

The Economics of Land Use



DRAFT Report

Affordable Housing Fee Nexus Study for For-Sale Housing

Prepared for:

City of Atascadero

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Table of Contents

EXECUTIVE SUMMARY	1
1. AFFORDABILITY GAP ANALYSIS.....	7
Product Type.....	7
Development Cost Assumptions	10
Revenue Assumptions.....	10
Affordability Gap Results	11
2. DEMAND-BASED NEXUS FEE CALCULATION	12
Market-Rate Household Income Levels	12
Combined Demand for Income-Qualified Workers	16
Fee Calculation	19

APPENDIX A: Household Expenditures and Employment Generation

Appendix B: Income Levels for Worker Households

List of Figures and Tables

Figure 1	Illustration of Nexus-Based Housing Fee Methodology.....	2
Table 1	Summary of Maximum Supportable Nexus-Based Housing Fees or Unit Requirements.....	6
Table 2	Affordability Gap Analysis.....	9
Table 3	Required Income by Unit Price - Market-Rate For-Sale Units.....	13
Table 4	Income Limits for Affordable Housing.....	17
Table 5	Summary of Worker and Household Generation per 100 Market-Rate Units.....	18
Table 6	Nexus-Based Housing Fee Calculations (1,500 Square Feet).....	20
Table 7	Nexus-Based Housing Fee Calculations (2,000 Square Feet).....	21
Table 8	Nexus-Based Housing Fee Calculations (2,500 Square Feet).....	22

EXECUTIVE SUMMARY

Economic & Planning Systems, Inc. (EPS) was retained by the City of Atascadero (City) to conduct a nexus study analyzing the impact that the development of market-rate housing has on the demand for below-market-rate housing and, based on the results, to determine the defensible nexus-based fee that could be charged to market-rate housing development.

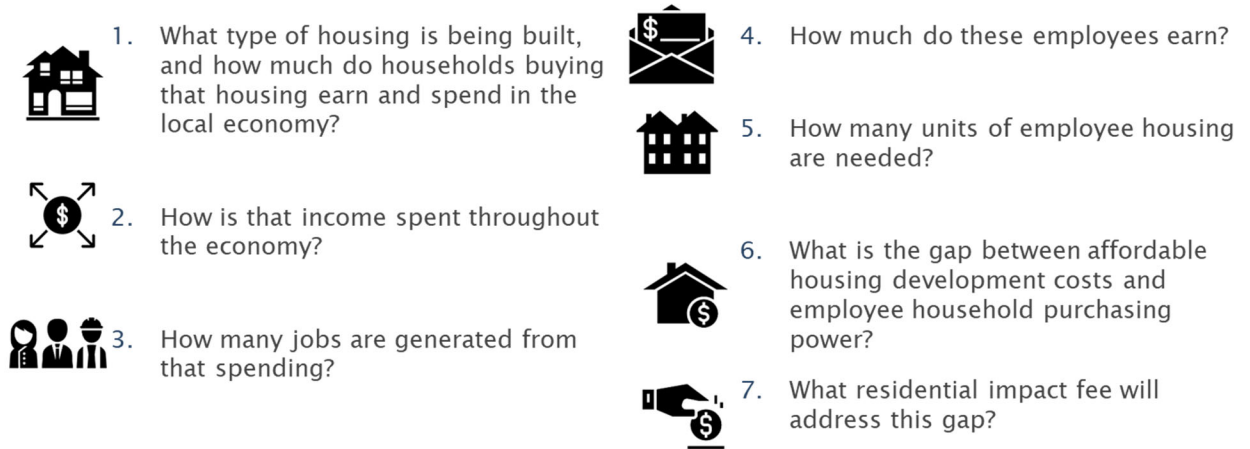
The technical approach used herein quantifies the impacts that the introduction of market-rate units have on the local economy and the demand for additional affordable housing. As new households are added to the community, local employment also will grow to provide the goods and services required by the new households. To the extent that these new jobs do not pay adequate wages for the employees to afford market-rate housing in the community, the new households' spending is creating a need for affordable housing. A nexus-based affordable housing fee is therefore based on the impact of the new market-rate homes on the demand for affordable housing. The fee calculated in this study represents the maximum fee that may be charged to new market-rate housing units to mitigate their impacts on the affordable housing supply. Such fees may be used by the City to subsidize the production of new affordable units for lower-income households not accommodated by market-rate projects.

Calculating the impact of market-rate development in the City on affordable housing needs, and the fees needed to mitigate those impacts, involves three main analytical steps:

- **Step #1.** Estimate the typical subsidy required to construct units affordable at various income levels (the "affordability gap").
- **Step #2.** Determine the market-rate households' demand for goods and services, the jobs created by that demand, and the affordable housing needs of workers in those jobs.
- **Step #3.** Combine the affordability gap with the affordable housing demand projections to compute the maximum, legally-defensible nexus-based affordable housing fees per market-rate unit.

These technical steps are illustrated in **Figure 1** and detailed in the body of this Report and the attached Technical Appendices. The findings regarding each of these steps are presented below.

Figure 1 Illustration of Nexus-Based Housing Fee Methodology



1. The cost to construct housing units affordable to many households exceed those units' values based on what the households can afford to pay. The estimated subsidy required to construct affordable housing units in Atascadero ranges from roughly \$459,000 for Very Low-Income households earning up to 50 percent of AMI to \$152,000 for Moderate Income households earning up to 120 percent of AMI.

An "affordability gap analysis" evaluates whether or not the costs to construct affordable units exceed the values of units that are affordable to lower- and moderate-income households. For each affordable housing income level—households with incomes at 50, 80, and 120 percent of Area Median Income (AMI)—this analysis estimates the subsidy required to construct affordable housing units.

The affordability gap analysis assumes that the average affordable unit for all income levels will be a 2-bedroom unit in a multifamily development in a three-story building (with an average density of 24 dwelling units per acre). This prototype assumes that affordable housing developers will maximize the City's current allowable density (24 units per acre), plus utilize the State Density Bonus (up to 50 percent of allowable density). However, due to the topography of many sites in Atascadero, it was assumed a developer would not be able to build more than 24 units per acre and that the State density Bonus would be utilized to depart from development standards to assist in achieving maximum base density. The estimated costs to construct the prototypical affordable unit are based on conversations with local market rate and affordable housing developers, as well as other development cost data sources. The cost of land acquisition is also included in the development cost calculations.

A household's ability to pay is estimated based on standard percentages of income available for housing costs at each household income level. Income available for housing costs is then converted into a monthly affordable rent and a capitalized unit value or an affordable mortgage payment and supportable home price. This unit value is then compared to the costs of development to determine the subsidy required to make the unit affordable to each income level.

2. The demand for affordable housing generated by the expenditures of new households in the City of Atascadero increases along with the market-rate unit value (and related owner income). For example, a 1,500 square foot unit selling for \$555,000 is estimated to create demand for 0.176 affordable housing units, while a 2,500 square foot home selling for \$925,000 creates demand for 0.268 affordable units.

Any justified nexus-based fee is based on the total demand for affordable housing units generated by the construction of market-rate homes. The link (or nexus) between market-rate housing and increased demand for affordable housing is that residents of market-rate units demand goods and services that rely on wage earners (for example, retail sales clerks) some of whom typically cannot afford market-rate housing and thus require affordable housing.

Because more expensive housing units require owners to have higher incomes, *and* higher income households create more jobs through their spending, the nexus impacts and thus the justified fees for units vary in relation to the price of the market-rate units. The price of the unit is typically a function of its size, and the fees calculated herein can be applied based on the square footage of the market-rate units.

This analysis evaluates the demand for affordable housing generated by a range of sale prices. For each price, the demand-based nexus fee calculation involves the following steps:

- A. Market-Rate Household Income Levels.** The required incomes of households occupying new for-sale market-rate housing are derived based on the unit's mortgage, property taxes, HOA dues, insurance, and utilities, assuming standard housing cost expenses as a proportion of overall household income. For example, a typical household purchasing a for-sale market-rate home for \$740,000 would have an income of roughly \$143,600, if it spends 35 percent¹ of its income on housing costs.
- B. Household Expenditures.** Based on the household income computed in Step A, Consumer Expenditure Survey data is used to evaluate the typical spending patterns of the household. This analysis provides an estimate of how much the household spends on specific categories of expenditures, such as "Food at Home." The survey consists of two components — the Interview Survey and the Diary Survey — each with its own sample representative of the broader population, including distinctions by income level. The surveys collect data on expenditures, income, and consumer unit characteristics. As the households' income increases with the value of the market-rate units, the total spending on goods and services also increases. The Consumer Expenditure Survey also indicates that these relationships are not linear (e.g., a household with twice the income does not necessarily spend twice as much on food). While expenditures do increase with income, the relationship is not linear (i.e., household expenditures do not increase at the same proportion that incomes go up).

¹ California Health and Safety Code Section 50052.5 states that affordable housing cost for for-sale units should not exceed 35 percent of gross household income for all income levels. Please note that this differs from the State's defined affordable housing cost for rental units, which is 30 percent of gross household income.

C. Job Creation and Worker Households. Having estimated the households' spending on various items, that spending is then converted into an estimate of jobs created. For each expenditure category, data regarding average worker wages and the ratio between gross business receipts and wages are used to translate these household expenditures into the total number of private-sector workers. Because each new worker does not represent an independent household (Atascadero has an average of 1.71 workers per working household), the total number of new households created is somewhat less than the number of new jobs created. This analysis assumes that workers form households with others with similar wages. EPS has further adjusted the household formation rates to reflect the fact that a certain proportion of workers will *not* form their own households, particularly those of younger ages.²

D. Worker Households by Income Category. Each worker household generated is assigned to an income category—represented as a proportion of AMI ranging from 50 to 120 percent—based on its estimated gross wages. This provides the total number of households generated at each income level by construction of market-rate units at various price points. The results indicate that residents of smaller, lower-priced units generate fewer worker households requiring affordable housing than do residents of larger, higher-priced units.

