Affordable Housing Impact Fee Study & Fee Adoption

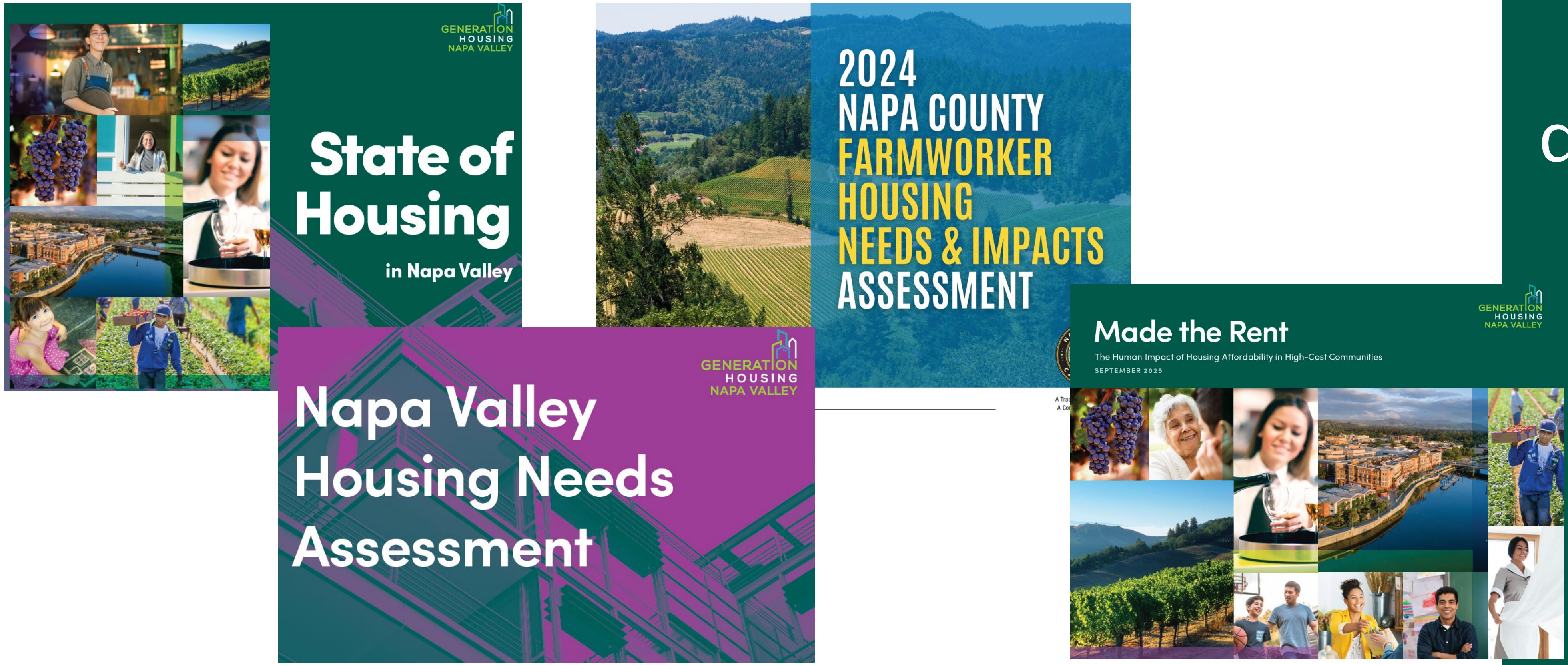
Public Hearing

WHY: 6th 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%
Unicorporated	45	16	14	31	106	3%
Yountville	19	11	12	30	72	2%
Total	1138	658	571	1477	3844	100%

WHY: What is not working

4 Reports detailed Housing Inventory, Housing Need, Economic & Social Impact of Housing Market imbalance between 2022-2025



Value proposition of working in Napa is disappearing.

