

# Development Impact Fee Studies

Transportation & Affordable Housing



# Impact Fee Overview

- Development Impact Fees
- Four Program Review Areas
- Transportation Fee Study
- Staff Recommendation



# What are AH Impact Fees?

1. Charged on new development to **offset the increased demand for affordable housing** created by the new development.
2. Supported by “**Nexus Studies**” that establish proportional relationship between the developments impact and the fee.
  - ✓ Mitigate Housing Issues
  - ✓ Fund Affordable Housing Development
  - ✓ Ensure Fairness



# Napa's AH Impact Fee - Uses

## 1. Loans

Affordable Multi-Family Rental Projects

*#37 projects, \$29M (pre-interest), 1,404 units*

*\$100K annual monitoring fees*

Proximity Downpayment Assistance Loans

*#223 households, \$12.3M since 2011*

Permanent Supportive Housing Projects

*#3 projects, 152 units*

## 2. Programs (Admin)

Season of Sharing Grant Program

AADU Forgivable Loan Program

Farmworker Centers Administration

Coordinated Entry Administration

Fair Housing Services



# Affordable Housing

**1981** – First Regional Housing Needs Allocation (RHNA) cycle

**1992** – Napa Jobs Housing Nexus Study (City-County)

**1993** - Napa County Affordable Housing Fund Ordinance

**2004** – Napa Jobs Housing Nexus Study (County)

**2010** – Residential Economic Nexus Analysis, fee updates

**2014** – Commercial Economic Nexus Analysis, fee updates

**2023-2031** – 6<sup>th</sup> Cycle RHNA

**2025** – Residential & Commercial Nexus Study & Economic  
Analysis



# Current Impact Fees

<b>Residential</b>  <i>~\$1.5M annually</i>	Sqft	Avg Size	Adopted 2010 Fee
	0-1199	2 bed, 1.5 bath	\$ -
	1200-2000	3 bed, 2.5 bath	\$ 9.00
	2001-3000	4 bed, 3.5 bath	\$ 10.75
	3001+	5 bed, 4 bath+	\$ 12.25
	ADU		\$ 5.50

<b>Commercial</b>  <i>~\$1.0M annually</i>	Type	Adopted 2014 Fee
	Office	\$ 5.25
	Hotel	\$ 9.00
	Retail/Restaurant	\$ 7.50
	Industrial	\$ 4.50
	Warehouse/Storage	\$ 3.60



# Cost of Time

- Costs increase annually due to inflation, tariffs, etc.
- CA Construction Cost Index (CCI) – a tool tracking the changes in the cost of labor, materials, and equipment in the construction industry over time.

Housing Impact Fees			Fee Escalator	
CADGS CCI			2010	2025
			5260	10178
<b>Residential</b>  <i>~\$1.5M annually</i>	Sqft	Avg Size	Adopted 2010 Fee	CCI Adjusted
	0-1199	2 bed, 1.5 bath	\$ -	
	1200-2000	3 bed, 2.5 bath	\$ 9.00	\$ 17.41
	2001-3000	4 bed, 3.5 bath	\$ 10.75	\$ 20.80
	3001+	5 bed, 4 bath+	\$ 12.25	\$ 23.70
	ADU		\$ 5.50	\$ 10.64
CADGS CCI			2014	2025
			5898	10178
<b>Commercial</b>  <i>~\$1.0M annually</i>	Type		Adopted 2014 Fee	CCI Adjusted
	Office		\$ 5.25	\$ 9.06
	Hotel		\$ 9.00	\$ 15.53
	Retail/Restaurant		\$ 7.50	\$ 12.94
	Industrial		\$ 4.50	\$ 7.77
	Warehouse/Storage		\$ 3.60	\$ 6.21



# Nexus & Feasibility Studies

- Cost recovery mechanism, not a tax
- Maximum Justified Fees:

**Table E.1: Maximum Justified Affordable Housing and Commercial Linkage Fee Schedule**

	Fee per Square Foot
<i>Residential</i>	
New Rental Unit	\$ 152
New For Sale Unit	86
<i>Nonresidential</i>	
Commercial Retail/ Restaurant	\$ 584
Office	367
Industrial/ Manufacturing	154
Hotel	405
Warehousing/ Storage	50

Fee Levels are a **POLICY** decision.

Framework for consideration is what is incentivized in the Unincorporated County & Ag Preserve?