These steps of the nexus-based fee calculation provide the total number of income-qualified workers required to meet the needs for goods and services generated by market-rate housing. The number of workers providing goods and services to occupants of market-rate housing (at each unit price level) is then converted to total income-qualified households and each such household is assumed to require one housing unit.

3. This analysis calculates the maximum fees that could fully mitigate the impact that new market-rate housing has on Atascadero's affordable housing demand at various representative price points. These fees could range from about \$63,096 for units selling for \$555,000 to \$96,776 for units that sell for \$925,000, or could be justified at approximately \$38.71 per square foot.

The nexus fee is calculated by applying the number of affordable units needed by income qualified households to the affordability gap for each housing income category. This calculation is made for several different home values, as shown in **Table 1**. Should the City prefer to adopt a flat fee per square foot rather than adjusting the fee based on the actual unit prices, this analysis suggests that the maximum justifiable fee could be \$38.71 per square foot, as that is the lowest maximum fee level calculated. In many cases, this fee will need to be adjusted down to a reasonable and feasible fee for new development.

The City may also consider whether to allow developers to provide affordable units within their projects, rather than paying a nexus-based fee. **Table 1** illustrates the proportions of affordable units that correspond to the fee calculation and demands created by the market-

² BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers overall (this factor is applied to other industries). EPS has assumed that young workers in this age cohort do not form their own households and has not included them in the household formation calculations.

rate units. For instance, a project offering \$740,000 units would effectively mitigate the demand being created by the market-rate units if it provided 0.23 affordable units for each market-rate unit.

Table 1 Summary of Maximum Supportable Nexus-Based Housing Fees or Unit Requirements

For-Sale Unit Size (Sq. Ft.) ¹	Unit Value	Nexus-Based Fees			Unit Requirements by Income Level			Total
		Fee per Unit	% of Value	Per Sq.Ft. [1]	VLI (<50% of AMI)	Low (<80% of AMI)	Moderate (<120% of AMI)	
1,500	\$555,000	\$63,096	11.4%	\$42.06	8.8%	6.6%	2.2%	17.6%
2,000	\$740,000	\$82,715	11.2%	\$41.36	11.7%	8.5%	2.8%	23.0%
2,500	\$925,000	\$96,776	10.5%	\$38.71	13.8%	9.8%	3.2%	26.8%

[1] Unit sizes based on 25th percentile, 50th percentile, and 75th percentile of single family units larger than 1,000 sq. ft.

Sources: City of Atascadero; HCD Income Limits 2021; RedFin.com; 2017 U.S Economic Census; Consumer Expenditure Survey, U.S. Bureau of Labor Statistics, September, 2020; Economic & Planning Systems, Inc.

4. While a nexus-based relationship is not typically required for cities to adopt inclusionary housing standards, Table 1 shows that the City of Atascadero could justify an inclusionary requirement of at least 17.6 percent from a nexus perspective.

Inclusionary ordinances in California vary widely but commonly require 10 to 15 percent affordable units. California jurisdictions commonly adopt inclusionary standards based on policy preferences rather than nexus analysis such as this report, but this analysis indicates that the impact of new for-sale housing could justify an inclusionary requirement of at least 17.6 percent, as that is the lowest impact-based figure calculated. **Table 1** also suggests that very low-income units represent approximately one-half of the units demanded based on the spending of new for-sale housing occupants, but again, jurisdictions commonly adopt inclusionary housing income standards based on considerations other than the nexus-based impact.

5. The findings of this analysis can apply equally to new construction of for-sale units and expansions of existing homes.

According to City staff, there is significant residential permitting activity occurring in Atascadero -- some of which is focused on expansions of existing homes rather than entirely new construction. This analysis demonstrates that there is a relationship between the size of homes, their market value, the incomes of households expected to occupy those homes, and the impact on the City's affordable housing demands. As homeowners or other investors expand an existing home, its market value increases in a predictable way based on the square footage added, and the required income of the future buyers of the home can be expected to increase even if the current occupants' income stays the same while they remain in the home. For example, market data suggests that adding 500 square feet to a home can be expected to add roughly \$185,000 to the home's value. A household that buys the expanded home in the future would thus need to have more income than the current

household needed to buy the smaller home. As such, home expansions have an impact on the demand for affordable housing in Atascadero.

1. AFFORDABILITY GAP ANALYSIS

For any nexus-based affordable housing fee calculation, it is necessary to estimate the subsidy required to construct affordable housing units. **Table 2** shows the subsidy needed to produce housing that is affordable to very low-, low-, and moderate-income households (50 through 120 percent of AMI).

Product Type

While the nexus fees calculated herein are based on demands created by market-rate for-sale housing, the analysis assumes that new lower-income worker households would actually be housed in developments that are 100 percent affordable units (in order to determine the cost of construction for such units). The affordable units are assumed as apartments at 24 units per acre with surface parking, reflecting the maximum reasonable density given the City's topography. Such a density is permissible given that that affordable apartment builders would likely maximize the City's current allowable density (24 units per acre), plus utilize the State density bonus program to implement development standard concessions in addition to granting up to a 50 percent increase in base density.

In order to determine the average household size of future affordable housing units, EPS used two estimates from the US Census 2015-2019 American Community Survey (ACS)—the average household size for working households in Atascadero being 2.56, and average family size being 3.04. Rounding these averages, EPS compared the estimated household wage with the income thresholds for a 3-person household to identify the income category into which each occupation would fall for new units.

California State law (California Health and Safety Code Section 50052.5) assumes that a 2-bedroom unit is occupied by a 3-person household, and this assumption is used in this analysis. Commonly, a 2-bedroom rental unit in the Central Coast of California has a gross size of about 1,000 square feet (accounting for shared lobbies, hallways, etc.) and a net size of 900 square feet. This analysis estimates the subsidy required to build for-rent housing for the lower-income worker households.

Table 2 Affordability Gap Analysis

Item	3-Story Multifamily Building with Surface Parking		
	Very Low Income (50% AMI)	Low Income (80% AMI)	Moderate Income (120% AMI)
Development Program Assumptions			
Density/Acre [1]	24	24	24
Gross Unit Size	1,000	1,000	1,000
Net Unit Size	900	900	900
Number of Bedrooms	2	2	2
Number of Persons per 2-bedroom Unit [2]	3	3	3
Parking Spaces/Unit	2.00	2.00	2.00
Cost Assumptions			
Land/Acre [3]	\$650,000	\$650,000	\$650,000
Land/Unit	\$27,083	\$27,083	\$27,083
Direct Costs			
Site Preparation Cost per Land Square Foot	\$10	\$10	\$10
Site Preparation Cost per Unit	\$18,200	\$18,200	\$18,200
Direct Construction Costs/Gross SF [4]	\$350	\$350	\$350
Direct Construction Costs/Unit	\$350,000	\$350,000	\$350,000
Parking Construction Costs/Space	\$5,000	\$5,000	\$5,000
Parking Construction Costs/Unit	\$10,000	\$10,000	\$10,000
Subtotal, Direct Costs/Unit	\$378,200	\$378,200	\$378,200
Indirect Costs as a % of Direct Costs [5]			
Indirect Costs/Unit [6]	\$132,370	\$132,370	\$132,370
Developer Return (% of all costs)			
Return Amount	\$75,271	\$75,271	\$75,271
Total Cost/Unit (rounded)	\$613,000	\$613,000	\$613,000
Maximum Supported Home Price			
Household Income [7]	\$44,050	\$70,450	\$105,600
Income Available for Housing Costs/Year [8]	\$13,215	\$21,135	\$31,680
(less) Operating Expenses per Unit/Year [9]	(\$6,000)	(\$6,000)	(\$10,000)
Net Operating Income	\$7,215	\$15,135	\$21,680
Capitalization Rate [10]	4.7%	4.7%	4.7%
Total Supportable Unit Value [11]	\$154,000	\$322,000	\$461,000
Affordability Gap	\$459,000	\$291,000	\$152,000

[1] Based on City Staff input. Density assumes state density bonus is utilized but also reflects topographical limitations in the City
[2] An average of 3 persons is used for this analysis based on Census data indicating the average family size in Atascadero and State law (Health and Safety Code Section 50052.5) indicates that a 2-bedroom unit should be assumed to be occupied by a 3-person household. Thus, EPS has assumed an average unit for income-qualified worker households would be 2-bedrooms.
[3] Based on CoStar data on land transactions in the Atascadero area since 2016.
[4] Includes on-site work, offsite work, vertical construction, general requirements, overhead and builder fees. The cost estimate reflects wood-frame construction above podium parking. Assumes workers are paid prevailing wage.
[5] Includes on-site work, offsite work, vertical construction, general requirements, overhead and builder fees. The cost estimate reflects
[6] Includes costs for architecture and engineering; entitlement and fees; project management; appraisal and market study; marketing,
[7] Based on 2021 income limits for a three person household in San Luis Obispo County.
[8] Operating expenses are generally based on EPS feasibility studies in the region and are inclusive of utility costs; units at or below 80% of AMI are assumed to be built as non-profit and are therefore exempt from property taxes. Property taxes are assumed to comprise a share of the operating expenses for the moderate income category.
[9] Operating expenses are generally based on EPS feasibility studies in the region and are inclusive of utility costs; units at or below 80% of AMI are assumed to be built as non-profit and are therefore exempt from property taxes. Property taxes are assumed to comprise a share of the operating expenses for the moderate income category.
[10] The capitalization rate is used to determine the current value of a property based on estimated future operating income, and is typically a measure of estimated operating risk. Obtained from CoStar for Atascadero multifamily developments.
[11] The total supportable unit value is determined by dividing the net operating income by the capitalization rate.