WHY: Workforce Data

Top 10 Occupations - by volume	2022 Jobs	2028 Jobs	2022 - 2028 % Change	2022 Hires	Annual Openings	2028 LQ	Automation Index	Median Annual Earnings
Farmworkers and Laborers, Crop, Nursery, and Greenhouse	3,524	3,896	11%	6,849	656	11.51	113	$33,187
Home Health and Personal Care Aides	2,602	3,141	21%	1,961	520	1.35	93.6	$30,243
Cashiers	1,922	1,901	-1%	1,902	362	1.12	105.5	$33,530
Waiters and Waitresses	1,810	2,118	17%	2,411	450	1.84	129.8	$33,488
Retail Salespersons	1,554	1,628	5%	1,356	243	0.81	93.4	$34,653
Registered Nurses	1,528	1,493	-2%	322	86	0.88	85.3	$134,493
Fast Food and Counter Workers	1,411	1,623	15%	2,045	363	0.89	130.8	$34,133
General and Operations Managers	1,401	1,536	10%	794	150	0.86	82.2	$102,419
Demonstrators and Product Promoters	1,264	1,296	3%	1,169	238	53.87	106.9	$38,230
Maids and Housekeeping Cleaners	1,231	1,436	17%	1,225	219	2.38	124.5	$34,777

1. Top 10 represent 25% of total workforce
2. 8/10 Top Occupations by Volume earn less than $40K per year.
3. Napa is losing roughly 1,000 residents per year.
4. The number of adults ages +75 is simultaneously increasing.

WHY: Housing Inventory & Flow

Flow & Affordability

"*Missing Middle*"

EMERGENCY SHELTER	ASSISTED AFFORDABLE HOUSING	MARKET RATE RENTAL HOUSING	ATTAINABLE OWNERSHIP HOUSING	MARKET RATE TO LUXURY OWNERSHIP HOUSING
✓	NEED	✓	NEED	✓

Lack of Flow, Unaffordability

WHAT: 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

WHAT: AH Impact Fees - 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

Timeline

1981 – 1st RHNA cycle

1992 – 1st Napa Jobs Housing Nexus Study

1993 - Affordable Housing Fund Ordinance, adopted fees

2004 – 2nd Jobs Housing Nexus Study , fee updates

2010 – 3rd Residential Nexus Study, fee updates

2014 – 3rd Commercial Nexus Study, fee updates

2023-2031 – 6th Cycle RHNA

2025 – 4th Residential & Commercial Nexus Study & Economic Analysis

WHAT: AH Impact Fees - Uses

WILLDAN
FINANCIAL SERVICES

James, Edison Managing Principal

AFFORDABLE HOUSING AND COMMERCIAL LINKAGE IMPACT FEE STUDY

AFFORDABLE HOUSING AND COMMERCIAL LINKAGE FEE FINANCIAL FEASIBILITY ANALYSIS

Purpose

Methodology

Legal Requirements

NAPA COUNTY CALIFORNIA

WHAT: Current Impact Fees

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

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

WHAT: 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	
CA DGS CCI			2010	2025
			5260	10178
Residential	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
~$1.5M annually	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

CA DGS CCI		2014	2025
		5898	10178
Commercial	Type	Adopted 2014 Fee	CCI Adjusted
	Office	$ 5.25	$ 9.06
	Hotel	$ 9.00	$ 15.53
~$1.0M annually	Retail/Restaurant	$ 7.50	$ 12.94
	Industrial	$ 4.50	$ 7.77
	Warehouse/Storage	$ 3.60	$ 6.21

WHAT: Cost of Time

	Impact Fee	Median Home Price	Median Wages
2010	$9.00 $10.75 $12.25	$329,000	$55,214
2025	$9.00 $10.75 $12.25	$977,500	$70,928
Change	**0%**	**197%**	**28%**

WHAT: 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
Residential	
New Rental Unit	$ 152
New For Sale Unit	86
Nonresidential	
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

CA DGS 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
	Office	$ 5.25	$ 9.06	367.00	$ -	$ 14.33	$ 14.50	4%
	Hotel	$ 9.00	$ 15.53	405.00	$ 161.00	$ 13.25	$ 100.00	25%
	Retail/Restaurant	$ 7.50	$ 12.94	584.00	$ 61.00	$ 15.48	$ 58.40	10%
	Industrial	$ 4.50	$ 7.77	154.00	$ 15.00	$ 7.97	$ 7.75	5%
	Warehouse/Storage	$ 3.60	$ 6.21	50.00	$ -	$ 7.69	$ 7.75	15%

