability and consistency for development projects.

UPDATING THE FEES

Similar to any impact fee, it will be necessary to adjust the commercial linkage impact fee on an annual basis. Adjustments are also needed due to possible changes in the affordability gaps. A simple

approach to annual adjustments is to use an index. The Consultant Team recommends using either the construction cost index (localized to the San Francisco Bay Area region), such as the one published by the Engineering News-Record, or the shelter component of the Consumer Price Index (CPI), whichever is higher.

VI. UNIFIED FEE PROPOSAL AND FULFILLING STATE REQUIREMENTS FOR ADOPTION

Strategic Economics collaborated with staff from the seven jurisdictions to develop a unified fee proposal that will be considered for adoption by each of the jurisdictions. Based on these conversations and the guideline recommendations in the previous section, this section outlines the commercial linkage fee schedule that has been proposed by the jurisdictions. It also provides further analysis on the fee proposal in order to meet state requirements for implementation. For four of the seven jurisdictions, this will be a new fee program. For the other three jurisdictions, the fees will represent an update to an existing commercial linkage fee program in that jurisdiction.

In 2021, the California legislature imposed new requirements (Assembly Bill 602 [2021-2022]) on impact fee nexus studies adopted by local governments after July 1, 2022. The legislation applies to this study in relation to any new commercial linkage fees to be implemented in the seven jurisdictions. Among other provisions, AB 602 requires the adopted nexus study to provide a justification for new impact fees for affordable housing should they seek a higher “level of service” for the community. The legislation also asks for a review of any current fee programs.

Considering the proposal put forth by the jurisdictions, this report section first includes an overview of the fees in comparison to the linkage fees currently in place in some of the jurisdictions. Based on the unified fee proposal, Strategic Economics estimated the potential affordable housing revenues that could be raised over a five year period. (Although the fee proposal is designed to apply the same fee levels across all seven jurisdictions, the adopted fees in any specific jurisdiction may ultimately deviate from the unified schedule, which would affect the generated revenues.) As required by AB 602, Strategic Economics also summarized the revenues collected from each of the three existing fee programs and provided a justification for the new level of service advanced by the new fee program. Finally, the section concludes with a discussion of the purpose of these fees and the role of new commercial development to contribute to funding affordable housing in Marin County.

Current and Proposed Commercial Linkage Fees

AB 602 includes the provision: “[i]f 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.” (Government Code § 66016.5). Below is a summary of the fee programs in place (in the jurisdictions that have them) and a discussion of the changes that would occur if the unified fee proposal were adopted.

The current and proposed commercial linkage fee programs are summarized in Figure 27. Three of the jurisdictions (Corte Madera, San Rafael, and the Unincorporated County) currently charge linkage fees on various types of nonresidential development. The fee programs each were proposed and adopted independently in the early 2000’s and tend to have disparate definitions for grouping

nonresidential development into categories for the application of a fee. Currently Marin County charges a hotel impact fee based on the number of rooms, rather than on a square foot basis;¹⁵ in Figure 27, Strategic Economics converted this number to a typical fee per square foot using a gross average room size assumption.

Strategic Economics and the jurisdictions made every best effort to collect data on fee revenues since each program's inception. In Marin County and Corte Madera, where the full history of fee revenues was not available, revenues collections are reported for those jurisdictions from the earliest dates data could be obtained. As shown in Figures 27 and 28:

- Corte Madera has collected \$381,516 since April 2018 (an average of \$84,781 annually);
- San Rafael has collected \$2,556,106 since 2005 (\$144,006 annually); and
- Unincorporated County has collected \$38,680 since 2019 (\$10,315 annually)

The higher rates of revenue generation in San Rafael and Corte Madera reflect their higher levels of commercial development as retail and office job centers, as compared with Unincorporated Marin County, which is largely suburban and rural.

The unified fee proposal is also shown in Figure 27. The proposed fee levels are \$10.00 per square foot for office, medical office, and R&D uses; \$8.00 or \$10.000 per square foot retail development, depending on the size of the development; and \$5.00 per square foot for hotel development. The jurisdictions are proposing a smaller fee level on retail developments up to 2,500 square feet to help lessen the burden of the fee on smaller, locally owned businesses.

In the other three jurisdictions that currently have fee programs, the proposed fees generally represent an increase from current levels. (For example, the fee for office development in Corte Madera would increase from \$4.79 per square foot to \$10.00 per square foot; while the fee for R&D development would increase from \$3.20 per square foot to \$10.00 per square foot.) The single exception to the fee increases is office and R&D development in San Rafael, which would experience a slight decrease from \$10.32 per square foot to \$10.00 per square foot.

¹⁵ A provision in AB 602 discourages jurisdictions from assessing impact fees on any basis other than square feet of floor area. All fees proposed in the unified fee schedule are based on this standard.

FIGURE 27: SUMMARY OF CURRENT COMMERCIAL LINKAGE FEES AND THE UNIFIED PROPOSED FEE LEVELS FOR ALL SEVEN JURISDICTIONS

Jurisdiction	Program Effective Since	Current Fee Levels (per equivalent square foot) ^[a]	Revenues Collected	Unified Fee Proposal (per square foot)
Corte Madera	2001	Office: \$4.79 R&D: \$3.20 Retail: \$8.38 Restaurant: \$4.39 Hotel: \$1.20	\$381,516 since April 2018	Office/Medical Office/ R&D: \$10.00 Retail/Restaurants/ Services: - \$8.00 (up to 2,500 square feet) - \$10.00 (more than 2,500 square feet) Hotel: \$5.00
Fairfax	no current policy			
Larkspur	no current policy			
San Anselmo	no current policy			
San Rafael	2005	Office/R&D: \$10.32 Retail/Restaurant/Services: \$7.74 Hotel: \$2.58 <i>See Note [b], below.</i>	\$2,556,106 since inception	
Sausalito	no current policy			
Unincorporated Marin County	2003	Office/R&D: \$7.19 Retail/Restaurant/Services: \$5.40 Hotel: \$2.84 ^[c]	\$38,680 since 2019	

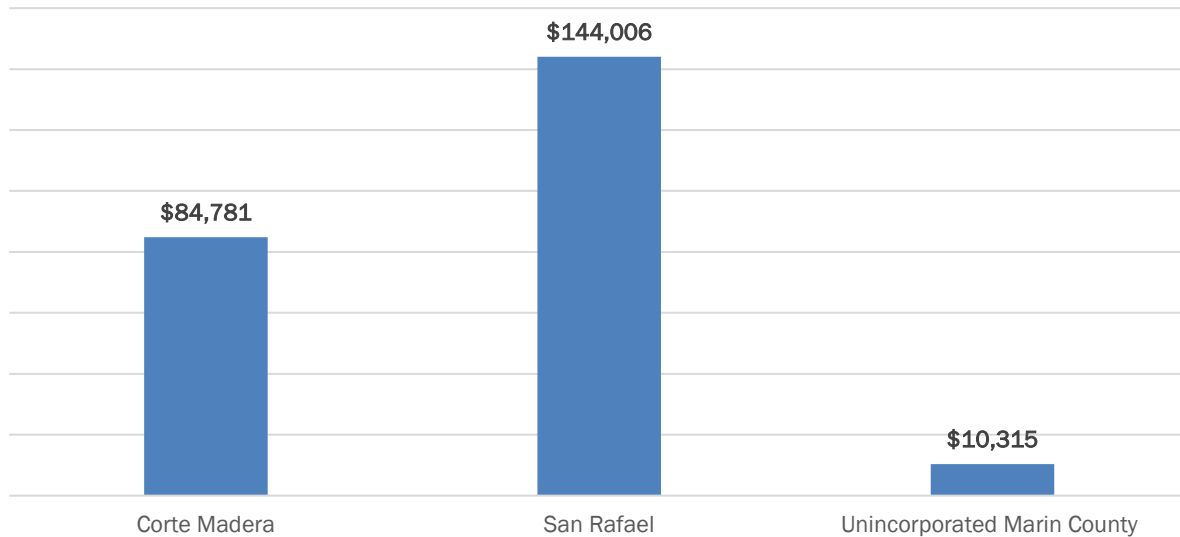
[a] In some jurisdictions, linkage fees may exist for other land uses outside the scope of this study. Only the relevant fees are shown.

[b] San Rafael's fees are defined as a percentage of the inclusionary in-lieu fee.

[c] Marin County's fee \$1,745 per room. This figure was converted to a value per square foot assuming a hotel development will average 615 square feet of gross building area per room.

Sources: Town of Corte Madera, 2022; City of San Rafael, 2022; County of Marin, 2022; Strategic Economics, 2022.

FIGURE 28: AVERAGE ANNUAL COMMERCIAL LINKAGE FEE REVENUES BY JURISDICTION HAVING A FEE PROGRAM CURRENTLY IN PLACE



Sources: Town of Corte Madera, 2022; City of San Rafael, 2022; County of Marin, 2022; Strategic Economics, 2022.

Potential Fee Revenues under the Unified Fee Program

Figure 29 shows the potential fees that could be generated, along with the potential affordable housing funding that could be leveraged, over a five year period if the fee levels recommended above were adopted. Based on the past pace of new development and the development pipeline, the Consultant Team established very approximate numbers for the volume of development that could take place over a five year period once commercial real estate markets recover from the pandemic.¹⁶ Potential fee revenues are on the order of \$2.6 million across all jurisdictions. If every dollar in local contributions to affordable housing were able to attract three dollars from other funding sources, approximately \$10 million in affordable housing funds could be generated or leveraged through the recommended commercial linkage fees. This three to one leveraging assumption is based on a recent study that found that local contributions for affordable housing projects in the Bay Area accounted for 23 percent of total project costs on average.¹⁷ Note that in Marin County, the leveraging ratio may be higher because local jurisdictions tend to have more limited funding for affordable housing.

¹⁶ The development estimates in Figure 29 are illustrative of past trends and the development pipeline and do not represent a formal demand estimate.

¹⁷ This leveraging ratio will be updated as new information is available. See SPUR, “Housing as Infrastructure,” April 2021, https://www.spur.org/sites/default/files/2021-04/SPUR_Housing_as_Infrastructure_0.pdf.

FIGURE 29: POTENTIAL FEE REVENUES AND AFFORDABLE HOUSING FUNDS LEVERAGED OVER A FIVE YEAR PERIOD

Land Use	Unified Fee Proposal	Potential Development Areawide over Five Years ^[a]	Potential Commercial Linkage Fee Revenues
Office / Medical Office / R&D	\$10 /sf	100,000 sf	\$1,000,000
Retail /Restaurants /Services	\$8 /sf (up to 2,500 square feet) \$10 /sf (more than 2,500 square feet)	35,000 sf	\$315,000 ^[b]
Hotel	\$5 /sf	250,000 sf (400 rooms)	\$1,250,000
Subtotal Commercial Linkage Fee Local Revenues			\$2,565,000
Potential New Affordable Housing Funds Leveraged from Other Sources (3:1 ratio) ^[c]			\$7,695,000
Total Potential New Affordable Housing Funds			\$10,260,000

Notes:

- (a) For office/medical office/R&D and retail/restaurants/services, the development estimates are drawn from the pace of new development between 2011 and 2020. For hotel, the Consultant Team reviewed planned and proposed projects and estimated 400 rooms at approximately 615 square feet of gross building area per room.
- (b) Assumes half of new retail/restaurants/services developments are 2,500 square feet or less and half of new developments are more than 2,500 square feet.
- (c) Assumes that every dollar in local revenues leverages another three dollars in other subsidies, including tax credit equity, federal sources, state sources, and other funds. Actual leveraging will vary by project.

Sources: Costar, 2011-2020; Participating Jurisdictions, 2020; Strategic Economics and Vernazza Wolfe Associates, 2021.

Justification for New Fee Levels

AB 602 requires the nexus study for a new fee to “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” (Government Code § 66016.5).

In this study, Strategic Economics defined level of service as the ratio of deed-restricted, “family” affordable units within a jurisdiction to the number of worker households associated with employment in that jurisdiction (see below).

$$\text{Level of Service} = \frac{\text{family affordable units}}{\text{worker households}} = \left[\frac{\text{family affordable units}}{\text{workers}} \right] \left[\frac{\text{workers}}{\text{avg. workers per household in Marin Cty.}} \right]$$

Only *family* affordable units were counted because the workers associated with new commercial development are most likely to be family households, rather than, for example, seniors or disabled people applying for subsidized housing. This number was then compared to worker *households* because households is the standard unit of demand for housing. The number of worker households is estimated as the total employment in the jurisdiction divided by the average number of workers per household in Marin County. As mentioned in the first section of this report, the average workers per household in Marin County is 1.60.

Strategic Economics calculated the current level of service for family affordable housing for the seven jurisdictions as shown in Figure 30. The level of service over all jurisdictions is 0.035, ranging from 0.011 in Sausalito and San Anselmo, to 0.057 in the Unincorporated County. Larger communities such as San Rafael, Corte Madera, and Larkspur, which have had a more comprehensive set of affordable housing tools, generally have a higher proportion of family affordable housing than the smaller communities that are exploring inclusionary and commercial linkage fee programs for the first time.

FIGURE 30: FAMILY AFFORDABLE HOUSING, EMPLOYMENT, EMPLOYEE HOUSEHOLDS, AND CURRENT LEVEL OF SERVICE FOR THE SEVEN JURISDICTIONS

Jurisdiction	Deed-restricted Family Affordable Housing [a]	Total Employment [b]	Total Worker Households [c] = [b] / 1.60	Level of Service = [a] / [c]
Corte Madera	130	6,482	4,051	0.032
Fairfax	29	1,806	1,129	0.026
Larkspur	150	6,730	4,206	0.036
San Anselmo	21	3,113	1,946	0.011
San Rafael	780	39,218	24,511	0.032
Sausalito	38	5,627	3,517	0.011
Unincorporated County	561	15,695	9,809	0.057
Total All Seven Jurisdictions	1,709	78,671	49,169	0.035

Sources: [a] Family affordable housing developments supplied by the County of Marin, 2022; Inclusionary affordable units from Marin Housing Authority, 2022; [b] Employment data from U.S. Census Longitudinal Employer-Household Dynamics, 2019; Strategic Economics, 2022.

Next, Strategic Economics calculated the level of service associated with the current and proposed commercial linkage fees, or the number of family affordable units that could be funded per worker household created by new development. This calculation accounts for the employment created by new development for each use, the fee revenues that would be generated, and the affordability gap for

each use that would need to be filled with the fee revenues. Figure 31 shows a comparison of the level of service metrics for each jurisdiction and for the current and proposed fee programs.