Sources: City of Atascadero; HCD; CoStar; and Economic & Planning Systems, Inc.

Development Cost Assumptions

Affordable housing development costs include land costs, direct costs (e.g., labor and materials), indirect or “soft” costs (e.g., architecture, entitlement, marketing, etc.), and developer profit. Operating costs, including property maintenance, common utilities, advertising, leasing, and property taxes (where applicable) also must be incorporated into the analysis. Data from recent Atascadero developments and land transactions have been combined with EPS’s information from various market-rate and affordable housing developers to estimate appropriate development cost assumptions. These assumptions are shown in **Table 2**.

Revenue Assumptions

To calculate the values of the affordable units, assumptions must be made regarding the applicable income level and the percentage of income spent on housing costs. In addition, translating these assumptions into unit prices and values requires estimates of operating expenses, capital reserves, and capitalization rates. The following assumptions were used in these calculations:

- *Income Levels*—This analysis estimates the subsidy required to produce units for three-person households earning 50, 80, and 120 percent of AMI. In 2021, AMI for these households was \$88,000 in San Luis Obispo County, as shown in the California Department of Housing and Community Development’s (HCD’s) income limits chart (see **Table 3**).
- *Percentage of Gross Household Income Available for Housing Costs*—HCD standards on overpaying for rent indicate that households should pay no more than 30 percent of their gross income on rental housing costs. For this analysis, EPS has assumed that households spend 30 percent of their gross income on rental housing costs.
- *Operating Costs for Rental Units*—Based on conversations with developers and property managers, the analysis assumes that apartment operators incur annual operating costs of \$6,000 per unit, which include the cost of utilities, for units affordable at 80 percent of AMI or below. EPS has assumed the units for moderate income households would have similar operating costs but would be built by for-profit builders and thus also subject to property taxes, increasing their annual operating cost to \$10,000 per unit.

Table 3 Income Limits for Affordable Housing

Affordability Category	Maximum Percentage of County Median	2021 Max Income [1] 3-person household
Extremely Low Income (ELI)	0% - 30%	\$26,450
Very Low Income (VLI)	50%	\$44,050
Low Income (LI)	80%	\$70,450
Median Income	100%	\$88,000
Moderate Income (Mod)	120%	\$105,600

[1] 2021 HCD maximum income thresholds are used to translate employment, wages and total worker household incomes to affordable housing categories and to compute supportable housing costs based on household income levels.

Sources: CA Department of Housing and Community Development; Economic & Planning Systems, Inc.

Affordability Gap Results

Table 2 shows the estimated subsidies for construction of affordable rental units for very low, low, and moderate-income households. As shown, the cost to construct a unit of affordable housing is approximately \$613,000 per unit.

- A household earning 50 percent of AMI can afford rents that translate to unit valuation of \$154,000, resulting in a required subsidy of \$459,000.
- A household earning 80 percent of AMI can afford rents that translate to unit valuation of \$322,000, resulting in a required subsidy of \$291,000.
- A household earning 120 percent of AMI can afford rents that translate to unit valuation of \$461,000, resulting in a required subsidy of \$152,000.

These housing affordability gaps then were used to calculate the justifiable nexus-based fees by multiplying this required subsidy by the number of units required to house workers providing goods and services to new market-rate housing development. This methodology is discussed in more detail in the following chapter.

It is worth noting that the affordability gaps estimated in this analysis are not as large as they might be using other also-valid assumptions. For example, the funding gaps for low income units assume that prices are set at 80 percent of median income, while State law suggest low-income unit prices may be set at 70 percent of median income, or even 60 percent of AMI. This methodology used by EPS yields higher unit values and thus results in lower maximum fees than the City's current practices would yield, and has been used by EPS to preempt objections that the assumptions and calculations overstate the actual funding gap for affordable units.

2. DEMAND-BASED NEXUS FEE CALCULATION

The maximum supportable nexus-based fees are based on both the affordability gap and the estimated impact that new market-rate units have on the need for affordable units, as reflected in the number of income-qualified local workers required to support the residents of market-rate units and the total subsidy required to construct housing for those workers. This approach is based on the following logic: (a) residents of market-rate housing have disposable incomes and require a variety of goods and services, (b) the provision of those goods and services will require some workers who make lower incomes and cannot afford market-rate housing, and (c) fees charged to market-rate projects can mitigate the impact of those projects on the increased need for affordable housing.

Market-Rate Household Income Levels

The link (or nexus) between market-rate housing and increased demand for affordable housing is that residents of market-rate units demand goods and services that rely on wage earners (for example, retail sales clerks) some of whom may not be able to afford market-rate housing.

Because more expensive market-rate housing units require owners to have higher incomes, *and* higher income households create more jobs through their spending, the nexus impacts and thus the justified fees for units vary in relation to the price of the market-rate units. The price of the unit is often a function of its size. To assess the impact that market-rate units have on the need for affordable housing, EPS has estimated the household income required to purchase a home at various price levels, as shown in **Table 4**.

The income required to purchase a particular unit value is based on assumptions of the standard down payment, financing terms, property taxes, and other costs related to owning a home. These housing costs typically account for 35 percent of a household's income, and therefore, by knowing these costs, the required income to purchase each unit can be estimated. As shown, required household incomes under recent market conditions range from approximately \$108,200 for a \$555,000 unit to roughly \$181,400 for a \$925,000 unit. Changes to housing market and financing conditions can have a significant effect on the calculations in this study.

Household Expenditures and Job Creation by Income Level

Having established the income requirements for purchasing units at various values, the fee calculation then requires an analysis of the household spending patterns at those required income levels.

The Consumer Expenditure Survey from the United States Bureau of Labor Statistics provides data for households at a variety of income levels, detailing the amounts that typical households spend on things like Food at Home, Apparel and Services, and Vehicle Maintenance and Repairs.

Table 4 Required Income by Unit Price - Market-Rate For-Sale Units

Base Unit Price	Mortgage (Price less 20% Down)	Annual Cost					Minimum Required Income [6]
		Mortgage Payment [1]	Property Taxes [2]	HOA Dues [3]	Home Insurance [4]	Utilities [5]	
\$555,000	\$444,000	\$28,883	\$6,334	\$1,050	\$389	\$1,212	\$108,200
\$740,000	\$592,000	\$38,510	\$8,446	\$1,575	\$518	\$1,212	\$143,600
\$925,000	\$740,000	\$48,138	\$10,557	\$2,100	\$648	\$2,040	\$181,400

[1] Based on mortgage terms of 20% down payment and 5% interest for 30 years.

[2] Assumes property tax rate of 1.1413%.

[3] HOA dues are assumed to increase at \$525 annually for every \$250,000 of home value

[4] Assumes homeowners insurance costs of 0.1% of the unit cost assumed at 70% of the value.

[5] Based on the San Luis Obispo County Housing Authority Utility Allowance (assumes natural gas).

[6] Assumes 35% of gross household income spent on housing costs; rounded.

Sources: City of Atascadero; County of San Luis Obispo; Economic & Planning Systems, Inc.

Interestingly, household expenditures by category are not uniformly proportional to household income levels. For example, households earning around \$108,200 (adequate to purchase a \$555,000 unit) spend roughly 10.8 percent of their income on food and drink (at home and eating out), while households earning \$181,800 who can afford to purchase a \$925,000 unit will spend on 9.5 percent of their income on food and drink. Because of these and other differences in proportionate spending, the expenditure profile varies at different income levels.

The homebuyer household's typical expenditures were converted to the number of jobs created by their spending. The first step in this process is to determine how much of an industry's gross receipts are used to pay wages and employee compensation. EPS relied on data from the Economic Census,³ which provides employment, gross sales, and payroll data by industry for San Luis Obispo County. In certain instances, where local data was not available for every Economic Census industry, EPS relied on statewide Economic Census data for that industry.

To link the Economic Census data and the Consumer Expenditure Survey data, EPS made determinations as to the industries involved with expenditures in various categories. For example, purchases in the Consumer Expenditure Survey's "Food at Home" category would likely involve the Economic Census's "Food & Beverage Stores" industry, where gross receipts were more than nine times the employees' wages. By contrast, purchases in the Consumer Expenditure Survey's "Entertainment Fees and Admissions" category were attributed to the Economic Census' "Arts, Entertainment, and Recreation" industry, where gross receipts are only about four times the employees' wages. Where more than one Economic Census category was attributable to a Consumer Expenditure Survey category, EPS estimated the proportion of expenditures associated with each Economic Census category.

After determining the amount of the household's expenditures that were used for employee wages, EPS estimated the number of employees those aggregate wages represent. EPS calculated the number of workers supported by that spending using the average wage per worker (also from the 2017 Economic Census). These wages ranged from a low of roughly \$19,500 per year for workers in the clothing and clothing accessories industry to a high of more than \$100,000 for legal services.

A range of occupations and incomes exist in a given industry sector. For instance, the methodology used to generate **Tables B-1 to B-3 in Appendix B** distinguishes between the typical incomes of workers in different types of retail stores (e.g., "food and beverage stores" versus "general merchandise stores"), rather than assuming all retail sector workers earn the same income. However, the average wage is used for each sub-category of industry employment and represents a reasonable proxy for the range of incomes in that group: while some employees will have higher wages and require lower subsidies, others will have lower incomes and require higher subsidies. Using the average approximates the total housing subsidy needed by workers in that industry.

To calculate the number of *households* supported by the expenditures of market-rate housing units, EPS estimated the employees' household formation rates. Importantly, employees

³ Note that the Consumer Expenditure Survey data is based on information current as of 2019. The latest data available for the Economic Census was published in 2017. EPS converted all numbers to 2021 dollars using the Consumer Price Index (CPI) from the Bureau of Labor Statistics.

generated from the increase in housing units do not all form households; some employees, in the retail and food services industries in particular, are young workers and do not form households. Data from the Bureau of Labor Statistics indicates that 12.5 percent of retail/restaurant workers are age 16 to 19, but an average of only 1.9 percent of workers in the workforce overall. EPS applied these discounts to household formation by type of business to get a more accurate calculation of households formed by the employees and the average total incomes of those households.