# Feasibility Analysis - Commercial

CADGS CCI		2014	2025	2026 Update					
		5898	10178		Net Fee Capacity				
Commercial	Type	2025 Fee	CCI Adjusted	Nexus Maximum Justified Fee	Residual Land Value	Total Development Cost 3%	Recommended Fee	% of Max	Notes on Permits Issued 2022-2024
	Office	\$ 5.25	\$ 9.06	367.00	\$ -	\$ 14.33	\$ 14.68	4%	9% of AH Commerical fees 1-2K sq ft avg project
	Hotel	\$ 9.00	\$ 15.53	405.00	\$ 161.00	\$ 13.25	\$ 101.25	25%	3% of AH Commerical fees all remodels/renovation
	Retail/Restaurant	\$ 7.50	\$ 12.94	584.00	\$ 61.00	\$ 15.48	\$ 58.40	10%	10% of AH Commerical fees All remodels/renovation
	Industrial	\$ 4.50	\$ 7.77	154.00	\$ 15.00	\$ 7.97	\$ 7.70	5%	7% of AH Commerical fees
	Warehouse/Storage	\$ 3.60	\$ 6.21	50.00	\$ -	\$ 7.69	\$ 7.50	15%	71% of AH Commerical fees

- Methodologies:
  - ✓ “Residual Land Value” vs “Total Development Cost”
- **Incentivizing:** *Agricultural-related business*



# Feasibility Analysis - Residential

CA DGS CCI		2010	2025	2026 Update							
		5260	10178								
Residential	Sq Ft	Avg Size	2025 Fee	CCI Adjusted	Nexus Maximum Justified Fee	Net Fee Capacity		Recommended Fee	% of Max	Notes on Permits Issued 2022-2024	
						Residual Land Value	Total Development Cost 3%				
	<b>Single Family Residence</b>										
	0-1199	2 bed, 1.5 bath	\$ -	\$ -	\$ 86.00	\$ 388.00	\$ 39.72	\$ -	0%		
	1200-2000	3 bed, 2.5 bath	\$ 9.00	\$ 17.41	\$ 86.00	\$ 388.00	\$ 39.72	\$ 21.50	25%	11% of AH Residential fees 1/3 permitted sf is for new, 2/3 for remodels	
	2001-3000	4 bed, 3.5 bath	\$ 10.75	\$ 20.80	\$ 86.00	\$ 388.00	\$ 39.72	\$ 43.00	50%	8% of AH Residential fees 1/3 permitted sf is for new, 2/3 for remodels	
	3001+	5 bed, 4 bath+	\$ 12.25	\$ 23.70	\$ 86.00	\$ 388.00	\$ 39.72	\$ 86.00	100%	81% of AH Residential fees Largest project 11.7K square feet	
	<b>Accessory Dwelling Unit (ADU)</b>										
	ADU 0-750	1 bed, 1 bath	\$ 5.50	\$ 10.64	\$ 86.00	\$ 388.00	\$ 39.72	\$ -	0%	Largest ADU was 3,500 sq ft	
	ADU 751-1999	2-3 bed, 2-3 bath	\$ 5.50	\$ 10.64	\$ 86.00	\$ 388.00	\$ 39.72	\$ 21.50	25%		
ADU 2000+	4 bed, 3.5 bath+	\$ 5.50	\$ 10.64	\$ 86.00	\$ 388.00	\$ 39.72	\$ 86.00	100%			
<b>MultiFamily Residential Rental</b>											
All			\$ -	\$ 152.00	\$ -	\$ -	\$ -	0%			

- **Incentivizing:** 1-2 bedroom housing units



# Timeline

Public Hearing: October 21, 2025 (adopt Studies & Fees)

Fees Effective: January 2, 2026

# Direction

1. Fee Levels for Residential & Commercial impact Fees
2. CCI Annual Adjustment/Escalator
3. Housing Bond passage revisit fees based on bond details



# Discussion & Direction



# 6<sup>th</sup> Cycle RHNA

	Very Low	Low	Mod	Above Mod	Total	% RHNA
American Canyon	169	109	95	249	622	16%
Calistoga	31	19	19	50	119	3%
Napa	770	444	405	1050	2669	69%
St. Helena	104	59	26	67	256	7%
Unincorporated	45	16	14	31	106	3%
Yountville	19	11	12	30	72	2%
<b>Total</b>	<b>1138</b>	<b>658</b>	<b>571</b>	<b>1477</b>	<b>3844</b>	<b>100%</b>



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