As mentioned earlier, the fees would increase above their current level in nearly all cases and, therefore, would represent an increase in the level of service above any current fee program (or, in the case of four jurisdictions, no current fee program). This increase in level of service is justified for the following reasons:

- **Areawide, the level of service associated with the proposed fee program is commensurate with and, in some cases, even below the level of service already supplied by each jurisdiction's current inventory of family affordable housing.** Figure 32 shows a comparison of the current level of service aggregated across all seven jurisdictions with the level of service that would accompany each of the proposed fees. The areawide level of service is 0.035 while the fees have a level of service ranging from 0.013 to 0.030. Further, the proposed fee levels are not placing an undue burden on nonresidential development because they represent only a small fraction of the development's full impact on housing demand.
- **The cost of housing development, including affordable housing, has increased significantly since the inception of the current fee programs.** Higher fees are needed to cover these escalating costs. For example, while the unincorporated County is considering raising its fees by between 39 percent (for office, medical office, and R&D uses) and 76 percent (hotel), the affordability gap has increased significantly more since the nexus study was performed for the current fee program in 2002. As shown in Figure 33, the affordability gap has increased by 283 percent for Very Low Income households, 371 percent for Low Income households, and 936 percent for Moderate Income households.
- **State mandates will require a rapid acceleration in the production of family affordable housing in Marin County.** The Regional Housing Needs Allocation (RHNA) for Moderate, Low, and Very Low Income households will increase significantly for the upcoming RHNA cycle. Area-wide, the allocations add up to a more than six-fold increase over the last cycle (see Figure 34), while the allocations by jurisdiction have been tied more directly to projected job growth than in past RHNA cycles. A substantial contribution from nonresidential developers is needed to help meet these goals.

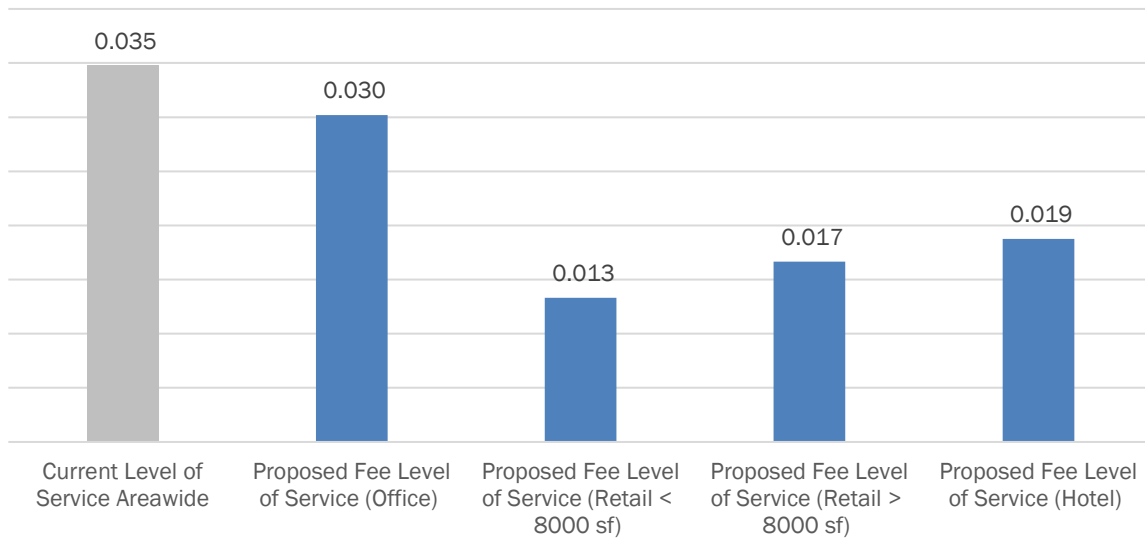
In summary, the fee program as proposed by the jurisdictions will accomplish two objectives. First, the unified fee proposal will level the playing field for developers, ensuring they are charged the same fee across all jurisdictions. Secondly, the fee levels are set such that the revenue is sufficient to support new affordable housing development in cities that are expected to experience continued job growth over the next RHNA cycle. Most commercial development and accompanying job growth is expected to occur in San Rafael, and to a lesser extent in Larkspur and Corte Madera.

FIGURE 31: LEVEL OF SERVICE COMPARISON JURISDICTION-WIDE AND FOR THE CURRENT AND PROPOSED COMMERCIAL LINKAGE FEES

Jurisdiction	Total Current Level of Service Jurisdiction-wide	Level of Service - Office Fees		Level of Service - Retail Fees			Level of Service - Hotel Fees	
		Current	Proposed	Current	Proposed < 2,500 sf)	Proposed > 2,500 sf	Current	Proposed
Corte Madera	0.032	0.012	0.030	0.011	0.013	0.017	0.004	0.019
Fairfax	0.026	-	0.030	-	0.013	0.017	-	0.019
Larkspur	0.036	-	0.030	-	0.013	0.017	-	0.019
San Anselmo	0.011	-	0.030	-	0.013	0.017	-	0.019
San Rafael	0.032	0.031	0.030	0.013	0.013	0.017	0.010	0.019
Sausalito	0.011	-	0.030	-	0.013	0.017	-	0.019
Unincorporated County	0.057	0.022	0.030	0.009	0.013	0.017	0.011	0.019

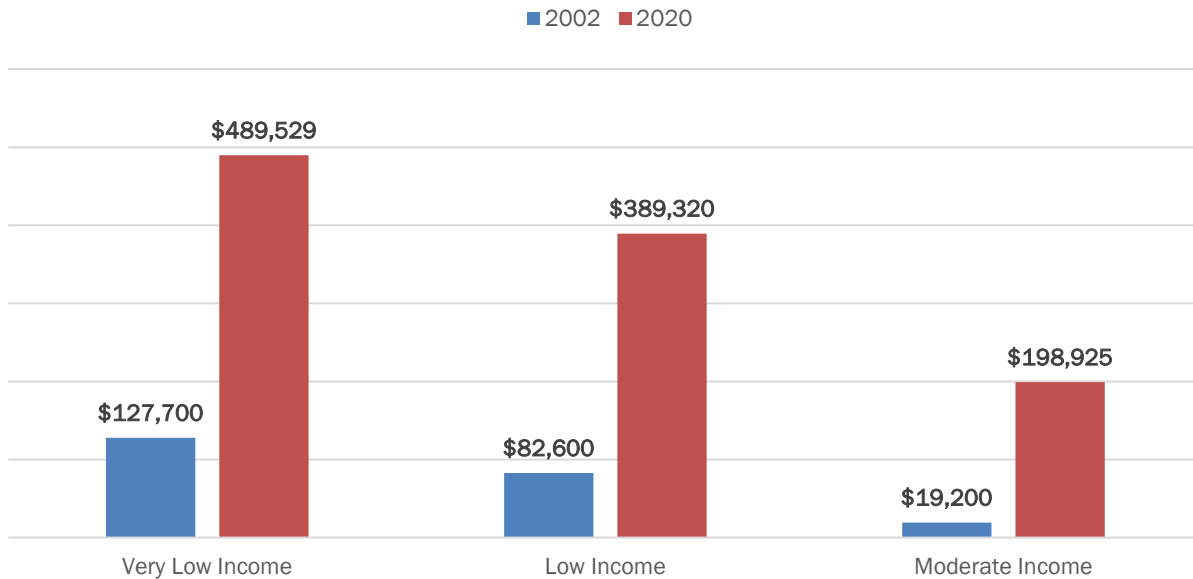
Source: Strategic Economics, 2022.

FIGURE 32: CURRENT LEVEL OF SERVICE ACROSS ALL JURISDICTIONS AND LEVEL OF SERVICE OF PROPOSED FEES



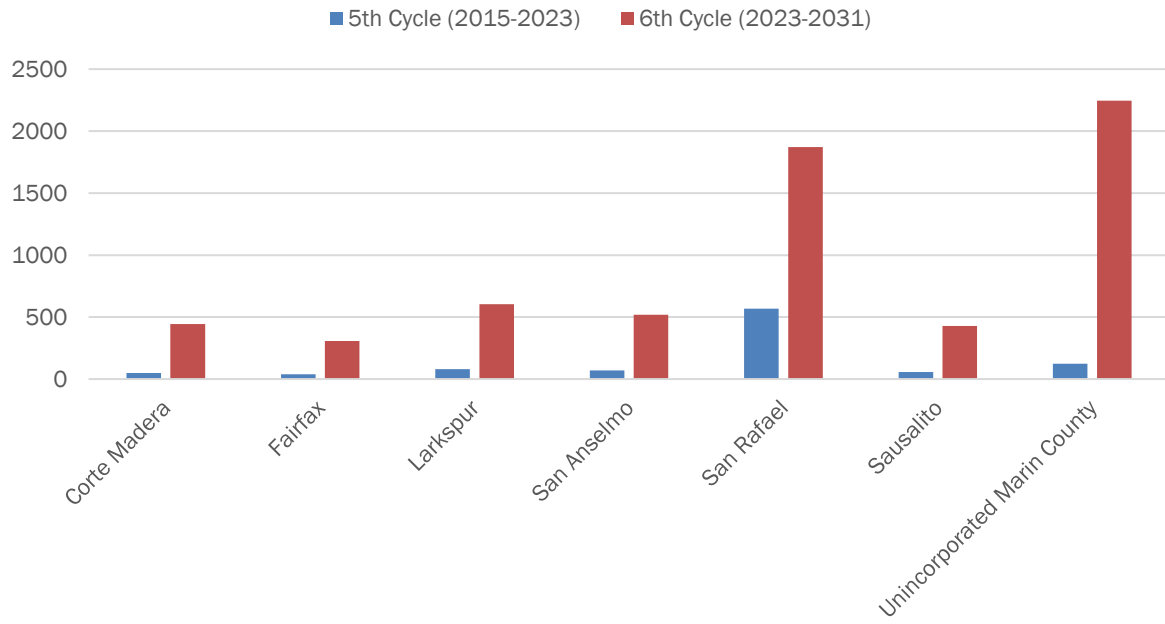
Source: Strategic Economics, 2022.

FIGURE 33: AFFORDABILITY GAP IN MARIN COUNTY FOR VERY LOW, LOW, AND MODERATE INCOME HOUSEHOLDS, 2002 AND 2020



Source: David Paul Rosen and Associates, 2002; Strategic Economics, 2020.

FIGURE 34: REGIONAL HOUSING NEED ALLOCATIONS FOR VERY LOW, LOW, AND MODERATE INCOME HOUSEHOLDS, FIFTH AND SIXTH CYCLES



Source: Department of Housing and Community Development, 2022; Strategic Economics, 2022.

Data Tables: Occupational Wage by Land Use Prototype

Figures 35-37 provide the full detail of the occupations associated with each land use, and their respective average wages. As a part of Step 4, this data is used to calculate the weighted average wage for each land use prototype (Figure 7).

FIGURE 35. OCCUPATION MIX AND AVERAGE WAGES FOR OFFICE/MEDICAL OFFICE/R&D

Occupation Code	Occupation Title (a)	Average Annual Wage (b)	Share of Total Office Workers (c)
11-0000	Management Occupations		
11-1021	General and Operations Managers	\$155,850	2.404%
11-3021	Computer and Information Systems Managers	\$201,960	1.131%
11-3031	Financial Managers	\$182,190	1.016%
11-9198	Personal Service Managers, All Other; Entertainment and Recreation Managers, Except Gambling; and Managers, All Other	\$168,900	0.594%
11-2021	Marketing Managers	\$181,720	0.585%
11-9111	Medical and Health Services Managers	\$142,760	0.507%
11-2022	Sales Managers	\$159,720	0.504%
11-3010	Administrative Services and Facilities Managers	\$132,020	0.365%
11-3121	Human Resources Managers	\$163,810	0.295%
11-1011	Chief Executives	\$236,060	0.288%
11-9041	Architectural and Engineering Managers	\$186,500	0.270%
11-3061	Purchasing Managers	\$154,870	0.117%
11-2030	Public Relations and Fundraising Managers	\$142,950	0.104%
11-3071	Transportation, Storage, and Distribution Managers	\$123,910	0.098%
11-9151	Social and Community Service Managers	\$73,210	0.087%
11-9021	Construction Managers	\$134,880	0.082%
11-3051	Industrial Production Managers	\$140,910	0.082%
11-9051	Food Service Managers	\$63,460	0.074%
11-3131	Training and Development Managers	\$152,380	0.072%
11-9121	Natural Sciences Managers	\$208,910	0.067%
11-9141	Property, Real Estate, and Community Association Managers	\$92,930	0.061%
11-3111	Compensation and Benefits Managers	\$170,770	0.041%
11-2011	Advertising and Promotions Managers	\$175,210	0.040%
11-9039	Education Administrators, All Other	\$92,160	0.010%
11-9031	Education and Childcare Administrators, Preschool and Daycare	\$70,080	0.008%
11-9081	Lodging Managers	\$104,250	0.006%
11-9032	Education Administrators, Kindergarten through Secondary	\$129,070	0.004%
11-9033	Education Administrators, Postsecondary	\$130,980	0.003%
11-9161	Emergency Management Directors	\$132,440	0.003%
11-9013	Farmers, Ranchers, and Other Agricultural Managers	n/a	0.002%
11-9071	Gambling Managers	\$125,300	0.001%
	Weighted Mean Annual Wage	\$166,968	8.921%

FIGURE 35. OCCUPATION MIX AND AVERAGE WAGES FOR OFFICE/MEDICAL OFFICE/R&D, CONTINUED

Occupation Code	Occupation Title (a)	Average Annual Wage (b)	Share of Total Office Workers (c)
13-0000	Business and Financial Operations Occupations		
13-2011	Accountants and Auditors	\$93,590	2.418%
13-1111	Management Analysts	\$113,750	1.667%
13-1198	Project Management Specialists and Business Operations Specialists, All Other	\$93,010	1.648%
13-1161	Market Research Analysts and Marketing Specialists	\$91,350	1.294%
13-1071	Human Resources Specialists	\$89,820	1.023%
13-2098	Financial and Investment Analysts, Financial Risk Specialists, and Financial Specialists, All Other	\$119,100	0.681%
13-1020	Buyers and Purchasing Agents	\$79,040	0.459%
13-1151	Training and Development Specialists	\$83,550	0.410%
13-1041	Compliance Officers	\$92,960	0.299%
13-1081	Logisticians	\$82,010	0.269%
13-1031	Claims Adjusters, Examiners, and Investigators	\$88,480	0.221%
13-2082	Tax Preparers	\$72,280	0.210%
13-2072	Loan Officers	\$84,940	0.184%
13-1141	Compensation, Benefits, and Job Analysis Specialists	\$83,230	0.174%
13-1121	Meeting, Convention, and Event Planners	\$67,530	0.102%
13-2053	Insurance Underwriters	\$97,260	0.090%
13-2041	Credit Analysts	\$109,330	0.087%
13-1051	Cost Estimators	\$98,960	0.082%
13-2052	Personal Financial Advisors	\$157,720	0.062%
13-1131	Fundraisers	\$77,450	0.060%
13-2061	Financial Examiners	\$124,720	0.057%
13-1075	Labor Relations Specialists	\$86,370	0.057%
13-2031	Budget Analysts	\$93,800	0.051%
13-2071	Credit Counselors	\$53,010	0.028%
13-2020	Property Appraisers and Assessors	\$98,450	0.013%
13-1032	Insurance Appraisers, Auto Damage Agents and Business Managers of Artists, Performers, and Athletes	\$72,630	0.009%
13-1011		\$83,260	0.003%
	Weighted Mean Annual Wage	\$95,541	11.657%
15-0000	Computer and Mathematical Occupations		
15-1256	Software Developers and Software Quality Assurance Analysts and Testers	\$145,250	4.036%
15-1211	Computer Systems Analysts	\$121,300	1.649%
15-1232	Computer User Support Specialists	\$75,640	1.418%
15-1299	Computer Occupations, All Other	\$120,370	0.860%
15-1244	Network and Computer Systems Administrators	\$104,370	0.745%
15-1251	Computer Programmers	\$116,400	0.597%