To get the overall households' income rather than the individual workers', the wages of workers forming households were multiplied by the average of approximately 1.71 workers per working household in Atascadero.⁴ This assumption implies the workers in a given household will have roughly equivalent compensation. While certainly there will often be some variation in wages per employee within a household, on average this assumption is reasonable because it implies comparable levels of education and training among all workers in a household. The average household incomes then are allocated to various income categories to estimate the number of affordable housing units demanded in each income category (50 through 120 percent of AMI).

A simplified example of these calculations follows:

A.	Number of Households (prototype project)	1,000
B.	Average Household Income	\$125,000
C.	Aggregate Household Income (A x B)	\$125 million
D.	Average Income Spent on Retail (Consumer Expenditure Survey)	\$40,000
E.	Aggregate Retail Spending (A x D)	\$40 million
F.	Retail Gross Receipts: Payroll Ratio (Economic Census)	9:1
G.	Estimated Retail Payroll (E ÷ F)	\$4.44 million
H.	Average Retail Wage (Economic Census)	\$28,500
I.	Estimated Total Retail Jobs (G ÷ H)	156
J.	Percent Age 20+ (Bureau of Labor Statistics)	87.5%
K.	Total Retail Workers Forming Households	136
J.	Average Workers/Household (Census Data)	1.71
K.	Estimated Households Created (K ÷ J)	80
L.	Average Household Income (H x J)	\$45,000
M.	Income Category	Low-Income (up to 80% of AMI)

In this simplified example, 1,000 new market-rate units sold to households earning \$125,000 per year would create demand for 80 housing units for retail workers with household incomes typically between 50 and 80 percent of AMI. Actual calculations and impact distinctions by type of household expenditure for various home values are shown in the series of tables presented in **Appendix C**.

⁴ Workers per working household based on American Community Survey (ACS) Census data current as of 2019. Although ACS data reported is based on historical figures, these figures can vary somewhat based on ongoing revisions to the ACS data.

Demand for Income-Qualified Workers

The total number of income-qualified households required to support the expenditures of new market-rate units were determined based on the affordable housing income limits from HCD for a 3-person household. **Table 3** summarizes the HCD income limits used to compute the total number of income-qualified households generated by construction of market-rate units.⁵ The number of income-qualified households required to provide goods and services to new housing units is detailed in **Appendix B**.

The nexus methodology used herein computes the total number of income-qualified households generated by market-rate units (as shown in Table 5) and calculates the impact fee based on the estimated cost to subsidize the production of units to meet that affordable housing demand. This analysis assumes that the fees on residential development will fund required affordable housing for all new workers generated.

Table 5 Summary of Worker and Household Generation per 100 Market-Rate Units

Unit Size (Sq. Ft.)	Minimum Household Income Requirement	Total Workers Generated [1]	Total Worker Households [2]	Total Income Qualified Households [3]	Income Qualified Households by Income Category		
					VLI Households	LI Households	Moderate Income Households
1,500	\$108,200	33	19.9	17.6	8.8	6.6	2.2
2,000	\$143,600	44	25.6	23.0	11.7	8.5	2.8
2,500	\$181,400	51	29.5	26.8	13.8	9.8	3.2

[1] Total workers generated detailed by unit price point and rental apartment size in Tables B-1 through B-4.

[2] Total worker households derived assuming 1.71 workers per household. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

[3] Total income qualified households reflects those households eligible for affordable housing based on total household income. Income qualified households therefore exclude households earning above moderate income. See Tables B-1 through B-4 for detail. Total may not sum due to rounding.

Source: Economic & Planning Systems, Inc.

⁵ To correspond to the available data regarding employee wages, the 2021 San Luis Obispo County affordable housing income limits from HCD were used to determine the number of income-qualified households based on household expenditures.

Fee Calculation

The affordability gap analysis quantifies the subsidy required to construct affordable housing at various income levels. Analysis of consumer expenditures that rely on lower wage workers provides an estimate of the total number of income-qualified households generated by new for-sale units. Then for each category of market-rate units, the nexus-based fee is calculated by applying the total number of income-qualified households generated to the affordability gap computed for each affordable household income level. The analysis provides the maximum supportable nexus-based fees for new housing development in Atascadero.

Tables 6 through **8** show the impact fee calculation by home value ranging from \$555,000 to \$925,000, which is based on the typical household sizes and value per square foot found in Atascadero. The total impact fees required for a representative project of 100 units is calculated by multiplying the number of affordable units required per income level by the cost of subsidizing such housing. All income-qualified households are assumed to be housed in multifamily rental units and the subsidies needed are calculated as the affordability gaps shown in **Table 3**. The resulting maximum defensible impact fee for market-rate units ranges from \$63,096 for a \$555,000 unit to \$96,776 for a \$925,000 unit.

These fee estimates result in the maximum defensible fee range between \$38 and \$42 per square foot. The fee per square foot is based on the assumption that homes in Atascadero over 1,000 square feet typically sell for approximately \$370 per square foot. This assumption is based on RedFin data for new home sales from December 2020 through December 2021. While the City has the option of adopting fees up to the maximum levels calculated, there may be a variety of reasons to adopt the fee level below the maximum, including concerns about affecting the feasibility of new housing construction. The goal is to balance the competing objectives of generating revenue to support affordable housing in the community while not overburdening new development. EPS is evaluating the level of fees that may be feasible in current market conditions and will document these findings in a separate deliverable.

Table 6 Nexus-Based Housing Fee Calculations (1,500 square foot unit)

Item	Affordable Units Required Per 100 Market-Rate Units [1]	Affordability Gap per Affordable Unit [2]	Total Nexus-Based Fee Supported		
			Per 100 Market-Rate Units	Per Market-Rate Unit	Per Sq.Ft.
	(A)	(B)	(C = A * B)	(D = C / 100)	
Affordable Units - Very Low Income	8.8	\$459,000	\$4,052,591		
Affordable Units - Low Income	6.6	\$291,000	\$1,928,878		
Affordable Units - Moderate Income	<u>2.2</u>	\$152,000	<u>\$328,113</u>		
<i>Total</i>	<i>17.6</i>		<i>\$6,309,583</i>	<i>\$63,096</i>	<i>\$42.06</i>

[1] See Table 5

[2] See Table 2. EPS has assumed all affordable units will be rental because the subsidy to construct rental units is lower than for-sale for every income-category.

Source: Economic & Planning Systems, Inc.

Table 7 Nexus-Based Housing Fee Calculations (2,000 square foot unit)

Item	Affordable Units Required Per 100 Market-Rate Units [1]	Affordability Gap per Affordable Unit [2]	Total Nexus-Based Fee Supported		
			Per 100 Market-Rate Units	Per Market-Rate Unit	Per Sq.Ft.
	(A)	(B)	(C = A * B)	(D = C / 100)	
Affordable Units - Very Low Income	11.7	\$459,000	\$5,378,485		
Affordable Units - Low Income	8.5	\$291,000	\$2,464,398		
Affordable Units - Moderate Income	<u>2.8</u>	\$152,000	<u>\$428,630</u>		
<i>Total</i>	<i>23.0</i>		<i>\$8,271,512</i>	<i>\$82,715</i>	<i>\$41.36</i>

[1] See Table 5

[2] See Table 2. EPS has assumed all affordable units will be rental because the subsidy to construct rental units is lower than for-sale for every income-category.

Source: Economic & Planning Systems, Inc.

Table 8 Nexus-Based Housing Fee Calculations (2,500 square foot units)

Item	Affordable Units Required Per 100 Market-Rate Units [1] (A)	Affordability Gap per Affordable Unit [2] (B)	Total Nexus-Based Fee Supported		
			Per 100 Market-Rate Units (C = A * B)	Per Market-Rate Unit (D = C / 100)	Per Sq.Ft.
Affordable Units - Very Low Income	13.8	\$459,000	\$6,329,829		
Affordable Units - Low Income	9.8	\$291,000	\$2,865,022		
Affordable Units - Moderate Income	<u>3.2</u>	\$152,000	<u>\$482,781</u>		
<i>Total</i>	<i>26.8</i>		<i>\$9,677,632</i>	<i>\$96,776</i>	<i>\$38.71</i>

[1] See Table 5

[2] See Table 2. EPS has assumed all affordable units will be rental because the subsidy to construct rental units is lower than for-sale for every income-category.

Source: Economic & Planning Systems, Inc.