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

Feasibility Analysis - Residential

CA DGS CCI			2010	2025	2026 Update			
			5260	10178				
	Sq Ft	Avg Size	2025 Fee	CCI Adjusted	Nexus Maximum Justified Fee	Net Fee Capacity Residual Land Value	Recommended Fee	% of Max
Residential	**Single Family Residence**							
	0-1199	2 bed, 1.5 bath		$ -	$ 86.00	$ 388.00	$ -	0%
	1200-2000	3 bed, 2.5 bath	$ 9.00	$ 17.41	$ 86.00	$ 388.00	$ -	0%
	2001-3000	4 bed, 3.5 bath	$ 10.75	$ 20.80	$ 86.00	$ 388.00	$ 43.00	50%
	3001+	5 bed, 4 bath+	$ 12.25	$ 23.70	$ 86.00	$ 388.00	$ 86.00	100%
	Accessory Dwelling Unit (ADU)							
	ADU 0-750	1 bed, 1 bath	$ 5.50	$ 10.64	$ 86.00	$ 388.00	$ -	0%
	ADU 751+	2-3 bed, 2-3 bath	$ 5.50	$ 10.64	$ 86.00	$ 388.00	*	%*
	MultiFamily Residential Rental							
	All			$ -	$ 152.00	$ -	$ -	0%

- **Incentivizing:** *Median home sizes*

Median Home Size in Napa County is

2,028 sf

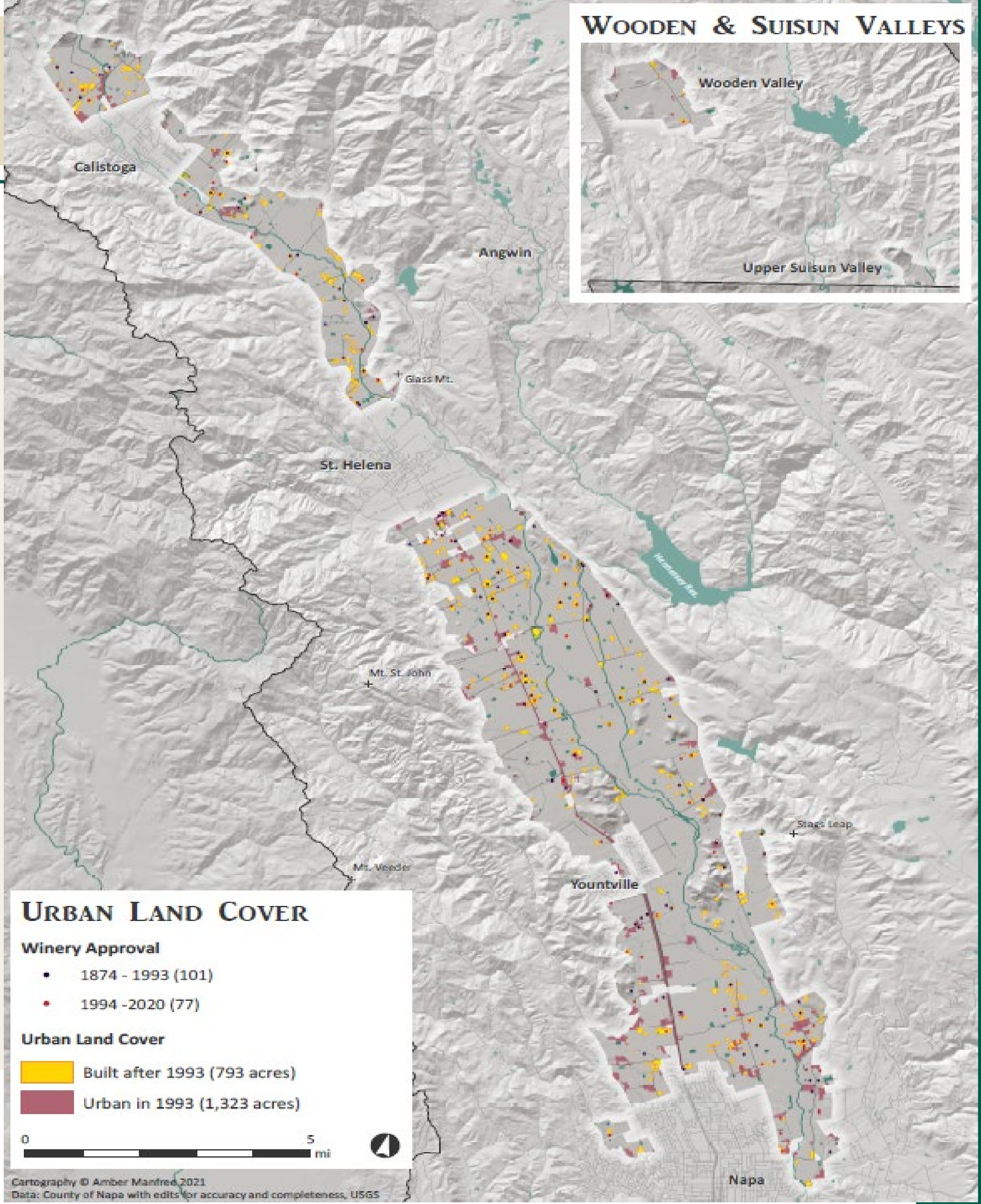
(June 2025 – Federal Reserve)