FIGURE 35. OCCUPATION MIX AND AVERAGE WAGES FOR OFFICE/MEDICAL OFFICE/R&D, CONTINUED

Occupation Code	Occupation Title (a)	Average Annual Wage (b)	Share of Total Office Workers (c)
15-1241	Computer Network Architects	\$137,720	0.405%
15-1231	Computer Network Support Specialists	\$85,990	0.367%
15-1212	Information Security Analysts	\$122,570	0.353%
15-1257	Web Developers and Digital Interface Designers	\$110,790	0.338%
15-1245	Database Administrators and Architects	\$107,930	0.266%
15-2031	Operations Research Analysts	\$116,910	0.199%
15-2098	Data Scientists and Mathematical Science Occupations, All Other	\$140,080	0.079%
15-2041	Statisticians	\$125,970	0.062%
15-1221	Computer and Information Research Scientists	\$142,150	0.060%
15-2011	Actuaries	\$116,500	0.036%
	Weighted Mean Annual Wage	\$121,679	11.473%
17-0000	Architecture and Engineering Occupations		
17-2051	Civil Engineers	\$120,110	0.466%
17-2141	Mechanical Engineers	\$123,270	0.313%
17-2071	Electrical Engineers	\$120,990	0.234%
17-1011	Architects, Except Landscape and Naval	\$103,530	0.228%
17-2112	Industrial Engineers	\$113,920	0.210%
17-3011	Architectural and Civil Drafters	\$67,050	0.190%
17-2199	Engineers, All Other	\$113,050	0.181%
17-2061	Computer Hardware Engineers	\$134,000	0.137%
17-2072	Electronics Engineers, Except Computer Electrical and Electronic Engineering Technologists and Technicians	\$112,800	0.110%
17-3023	Technologists and Technicians	\$67,200	0.108%
17-2081	Environmental Engineers	\$112,830	0.100%
17-3031	Surveying and Mapping Technicians	\$76,380	0.092%
17-3022	Civil Engineering Technologists and Technicians Calibration Technologists and Technicians and Engineering Technologists and Technicians, Except Drafters, All Other	\$75,160	0.086%
17-3098	Surveyors	\$75,070	0.086%
17-1022	Surveyors	\$88,860	0.085%
17-1012	Landscape Architects	\$94,750	0.064%
17-2011	Aerospace Engineers	\$135,230	0.054%
17-3013	Mechanical Drafters	\$71,180	0.047%
17-3027	Mechanical Engineering Technologists and Technicians	\$61,100	0.046%
17-3025	Environmental Engineering Technologists and Technicians	\$60,630	0.033%
17-3026	Industrial Engineering Technologists and Technicians	\$61,050	0.028%
17-3012	Electrical and Electronics Drafters	\$65,810	0.028%
17-2041	Chemical Engineers	\$106,430	0.024%

FIGURE 35. OCCUPATION MIX AND AVERAGE WAGES FOR OFFICE/MEDICAL OFFICE/R&D, CONTINUED

Occupation Code	Occupation Title (a)	Average Annual Wage (b)	Share of Total Office Workers (c)
17-2111	Health and Safety Engineers, Except Mining Safety Engineers and Inspectors	\$114,800	0.024%
17-2131	Materials Engineers	\$104,560	0.021%
17-1021	Cartographers and Photogrammetrists	\$105,970	0.014%
17-3019	Drafters, All Other	\$73,450	0.014%
17-2031	Bioengineers and Biomedical Engineers	\$119,000	0.013%
17-2121	Marine Engineers and Naval Architects	\$136,480	0.010%
17-3024	Electro-Mechanical and Mechatronics Technologists and Technicians	\$61,190	0.008%
17-2151	Mining and Geological Engineers, Including Mining Safety Engineers	\$132,720	0.008%
	Weighted Mean Annual Wage	\$101,626	3.146%
19-0000	Life, Physical, and Social Science Occupations		
19-2041	Environmental Scientists and Specialists, Including Health	\$109,180	0.149%
19-1042	Medical Scientists, Except Epidemiologists	\$120,470	0.095%
19-3031	Clinical, Counseling, and School Psychologists	\$110,070	0.091%
19-5011	Occupational Health and Safety Specialists	\$108,230	0.072%
19-4042	Environmental Science and Protection Technicians, Including Health	\$58,010	0.060%
19-4099	Life, Physical, and Social Science Technicians, All Other	\$61,390	0.055%
19-4031	Chemical Technicians	\$55,980	0.054%
19-4021	Biological Technicians	\$60,040	0.042%
19-1021	Biochemists and Biophysicists	\$124,400	0.033%
19-1029	Biological Scientists, All Other	\$108,200	0.030%
19-4061	Social Science Research Assistants	\$54,210	0.024%
19-3011	Economists	\$133,180	0.024%
19-5012	Occupational Health and Safety Technicians	\$62,820	0.017%
19-1013	Soil and Plant Scientists	\$77,070	0.017%
19-3051	Urban and Regional Planners	\$105,370	0.016%
19-4010	Agricultural and Food Science Technicians	\$46,060	0.015%
19-1012	Food Scientists and Technologists	\$90,860	0.015%
19-2012	Physicists	\$134,500	0.014%
19-3091	Anthropologists and Archeologists	\$69,480	0.013%
19-3022	Survey Researchers	\$89,020	0.013%
19-1022	Microbiologists	\$104,580	0.013%
19-3099	Social Scientists and Related Workers, All Other	\$90,120	0.012%
19-1023	Zoologists and Wildlife Biologists	\$75,320	0.012%
19-2099	Physical Scientists, All Other	\$127,650	0.010%
19-2043	Hydrologists	\$108,850	0.010%
19-2021	Atmospheric and Space Scientists	\$114,370	0.009%

FIGURE 35. OCCUPATION MIX AND AVERAGE WAGES FOR OFFICE/MEDICAL OFFICE/R&D, CONTINUED

Occupation Code	Occupation Title (a)	Average Annual Wage (b)	Share of Total Office Workers (c)
19-1031	Conservation Scientists	\$83,700	0.009%
19-2032	Materials Scientists	\$119,470	0.008%
19-3039	Psychologists, All Other	\$106,870	0.007%
19-1032	Foresters	\$93,760	0.004%
19-4071	Forest and Conservation Technicians	\$47,410	0.003%
19-1041	Epidemiologists	\$107,760	0.002%
19-3041	Sociologists	\$101,420	0.001%
19-4092	Forensic Science Technicians	\$103,940	0.001%
	Weighted Mean Annual Wage	\$81,448	1.104%
21-0000	Community and Social Service Occupations		
	Substance Abuse, Behavioral Disorder, and Mental Health Counselors		
21-1018	Mental Health Counselors	\$60,290	0.449%
21-1093	Social and Human Service Assistants	\$48,800	0.222%
	Mental Health and Substance Abuse Social Workers		
21-1023	Workers	\$77,630	0.181%
21-1022	Healthcare Social Workers	\$86,560	0.128%
21-1021	Child, Family, and School Social Workers	\$61,900	0.085%
21-1013	Marriage and Family Therapists	\$63,470	0.075%
21-1094	Community Health Workers	\$55,350	0.064%
21-1091	Health Education Specialists	\$72,560	0.059%
	Community and Social Service Specialists, All Other		
21-1099	Other	\$59,510	0.038%
21-1015	Rehabilitation Counselors	\$50,320	0.038%
	Educational, Guidance, and Career Counselors and Advisors		
21-1012		\$78,220	0.027%
21-1019	Counselors, All Other	\$66,150	0.013%
21-1029	Social Workers, All Other	\$80,980	0.011%
21-2011	Clergy	\$72,730	0.007%
21-2021	Directors, Religious Activities and Education	\$67,180	0.003%
21-2099	Religious Workers, All Other	\$48,670	0.001%
	Weighted Mean Annual Wage	\$64,024	1.403%
23-0000	Legal Occupations		
23-1011	Lawyers	\$188,910	1.158%
23-2011	Paralegals and Legal Assistants	\$71,360	0.662%
23-2093	Title Examiners, Abstractors, and Searchers	\$59,890	0.064%
23-2099	Legal Support Workers, All Other	\$61,510	0.035%
23-1022	Arbitrators, Mediators, and Conciliators	\$114,800	0.004%
	Weighted Mean Annual Wage	\$141,697	1.923%
25-0000	Educational Instruction and Library Occupations		

FIGURE 35. OCCUPATION MIX AND AVERAGE WAGES FOR OFFICE/MEDICAL OFFICE/R&D, CONTINUED

Occupation Code	Occupation Title (a)	Average Annual Wage (b)	Share of Total Office Workers (c)
25-3031	Substitute Teachers, Short-Term	\$42,940	0.079%
25-9045	Teaching Assistants, Except Postsecondary	\$39,730	0.046%
25-9031	Instructional Coordinators	\$77,090	0.041%
25-3021	Self-Enrichment Teachers	\$53,730	0.038%
25-3097	Tutors and Teachers and Instructors, All Other	\$50,800	0.030%
25-2011	Preschool Teachers, Except Special Education	\$45,050	0.024%
25-2059	Special Education Teachers, All Other	\$66,210	0.011%
25-4022	Librarians and Media Collections Specialists	\$89,390	0.010%
25-9099	Educational Instruction and Library Workers, All Other	\$61,100	0.009%
25-1194	Career/Technical Education Teachers, Postsecondary	\$87,990	0.007%
25-4031	Library Technicians	\$58,980	0.005%
25-3011	Adult Basic Education, Adult Secondary Education, and English as a Second Language Instructors	\$94,920	0.002%
25-2051	Special Education Teachers, Preschool	\$62,550	0.002%
25-1071	Health Specialties Teachers, Postsecondary	\$115,900	0.002%
25-4011	Archivists	\$81,730	0.001%
25-2058	Special Education Teachers, Secondary School	\$93,110	0.001%
25-2031	Secondary School Teachers, Except Special and Career/Technical Education	\$93,350	0.001%
25-2052	Special Education Teachers, Kindergarten and Elementary School	\$73,540	0.001%
25-9044	Teaching Assistants, Postsecondary	\$33,880	0.001%
25-2021	Elementary School Teachers, Except Special Education	\$84,040	0.001%
	Weighted Mean Annual Wage	\$54,651	0.318%
27-0000	Arts, Design, Entertainment, Sports, and Media Occupations		
27-3031	Public Relations Specialists	\$84,520	0.274%
27-1024	Graphic Designers	\$77,110	0.257%
27-3042	Technical Writers	\$102,500	0.109%
27-1026	Merchandise Displayers and Window Trimmers	\$38,480	0.102%
27-3041	Editors	\$86,530	0.091%
27-1025	Interior Designers	\$72,240	0.068%
27-1011	Art Directors	\$135,970	0.063%
27-3043	Writers and Authors	\$93,060	0.062%
27-4021	Photographers	\$61,530	0.056%
27-3091	Interpreters and Translators	\$78,250	0.055%
27-1014	Special Effects Artists and Animators	\$97,570	0.047%
27-2012	Producers and Directors	\$104,520	0.045%

FIGURE 35. OCCUPATION MIX AND AVERAGE WAGES FOR OFFICE/MEDICAL OFFICE/R&D, CONTINUED

Occupation Code	Occupation Title (a)	Average Annual Wage (b)	Share of Total Office Workers (c)
27-1021	Commercial and Industrial Designers	\$87,530	0.039%
27-1022	Fashion Designers	\$89,400	0.029%
27-4011	Audio and Video Technicians	\$64,140	0.026%
27-3023	News Analysts, Reporters, and Journalists	\$81,080	0.017%
27-1029	Designers, All Other	\$91,810	0.014%
27-2022	Coaches and Scouts	\$48,900	0.013%
27-3099	Media and Communication Workers, All Other	\$63,270	0.009%
27-4032	Film and Video Editors	\$83,100	0.007%
27-4031	Camera Operators, Television, Video, and Film	\$59,160	0.005%
27-1023	Floral Designers	\$39,920	0.005%
27-1013	Fine Artists, Including Painters, Sculptors, and Illustrators	\$85,980	0.004%
27-4098	Lighting Technicians and Media and Communication Equipment Workers, All Other	\$60,610	0.003%
27-2023	Umpires, Referees, and Other Sports Officials	\$38,360	0.003%
27-4014	Sound Engineering Technicians	\$70,470	0.002%
27-1027	Set and Exhibit Designers	\$60,530	0.002%
27-1019	Artists and Related Workers, All Other	\$93,840	0.001%
27-1012	Craft Artists	\$59,460	0.001%
27-4012	Broadcast Technicians	\$57,390	0.001%
	Weighted Mean Annual Wage	\$81,665	1.421%
29-0000	Healthcare Practitioners and Technical Occupations		
29-1141	Registered Nurses	\$138,000	1.900%
29-1228	Physicians, All Other; and Ophthalmologists, Except Pediatric	\$173,990	0.831%
29-1292	Dental Hygienists	\$113,940	0.701%
29-2098	Medical Dosimetrists, Medical Records Specialists, and Health Technologists and Technicians, All Other	\$58,370	0.682%
29-2061	Licensed Practical and Licensed Vocational Nurses	\$69,490	0.592%
29-1171	Nurse Practitioners	\$157,150	0.510%
29-1021	Dentists, General	\$169,730	0.349%
29-1215	Family Medicine Physicians	\$213,960	0.343%
29-1071	Physician Assistants	\$126,810	0.330%
29-2034	Radiologic Technologists and Technicians	\$103,670	0.253%
29-2010	Clinical Laboratory Technologists and Technicians	\$65,210	0.216%
29-1123	Physical Therapists	\$102,470	0.211%
29-2057	Ophthalmic Medical Technicians	\$52,660	0.173%
29-2056	Veterinary Technologists and Technicians	\$46,670	0.155%
29-2055	Surgical Technologists	\$72,790	0.119%