APPENDICES:

Appendix A: Household Expenditures and
Employment Generation

Appendix B: Income Levels for Worker Households

APPENDIX A:

**Household Expenditures and
Employment Generation**



**Table A-1
Household Expenditures and Employment Generation - For Sale 1,500 Square Foot Units
City of Atascadero For Sale Housing Fee; EPS# 211050**

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/ HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
<i>Calculation</i>	<i>a</i>	<i>b</i>	<i>c</i>	<i>d = c * 1,000</i>	<i>e</i>	<i>f = d / e</i>	<i>g</i>	<i>h = f / g</i>	<i>i</i>	<i>j</i>	<i>k = h * i / j</i>	<i>l = g * j</i>	
Required Income	\$108,200												
Food at Home	5.7%	100%	\$6,220										
Food & Beverage Stores		100%	\$6,220	\$6,220,118	9.40	\$662,063	\$30,692	21.6	87.5%	1.71	11.0	\$52,599	LI Households
Food Away From Home	5.1%	100%	\$5,488										
Food Services and Drinking Places		100%	\$5,488	\$5,488,339	3.20	\$1,714,723	\$19,920	86.1	87.5%	1.71	44.0	\$34,137	VLI Households
Alcoholic Beverages	0.7%	100%	\$800										
Food & Beverage Stores		50%	\$400	\$400,128	9.40	\$42,589	\$30,692	1.4	87.5%	1.71	0.7	\$52,599	LI Households
Food Services and Drinking Places		50%	\$400	\$400,128	3.20	\$125,012	\$19,920	6.3	87.5%	1.71	3.2	\$34,137	VLI Households
Housing Maintenance, Repairs, Insurance, Other expenses	1.8%	100%	\$1,941										
Personal and Household Goods Repair and Maintenance		45%	\$873	\$873,382	3.30	\$264,739	\$25,686	10.3	98.1%	1.71	5.9	\$44,019	VLI Households
Building Material and Garden Equipment and Supplies Dealer		45%	\$873	\$873,382	9.23	\$94,610	\$36,992	2.6	87.5%	1.71	1.3	\$63,394	LI Households
Real Estate and Rental and Leasing		10%	\$194	\$194,085	5.23	\$37,083	\$43,536	0.9	98.1%	1.71	0.5	\$74,608	Moderate Income
Fuel oil and Other fuels [7]	4.5%	100%	\$4,910										
Nonstore Retailers		100%	\$4,910	\$4,909,866	7.83	\$627,363	\$42,161	14.9	87.5%	1.71	7.6	\$72,252	Moderate Income
Water and Other Public Services [7]	1.0%	100%	\$1,051										
Waste Management and Remediation Services		100%	\$1,051	\$1,050,654	4.11	\$255,530	\$59,559	4.3	98.1%	1.71	2.5	\$102,068	Moderate Income
Household Operations Personal Services	0.6%	100%	\$652										
Nursing and Residential Care Facilities		40%	\$261	\$260,824	2.20	\$118,692	\$33,109	3.6	98.1%	1.71	2.1	\$56,740	LI Households
Social Assistance [8]		60%	\$391	\$391,236	2.98	\$131,134	\$27,179	4.8	98.1%	1.71	2.8	\$46,578	LI Households
Household Operations Other Household Expenses	1.7%	100%	\$1,868										
Services to Buildings and Dwellings		100%	\$1,868	\$1,868,134	2.91	\$642,217	\$75,555	8.5	98.1%	1.71	4.9	\$129,482	Above Mod
Housekeeping Supplies	0.9%	100%	\$971										
Building Materials and Garden Equipment and Supplies Dealers		10%	\$97	\$97,094	9.23	\$10,518	\$36,992	0.3	87.5%	1.71	0.1	\$63,394	LI Households
Food & Beverage Stores		35%	\$340	\$339,827	9.40	\$36,171	\$30,692	1.2	87.5%	1.71	0.6	\$52,599	LI Households
General Merchandise		35%	\$340	\$339,827	11.23	\$30,269	\$30,374	1.0	87.5%	1.71	0.5	\$52,053	LI Households
Miscellaneous Store Retailers		20%	\$194	\$194,187	6.97	\$27,869	\$23,032	1.2	87.5%	1.71	0.6	\$39,471	VLI Households

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$500,000 Unit requires a household income of \$87,300.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-1
Household Expenditures and Employment Generation - For Sale 1,500 Square Foot Units
City of Atascadero For Sale Housing Fee; EPS# 211050**

Item		\$0	\$0	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/ HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
Household Furnishings and Equipment		2.8%	100%	\$3,036										
Furniture and Home Furnishings Stores			40%	\$1,215	\$1,214,589	6.99	\$173,639	\$33,865	5.1	87.5%	1.71	2.6	\$58,035	LI Households
Electronics and Appliance Stores			40%	\$1,215	\$1,214,589	6.84	\$177,624	\$33,179	5.4	87.5%	1.71	2.7	\$56,860	LI Households
General Merchandise Stores			10%	\$304	\$303,647	11.23	\$27,046	\$30,374	0.9	87.5%	1.71	0.5	\$52,053	LI Households
Miscellaneous Store Retailers			10%	\$304	\$303,647	6.97	\$43,578	\$23,032	1.9	87.5%	1.71	1.0	\$39,471	VLI Households
Apparel and Services		2.4%	100%	\$2,569										
Clothing and Clothing Accessories Stores			40%	\$1,028	\$1,027,760	8.08	\$127,275	\$18,852	6.8	87.5%	1.71	3.4	\$32,307	VLI Households
General Merchandise			40%	\$1,028	\$1,027,760	11.23	\$91,543	\$30,374	3.0	87.5%	1.71	1.5	\$52,053	LI Households
Miscellaneous Store Retailers			10%	\$257	\$256,940	6.97	\$36,875	\$23,032	1.6	87.5%	1.71	0.8	\$39,471	VLI Households
Personal and Household Goods Repair and Maintenance			5%	\$128	\$128,470	3.30	\$38,942	\$25,686	1.5	87.5%	1.71	0.8	\$44,019	VLI Households
Dry cleaning and Laundry Services			5%	\$128	\$128,470	3.30	\$38,942	\$25,686	1.5	87.5%	1.71	0.8	\$44,019	VLI Households
Vehicle Purchases (net outlay)		5.3%	100%	\$5,709										
Motor Vehicle and Parts Dealers			100%	\$5,709	\$5,709,099	10.73	\$531,894	\$50,376	10.6	87.5%	1.71	5.4	\$86,331	Moderate Income
Gasoline and motor oil		3.1%	100%	\$3,389										
Gasoline Stations			100%	\$3,389	\$3,389,075	30.62	\$110,668	\$25,561	4.3	87.5%	1.71	2.2	\$43,804	VLI Households
Vehicle Maintenance and Repairs		1.2%	100%	\$1,246										
Repair and Maintenance			100%	\$1,246	\$1,245,863	3.37	\$369,348	\$28,937	12.8	98.1%	1.71	7.3	\$49,591	LI Households
Medical Services		1.4%	100%	\$1,539										
Ambulatory Health Care Services			40%	\$616	\$615,675	2.60	\$236,488	\$62,611	3.8	98.1%	1.71	2.2	\$107,299	Above Mod
General Medical and Surgical Hospitals			30%	\$462	\$461,756	4.40	\$104,932	\$27,115	3.9	98.1%	1.71	2.2	\$46,469	LI Households
Nursing and Residential Care Facilities			30%	\$462	\$461,756	2.20	\$210,130	\$33,109	6.3	98.1%	1.71	3.6	\$56,740	LI Households
Drugs		0.6%	100%	\$622										
Health and Personal Care Stores			100%	\$622	\$622,421	9.35	\$66,576	\$36,944	1.8	87.5%	1.71	0.9	\$63,313	LI Households
Medical Supplies		0.2%	100%	\$232										
Health and Personal Care Stores			100%	\$232	\$232,002	9.35	\$24,816	\$36,944	0.7	87.5%	1.71	0.3	\$63,313	LI Households
Entertainment Fees and Admissions		1.1%	100%	\$1,231										
Arts, Entertainment, & Recreation			100%	\$1,231	\$1,230,533	2.93	\$419,708	\$20,339	20.6	87.5%	1.71	10.5	\$34,856	VLI Households

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$500,000 Unit requires a household income of \$87,300.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-1
Household Expenditures and Employment Generation - For Sale 1,500 Square Foot Units
City of Atascadero For Sale Housing Fee; EPS# 211050**

Item		\$0	\$0	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/ HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
Entertainment Audio and Visual Equipment and Services		1.1%	100%	\$1,231										
Electronics and Appliance Stores			100%	\$1,231	\$1,230,533	6.84	\$179,955	\$33,179	5.4	87.5%	1.71	2.8	\$56,860	LI Households
Entertainment Pets, Toys, Hobbies, and Playground Equip.		1.2%	100%	\$1,350										
Sporting Goods, Hobby, and Musical Instrument Stores			40%	\$540	\$540,044	7.31	\$73,877	\$20,692	3.6	87.5%	1.71	1.8	\$35,461	VLI Households
Miscellaneous Store Retailers			40%	\$540	\$540,044	6.97	\$77,504	\$23,032	3.4	87.5%	1.71	1.7	\$39,471	VLI Households
Veterinary Services			20%	\$270	\$270,022	2.69	\$100,330	\$49,793	2.0	98.1%	1.71	1.2	\$85,332	Moderate Income
Other Entertainment Supplies, Equipment, and Services		1.1%	100%	\$1,212										
Sporting Goods, Hobby, and Musical Instrument Stores			85%	\$1,030	\$1,030,316	7.31	\$140,945	\$20,692	6.8	87.5%	1.71	3.5	\$35,461	VLI Households
Photographic Services			15%	\$182	\$181,820	3.41	\$53,371	\$43,227	1.2	98.1%	1.71	0.7	\$74,079	Moderate Income
Personal Care Products and Services		1.1%	100%	\$1,176										
Unspecified Retail			50%	\$588	\$588,182	6.97	\$84,413	\$23,032	3.7	87.5%	1.71	1.9	\$39,471	VLI Households
Personal Care Services			50%	\$588	\$588,182	3.46	\$169,861	\$20,231	8.4	98.1%	1.71	4.8	\$34,671	VLI Households
Reading		0.1%	100%	\$143										
Sporting Goods, Hobby, and Musical Instrument Stores			100%	\$143	\$143,085	7.31	\$19,574	\$20,692	0.9	87.5%	1.71	0.5	\$35,461	VLI Households
Education		1.9%	100%	\$2,087										
Educational Services			100%	\$2,087	\$2,087,000	3.45	\$604,961	\$27,444	22.0	98.1%	1.71	12.6	\$47,032	LI Households
Tobacco Products and Smoking Supplies		0.3%	100%	\$287										
Unspecified Retail			100%	\$287	\$287,192	6.97	\$41,216	\$23,032	1.8	87.5%	1.71	0.9	\$39,471	VLI Households
Miscellaneous		1.1%	100%	\$1,191										
Accounting			20%	\$238	\$238,135	3.37	\$70,698	\$50,490	1.4	98.1%	1.71	0.8	\$86,527	Moderate Income
Architectural, Engineering, and Related			20%	\$238	\$238,135	0.83	\$288,182	\$97,022	3.0	98.1%	1.71	1.7	\$166,269	Above Mod
Specialized Design Services			20%	\$238	\$238,135	3.50	\$67,974	\$56,159	1.2	98.1%	1.71	0.7	\$96,242	Moderate Income
Death Care Services			20%	\$238	\$238,135	3.41	\$69,902	\$43,227	1.6	98.1%	1.71	0.9	\$74,079	Moderate Income
Legal Services			20%	\$238	\$238,135	2.99	\$79,610	\$100,406	0.8	98.1%	1.71	0.5	\$172,068	Above Mod
Total per 1,000 Market Rate Households									328.4			173.9		