Ag Preserve

Napa County Agricultural Preserve

Increase in Urbanization

1993-2020



Comps

Residential		
Location	Update Timing	Fee psf
Berkeley	July 2025	$62.83
Palo Alto	July 2025	$100.00
San Francisco	Sept 2023	$76.59
Larkspur	June 2023	20% of $558K unit cost

The unique conditions of the Napa County Agricultural Preserve make comparing fees to other areas challenging. Locations shown are high-end tourism, Bay Area communities.

Residential Scenarios – NEW

Residential			
Scenario	**Total Residential square feet**	**Psf fee**	**Total Fee**
2,000 sf home 1,000 sf attached ADU	3,000 sf	$0 primary $0 psf ADU	$0.00
3,000 sf home 1,000 sf attached ADU	4,000 sf	$43 primary $14.33 psf ADU	$143,333 ($36 psf)
4,000 sf home 1,000 sf attached ADU	5,000 sf	$86 primary $21.50 psf ADU	$365,500 ($73 psf)

Residential Scenarios - Additions

Residential			
Scenario	Total Residential square feet	Psf fee	Total Fee
2,000 sf existing home 0 sf addition +1,000 sf attached ADU	3,000 sf	$0 primary $0 psf ADU	$0.00
2,000 sf existing home +1,000 sf addition +1,000 sf attached ADU	4,000 sf	$43 primary $14.33 psf ADU	$57,333 ($29 psf for new sf)
3,000 sf existing home +1,000 sf addition +1,000 sf attached ADU	5,000 sf	$86 primary $21.50 psf ADU	$107,500 ($54 psf for new sf)

Timeline

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

Fees Effective: January 16, 2026

Direction

1. Fee Levels for Residential & Commercial impact Fees
2. CCI Annual Adjustment/Escalator
3. Return annually to the Board to review
4. Housing Bond passage revisit fees based on bond details

Discussion & Direction

Residential	Sq ft	Current Fees	Proposed Fees Effective January 16, 2026	
			Sq Ft	Fee
	Single Family Residence			
	0-1199	$0.00	0-2000	$0.00
	1200-2000	$9.00		
	2001-3000	$10.75	2001-3,000	$43.00
	3001+	$12.25	3,001+	$86.00
	Accessory Dwelling Units			
	ADU 0-750	$0.00	ADU 0-750	$0.00
	ADU 751+	$5.25	751+	Fee is proportionate to the square footage of the main house.
	MultiFamily Residential			
	All	$0.00	All	$0.00