FIGURE 35. OCCUPATION MIX AND AVERAGE WAGES FOR OFFICE/MEDICAL OFFICE/R&D, CONTINUED

Occupation Code	Occupation Title (a)	Average Annual Wage (b)	Share of Total Office Workers (c)
29-1216	General Internal Medicine Physicians	\$227,810	0.116%
29-1248	Surgeons, Except Ophthalmologists	\$256,870	0.108%
29-1151	Nurse Anesthetists	\$254,860	0.105%
29-1131	Veterinarians	\$113,930	0.104%
29-1221	Pediatricians, General	\$213,530	0.093%
29-1051	Pharmacists	\$148,390	0.093%
29-2052	Pharmacy Technicians	\$51,090	0.092%
29-1122	Occupational Therapists	\$103,740	0.086%
29-2081	Opticians, Dispensing	\$50,840	0.082%
29-2032	Diagnostic Medical Sonographers	\$115,280	0.081%
29-1127	Speech-Language Pathologists	\$97,500	0.073%
29-1041	Optometrists	\$125,680	0.068%
29-1031	Dietitians and Nutritionists	\$87,890	0.065%
29-9098	Health Information Technologists, Medical Registrars, Surgical Assistants, and Healthcare Practitioners and Technical Workers, All Other	\$81,080	0.064%
29-1218	Obstetricians and Gynecologists	\$223,430	0.059%
29-1223	Psychiatrists	\$257,150	0.055%
29-1011	Chiropractors	\$79,240	0.052%
29-2053	Psychiatric Technicians	\$54,930	0.044%
29-2031	Cardiovascular Technologists and Technicians	\$75,720	0.037%
29-2035	Magnetic Resonance Imaging Technologists	\$104,870	0.029%
29-2040	Emergency Medical Technicians and Paramedics	\$54,180	0.028%
29-1298	Acupuncturists and Healthcare Diagnosing or Treating Practitioners, All Other	\$76,670	0.028%
29-1126	Respiratory Therapists	\$97,950	0.027%
29-1124	Radiation Therapists	\$142,300	0.025%
29-1181	Audiologists	\$102,560	0.023%
29-9091	Athletic Trainers	\$60,150	0.022%
29-1161	Nurse Midwives	\$156,450	0.018%
29-1081	Podiatrists	\$132,380	0.016%
29-2033	Nuclear Medicine Technologists	\$124,660	0.014%
29-1129	Therapists, All Other	\$62,790	0.011%
29-2091	Orthotists and Prosthetists	\$81,090	0.007%
29-1125	Recreational Therapists	\$74,200	0.005%
29-2051	Dietetic Technicians	\$39,770	0.004%
29-2092	Hearing Aid Specialists	\$66,050	0.004%
29-9092	Genetic Counselors	\$108,000	0.002%
	Weighted Mean Annual Wage	\$124,379	9.259%
31-0000	Healthcare Support Occupations		

FIGURE 35. OCCUPATION MIX AND AVERAGE WAGES FOR OFFICE/MEDICAL OFFICE/R&D, CONTINUED

Occupation Code	Occupation Title (a)	Average Annual Wage (b)	Share of Total Office Workers (c)
31-9092	Medical Assistants	\$48,920	2.108%
31-9091	Dental Assistants	\$51,510	1.095%
31-1120	Home Health and Personal Care Aides	\$30,320	0.255%
31-1131	Nursing Assistants	\$45,100	0.239%
31-9096	Veterinary Assistants and Laboratory Animal Caretakers	\$36,590	0.134%
31-2021	Physical Therapist Assistants	\$63,110	0.095%
31-9094	Medical Transcriptionists	\$50,060	0.086%
31-9097	Phlebotomists	\$54,040	0.059%
31-2022	Physical Therapist Aides	\$35,520	0.059%
31-9011	Massage Therapists	\$50,560	0.052%
31-9093	Medical Equipment Preparers	\$60,670	0.047%
31-9099	Healthcare Support Workers, All Other	\$50,950	0.043%
31-2011	Occupational Therapy Assistants	\$73,400	0.037%
31-1133	Psychiatric Aides	\$30,930	0.015%
31-1132	Orderlies	\$44,730	0.011%
31-9095	Pharmacy Aides	\$46,430	0.010%
31-2012	Occupational Therapy Aides	\$47,740	0.007%
	Weighted Mean Annual Wage	\$48,408	4.353%
33-0000	Protective Service Occupations		
33-9032	Security Guards	\$38,580	1.039%
33-1090	Miscellaneous First-Line Supervisors, Protective Service Workers	\$61,530	0.064%
33-9021	Private Detectives and Investigators	\$78,150	0.045%
33-9092	Lifeguards, Ski Patrol, and Other Recreational Protective Service Workers	\$31,600	0.031%
33-9091	Crossing Guards and Flaggers	\$52,400	0.031%
33-2011	Firefighters	\$98,680	0.016%
33-9098	School Bus Monitors and Protective Service Workers, All Other	\$49,650	0.016%
33-9011	Animal Control Workers	\$51,070	0.002%
33-1021	First-Line Supervisors of Firefighting and Prevention Workers	\$166,930	0.002%
33-2021	Fire Inspectors and Investigators	\$119,380	0.001%
	Weighted Mean Annual Wage	\$42,511	1.246%
35-0000	Food Preparation and Serving Related Occupations		
35-3011	Bartenders	\$37,310	0.068%
35-3031	Waiters and Waitresses	\$37,810	0.062%
35-3023	Fast Food and Counter Workers	\$31,610	0.057%

FIGURE 35. OCCUPATION MIX AND AVERAGE WAGES FOR OFFICE/MEDICAL OFFICE/R&D, CONTINUED

Occupation Code	Occupation Title (a)	Average Annual Wage (b)	Share of Total Office Workers (c)
35-1012	First-Line Supervisors of Food Preparation and Serving Workers	\$44,560	0.052%
35-2021	Food Preparation Workers	\$31,820	0.030%
35-2014	Cooks, Restaurant	\$38,430	0.024%
35-2012	Cooks, Institution and Cafeteria	\$40,710	0.022%
35-9021	Dishwashers	\$31,680	0.017%
35-9011	Dining Room and Cafeteria Attendants and Bartender Helpers	\$35,040	0.015%
35-1011	Chefs and Head Cooks	\$63,740	0.012%
35-3041	Food Servers, Nonrestaurant	\$35,200	0.009%
35-2015	Cooks, Short Order	\$34,460	0.003%
35-9031	Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop	\$34,520	0.002%
35-2011	Cooks, Fast Food	\$27,060	0.001%
35-9099	Food Preparation and Serving Related Workers, All Other	\$31,250	0.001%
35-2019	Cooks, All Other	\$40,740	0.001%
	Weighted Mean Annual Wage	\$37,675	0.377%
37-0000	Building and Grounds Cleaning and Maintenance Occupations		
37-2011	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	\$38,870	7.030%
37-3011	Landscaping and Groundskeeping Workers	\$43,940	4.364%
37-2012	Maids and Housekeeping Cleaners	\$41,430	0.880%
37-2021	Pest Control Workers	\$47,050	0.584%
37-1012	First-Line Supervisors of Landscaping, Lawn Service, and Groundskeeping Workers	\$68,600	0.529%
37-1011	First-Line Supervisors of Housekeeping and Janitorial Workers	\$53,550	0.431%
37-3013	Tree Trimmers and Pruners	\$49,440	0.316%
37-2019	Building Cleaning Workers, All Other	\$32,430	0.107%
37-3012	Pesticide Handlers, Sprayers, and Applicators, Vegetation	\$79,020	0.097%
37-3019	Grounds Maintenance Workers, All Other	\$54,060	0.020%
	Weighted Mean Annual Wage	\$42,914	14.358%
39-0000	Personal Care and Service Occupations		
39-2021	Animal Caretakers	\$34,130	0.074%
39-9031	Exercise Trainers and Group Fitness Instructors	\$59,340	0.073%
39-9011	Childcare Workers	\$35,590	0.069%
39-9032	Recreation Workers	\$36,490	0.067%
39-1098	First-Line Supervisors of Personal Service and Entertainment and Recreation Workers, Except Gambling Services	\$54,240	0.031%

FIGURE 35. OCCUPATION MIX AND AVERAGE WAGES FOR OFFICE/MEDICAL OFFICE/R&D, CONTINUED

Occupation Code	Occupation Title (a)	Average Annual Wage (b)	Share of Total Office Workers (c)
39-5094	Skincare Specialists	\$37,640	0.028%
39-9041	Residential Advisors	\$42,720	0.018%
39-3091	Amusement and Recreation Attendants	\$29,650	0.015%
39-9098	Crematory Operators and Personal Care and Service Workers, All Other	\$35,060	0.011%
39-7010	Tour and Travel Guides	\$42,380	0.009%
39-6011	Baggage Porters and Bellhops	\$33,390	0.008%
39-3031	Ushers, Lobby Attendants, and Ticket Takers	\$33,520	0.008%
39-6012	Concierges	\$44,060	0.006%
39-5012	Hairdressers, Hairstylists, and Cosmetologists	\$35,410	0.003%
39-3012	Gambling and Sports Book Writers and Runners Locker Room, Coatroom, and Dressing Room Attendants	\$32,190	0.002%
39-3093	Attendants	\$41,030	0.001%
39-3019	Gambling Service Workers, All Other	\$35,260	0.001%
39-2011	Animal Trainers	\$42,320	0.001%
	Weighted Mean Annual Wage	\$41,279	0.426%
41-0000	Sales and Related Occupations		
	Sales Representatives of Services, Except Advertising, Insurance, Financial Services, and Travel		
41-3091		\$81,320	1.469%
41-3021	Insurance Sales Agents	\$109,960	0.419%
	Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Products		
41-4012		\$81,830	0.379%
	Sales Representatives, Wholesale and Manufacturing, Technical and Scientific Products		
41-4011		\$104,680	0.285%
41-2031	Retail Salespersons	\$34,810	0.171%
	First-Line Supervisors of Non-Retail Sales Workers		
41-1012		\$77,590	0.162%
	Securities, Commodities, and Financial Services Sales Agents		
41-3031		\$101,770	0.139%
41-3011	Advertising Sales Agents	\$92,720	0.122%
41-9031	Sales Engineers	\$125,730	0.099%
41-9011	Demonstrators and Product Promoters	\$36,560	0.078%
41-9041	Telemarketers	\$33,420	0.072%
41-1011	First-Line Supervisors of Retail Sales Workers	\$46,980	0.059%
41-2011	Cashiers	\$32,150	0.051%
41-3041	Travel Agents	\$53,520	0.046%
41-9022	Real Estate Sales Agents	\$71,070	0.037%
41-2021	Counter and Rental Clerks	\$40,320	0.022%
41-2022	Parts Salespersons	\$45,260	0.007%
41-2012	Gambling Change Persons and Booth Cashiers	\$32,010	0.000%
	Weighted Mean Annual Wage	\$81,059	3.685%

FIGURE 35. OCCUPATION MIX AND AVERAGE WAGES FOR OFFICE/MEDICAL OFFICE/R&D, CONTINUED

Occupation Code	Occupation Title (a)	Average Annual Wage (b)	Share of Total Office Workers (c)
43-0000	Office and Administrative Support Occupations		
43-4051	Customer Service Representatives	\$49,200	2.549%
43-9061	Office Clerks, General	\$46,920	2.493%
43-4171	Receptionists and Information Clerks	\$39,990	1.818%
43-3031	Bookkeeping, Accounting, and Auditing Clerks	\$54,980	1.729%
43-6014	Secretaries and Administrative Assistants, Except Legal, Medical, and Executive	\$51,170	1.697%
43-1011	First-Line Supervisors of Office and Administrative Support Workers	\$71,190	1.447%
43-6013	Medical Secretaries and Administrative Assistants	\$49,140	1.382%
43-3021	Billing and Posting Clerks	\$50,120	0.988%
43-6011	Executive Secretaries and Executive Administrative Assistants	\$82,480	0.628%
43-6012	Legal Secretaries and Administrative Assistants	\$69,990	0.332%
43-9041	Insurance Claims and Policy Processing Clerks	\$53,480	0.268%
43-5061	Production, Planning, and Expediting Clerks	\$63,180	0.262%
43-3011	Bill and Account Collectors	\$55,830	0.244%
43-3051	Payroll and Timekeeping Clerks	\$63,280	0.214%
43-4111	Interviewers, Except Eligibility and Loan	\$55,180	0.207%
43-9021	Data Entry Keyers	\$41,790	0.194%
43-5071	Shipping, Receiving, and Inventory Clerks	\$42,910	0.189%
43-4131	Loan Interviewers and Clerks	\$49,770	0.176%
43-4161	Human Resources Assistants, Except Payroll and Timekeeping	\$53,370	0.148%
43-9199	Office and Administrative Support Workers, All Other	\$45,160	0.146%
43-4071	File Clerks	\$41,240	0.135%
43-5032	Dispatchers, Except Police, Fire, and Ambulance	\$54,040	0.074%
43-4199	Information and Record Clerks, All Other	\$57,150	0.067%
43-9051	Mail Clerks and Mail Machine Operators, Except Postal Service	\$39,020	0.061%
43-2011	Switchboard Operators, Including Answering Service	\$49,560	0.056%
43-3071	Tellers	\$36,170	0.052%
43-3061	Procurement Clerks	\$50,680	0.049%
43-5021	Couriers and Messengers	\$42,320	0.047%
43-4151	Order Clerks	\$45,220	0.045%
43-9071	Office Machine Operators, Except Computer	\$35,990	0.038%
43-3099	Financial Clerks, All Other	\$47,510	0.032%
43-5011	Cargo and Freight Agents	\$50,610	0.030%
43-4041	Credit Authorizers, Checkers, and Clerks	\$47,330	0.026%

FIGURE 35. OCCUPATION MIX AND AVERAGE WAGES FOR OFFICE/MEDICAL OFFICE/R&D, CONTINUED

Occupation Code	Occupation Title (a)	Average Annual Wage (b)	Share of Total Office Workers (c)
43-5111	Weighers, Measurers, Checkers, and Samplers, Recordkeeping	\$41,640	0.024%
43-4141	New Accounts Clerks	\$44,890	0.019%
43-9022	Word Processors and Typists	\$63,600	0.016%
43-4011	Brokerage Clerks	\$61,580	0.014%
43-4061	Eligibility Interviewers, Government Programs	\$68,450	0.010%
43-9111	Statistical Assistants	\$54,820	0.010%
43-9031	Desktop Publishers	\$64,290	0.008%
43-5041	Meter Readers, Utilities	\$76,620	0.008%
43-9081	Proofreaders and Copy Markers	\$51,200	0.007%
43-4081	Hotel, Motel, and Resort Desk Clerks	\$39,440	0.004%
43-2099	Communications Equipment Operators, All Other	\$65,500	0.004%
43-4031	Court, Municipal, and License Clerks	\$68,870	0.003%
43-2021	Telephone Operators	\$48,480	0.003%
43-4121	Library Assistants, Clerical	\$43,600	0.003%
	Weighted Mean Annual Wage	\$52,314	17.996%
45-0000	Farming, Fishing, and Forestry Occupations		
45-2092	Farmworkers and Laborers, Crop, Nursery, and Greenhouse	\$37,430	0.023%
45-2093	Farmworkers, Farm, Ranch, and Aquacultural Animals	\$35,610	0.006%
45-1011	First-Line Supervisors of Farming, Fishing, and Forestry Workers	\$54,120	0.004%
45-2011	Agricultural Inspectors	\$71,880	0.002%
45-2091	Agricultural Equipment Operators	\$35,950	0.002%
45-2099	Agricultural Workers, All Other	\$40,440	0.002%
45-4011	Forest and Conservation Workers	\$28,010	0.001%
	Weighted Mean Annual Wage	\$39,878	0.039%
47-0000	Construction and Extraction Occupations		
47-2061	Construction Laborers	\$55,970	0.208%
47-4011	Construction and Building Inspectors	\$101,820	0.110%
47-2111	Electricians	\$100,400	0.068%
47-2031	Carpenters	\$71,490	0.051%
47-1011	First-Line Supervisors of Construction Trades and Extraction Workers	\$99,580	0.048%
47-2152	Plumbers, Pipefitters, and Steamfitters	\$87,230	0.034%
47-2073	Operating Engineers and Other Construction Equipment Operators	\$86,240	0.020%
47-2051	Cement Masons and Concrete Finishers	\$65,350	0.011%
47-2141	Painters, Construction and Maintenance	\$67,770	0.011%
47-2211	Sheet Metal Workers	\$68,510	0.008%