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$500,000 Unit requires a household income of \$87,300.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-2
Household Expenditures and Employment Generation - For Sale 2,000 Square Foot Units
City of Atascadero For Sale Housing Fee; EPS# 211050**

Item		% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/ HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
<i>Calculation</i>		<i>a</i>	<i>b</i>	<i>c</i>	<i>d = c * 1,000</i>	<i>e</i>	<i>f = d / e</i>	<i>g</i>	<i>h = f / g</i>	<i>i</i>	<i>j</i>	<i>k = h * i / j</i>	<i>l = g * j</i>	
Required Income	\$143,600													
Food at Home		5.7%	100%	\$8,255										
Food & Beverage Stores			100%	\$8,255	\$8,255,165	9.40	\$878,672	\$30,692	28.6	87.5%	1.71	14.6	\$52,599	LI Households
Food Away From Home		5.1%	100%	\$7,284										
Food Services and Drinking Places			100%	\$7,284	\$7,283,970	3.20	\$2,275,732	\$19,920	114.2	87.5%	1.71	58.3	\$34,137	VLI Households
Alcoholic Beverages		0.7%	100%	\$1,062										
Food & Beverage Stores			50%	\$531	\$531,038	9.40	\$56,523	\$30,692	1.8	87.5%	1.71	0.9	\$52,599	LI Households
Food Services and Drinking Places			50%	\$531	\$531,038	3.20	\$165,912	\$19,920	8.3	87.5%	1.71	4.3	\$34,137	VLI Households
Housing Maintenance, Repairs, Insurance, Other expenses		1.8%	100%	\$2,576										
Personal and Household Goods Repair and Maintenance			45%	\$1,159	\$1,159,128	3.30	\$351,355	\$25,686	13.7	98.1%	1.71	7.8	\$44,019	VLI Households
Building Material and Garden Equipment and Supplies Dealer			45%	\$1,159	\$1,159,128	9.23	\$125,563	\$36,992	3.4	87.5%	1.71	1.7	\$63,394	LI Households
Real Estate and Rental and Leasing			10%	\$258	\$257,584	5.23	\$49,216	\$43,536	1.1	98.1%	1.71	0.6	\$74,608	Moderate Income
Fuel oil and Other fuels [7]		4.5%	100%	\$6,516										
Nonstore Retailers			100%	\$6,516	\$6,516,236	7.83	\$832,619	\$42,161	19.7	87.5%	1.71	10.1	\$72,252	Moderate Income
Water and Other Public Services [7]		1.0%	100%	\$1,394										
Waste Management and Remediation Services			100%	\$1,394	\$1,394,399	4.11	\$339,132	\$59,559	5.7	98.1%	1.71	3.3	\$102,068	Moderate Income
Household Operations Personal Services		0.6%	100%	\$865										
Nursing and Residential Care Facilities			40%	\$346	\$346,158	2.20	\$157,525	\$33,109	4.8	98.1%	1.71	2.7	\$56,740	LI Households
Social Assistance [8]			60%	\$519	\$519,237	2.98	\$174,037	\$27,179	6.4	98.1%	1.71	3.7	\$46,578	LI Households
Household Operations Other Household Expenses		1.7%	100%	\$2,479										
Services to Buildings and Dwellings			100%	\$2,479	\$2,479,335	2.91	\$852,333	\$75,555	11.3	98.1%	1.71	6.5	\$129,482	Above Mod
Housekeeping Supplies		0.9%	100%	\$1,289										
Building Materials and Garden Equipment and Supplies Dealers			10%	\$129	\$128,860	9.23	\$13,959	\$36,992	0.4	87.5%	1.71	0.2	\$63,394	LI Households
Food & Beverage Stores			35%	\$451	\$451,009	9.40	\$48,005	\$30,692	1.6	87.5%	1.71	0.8	\$52,599	LI Households
General Merchandise			35%	\$451	\$451,009	11.23	\$40,172	\$30,374	1.3	87.5%	1.71	0.7	\$52,053	LI Households
Miscellaneous Store Retailers			20%	\$258	\$257,720	6.97	\$36,987	\$23,032	1.6	87.5%	1.71	0.8	\$39,471	VLI Households

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$750,000 Unit requires a household income of \$126,300.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-2
Household Expenditures and Employment Generation - For Sale 2,000 Square Foot Units
City of Atascadero For Sale Housing Fee; EPS# 211050**

Item		\$0	\$0	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/ HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
Household Furnishings and Equipment		2.8%	100%	\$4,030										
Furniture and Home Furnishings Stores			40%	\$1,612	\$1,611,968	6.99	\$230,449	\$33,865	6.8	87.5%	1.71	3.5	\$58,035	LI Households
Electronics and Appliance Stores			40%	\$1,612	\$1,611,968	6.84	\$235,737	\$33,179	7.1	87.5%	1.71	3.6	\$56,860	LI Households
General Merchandise Stores			10%	\$403	\$402,992	11.23	\$35,895	\$30,374	1.2	87.5%	1.71	0.6	\$52,053	LI Households
Miscellaneous Store Retailers			10%	\$403	\$402,992	6.97	\$57,835	\$23,032	2.5	87.5%	1.71	1.3	\$39,471	VLI Households
Apparel and Services		2.4%	100%	\$3,410										
Clothing and Clothing Accessories Stores			40%	\$1,364	\$1,364,015	8.08	\$168,916	\$18,852	9.0	87.5%	1.71	4.6	\$32,307	VLI Households
General Merchandise			40%	\$1,364	\$1,364,015	11.23	\$121,494	\$30,374	4.0	87.5%	1.71	2.0	\$52,053	LI Households
Miscellaneous Store Retailers			10%	\$341	\$341,004	6.97	\$48,939	\$23,032	2.1	87.5%	1.71	1.1	\$39,471	VLI Households
Personal and Household Goods Repair and Maintenance			5%	\$171	\$170,502	3.30	\$51,683	\$25,686	2.0	87.5%	1.71	1.0	\$44,019	VLI Households
Dry cleaning and Laundry Services			5%	\$171	\$170,502	3.30	\$51,683	\$25,686	2.0	87.5%	1.71	1.0	\$44,019	VLI Households
Vehicle Purchases (net outlay)		5.3%	100%	\$7,577										
Motor Vehicle and Parts Dealers			100%	\$7,577	\$7,576,956	10.73	\$705,915	\$50,376	14.0	87.5%	1.71	7.2	\$86,331	Moderate Income
Gasoline and motor oil		3.1%	100%	\$4,498										
Gasoline Stations			100%	\$4,498	\$4,497,885	30.62	\$146,875	\$25,561	5.7	87.5%	1.71	2.9	\$43,804	VLI Households
Vehicle Maintenance and Repairs		1.2%	100%	\$1,653										
Repair and Maintenance			100%	\$1,653	\$1,653,475	3.37	\$490,189	\$28,937	16.9	98.1%	1.71	9.7	\$49,591	LI Households
Medical Services		1.4%	100%	\$2,043										
Ambulatory Health Care Services			40%	\$817	\$817,107	2.60	\$313,860	\$62,611	5.0	98.1%	1.71	2.9	\$107,299	Above Mod
General Medical and Surgical Hospitals			30%	\$613	\$612,830	4.40	\$139,263	\$27,115	5.1	98.1%	1.71	2.9	\$46,469	LI Households
Nursing and Residential Care Facilities			30%	\$613	\$612,830	2.20	\$278,878	\$33,109	8.4	98.1%	1.71	4.8	\$56,740	LI Households
Drugs		0.6%	100%	\$826										
Health and Personal Care Stores			100%	\$826	\$826,059	9.35	\$88,357	\$36,944	2.4	87.5%	1.71	1.2	\$63,313	LI Households
Medical Supplies		0.2%	100%	\$308										
Health and Personal Care Stores			100%	\$308	\$307,907	9.35	\$32,935	\$36,944	0.9	87.5%	1.71	0.5	\$63,313	LI Households
Entertainment Fees and Admissions		1.1%	100%	\$1,633										
Arts, Entertainment, & Recreation			100%	\$1,633	\$1,633,128	2.93	\$557,025	\$20,339	27.4	87.5%	1.71	14.0	\$34,856	VLI Households

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$750,000 Unit requires a household income of \$126,300.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-2
Household Expenditures and Employment Generation - For Sale 2,000 Square Foot Units
City of Atascadero For Sale Housing Fee; EPS# 211050**