Commercial		Current Fees	January 16, 2026 Fees
	Office	$ 5.25	$ 14.68
	Hotel	$ 9.00	$ 100.00
	Retail/Restaurant	$ 7.50	$ 58.40
	Industrial	$ 4.50	$ 7.75
	Warehouse/Storage	$ 3.60	$ 7.75

Residential	Sq ft	Current Fees	Proposed Fees Effective January 16, 2026		2026	2027	2028
			Sq Ft	Fee			
	Single Family Residence						
	0-1199	$0.00					
	1200-2000	$9.00	0-2000	$0.00	$0.00	$0.00	$0.00
	2001-3000	$10.75	2001-3,000	$43.00	$21.50	$32.25	$43.00
	3001+	$12.25	3,001+	$86.00	$43.00	$64.50	$86.00
	Accessory Dwelling Units						
	ADU 0-750	$0.00	ADU 0-750	$0.00	$0.00	$0.00	$0.00
	ADU 751+	$5.25	751+	Fee is proportionate to the square footage of the main house.	Fee is proportion	Fee is proportion	Fee is proportion
	MultiFamily Residential						
	All	$0.00	All	$0.00	$0.00	$0.00	$0.00

Commercial		Current Fees	January 16, 2026 Fees	2026	2027	2028
	Office	$ 5.25	$ 14.50	$7.25	$10.88	$14.50
	Hotel	$ 9.00	$ 100.00	$50.00	$75.00	$100.00
	Retail/Restaurant	$ 7.50	$ 58.40	$29.20	$43.80	$58.40
	Industrial	$ 4.50	$ 7.75	$3.88	$5.81	$7.75
	Warehouse/Storage	$ 3.60	$ 7.75	$3.88	$5.81	$7.75

Other Funding Sources

Last 3 Years

- Federal/State Funding
  HHAP/CoC/PLHA/Homekey
- Regional Funding/Other
  BAHFA/FWC
- County General/Other Funding
  GF/ARPA
- Transient Occupancy Tax (ToT)
- Couty Service Area 4 (CSA4)

Annual Fee Estimates

Current	ALT 1	ALT 2	ALT 3
100%	75%	50%	25%
76 projects p/yr 40% >3K 60% <3K	61 projects p/yr 42% >3K 58% <3K	45 projects p/yr 46% >3K 54% <3K	30 projects p/yr 60% >3K 40% <3K
12 ADU's	18 ADU's	24 ADU's	35 ADU's
$1.5M	$6.9M	$4.6M	$2.3M

- **Incentivizing**: *Median home sizes & ADU's*

Fee Tiers

#264
Residential Projects

#**124**	#**140**
Less than 3,000 square feet	Greater than 3,000 square feet

- **Incentivizing**: *Median home sizes & ADU's*

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 – 6th Cycle RHNA

2025 – Residential & Commercial Nexus Study & Economic Analysis

Feasibility Analysis - Residential

CA DGS CCI			2010 5260	2025 10178	2026 Update					
	Sq Ft	Avg Size	2025 Fee	CCI Adjusted	Nexus Maximum Justified Fee	Net Fee Capacity Residual Land Value	Net Fee Capacity Total Development Cost 3%	Recommended Fee	% of Max	Notes on Permits Issued 2022-2024
Residential	**Single Family Residence**									
	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	$ -	0%	**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
	Accessory Dwelling Unit (ADU)									
	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 *Gov Codes 66310-66342 directs fees on ADU's
	ADU 751+	2-3 bed, 2-3 bath	$ 5.50	$ 10.64	$ 86.00	$ 388.00	$ 39.72	*	%*	greater than 750 sf be proportional to the square footage of the primary dwelling units.
	MultiFamily Residential Rental									
	All			$ -	$ 152.00	$ -	$ -	$ -	0%	

- **Incentivizing**: *Median home sizes*

Feasibility Analysis - Commercial

CA DGS 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*

2010 fees – then.now & CCI data

2010 Residential Nexus Study

Median Home Price: $329,000

Maximum Justified Fee range:

$20.00 – $25.00

CCI annual adjustment:

- $20 fee in 2010 is $40 fee in 2025
- $25 fee in 2010 is $50 fee in 2025