FIGURE 35. OCCUPATION MIX AND AVERAGE WAGES FOR OFFICE/MEDICAL OFFICE/R&D, CONTINUED

Occupation Code	Occupation Title (a)	Average Annual Wage (b)	Share of Total Office Workers (c)
47-4090	Miscellaneous Construction and Related Workers	\$63,360	0.007%
47-4041	Hazardous Materials Removal Workers	\$48,770	0.007%
47-5097	Earth Drillers, Except Oil and Gas; and Explosives Workers, Ordnance Handling Experts, and Blasters	\$64,130	0.006%
47-3019	Helpers, Construction Trades, All Other	\$36,580	0.003%
47-5022	Excavating and Loading Machine and Dragline Operators, Surface Mining	\$91,850	0.003%
47-2181	Roofers	\$55,100	0.003%
47-2011	Boilermakers	\$86,630	0.002%
47-2071	Paving, Surfacing, and Tamping Equipment Operators	\$63,960	0.001%
47-5081	Helpers--Extraction Workers	\$48,630	0.001%
47-5012	Rotary Drill Operators, Oil and Gas	\$112,770	0.001%
47-2221	Structural Iron and Steel Workers	\$75,630	0.001%
47-3012	Helpers--Carpenters	\$41,650	0.001%
47-2121	Glaziers	\$72,550	0.001%
47-2041	Carpet Installers	\$64,200	0.001%
47-2151	Pipelayers	\$68,280	0.001%
47-4051	Highway Maintenance Workers	\$63,210	0.001%
	Weighted Mean Annual Wage	\$76,185	0.620%
49-0000	Installation, Maintenance, and Repair Occupations		
49-9071	Maintenance and Repair Workers, General	\$56,230	0.473%
49-9099	Installation, Maintenance, and Repair Workers, All Other	\$55,210	0.152%
49-1011	First-Line Supervisors of Mechanics, Installers, and Repairers	\$89,740	0.113%
49-2098	Security and Fire Alarm Systems Installers	\$50,410	0.063%
49-2011	Computer, Automated Teller, and Office Machine Repairers	\$45,100	0.052%
49-2022	Telecommunications Equipment Installers and Repairers, Except Line Installers	\$69,090	0.051%
49-9041	Industrial Machinery Mechanics	\$78,010	0.036%
49-3053	Outdoor Power Equipment and Other Small Engine Mechanics	\$45,750	0.034%
49-3023	Automotive Service Technicians and Mechanics	\$58,630	0.031%
49-3031	Bus and Truck Mechanics and Diesel Engine Specialists	\$68,840	0.027%
49-9052	Telecommunications Line Installers and Repairers	\$64,390	0.024%
49-9062	Medical Equipment Repairers	\$69,330	0.022%
49-3042	Mobile Heavy Equipment Mechanics, Except Engines	\$75,510	0.019%

FIGURE 35. OCCUPATION MIX AND AVERAGE WAGES FOR OFFICE/MEDICAL OFFICE/R&D, CONTINUED

Occupation Code	Occupation Title (a)	Average Annual Wage (b)	Share of Total Office Workers (c)
49-2094	Electrical and Electronics Repairers, Commercial and Industrial Equipment	\$79,500	0.017%
49-9094	Locksmiths and Safe Repairers	\$63,770	0.016%
49-9098	Helpers--Installation, Maintenance, and Repair Workers	\$37,740	0.015%
49-9021	Heating, Air Conditioning, and Refrigeration Mechanics and Installers	\$76,480	0.013%
49-9043	Maintenance Workers, Machinery	\$63,090	0.011%
49-9051	Electrical Power-Line Installers and Repairers	\$111,740	0.007%
49-9044	Millwrights	\$82,700	0.007%
49-9012	Control and Valve Installers and Repairers, Except Mechanical Door	\$63,770	0.006%
49-2097	Audiovisual Equipment Installers and Repairers	\$59,500	0.005%
49-3041	Farm Equipment Mechanics and Service Technicians	\$42,060	0.005%
49-2091	Avionics Technicians	\$91,240	0.004%
49-9069	Precision Instrument and Equipment Repairers, All Other	\$77,950	0.003%
49-3021	Automotive Body and Related Repairers	\$57,580	0.003%
49-9091	Coin, Vending, and Amusement Machine Servicers and Repairers	\$43,550	0.002%
49-2093	Electrical and Electronics Installers and Repairers, Transportation Equipment	\$75,530	0.001%
49-2021	Radio, Cellular, and Tower Equipment Installers and Repairers	\$85,700	0.001%
49-9031	Home Appliance Repairers	\$53,820	0.001%
49-9096	Riggers	\$73,610	0.001%
49-3093	Tire Repairers and Changers	\$36,640	0.001%
49-9081	Wind Turbine Service Technicians	\$62,910	0.001%
49-2092	Electric Motor, Power Tool, and Related Repairers	\$55,250	0.001%
	Weighted Mean Annual Wage	\$60,320	1.246%
51-0000	Production Occupations		
51-2090	Miscellaneous Assemblers and Fabricators	\$43,160	0.454%
51-9061	Inspectors, Testers, Sorters, Samplers, and Weighers	\$49,860	0.261%
51-9199	Production Workers, All Other	\$37,130	0.160%
51-9198	Helpers--Production Workers	\$34,400	0.146%
51-9111	Packaging and Filling Machine Operators and Tenders	\$34,740	0.096%
51-2028	Electrical, Electronic, and Electromechanical Assemblers, Except Coil Winders, Tapers, and Finishers	\$43,800	0.086%
51-1011	First-Line Supervisors of Production and Operating Workers	\$76,700	0.084%
51-6011	Laundry and Dry-Cleaning Workers	\$34,880	0.066%

FIGURE 35. OCCUPATION MIX AND AVERAGE WAGES FOR OFFICE/MEDICAL OFFICE/R&D, CONTINUED

Occupation Code	Occupation Title (a)	Average Annual Wage (b)	Share of Total Office Workers (c)
51-4041	Machinists	\$59,690	0.059%
51-4121	Welders, Cutters, Solderers, and Brazers	\$58,600	0.046%
51-5112	Printing Press Operators	\$43,690	0.039%
51-4081	Multiple Machine Tool Setters, Operators, and Tenders, Metal and Plastic	\$39,080	0.033%
51-6099	Textile, Apparel, and Furnishings Workers, All Other	\$37,420	0.030%
51-4072	Molding, Coremaking, and Casting Machine Setters, Operators, and Tenders, Metal and Plastic	\$44,990	0.023%
51-3092	Food Batchmakers	\$35,300	0.018%
51-9081	Dental Laboratory Technicians	\$43,620	0.018%
51-4031	Cutting, Punching, and Press Machine Setters, Operators, and Tenders, Metal and Plastic	\$41,700	0.017%
51-9083	Ophthalmic Laboratory Technicians	\$43,010	0.016%
51-4199	Metal Workers and Plastic Workers, All Other	\$49,010	0.014%
51-9161	Computer Numerically Controlled Tool Operators	\$50,790	0.012%
51-6031	Sewing Machine Operators	\$32,880	0.010%
51-3022	Meat, Poultry, and Fish Cutters and Trimmers	\$35,910	0.009%
51-9124	Coating, Painting, and Spraying Machine Setters, Operators, and Tenders	\$50,520	0.009%
51-5111	Prepress Technicians and Workers	\$53,090	0.008%
51-3099	Food Processing Workers, All Other	\$32,410	0.008%
51-8031	Water and Wastewater Treatment Plant and System Operators	\$93,680	0.007%
51-9151	Photographic Process Workers and Processing Machine Operators	\$51,650	0.007%
51-3011	Bakers	\$36,960	0.006%
51-9082	Medical Appliance Technicians	\$56,910	0.006%
51-4111	Tool and Die Makers	\$72,410	0.006%
51-9195	Molders, Shapers, and Casters, Except Metal and Plastic	\$44,460	0.005%
51-9041	Extruding, Forming, Pressing, and Compacting Machine Setters, Operators, and Tenders	\$38,720	0.005%
51-9023	Mixing and Blending Machine Setters, Operators, and Tenders	\$48,700	0.004%
51-8013	Power Plant Operators	\$105,500	0.004%
51-2041	Structural Metal Fabricators and Fitters	\$44,090	0.004%
51-8093	Petroleum Pump System Operators, Refinery Operators, and Gaugers	\$90,580	0.004%
51-6092	Fabric and Apparel Patternmakers	\$44,530	0.004%
51-7011	Cabinetmakers and Bench Carpenters	\$46,910	0.004%
51-5113	Print Binding and Finishing Workers	\$39,120	0.004%
51-8021	Stationary Engineers and Boiler Operators	\$103,370	0.004%
51-9032	Cutting and Slicing Machine Setters, Operators, and Tenders	\$44,320	0.003%

FIGURE 35. OCCUPATION MIX AND AVERAGE WAGES FOR OFFICE/MEDICAL OFFICE/R&D, CONTINUED

Occupation Code	Occupation Title (a)	Average Annual Wage (b)	Share of Total Office Workers (c)
51-9011	Chemical Equipment Operators and Tenders	\$56,050	0.003%
51-4122	Welding, Soldering, and Brazing Machine Setters, Operators, and Tenders	\$45,170	0.003%
51-9162	Computer Numerically Controlled Tool Programmers	\$81,250	0.003%
51-8099	Plant and System Operators, All Other	\$79,160	0.002%
51-9071	Jewelers and Precious Stone and Metal Workers	\$39,560	0.002%
51-7042	Woodworking Machine Setters, Operators, and Tenders, Except Sawing	\$35,680	0.002%
51-7041	Sawing Machine Setters, Operators, and Tenders, Wood	\$31,740	0.002%
51-6093	Upholsterers	\$46,490	0.002%
51-4035	Milling and Planing Machine Setters, Operators, and Tenders, Metal and Plastic	\$51,190	0.002%
51-3093	Food Cooking Machine Operators and Tenders	\$29,560	0.002%
51-4023	Rolling Machine Setters, Operators, and Tenders, Metal and Plastic	\$40,960	0.001%
51-9021	Crushing, Grinding, and Polishing Machine Setters, Operators, and Tenders	\$37,690	0.001%
51-4022	Forging Machine Setters, Operators, and Tenders, Metal and Plastic	\$46,780	0.001%
51-7021	Furniture Finishers	\$35,980	0.001%
51-4032	Drilling and Boring Machine Tool Setters, Operators, and Tenders, Metal and Plastic	\$48,700	0.001%
51-9123	Painting, Coating, and Decorating Workers	\$49,290	0.001%
51-9012	Separating, Filtering, Clarifying, Precipitating, and Still Machine Setters, Operators, and Tenders	\$57,140	0.001%
51-3091	Food and Tobacco Roasting, Baking, and Drying Machine Operators and Tenders	\$39,920	0.001%
51-3021	Butchers and Meat Cutters	\$39,080	0.001%
51-6063	Textile Knitting and Weaving Machine Setters, Operators, and Tenders	\$27,820	0.001%
51-4033	Grinding, Lapping, Polishing, and Buffing Machine Tool Setters, Operators, and Tenders, Metal and Plastic	\$45,420	0.001%
51-6052	Tailors, Dressmakers, and Custom Sewers	\$52,870	0.001%
51-4034	Lathe and Turning Machine Tool Setters, Operators, and Tenders, Metal and Plastic	\$53,800	0.001%
51-8092	Gas Plant Operators	\$98,340	0.001%
51-4071	Foundry Mold and Coremakers	\$43,730	0.001%
51-6021	Pressers, Textile, Garment, and Related Materials	\$30,100	0.001%
51-2051	Fiberglass Laminators and Fabricators	\$45,970	0.001%
	Weighted Mean Annual Wage	\$44,646	1.867%
53-0000	Transportation and Material Moving Occupations		
53-7062	Laborers and Freight, Stock, and Material Movers, Hand	\$39,930	1.364%

FIGURE 35. OCCUPATION MIX AND AVERAGE WAGES FOR OFFICE/MEDICAL OFFICE/R&D, CONTINUED

Occupation Code	Occupation Title (a)	Average Annual Wage (b)	Share of Total Office Workers (c)
53-3031	Driver/Sales Workers	\$34,920	0.383%
53-7065	Stockers and Order Fillers	\$36,170	0.279%
53-7064	Packers and Packagers, Hand	\$32,950	0.277%
53-3032	Heavy and Tractor-Trailer Truck Drivers	\$51,440	0.193%
53-7051	Industrial Truck and Tractor Operators	\$43,940	0.168%
53-3033	Light Truck Drivers	\$48,790	0.121%
53-7061	Cleaners of Vehicles and Equipment	\$33,470	0.119%
53-1047	First-Line Supervisors of Transportation and Material Moving Workers, Except Aircraft Cargo Handling Supervisors	\$66,690	0.080%
53-3058	Passenger Vehicle Drivers, Except Bus Drivers, Transit and Intercity	\$40,610	0.056%
53-3099	Motor Vehicle Operators, All Other	\$55,930	0.031%
53-6021	Parking Attendants	\$34,320	0.022%
53-2012	Commercial Pilots	\$113,260	0.014%
53-3052	Bus Drivers, Transit and Intercity	\$58,860	0.006%
53-7063	Machine Feeders and Offbearers	\$43,880	0.006%
53-7199	Material Moving Workers, All Other	\$34,200	0.005%
53-2022	Airfield Operations Specialists	\$56,410	0.005%
53-6051	Transportation Inspectors	\$94,170	0.004%
53-6031	Automotive and Watercraft Service Attendants	\$31,340	0.003%
53-6098	Aircraft Service Attendants and Transportation Workers, All Other	\$52,040	0.003%
53-2011	Airline Pilots, Copilots, and Flight Engineers	\$243,550	0.002%
53-6041	Traffic Technicians	\$86,560	0.002%
53-2031	Flight Attendants	\$51,230	0.001%
53-6061	Passenger Attendants	\$34,080	0.001%
	Weighted Mean Annual Wage	\$40,712	3.162%
	Total, Land Use	\$85,440.54	100.000%

Notes:

- (a) Occupational mix by industry was obtained from US Bureau of Labor Statistics, Occupational Employment Statistics, 2019.
- (b) Wage data for the San Francisco Metropolitan Statistical Area was obtained from California Economic Development Department, OES Employment and Wages by Occupation, 2019.
- (c) Distribution of workers is calculated based on the existing distribution of employment by industry in Marin County, provided by Quarterly Census of Employment and Wages (QCEW), 2019

Source: Strategic Economics and Vernazza Wolfe Associates, 2021.