Item		\$0	\$0	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/ HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
Entertainment Audio and Visual Equipment and Services		1.1%	100%	\$1,633										
Electronics and Appliance Stores			100%	\$1,633	\$1,633,128	6.84	\$238,832	\$33,179	7.2	87.5%	1.71	3.7	\$56,860	LI Households
Entertainment Pets, Toys, Hobbies, and Playground Equip.		1.2%	100%	\$1,792										
Sporting Goods, Hobby, and Musical Instrument Stores			40%	\$717	\$716,732	7.31	\$98,048	\$20,692	4.7	87.5%	1.71	2.4	\$35,461	VLI Households
Miscellaneous Store Retailers			40%	\$717	\$716,732	6.97	\$102,862	\$23,032	4.5	87.5%	1.71	2.3	\$39,471	VLI Households
Veterinary Services			20%	\$358	\$358,366	2.69	\$133,156	\$49,793	2.7	98.1%	1.71	1.5	\$85,332	Moderate Income
Other Entertainment Supplies, Equipment, and Services		1.1%	100%	\$1,609										
Sporting Goods, Hobby, and Musical Instrument Stores			85%	\$1,367	\$1,367,406	7.31	\$187,059	\$20,692	9.0	87.5%	1.71	4.6	\$35,461	VLI Households
Photographic Services			15%	\$241	\$241,307	3.41	\$70,833	\$43,227	1.6	98.1%	1.71	0.9	\$74,079	Moderate Income
Personal Care Products and Services		1.1%	100%	\$1,561										
Unspecified Retail			50%	\$781	\$780,619	6.97	\$112,030	\$23,032	4.9	87.5%	1.71	2.5	\$39,471	VLI Households
Personal Care Services			50%	\$781	\$780,619	3.46	\$225,435	\$20,231	11.1	98.1%	1.71	6.4	\$34,671	VLI Households
Reading		0.1%	100%	\$190										
Sporting Goods, Hobby, and Musical Instrument Stores			100%	\$190	\$189,899	7.31	\$25,978	\$20,692	1.3	87.5%	1.71	0.6	\$35,461	VLI Households
Education		1.9%	100%	\$2,770										
Educational Services			100%	\$2,770	\$2,769,807	3.45	\$802,887	\$27,444	29.3	98.1%	1.71	16.7	\$47,032	LI Households
Tobacco Products and Smoking Supplies		0.3%	100%	\$381										
Unspecified Retail			100%	\$381	\$381,154	6.97	\$54,701	\$23,032	2.4	87.5%	1.71	1.2	\$39,471	VLI Households
Miscellaneous		1.1%	100%	\$1,580										
Accounting			20%	\$316	\$316,046	3.37	\$93,828	\$50,490	1.9	98.1%	1.71	1.1	\$86,527	Moderate Income
Architectural, Engineering, and Related			20%	\$316	\$316,046	0.83	\$382,467	\$97,022	3.9	98.1%	1.71	2.3	\$166,269	Above Mod
Specialized Design Services			20%	\$316	\$316,046	3.50	\$90,213	\$56,159	1.6	98.1%	1.71	0.9	\$96,242	Moderate Income
Death Care Services			20%	\$316	\$316,046	3.41	\$92,772	\$43,227	2.1	98.1%	1.71	1.2	\$74,079	Moderate Income
Legal Services			20%	\$316	\$316,046	2.99	\$105,657	\$100,406	1.1	98.1%	1.71	0.6	\$172,068	Above Mod
Total per 1,000 Market Rate Households									435.9			230.8		

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$750,000 Unit requires a household income of \$126,300.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-3
Household Expenditures and Employment Generation - For Sale 2,500 Square Foot Units
City of Atascadero For Sale Housing Fee; EPS# 211050**

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/ HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
Calculation	a	b	c	d = c * 1,000	e	f = d / e	g	h = f / g	i	j	k = h * i / j	l = g * j	
Required Income	\$181,400												
Food at Home	4.7%	100%	\$8,616										
Food & Beverage Stores		100%	\$8,616	\$8,616,142	9.40	\$917,094	\$30,692	29.9	87.5%	1.71	15.3	\$52,599	LI Households
Food Away From Home	4.8%	100%	\$8,697										
Food Services and Drinking Places		100%	\$8,697	\$8,697,200	3.20	\$2,717,268	\$19,920	136.4	87.5%	1.71	69.6	\$34,137	VLI Households
Alcoholic Beverages	0.8%	100%	\$1,379										
Food & Beverage Stores		50%	\$690	\$689,621	9.40	\$73,403	\$30,692	2.4	87.5%	1.71	1.2	\$52,599	LI Households
Food Services and Drinking Places		50%	\$690	\$689,621	3.20	\$215,458	\$19,920	10.8	87.5%	1.71	5.5	\$34,137	VLI Households
Housing Maintenance, Repairs, Insurance, Other expenses	1.7%	100%	\$3,173										
Personal and Household Goods Repair and Maintenance		45%	\$1,428	\$1,427,686	3.30	\$432,760	\$25,686	16.8	98.1%	1.71	9.6	\$44,019	VLI Households
Building Material and Garden Equipment and Supplies Dealer		45%	\$1,428	\$1,427,686	9.23	\$154,655	\$36,992	4.2	87.5%	1.71	2.1	\$63,394	LI Households
Real Estate and Rental and Leasing		10%	\$317	\$317,264	5.23	\$60,619	\$43,536	1.4	98.1%	1.71	0.8	\$74,608	Moderate Income
Fuel oil and Other fuels [7]	3.8%	100%	\$6,851										
Nonstore Retailers		100%	\$6,851	\$6,850,612	7.83	\$875,344	\$42,161	20.8	87.5%	1.71	10.6	\$72,252	Moderate Income
Water and Other Public Services [7]	0.8%	100%	\$1,445										
Waste Management and Remediation Services		100%	\$1,445	\$1,445,100	4.11	\$351,463	\$59,559	5.9	98.1%	1.71	3.4	\$102,068	Moderate Income
Household Operations Personal Services	0.5%	100%	\$993										
Nursing and Residential Care Facilities		40%	\$397	\$397,181	2.20	\$180,744	\$33,109	5.5	98.1%	1.71	3.1	\$56,740	LI Households
Social Assistance [8]		60%	\$596	\$595,771	2.98	\$199,690	\$27,179	7.3	98.1%	1.71	4.2	\$46,578	LI Households
Household Operations Other Household Expenses	1.4%	100%	\$2,577										
Services to Buildings and Dwellings		100%	\$2,577	\$2,577,288	2.91	\$886,006	\$75,555	11.7	98.1%	1.71	6.7	\$129,482	Above Mod
Housekeeping Supplies	0.8%	100%	\$1,483										
Building Materials and Garden Equipment and Supplies Dealers		10%	\$148	\$148,310	9.23	\$16,066	\$36,992	0.4	87.5%	1.71	0.2	\$63,394	LI Households
Food & Beverage Stores		35%	\$519	\$519,084	9.40	\$55,251	\$30,692	1.8	87.5%	1.71	0.9	\$52,599	LI Households
General Merchandise		35%	\$519	\$519,084	11.23	\$46,235	\$30,374	1.5	87.5%	1.71	0.8	\$52,053	LI Households
Miscellaneous Store Retailers		20%	\$297	\$296,619	6.97	\$42,569	\$23,032	1.8	87.5%	1.71	0.9	\$39,471	VLI Households

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$1,000,000 Unit requires a household income of \$167,200.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-3
Household Expenditures and Employment Generation - For Sale 2,500 Square Foot Units
City of Atascadero For Sale Housing Fee; EPS# 211050**

Item		\$0	\$0	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/ HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
Household Furnishings and Equipment		2.6%	100%	\$4,717										
Furniture and Home Furnishings Stores			40%	\$1,887	\$1,886,610	6.99	\$269,712	\$33,865	8.0	87.5%	1.71	4.1	\$58,035	LI Households
Electronics and Appliance Stores			40%	\$1,887	\$1,886,610	6.84	\$275,901	\$33,179	8.3	87.5%	1.71	4.2	\$56,860	LI Households
General Merchandise Stores			10%	\$472	\$471,652	11.23	\$42,010	\$30,374	1.4	87.5%	1.71	0.7	\$52,053	LI Households
Miscellaneous Store Retailers			10%	\$472	\$471,652	6.97	\$67,689	\$23,032	2.9	87.5%	1.71	1.5	\$39,471	VLI Households
Apparel and Services		2.4%	100%	\$4,405										
Clothing and Clothing Accessories Stores			40%	\$1,762	\$1,761,984	8.08	\$218,200	\$18,852	11.6	87.5%	1.71	5.9	\$32,307	VLI Households
General Merchandise			40%	\$1,762	\$1,761,984	11.23	\$156,941	\$30,374	5.2	87.5%	1.71	2.6	\$52,053	LI Households
Miscellaneous Store Retailers			10%	\$440	\$440,496	6.97	\$63,218	\$23,032	2.7	87.5%	1.71	1.4	\$39,471	VLI Households
Personal and Household Goods Repair and Maintenance			5%	\$220	\$220,248	3.30	\$66,762	\$25,686	2.6	87.5%	1.71	1.3	\$44,019	VLI Households
Dry cleaning and Laundry Services			5%	\$220	\$220,248	3.30	\$66,762	\$25,686	2.6	87.5%	1.71	1.3	\$44,019	VLI Households
Vehicle Purchases (net outlay)		5.1%	100%	\$9,329										
Motor Vehicle and Parts Dealers			100%	\$9,329	\$9,329,194	10.73	\$869,164	\$50,376	17.3	87.5%	1.71	8.8	\$86,331	Moderate Income
Gasoline and motor oil		2.4%	100%	\$4,269										
Gasoline Stations			100%	\$4,269	\$4,269,442	30.62	\$139,415	\$25,561	5.5	87.5%	1.71	2.8	\$43,804	VLI Households
Vehicle Maintenance and Repairs		1.1%	100%	\$2,086										
Repair and Maintenance			100%	\$2,086	\$2,085,960	3.37	\$618,403	\$28,937	21.4	98.1%	1.71	12.2	\$49,591	LI Households
Medical Services		1.0%	100%	\$1,795										
Ambulatory Health Care Services			40%	\$718	\$717,864	2.60	\$275,740	\$62,611	4.4	98.1%	1.71	2.5	\$107,299	Above Mod
General Medical and Surgical Hospitals			30%	\$538	\$538,398	4.40	\$122,348	\$27,115	4.5	98.1%	1.71	2.6	\$46,469	LI Households
Nursing and Residential Care Facilities			30%	\$538	\$538,398	2.20	\$245,007	\$33,109	7.4	98.1%	1.71	4.2	\$56,740	LI Households
Drugs		0.5%	100%	\$842										
Health and Personal Care Stores			100%	\$842	\$842,236	9.35	\$90,088	\$36,944	2.4	87.5%	1.71	1.2	\$63,313	LI Households
Medical Supplies		0.2%	100%	\$351										
Health and Personal Care Stores			100%	\$351	\$350,826	9.35	\$37,525	\$36,944	1.0	87.5%	1.71	0.5	\$63,313	LI Households
Entertainment Fees and Admissions		1.2%	100%	\$2,244										
Arts, Entertainment, & Recreation			100%	\$2,244	\$2,244,275	2.93	\$765,474	\$20,339	37.6	87.5%	1.71	19.2	\$34,856	VLI Households