FIGURE 36. OCCUPATIONAL MIX AND AVERAGE WAGES FOR RETAIL/RESTAURANT/SERVICES

Occupation Code	Occupation Title (a)	Average Annual Wage (b)	Share of Total Retail Workers (c)
11-0000	Management Occupations		
11-9051	Food Service Managers	\$63,460	1.525%
11-1021	General and Operations Managers	\$155,850	0.800%
11-2022	Sales Managers	\$159,720	0.046%
11-3031	Financial Managers	\$182,190	0.016%
11-3010	Administrative Services and Facilities Managers	\$132,020	0.008%
11-2021	Marketing Managers	\$181,720	0.007%
11-9198	Personal Service Managers, All Other; Entertainment and Recreation Managers, Except Gambling; and Managers, All Other	\$168,900	0.005%
11-3121	Human Resources Managers	\$163,810	0.004%
11-1011	Chief Executives	\$236,060	0.003%
11-3071	Transportation, Storage, and Distribution Managers	\$123,910	0.002%
11-3021	Computer and Information Systems Managers	\$201,960	0.002%
11-3131	Training and Development Managers	\$152,380	0.002%
11-9111	Medical and Health Services Managers	\$142,760	0.001%
11-3061	Purchasing Managers	\$154,870	0.001%
11-3051	Industrial Production Managers	\$140,910	0.001%
	Weighted Mean Annual Wage	\$98,093	2.423%
13-0000	Business and Financial Operations Occupations		
13-1151	Training and Development Specialists	\$83,550	0.079%
13-1161	Market Research Analysts and Marketing Specialists	\$91,350	0.041%
13-2011	Accountants and Auditors	\$93,590	0.035%
13-1071	Human Resources Specialists	\$89,820	0.029%
13-1121	Meeting, Convention, and Event Planners	\$67,530	0.029%
13-1020	Buyers and Purchasing Agents	\$79,040	0.019%
13-2072	Loan Officers	\$84,940	0.012%
13-1198	Project Management Specialists and Business Operations Specialists, All Other	\$93,010	0.009%
13-1051	Cost Estimators	\$98,960	0.007%
13-2098	Financial and Investment Analysts, Financial Risk Specialists, and Financial Specialists, All Other	\$119,100	0.003%
13-1111	Management Analysts	\$113,750	0.001%
13-1081	Logisticians	\$82,010	0.001%
13-2041	Credit Analysts	\$109,330	0.001%
13-1041	Compliance Officers	\$92,960	0.001%
	Weighted Mean Annual Wage	\$86,096	0.269%

FIGURE 36. OCCUPATIONAL MIX AND WAGES FOR RETAIL/RESTAURANT/SERVICES, CONTINUED

Occupation Code	Occupation Title (a)	Average Annual Wage (b)	Share of Total Retail Workers (c)
15-0000	Computer and Mathematical Occupations		
15-1232	Computer User Support Specialists	\$75,640	0.004%
15-1256	Software Developers and Software Quality Assurance Analysts and Testers	\$145,250	0.003%
15-1244	Network and Computer Systems Administrators	\$104,370	0.003%
15-1257	Web Developers and Digital Interface Designers	\$110,790	0.003%
15-1299	Computer Occupations, All Other	\$120,370	0.003%
15-1211	Computer Systems Analysts	\$121,300	0.001%
15-1231	Computer Network Support Specialists	\$85,990	0.001%
15-1251	Computer Programmers	\$116,400	0.001%
	Weighted Mean Annual Wage	\$109,230	0.019%
21-0000	Community and Social Service Occupations		
21-1019	Counselors, All Other	\$66,150	0.001%
21-1022	Healthcare Social Workers	\$86,560	0.0005%
	Weighted Mean Annual Wage	\$73,047	0.001%
23-0000	Legal Occupations		
23-2093	Title Examiners, Abstractors, and Searchers	\$59,890	0.002%
23-2099	Legal Support Workers, All Other	\$61,510	0.0003%
23-1011	Lawyers	\$188,910	0.0003%
	Weighted Mean Annual Wage	\$73,546	0.002%
25-0000	Educational Instruction and Library Occupations		
25-3021	Self-Enrichment Teachers	\$53,730	0.005%
25-3097	Tutors and Teachers and Instructors, All Other	\$50,800	0.0001%
25-9031	Instructional Coordinators	\$77,090	0.0001%
	Weighted Mean Annual Wage	\$54,313	0.005%
27-0000	Arts, Design, Entertainment, Sports, and Media Occupations		
27-2012	Producers and Directors	\$104,520	0.017%
27-3031	Public Relations Specialists	\$84,520	0.011%
27-1026	Merchandise Displayers and Window Trimmers	\$38,480	0.011%
27-4032	Film and Video Editors	\$83,100	0.007%
27-4011	Audio and Video Technicians	\$64,140	0.005%
27-1024	Graphic Designers	\$77,110	0.005%
27-1025	Interior Designers	\$72,240	0.004%
27-1014	Special Effects Artists and Animators	\$97,570	0.004%
27-4031	Camera Operators, Television, Video, and Film	\$59,160	0.003%

FIGURE 36. OCCUPATIONAL MIX AND WAGES FOR RETAIL/RESTAURANT/SERVICES, CONTINUED

Occupation Code	Occupation Title (a)	Average Annual Wage (b)	Share of Total Retail Workers (c)
27-4098	Lighting Technicians and Media and Communication Equipment Workers, All Other	\$60,610	0.003%
27-3099	Media and Communication Workers, All Other	\$63,270	0.002%
27-4021	Photographers	\$61,530	0.002%
27-1027	Set and Exhibit Designers	\$60,530	0.002%
27-1011	Art Directors	\$135,970	0.002%
27-1023	Floral Designers	\$39,920	0.002%
27-3041	Editors	\$86,530	0.002%
27-1022	Fashion Designers	\$89,400	0.001%
27-4014	Sound Engineering Technicians	\$70,470	0.001%
27-1019	Artists and Related Workers, All Other	\$93,840	0.001%
27-3043	Writers and Authors	\$93,060	0.001%
27-1013	Fine Artists, Including Painters, Sculptors, and Illustrators	\$85,980	0.001%
27-4012	Broadcast Technicians	\$57,390	0.001%
	Weighted Mean Annual Wage	\$66,961	0.102%
29-0000	Healthcare Practitioners and Technical Occupations		
29-2052	Pharmacy Technicians	\$51,090	0.143%
29-1051	Pharmacists	\$148,390	0.089%
29-2081	Opticians, Dispensing	\$50,840	0.014%
29-1041	Optometrists	\$125,680	0.004%
29-1031	Dietitians and Nutritionists	\$87,890	0.003%
29-2092	Hearing Aid Specialists	\$66,050	0.003%
29-1141	Registered Nurses	\$138,000	0.002%
29-2091	Orthotists and Prosthetists	\$81,090	0.001%
29-2057	Ophthalmic Medical Technicians	\$52,660	0.001%
29-1126	Respiratory Therapists	\$97,950	0.001%
29-1181	Audiologists	\$102,560	0.001%
29-1171	Nurse Practitioners	\$157,150	0.001%
29-2098	Medical Dosimetrists, Medical Records Specialists, and Health Technologists and Technicians, All Other	\$58,370	0.001%
29-1298	Acupuncturists and Healthcare Diagnosing or Treating Practitioners, All Other	\$76,670	0.001%
	Weighted Mean Annual Wage	\$86,954	0.266%
31-0000	Healthcare Support Occupations		
31-9011	Massage Therapists	\$50,560	0.041%
31-9095	Pharmacy Aides	\$46,430	0.017%
31-9099	Healthcare Support Workers, All Other	\$50,950	0.002%

FIGURE 36. OCCUPATIONAL MIX AND WAGES FOR RETAIL/RESTAURANT/SERVICES, CONTINUED

Occupation Code	Occupation Title (a)	Average Annual Wage (b)	Share of Total Retail Workers (c)
31-1120	Home Health and Personal Care Aides	\$30,320	0.001%
31-9092	Medical Assistants	\$48,920	0.001%
	Weighted Mean Annual Wage	\$48,986	0.063%
33-0000	Protective Service Occupations		
33-9032	Security Guards	\$38,580	0.106%
33-1090	Miscellaneous First-Line Supervisors, Protective Service Workers	\$61,530	0.001%
33-9098	School Bus Monitors and Protective Service Workers, All Other	\$49,650	0.001%
	Weighted Mean Annual Wage	\$38,981	0.108%
35-0000	Food Preparation and Serving Related Occupations		
35-3023	Fast Food and Counter Workers	\$31,610	28.085%
35-3031	Waiters and Waitresses	\$37,810	18.684%
35-2014	Cooks, Restaurant	\$38,430	10.548%
35-1012	First-Line Supervisors of Food Preparation and Serving Workers	\$44,560	6.745%
35-2011	Cooks, Fast Food	\$27,060	4.527%
35-2021	Food Preparation Workers	\$31,820	3.926%
35-9021	Dishwashers	\$31,680	3.412%
35-9031	Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop	\$34,520	3.306%
35-9011	Dining Room and Cafeteria Attendants and Bartender Helpers	\$35,040	2.686%
35-3011	Bartenders	\$37,310	2.682%
35-2015	Cooks, Short Order	\$34,460	0.857%
35-1011	Chefs and Head Cooks	\$63,740	0.599%
35-9099	Food Preparation and Serving Related Workers, All Other	\$31,250	0.368%
35-3041	Food Servers, Nonrestaurant	\$35,200	0.177%
35-2012	Cooks, Institution and Cafeteria	\$40,710	0.082%
35-2019	Cooks, All Other	\$40,740	0.002%
	Weighted Mean Annual Wage	\$35,217	86.687%
37-0000	Building and Grounds Cleaning and Maintenance Occupations		
37-2011	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	\$38,870	0.287%
37-2012	Maids and Housekeeping Cleaners	\$41,430	0.022%
37-3011	Landscaping and Groundskeeping Workers	\$43,940	0.011%
37-1011	First-Line Supervisors of Housekeeping and Janitorial Workers	\$53,550	0.002%

FIGURE 36. OCCUPATIONAL MIX AND WAGES FOR RETAIL/RESTAURANT/SERVICES, CONTINUED

Occupation Code	Occupation Title (a)	Average Annual Wage (b)	Share of Total Retail Workers (c)
	Weighted Mean Annual Wage	\$39,305	0.321%
39-0000	Personal Care and Service Occupations		
39-5012	Hairdressers, Hairstylists, and Cosmetologists	\$35,410	0.243%
39-5092	Manicurists and Pedicurists	\$29,490	0.079%
39-2021	Animal Caretakers	\$34,130	0.045%
39-5094	Skincare Specialists	\$37,640	0.031%
39-1098	First-Line Supervisors of Personal Service and Entertainment and Recreation Workers, Except Gambling Services	\$54,240	0.027%
39-3091	Amusement and Recreation Attendants	\$29,650	0.025%
39-3031	Ushers, Lobby Attendants, and Ticket Takers	\$33,520	0.020%
39-5011	Barbers	\$52,940	0.014%
39-5093	Shampooers	-	0.009%
39-9098	Crematory Operators and Personal Care and Service Workers, All Other	\$35,060	0.007%
39-3093	Locker Room, Coatroom, and Dressing Room Attendants	\$41,030	0.005%
39-9031	Exercise Trainers and Group Fitness Instructors	\$59,340	0.004%
39-2011	Animal Trainers	\$42,320	0.003%
39-6012	Concierges	\$44,060	0.002%
39-3021	Motion Picture Projectionists	\$34,350	0.001%
39-5091	Makeup Artists, Theatrical and Performance	-	0.001%
39-4021	Funeral Attendants	\$39,180	0.001%
39-4031	Morticians, Undertakers, and Funeral Arrangers	\$60,050	0.001%
39-3092	Costume Attendants	\$42,930	0.001%
39-6011	Baggage Porters and Bellhops	\$33,390	0.001%
39-7010	Tour and Travel Guides	\$42,380	0.001%
39-9011	Childcare Workers	\$35,590	0.001%
	Weighted Mean Annual Wage	\$35,291	0.523%
41-0000	Sales and Related Occupations		
41-2011	Cashiers	\$32,150	3.652%
41-2031	Retail Salespersons	\$34,810	1.668%
41-1011	First-Line Supervisors of Retail Sales Workers	\$46,980	0.367%
41-2022	Parts Salespersons	\$45,260	0.083%
41-3091	Sales Representatives of Services, Except Advertising, Insurance, Financial Services, and Travel	\$81,320	0.080%
41-2021	Counter and Rental Clerks	\$40,320	0.072%
41-4012	Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Products	\$81,830	0.035%

FIGURE 36. OCCUPATIONAL MIX AND WAGES FOR RETAIL/RESTAURANT/SERVICES, CONTINUED

Occupation Code	Occupation Title (a)	Average Annual Wage (b)	Share of Total Retail Workers (c)
41-1012	First-Line Supervisors of Non-Retail Sales Workers	\$77,590	0.013%
41-9099	Sales and Related Workers, All Other	-	0.010%
41-3031	Securities, Commodities, and Financial Services Sales Agents	\$101,770	0.004%
41-4011	Sales Representatives, Wholesale and Manufacturing, Technical and Scientific Products	\$104,680	0.003%
41-9041	Telemarketers	\$33,420	0.003%
41-9011	Demonstrators and Product Promoters	\$36,560	0.002%
41-3011	Advertising Sales Agents	\$92,720	0.001%
41-3021	Insurance Sales Agents	\$109,960	0.001%
	Weighted Mean Annual Wage	\$35,176	5.992%
43-0000	Office and Administrative Support Occupations		
43-9061	Office Clerks, General	\$46,920	0.285%
43-4051	Customer Service Representatives	\$49,200	0.214%
43-3031	Bookkeeping, Accounting, and Auditing Clerks	\$54,980	0.202%
43-6014	Secretaries and Administrative Assistants, Except Legal, Medical, and Executive	\$51,170	0.094%
43-4171	Receptionists and Information Clerks	\$39,990	0.093%
43-1011	First-Line Supervisors of Office and Administrative Support Workers	\$71,190	0.068%
43-5071	Shipping, Receiving, and Inventory Clerks	\$42,910	0.045%
43-4151	Order Clerks	\$45,220	0.016%
43-3051	Payroll and Timekeeping Clerks	\$63,280	0.015%
43-3021	Billing and Posting Clerks	\$50,120	0.011%
43-6011	Executive Secretaries and Executive Administrative Assistants	\$82,480	0.008%
43-5061	Production, Planning, and Expediting Clerks	\$63,180	0.007%
43-4161	Human Resources Assistants, Except Payroll and Timekeeping	\$53,370	0.006%
43-2011	Switchboard Operators, Including Answering Service	\$49,560	0.006%
43-9199	Office and Administrative Support Workers, All Other	\$45,160	0.005%
43-3011	Bill and Account Collectors	\$55,830	0.004%
43-5032	Dispatchers, Except Police, Fire, and Ambulance	\$54,040	0.003%
43-4071	File Clerks	\$41,240	0.003%
43-3061	Procurement Clerks	\$50,680	0.003%
43-5021	Couriers and Messengers	\$42,320	0.003%
43-9021	Data Entry Keyers	\$41,790	0.002%
43-4199	Information and Record Clerks, All Other	\$57,150	0.002%
43-4041	Credit Authorizers, Checkers, and Clerks	\$47,330	0.002%

FIGURE 36. OCCUPATIONAL MIX AND WAGES FOR RETAIL/RESTAURANT/SERVICES, CONTINUED

Occupation Code	Occupation Title (a)	Average Annual Wage (b)	Share of Total Retail Workers (c)
43-4131	Loan Interviewers and Clerks	\$49,770	0.002%
43-6013	Medical Secretaries and Administrative Assistants	\$49,140	0.001%
43-9041	Insurance Claims and Policy Processing Clerks	\$53,480	0.001%
	Weighted Mean Annual Wage	\$50,617	1.104%
45-0000	Farming, Fishing, and Forestry Occupations		
45-2092	Farmworkers and Laborers, Crop, Nursery, and Greenhouse	\$37,430	0.002%
45-1011	First-Line Supervisors of Farming, Fishing, and Forestry Workers	\$54,120	0.0001%
	Weighted Mean Annual Wage	\$38,161	0.002%
47-0000	Construction and Extraction Occupations		
47-2031	Carpenters	\$71,490	0.007%
47-2121	Glaziers	\$72,550	0.005%
47-2041	Carpet Installers	\$64,200	0.005%
47-1011	First-Line Supervisors of Construction Trades and Extraction Workers	\$99,580	0.002%
47-2111	Electricians	\$100,400	0.001%
47-2042	Floor Layers, Except Carpet, Wood, and Hard Tiles	\$66,540	0.001%
47-2061	Construction Laborers	\$55,970	0.001%
47-4031	Fence Erectors	\$44,820	0.001%
47-2044	Tile and Stone Setters	\$59,410	0.001%
	Weighted Mean Annual Wage	\$70,399	0.027%
49-0000	Installation, Maintenance, and Repair Occupations		
49-3023	Automotive Service Technicians and Mechanics	\$58,630	0.273%
49-9071	Maintenance and Repair Workers, General	\$56,230	0.166%
49-1011	First-Line Supervisors of Mechanics, Installers, and Repairers	\$89,740	0.038%
49-3021	Automotive Body and Related Repairers	\$57,580	0.028%
49-3093	Tire Repairers and Changers	\$36,640	0.018%
49-9091	Coin, Vending, and Amusement Machine Servicers and Repairers	\$43,550	0.010%
49-9099	Installation, Maintenance, and Repair Workers, All Other	\$55,210	0.009%
49-2011	Computer, Automated Teller, and Office Machine Repairers	\$45,100	0.008%
49-9098	Helpers—Installation, Maintenance, and Repair Workers	\$37,740	0.007%
49-3031	Bus and Truck Mechanics and Diesel Engine Specialists	\$68,840	0.006%

FIGURE 36. OCCUPATIONAL MIX AND WAGES FOR RETAIL/RESTAURANT/SERVICES, CONTINUED

Occupation Code	Occupation Title (a)	Average Annual Wage (b)	Share of Total Retail Workers (c)
49-3091	Bicycle Repairers	\$32,090	0.006%
49-9031	Home Appliance Repairers	\$53,820	0.004%
49-9011	Mechanical Door Repairers	\$52,210	0.003%
49-9063	Musical Instrument Repairers and Tuners	-	0.003%
49-2097	Audiovisual Equipment Installers and Repairers	\$59,500	0.003%
49-3053	Outdoor Power Equipment and Other Small Engine Mechanics	\$45,750	0.003%
49-9062	Medical Equipment Repairers	\$69,330	0.002%
49-2096	Electronic Equipment Installers and Repairers, Motor Vehicles	\$47,500	0.002%
49-9021	Heating, Air Conditioning, and Refrigeration Mechanics and Installers	\$76,480	0.001%
49-3052	Motorcycle Mechanics	\$57,800	0.001%
49-3051	Motorboat Mechanics and Service Technicians	\$59,490	0.001%
49-3092	Recreational Vehicle Service Technicians	\$42,360	0.001%
49-9096	Riggers	\$73,610	0.001%
49-9095	Manufactured Building and Mobile Home Installers	-	0.001%
	Weighted Mean Annual Wage	\$57,919	0.594%
51-0000	Production Occupations		
51-3011	Bakers	\$36,960	0.349%
51-6011	Laundry and Dry-Cleaning Workers	\$34,880	0.032%
51-3092	Food Batchmakers	\$35,300	0.032%
51-3021	Butchers and Meat Cutters	\$39,080	0.018%
51-9012	Separating, Filtering, Clarifying, Precipitating, and Still Machine Setters, Operators, and Tenders	\$57,140	0.014%
51-1011	First-Line Supervisors of Production and Operating Workers	\$76,700	0.013%
51-2090	Miscellaneous Assemblers and Fabricators	\$43,160	0.010%
51-3091	Food and Tobacco Roasting, Baking, and Drying Machine Operators and Tenders	\$39,920	0.009%
51-6021	Pressers, Textile, Garment, and Related Materials	\$30,100	0.009%
51-6052	Tailors, Dressmakers, and Custom Sewers	\$52,870	0.007%
51-9083	Ophthalmic Laboratory Technicians	\$43,010	0.006%
51-9061	Inspectors, Testers, Sorters, Samplers, and Weighers	\$49,860	0.005%
51-3022	Meat, Poultry, and Fish Cutters and Trimmers	\$35,910	0.005%
51-3099	Food Processing Workers, All Other	\$32,410	0.005%
51-6031	Sewing Machine Operators	\$32,880	0.004%
51-9124	Coating, Painting, and Spraying Machine Setters, Operators, and Tenders	\$50,520	0.003%
51-9198	Helpers--Production Workers	\$34,400	0.003%

FIGURE 36. OCCUPATIONAL MIX AND WAGES FOR RETAIL/RESTAURANT/SERVICES, CONTINUED

Occupation Code	Occupation Title (a)	Average Annual Wage (b)	Share of Total Retail Workers (c)
51-9151	Photographic Process Workers and Processing Machine Operators	\$51,650	0.002%
51-9199	Production Workers, All Other	\$37,130	0.001%
51-7011	Cabinetmakers and Bench Carpenters	\$46,910	0.001%
51-9082	Medical Appliance Technicians	\$56,910	0.001%
51-9194	Etchers and Engravers	-	0.001%
51-9195	Molders, Shapers, and Casters, Except Metal and Plastic	\$44,460	0.001%
51-5112	Printing Press Operators	\$43,690	0.001%
51-9023	Mixing and Blending Machine Setters, Operators, and Tenders	\$48,700	0.001%
51-9071	Jewelers and Precious Stone and Metal Workers	\$39,560	0.001%
51-4121	Welders, Cutters, Solderers, and Brazers	\$58,600	0.001%
51-9111	Packaging and Filling Machine Operators and Tenders	\$34,740	0.001%
51-7041	Sawing Machine Setters, Operators, and Tenders, Wood	\$31,740	0.001%
	Weighted Mean Annual Wage	\$38,854	0.536%
53-0000	Transportation and Material Moving Occupations		
53-3033	Light Truck Drivers	\$48,790	0.377%
53-7065	Stockers and Order Fillers	\$36,170	0.189%
53-7061	Cleaners of Vehicles and Equipment	\$33,470	0.096%
53-7062	Laborers and Freight, Stock, and Material Movers, Hand	\$39,930	0.093%
53-6021	Parking Attendants	\$34,320	0.063%
53-6031	Automotive and Watercraft Service Attendants	\$31,340	0.028%
53-1047	First-Line Supervisors of Transportation and Material Moving Workers, Except Aircraft Cargo Handling Supervisors	\$66,690	0.026%
53-3058	Passenger Vehicle Drivers, Except Bus Drivers, Transit and Intercity	\$40,610	0.023%
53-3032	Heavy and Tractor-Trailer Truck Drivers	\$51,440	0.016%
53-7064	Packers and Packagers, Hand	\$32,950	0.013%
53-3099	Motor Vehicle Operators, All Other	\$55,930	0.011%
53-7051	Industrial Truck and Tractor Operators	\$43,940	0.009%
53-7199	Material Moving Workers, All Other	\$34,200	0.006%
53-3031	Driver/Sales Workers	\$34,920	0.005%
53-6098	Aircraft Service Attendants and Transportation Workers, All Other	\$52,040	0.001%
	Weighted Mean Annual Wage	\$42,424	0.958%
	Total, Land Use	\$37,493	100.000%

Notes:

- (a) Occupational mix by industry was obtained from US Bureau of Labor Statistics, Occupational Employment Statistics, 2019.
- (b) Wage data for the San Francisco Metropolitan Statistical Area was obtained from California Economic Development Department, OES Employment and Wages by Occupation, 2019.
- (c) Distribution of workers is calculated based on the existing distribution of employment by industry in Marin County, provided by Quarterly Census of Employment and Wages (QCEW), 2019

Source: Strategic Economics and Vernazza Wolfe Associates, 2021.

FIGURE 37. OCCUPATIONAL MIX AND AVERAGE WAGES FOR HOTEL

Occupation Code	Occupation Name (a)	Average Annual Wage (b)	Share of Total Hotel Workers (c)
11-0000	Management Occupations		
11-9081	Lodging Managers	\$104,250	1.622%
11-1021	General and Operations Managers	\$155,850	0.810%
11-9051	Food Service Managers	\$63,460	0.422%
11-2022	Sales Managers	\$159,720	0.308%
11-9198	Personal Service Managers, All Other; Entertainment and Recreation Managers, Except Gambling; and Managers, All Other	\$168,900	0.214%
11-3031	Financial Managers	\$182,190	0.206%
11-3010	Administrative Services and Facilities Managers	\$132,020	0.192%
11-3121	Human Resources Managers	\$163,810	0.100%
11-9071	Gambling Managers	\$125,300	0.094%
11-2021	Marketing Managers	\$181,720	0.080%
11-3021	Computer and Information Systems Managers	\$201,960	0.035%
11-1011	Chief Executives	\$236,060	0.021%
11-3061	Purchasing Managers	\$154,870	0.021%
11-9141	Property, Real Estate, and Community Association Managers	\$92,930	0.019%
11-2030	Public Relations and Fundraising Managers	\$142,950	0.012%
11-9041	Architectural and Engineering Managers	\$186,500	0.011%
11-2011	Advertising and Promotions Managers	\$175,210	0.008%
11-9021	Construction Managers	\$134,880	0.007%
11-3131	Training and Development Managers	\$152,380	0.005%
11-3071	Transportation, Storage, and Distribution Managers	\$123,910	0.005%
11-3111	Compensation and Benefits Managers	\$170,770	0.003%
11-3051	Industrial Production Managers	\$140,910	0.003%
	Weighted Mean Annual Wage	\$128,280	4.198%
13-0000	Business and Financial Operations Occupations		
13-1121	Meeting, Convention, and Event Planners	\$67,530	0.441%
13-2011	Accountants and Auditors	\$93,590	0.438%
13-1071	Human Resources Specialists	\$89,820	0.225%
13-1161	Market Research Analysts and Marketing Specialists	\$91,350	0.182%
13-1198	Project Management Specialists and Business Operations Specialists, All Other	\$93,010	0.145%
13-1020	Buyers and Purchasing Agents	\$79,040	0.087%
13-1151	Training and Development Specialists	\$83,550	0.040%
13-1041	Compliance Officers	\$92,960	0.029%
13-2098	Financial and Investment Analysts, Financial Risk Specialists, and Financial Specialists, All Other	\$119,100	0.028%
13-1111	Management Analysts	\$113,750	0.020%

FIGURE 37. OCCUPATIONAL MIX AND AVERAGE WAGES FOR HOTEL, CONTINUED

Occupation Code	Occupation Name (a)	Average Annual Wage (b)	Share of Total Hotel Workers (c)
13-1141	Compensation, Benefits, and Job Analysis Specialists	\$83,230	0.013%
13-1075	Labor Relations Specialists	\$86,370	0.006%
13-2041	Credit Analysts	\$109,330	0.003%
13-2031	Budget Analysts	\$93,800	0.002%
	Weighted Mean Annual Wage	\$85,441	1.660%
15-0000	Computer and Mathematical Occupations		
15-1232	Computer User Support Specialists	\$75,640	0.071%
15-1244	Network and Computer Systems Administrators	\$104,370	0.041%
15-1299	Computer Occupations, All Other	\$120,370	0.022%
15-1211	Computer Systems Analysts	\$121,300	0.015%
15-1231	Computer Network Support Specialists	\$85,990	0.011%
15-1245	Database Administrators and Architects	\$107,930	0.008%
15-1256	Software Developers and Software Quality Assurance Analysts and Testers	\$145,250	0.008%
15-1241	Computer Network Architects	\$137,720	0.006%
15-1212	Information Security Analysts	\$122,570	0.005%
15-1257	Web Developers and Digital Interface Designers	\$110,790	0.005%
15-1251	Computer Programmers	\$116,400	0.002%
	Weighted Mean Annual Wage	\$99,597	0.195%
17-0000	Architecture and Engineering Occupations		
17-3023	Electrical and Electronic Engineering Technologists and Technicians	\$67,200	0.012%
17-2141	Mechanical Engineers	\$123,270	0.008%
17-2199	Engineers, All Other	\$113,050	0.004%
17-2051	Civil Engineers	\$120,110	0.003%
17-3027	Mechanical Engineering Technologists and Technicians	\$61,100	0.003%
17-2071	Electrical Engineers	\$120,990	0.000%
	Weighted Mean Annual Wage	\$93,450	0.031%
19-0000	Life, Physical, and Social Science Occupations		
19-5011	Occupational Health and Safety Specialists	\$108,230	0.005%
	Weighted Mean Annual Wage	\$108,230	0.005%
23-0000	Legal Occupations		
23-1011	Lawyers	\$188,910	0.005%
23-2011	Paralegals and Legal Assistants	\$71,360	0.002%
	Weighted Mean Annual Wage	\$152,176	0.008%

FIGURE 37. OCCUPATIONAL MIX AND AVERAGE WAGES FOR HOTEL, CONTINUED

Occupation Code	Occupation Name (a)	Average Annual Wage (b)	Share of Total Hotel Workers (c)
27-0000	Arts, Design, Entertainment, Sports, and Media Occupations		
27-4011	Audio and Video Technicians	\$64,140	0.139%
27-2022	Coaches and Scouts	\$48,900	0.065%
27-3031	Public Relations Specialists	\$84,520	0.039%
27-3099	Media and Communication Workers, All Other	\$63,270	0.027%
27-1024	Graphic Designers	\$77,110	0.019%
27-4098	Lighting Technicians and Media and Communication Equipment Workers, All Other	\$60,610	0.010%
27-1023	Floral Designers	\$39,920	0.009%
27-2090	Miscellaneous Entertainers and Performers, Sports and Related Workers	*	0.006%
27-1026	Merchandise Displayers and Window Trimmers	\$38,480	0.005%
27-2021	Athletes and Sports Competitors	-	0.003%
27-2042	Musicians and Singers	*	0.002%
27-2011	Actors	*	0.000%
	Weighted Mean Annual Wage	\$62,212	0.340%
29-0000	Healthcare Practitioners and Technical Occupations		
29-2040	Emergency Medical Technicians and Paramedics	\$54,180	0.013%
29-1141	Registered Nurses	\$138,000	0.002%
	Weighted Mean Annual Wage	\$67,277	0.016%
31-0000	Healthcare Support Occupations		
31-9011	Massage Therapists	\$50,560	0.516%
	Weighted Mean Annual Wage	\$50,560	0.516%
33-0000	Protective Service Occupations		
33-9032	Security Guards	\$38,580	1.530%
33-9092	Lifeguards, Ski Patrol, and Other Recreational Protective Service Workers	\$31,600	0.338%
33-1090	Miscellaneous First-Line Supervisors, Protective Service Workers	\$61,530	0.190%
33-9031	Gambling Surveillance Officers and Gambling Investigators	\$43,940	0.149%
33-9098	School Bus Monitors and Protective Service Workers, All Other	\$49,650	0.015%
33-9021	Private Detectives and Investigators	\$78,150	0.003%
	Weighted Mean Annual Wage	\$39,966	2.226%
35-0000	Food Preparation and Serving Related Occupations		
35-3031	Waiters and Waitresses	\$37,810	7.632%
35-2014	Cooks, Restaurant	\$38,430	4.125%

FIGURE 37. OCCUPATIONAL MIX AND AVERAGE WAGES FOR HOTEL, CONTINUED

Occupation Code	Occupation Name (a)	Average Annual Wage (b)	Share of Total Hotel Workers (c)
35-9011	Dining Room and Cafeteria Attendants and Bartender Helpers	\$35,040	2.993%
35-3011	Bartenders	\$37,310	2.144%
35-9021	Dishwashers	\$31,680	1.520%
35-1012	First-Line Supervisors of Food Preparation and Serving Workers	\$44,560	1.508%
35-3041	Food Servers, Nonrestaurant	\$35,200	1.378%
35-3023	Fast Food and Counter Workers	\$31,610	1.153%
35-9031	Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop	\$34,520	0.949%
35-1011	Chefs and Head Cooks	\$63,740	0.735%
35-2021	Food Preparation Workers	\$31,820	0.702%
35-9099	Food Preparation and Serving Related Workers, All Other	\$31,250	0.290%
35-2012	Cooks, Institution and Cafeteria	\$40,710	0.213%
35-2015	Cooks, Short Order	\$34,460	0.129%
35-2011	Cooks, Fast Food	\$27,060	0.037%
35-2019	Cooks, All Other	\$40,740	0.034%
	Weighted Mean Annual Wage	\$37,537	25.543%
37-0000	Building and Grounds Cleaning and Maintenance Occupations		
37-2012	Maids and Housekeeping Cleaners	\$41,430	22.801%
37-2011	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	\$38,870	2.336%
37-1011	First-Line Supervisors of Housekeeping and Janitorial Workers	\$53,550	1.759%
37-3011	Landscaping and Groundskeeping Workers	\$43,940	0.575%
37-1012	First-Line Supervisors of Landscaping, Lawn Service, and Groundskeeping Workers	\$68,600	0.085%
37-3019	Grounds Maintenance Workers, All Other	\$54,060	0.021%
37-2019	Building Cleaning Workers, All Other	\$32,430	0.020%
37-3012	Pesticide Handlers, Sprayers, and Applicators, Vegetation	\$79,020	0.010%
	Weighted Mean Annual Wage	\$42,139	27.608%
39-0000	Personal Care and Service Occupations		
39-3011	Gambling Dealers	\$26,750	2.633%
39-6011	Baggage Porters and Bellhops	\$33,390	1.139%
39-1013	First-Line Supervisors of Gambling Services Workers	\$52,020	0.784%
39-3091	Amusement and Recreation Attendants	\$29,650	0.757%
39-6012	Concierges	\$44,060	0.635%
39-9032	Recreation Workers	\$36,490	0.261%

FIGURE 37. OCCUPATIONAL MIX AND AVERAGE WAGES FOR HOTEL, CONTINUED

Occupation Code	Occupation Name (a)	Average Annual Wage (b)	Share of Total Hotel Workers (c)
39-1098	First-Line Supervisors of Personal Service and Entertainment and Recreation Workers, Except Gambling Services	\$54,240	0.249%
39-9098	Crematory Operators and Personal Care and Service Workers, All Other	\$35,060	0.238%
39-3019	Gambling Service Workers, All Other	\$35,260	0.223%
39-3093	Locker Room, Coatroom, and Dressing Room Attendants	\$41,030	0.171%
39-9031	Exercise Trainers and Group Fitness Instructors	\$59,340	0.142%
39-5094	Skincare Specialists	\$37,640	0.130%
39-3031	Ushers, Lobby Attendants, and Ticket Takers	\$33,520	0.114%
39-3012	Gambling and Sports Book Writers and Runners	\$32,190	0.072%
39-5092	Manicurists and Pedicurists	\$29,490	0.070%
39-5012	Hairdressers, Hairstylists, and Cosmetologists	\$35,410	0.068%
39-9011	Childcare Workers	\$35,590	0.041%
39-7010	Tour and Travel Guides	\$42,380	0.039%
39-3099	Entertainment Attendants and Related Workers, All Other	\$37,000	0.037%
39-3092	Costume Attendants	\$42,930	0.020%
39-2011	Animal Trainers	\$42,320	0.000%
	Weighted Mean Annual Wage	\$35,162	7.833%
41-0000	Sales and Related Occupations		
	Sales Representatives of Services, Except Advertising, Insurance, Financial Services, and Travel		
41-3091	Travel	\$81,320	1.184%
41-2011	Cashiers	\$32,150	0.704%
41-2031	Retail Salespersons	\$34,810	0.328%
41-2012	Gambling Change Persons and Booth Cashiers	\$32,010	0.326%
41-1011	First-Line Supervisors of Retail Sales Workers	\$46,980	0.144%
41-1012	First-Line Supervisors of Non-Retail Sales Workers	\$77,590	0.088%
41-9099	Sales and Related Workers, All Other	-	0.041%
41-2021	Counter and Rental Clerks	\$40,320	0.039%
41-9041	Telemarketers	\$33,420	0.030%
41-3041	Travel Agents	\$53,520	0.015%
41-3011	Advertising Sales Agents	\$92,720	0.007%
41-9021	Real Estate Brokers	*	0.002%
	Weighted Mean Annual Wage	\$54,861	2.959%
43-0000	Office and Administrative Support Occupations		
43-4081	Hotel, Motel, and Resort Desk Clerks	\$39,440	12.021%
43-1011	First-Line Supervisors of Office and Administrative Support Workers	\$71,190	1.755%

FIGURE 37. OCCUPATIONAL MIX AND AVERAGE WAGES FOR HOTEL, CONTINUED

Occupation Code	Occupation Name (a)	Average Annual Wage (b)	Share of Total Hotel Workers (c)
43-3031	Bookkeeping, Accounting, and Auditing Clerks	\$54,980	1.037%
43-4051	Customer Service Representatives	\$49,200	0.440%
43-6014	Secretaries and Administrative Assistants, Except Legal, Medical, and Executive	\$51,170	0.427%
43-4181	Reservation and Transportation Ticket Agents and Travel Clerks	*	0.297%
43-3041	Gambling Cage Workers	\$30,160	0.292%
43-4171	Receptionists and Information Clerks	\$39,990	0.263%
43-2011	Switchboard Operators, Including Answering Service	\$49,560	0.233%
43-5071	Shipping, Receiving, and Inventory Clerks	\$42,910	0.109%
43-6011	Executive Secretaries and Executive Administrative Assistants	\$82,480	0.100%
43-5032	Dispatchers, Except Police, Fire, and Ambulance	\$54,040	0.071%
43-4161	Human Resources Assistants, Except Payroll and Timekeeping	\$53,370	0.056%
43-9199	Office and Administrative Support Workers, All Other	\$45,160	0.053%
43-3051	Payroll and Timekeeping Clerks	\$63,280	0.050%
43-5061	Production, Planning, and Expediting Clerks	\$63,180	0.042%
43-3061	Procurement Clerks	\$50,680	0.032%
43-3021	Billing and Posting Clerks	\$50,120	0.024%
43-5021	Couriers and Messengers	\$42,320	0.020%
43-2021	Telephone Operators	\$48,480	0.016%
43-4151	Order Clerks	\$45,220	0.015%
43-5111	Weighers, Measurers, Checkers, and Samplers, Recordkeeping	\$41,640	0.011%
43-4199	Information and Record Clerks, All Other	\$57,150	0.009%
43-3011	Bill and Account Collectors	\$55,830	0.008%
43-9051	Mail Clerks and Mail Machine Operators, Except Postal Service	\$39,020	0.007%
43-4041	Credit Authorizers, Checkers, and Clerks	\$47,330	0.005%
43-4071	File Clerks	\$41,240	0.004%
43-2099	Communications Equipment Operators, All Other	\$65,500	0.003%
43-9021	Data Entry Keyers	\$41,790	0.003%
43-3099	Financial Clerks, All Other	\$47,510	0.002%
	Weighted Mean Annual Wage	\$44,074	17.792%
45-0000	Farming, Fishing, and Forestry Occupations		
45-2093	Farmworkers, Farm, Ranch, and Aquacultural Animals	\$35,610	0.007%
45-1011	First-Line Supervisors of Farming, Fishing, and Forestry Workers	\$54,120	0.002%
	Weighted Mean Annual Wage	\$39,723	0.009%

FIGURE 37. OCCUPATIONAL MIX AND AVERAGE WAGES FOR HOTEL, CONTINUED

Occupation Code	Occupation Name (a)	Average Annual Wage (b)	Share of Total Hotel Workers (c)
47-0000	Construction and Extraction Occupations		
47-2141	Painters, Construction and Maintenance	\$67,770	0.093%
47-2031	Carpenters	\$71,490	0.052%
47-2111	Electricians	\$100,400	0.040%
47-2152	Plumbers, Pipefitters, and Steamfitters	\$87,230	0.018%
47-2073	Operating Engineers and Other Construction Equipment Operators	\$86,240	0.017%
47-1011	First-Line Supervisors of Construction Trades and Extraction Workers	\$99,580	0.011%
47-2061	Construction Laborers	\$55,970	0.006%
47-2011	Boilermakers	\$86,630	0.003%
47-2041	Carpet Installers	\$64,200	0.003%
47-4051	Highway Maintenance Workers	\$63,210	0.002%
47-4090	Miscellaneous Construction and Related Workers	\$63,360	0.002%
	Weighted Mean Annual Wage	\$77,765	0.248%
49-0000	Installation, Maintenance, and Repair Occupations		
49-9071	Maintenance and Repair Workers, General	\$56,230	4.443%
49-1011	First-Line Supervisors of Mechanics, Installers, and Repairers	\$89,740	0.406%
49-9091	Coin, Vending, and Amusement Machine Servicers and Repairers	\$43,550	0.136%
49-9021	Heating, Air Conditioning, and Refrigeration Mechanics and Installers	\$76,480	0.041%
49-9099	Installation, Maintenance, and Repair Workers, All Other	\$55,210	0.041%
49-3053	Outdoor Power Equipment and Other Small Engine Mechanics	\$45,750	0.021%
49-9098	Helpers--Installation, Maintenance, and Repair Workers	\$37,740	0.016%
49-3023	Automotive Service Technicians and Mechanics	\$58,630	0.014%
49-3042	Mobile Heavy Equipment Mechanics, Except Engines	\$75,510	0.011%
49-9043	Maintenance Workers, Machinery	\$63,090	0.008%
49-9094	Locksmiths and Safe Repairers	\$63,770	0.006%
49-9041	Industrial Machinery Mechanics	\$78,010	0.004%
49-2092	Electric Motor, Power Tool, and Related Repairers	\$55,250	0.003%
49-2094	Electrical and Electronics Repairers, Commercial and Industrial Equipment	\$79,500	0.003%
49-3031	Bus and Truck Mechanics and Diesel Engine Specialists	\$68,840	0.003%
49-2011	Computer, Automated Teller, and Office Machine Repairers	\$45,100	0.001%
49-2093	Electrical and Electronics Installers and Repairers, Transportation Equipment	\$75,530	0.001%
	Weighted Mean Annual Wage	\$58,694	5.162%

FIGURE 37. OCCUPATIONAL MIX AND AVERAGE WAGES FOR HOTEL, CONTINUED

Occupation Code	Occupation Name (a)	Average Annual Wage (b)	Share of Total Hotel Workers (c)
51-0000	Production Occupations		
51-6011	Laundry and Dry-Cleaning Workers	\$34,880	1.846%
51-3011	Bakers	\$36,960	0.187%
51-1011	First-Line Supervisors of Production and Operating Workers	\$76,700	0.051%
51-8021	Stationary Engineers and Boiler Operators	\$103,370	0.030%
51-9061	Inspectors, Testers, Sorters, Samplers, and Weighers	\$49,860	0.020%
51-6052	Tailors, Dressmakers, and Custom Sewers	\$52,870	0.018%
51-3021	Butchers and Meat Cutters	\$39,080	0.010%
51-6031	Sewing Machine Operators	\$32,880	0.010%
51-6021	Pressers, Textile, Garment, and Related Materials	\$30,100	0.009%
51-6093	Upholsterers	\$46,490	0.007%
51-9193	Cooling and Freezing Equipment Operators and Tenders	\$39,590	0.006%
51-8031	Water and Wastewater Treatment Plant and System Operators	\$93,680	0.005%
51-9199	Production Workers, All Other	\$37,130	0.002%
51-3092	Food Batchmakers	\$35,300	0.002%
51-9012	Separating, Filtering, Clarifying, Precipitating, and Still Machine Setters, Operators, and Tenders	\$57,140	0.002%
51-9111	Packaging and Filling Machine Operators and Tenders	\$34,740	0.002%
	Weighted Mean Annual Wage	\$37,439	2.208%
53-0000	Transportation and Material Moving Occupations		
53-3058	Passenger Vehicle Drivers, Except Bus Drivers, Transit and Intercity	\$40,610	0.437%
53-6021	Parking Attendants	\$34,320	0.394%
53-7062	Laborers and Freight, Stock, and Material Movers, Hand	\$39,930	0.221%
53-7065	Stockers and Order Fillers	\$36,170	0.200%
53-3031	Driver/Sales Workers	\$34,920	0.069%
53-1047	First-Line Supervisors of Transportation and Material Moving Workers, Except Aircraft Cargo Handling Supervisors	\$66,690	0.039%
53-3033	Light Truck Drivers	\$48,790	0.028%
53-3032	Heavy and Tractor-Trailer Truck Drivers	\$51,440	0.011%
53-3099	Motor Vehicle Operators, All Other	\$55,930	0.011%
53-6031	Automotive and Watercraft Service Attendants	\$31,340	0.007%
53-6061	Passenger Attendants	\$34,080	0.005%
53-3052	Bus Drivers, Transit and Intercity	\$58,860	0.004%
53-5021	Captains, Mates, and Pilots of Water Vessels	\$95,770	0.003%
53-7199	Material Moving Workers, All Other	\$34,200	0.003%

FIGURE 37. OCCUPATIONAL MIX AND AVERAGE WAGES FOR HOTEL, CONTINUED

Occupation Code	Occupation Name (a)	Average Annual Wage (b)	Share of Total Hotel Workers (c)
53-4041	Subway and Streetcar Operators	\$56,730	0.003%
53-5022	Motorboat Operators	-	0.002%
53-7051	Industrial Truck and Tractor Operators	\$43,940	0.000%
	Weighted Mean Annual Wage	\$39,024	1.444%
	Total, Land Use	\$46,473	100.000%

Notes:

- (a) Occupational mix by industry was obtained from US Bureau of Labor Statistics, Occupational Employment Statistics, 2019.
- (b) Wage data for the San Francisco Metropolitan Statistical Area was obtained from California Economic Development Department, OES Employment and Wages by Occupation, 2019.
- (c) Distribution of workers is calculated based on the existing distribution of employment by industry in Marin County, provided by Quarterly Census of Employment and Wages (QCEW), 2019

Source: Strategic Economics and Vernazza Wolfe Associates, 2021.