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$1,000,000 Unit requires a household income of \$167,200.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-3
Household Expenditures and Employment Generation - For Sale 2,500 Square Foot Units
City of Atascadero For Sale Housing Fee; EPS# 211050**

Item		\$0	\$0	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/ HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
Entertainment Audio and Visual Equipment and Services		1.2%	100%	\$2,244										
Electronics and Appliance Stores			100%	\$2,244	\$2,244,275	6.84	\$328,207	\$33,179	9.9	87.5%	1.71	5.1	\$56,860	LI Households
Entertainment Pets, Toys, Hobbies, and Playground Equip.		0.9%	100%	\$1,688										
Sporting Goods, Hobby, and Musical Instrument Stores			40%	\$675	\$675,309	7.31	\$92,381	\$20,692	4.5	87.5%	1.71	2.3	\$35,461	VLI Households
Miscellaneous Store Retailers			40%	\$675	\$675,309	6.97	\$96,917	\$23,032	4.2	87.5%	1.71	2.1	\$39,471	VLI Households
Veterinary Services			20%	\$338	\$337,654	2.69	\$125,460	\$49,793	2.5	98.1%	1.71	1.4	\$85,332	Moderate Income
Other Entertainment Supplies, Equipment, and Services		0.8%	100%	\$1,472										
Sporting Goods, Hobby, and Musical Instrument Stores			85%	\$1,251	\$1,250,943	7.31	\$171,127	\$20,692	8.3	87.5%	1.71	4.2	\$35,461	VLI Households
Photographic Services			15%	\$221	\$220,755	3.41	\$64,800	\$43,227	1.5	98.1%	1.71	0.9	\$74,079	Moderate Income
Personal Care Products and Services		0.8%	100%	\$1,520										
Unspecified Retail			50%	\$760	\$759,913	6.97	\$109,059	\$23,032	4.7	87.5%	1.71	2.4	\$39,471	VLI Households
Personal Care Services			50%	\$760	\$759,913	3.46	\$219,455	\$20,231	10.8	98.1%	1.71	6.2	\$34,671	VLI Households
Reading		0.1%	100%	\$163										
Sporting Goods, Hobby, and Musical Instrument Stores			100%	\$163	\$163,381	7.31	\$22,350	\$20,692	1.1	87.5%	1.71	0.6	\$35,461	VLI Households
Education		2.1%	100%	\$3,810										
Educational Services			100%	\$3,810	\$3,809,695	3.45	\$1,104,321	\$27,444	40.2	98.1%	1.71	23.0	\$47,032	LI Households
Tobacco Products and Smoking Supplies		0.1%	100%	\$267										
Unspecified Retail			100%	\$267	\$267,236	6.97	\$38,352	\$23,032	1.7	87.5%	1.71	0.9	\$39,471	VLI Households
Miscellaneous		1.2%	100%	\$2,215										
Accounting			20%	\$443	\$443,029	3.37	\$131,527	\$50,490	2.6	98.1%	1.71	1.5	\$86,527	Moderate Income
Architectural, Engineering, and Related			20%	\$443	\$443,029	0.83	\$536,138	\$97,022	5.5	98.1%	1.71	3.2	\$166,269	Above Mod
Specialized Design Services			20%	\$443	\$443,029	3.50	\$126,459	\$56,159	2.3	98.1%	1.71	1.3	\$96,242	Moderate Income
Death Care Services			20%	\$443	\$443,029	3.41	\$130,046	\$43,227	3.0	98.1%	1.71	1.7	\$74,079	Moderate Income
Legal Services			20%	\$443	\$443,029	2.99	\$148,108	\$100,406	1.5	98.1%	1.71	0.8	\$172,068	Above Mod
Total per 1,000 Market Rate Households									509.8			270.0		

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$1,000,000 Unit requires a household income of \$167,200.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

Source: 2019 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics; 2017 Economic Census, American Community Survey; and Economic & Planning Systems, Inc.

APPENDIX B:

Income Levels for Worker Households



Table B-1
Income Levels for Worker Households
Worker Household Generation per 1,000 Units – For Sale 1,500 Square Foot Units
City of Atascadero For Sale Housing Fee; EPS# 211050

Industry	Total Workers	Total Worker Households [1]	VLI Households	LI Households	Moderate Income Households	Above Moderate Income Households
Retail						
Unspecified Retail	5.5	2.8	2.8	0.0	0.0	0.0
Food & Beverage Stores	24.1	12.3	0.0	12.3	0.0	0.0
Food Services and Drinking Places	92.4	47.2	47.2	0.0	0.0	0.0
Health and Personal Care Stores	2.5	1.3	0.0	1.3	0.0	0.0
General Merchandise	4.9	2.5	0.0	2.5	0.0	0.0
Furniture and Home Furnishings Stores	5.1	2.6	0.0	2.6	0.0	0.0
Building Material and Garden Equipment and Supplies Dealer	2.8	1.5	0.0	1.5	0.0	0.0
Electronics and Appliance Stores	10.8	5.5	0.0	5.5	0.0	0.0
Clothing and Clothing Accessories Stores	6.8	3.4	3.4	0.0	0.0	0.0
Motor Vehicle and Parts Dealers	10.6	5.4	0.0	0.0	5.4	0.0
Gasoline Stations	4.3	2.2	2.2	0.0	0.0	0.0
Sporting Goods, Hobby, and Musical Instrument Stores	11.3	5.8	5.8	0.0	0.0	0.0
Miscellaneous Store Retailers	8.1	4.1	4.1	0.0	0.0	0.0
Nonstore Retailers	14.9	7.6	0.0	0.0	7.6	0.0
Arts, Entertainment, & Recreation	20.6	10.5	10.5	0.0	0.0	0.0
Medical/Health						
Ambulatory Health Care Services	3.8	2.2	0.0	0.0	0.0	2.2
General Medical and Surgical Hospitals	3.9	2.2	0.0	2.2	0.0	0.0
Nursing and Residential Care Facilities	9.9	5.7	0.0	5.7	0.0	0.0
Social Assistance	4.8	2.8	0.0	2.8	0.0	0.0
Services						
Personal and Household Goods Repair and Maintenance	11.8	6.7	6.7	0.0	0.0	0.0
Services to Buildings and Dwellings	8.5	4.9	0.0	0.0	0.0	4.9
Waste Management and Remediation Services	4.3	2.5	0.0	0.0	2.5	0.0
Real Estate and Rental and Leasing	0.9	0.5	0.0	0.0	0.5	0.0
Personal Care Services	8.4	4.8	4.8	0.0	0.0	0.0
Dry Cleaning and Laundry Services	1.5	0.8	0.8	0.0	0.0	0.0
Auto Repair and Maintenance	12.8	7.3	0.0	7.3	0.0	0.0
Veterinary Services	2.0	1.2	0.0	0.0	1.2	0.0
Photographic Services	1.2	0.7	0.0	0.0	0.7	0.0
Educational Services	22.0	12.6	0.0	12.6	0.0	0.0
Accounting	1.4	0.8	0.0	0.0	0.8	0.0
Architectural, Engineering, and Related	3.0	1.7	0.0	0.0	0.0	1.7
Specialized Design Services	1.2	0.7	0.0	0.0	0.7	0.0
Death Care Services	1.6	0.9	0.0	0.0	0.9	0.0
Legal Services	0.8	0.5	0.0	0.0	0.0	0.5
Government	0.0	24.9	0.0	10.0	1.4	14.8
Total Workers and Households	328.4	198.8	88.3	66.3	21.6	24.0
Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2]		176.2	88.3	66.3	21.6	0.0
Total Income-Qualified HH Generated Per 100 Market-Rate Units [2]		17.6	8.8	6.6	2.2	0.0

[1] Assumes 1.69 workers per worker household in the City of Atascadero based on 2015-2019 American Community Survey. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

Source: Economic & Planning Systems, Inc.

Table B-2
Income Levels for Worker Households
Worker Household Generation per 1,000 Units - For Sale 2,000 Square Foot Units
City of Atascadero For Sale Housing Fee; EPS# 211050

Industry	Total Workers	Total Worker Households [1]	VLI Households	LI Households	Moderate Income Households	Above Moderate Income Households
Retail						
Unspecified Retail	7.2	3.7	3.7	0.0	0.0	0.0
Food & Beverage Stores	32.0	16.4	0.0	16.4	0.0	0.0
Food Services and Drinking Places	122.6	62.6	62.6	0.0	0.0	0.0
Health and Personal Care Stores	3.3	1.7	0.0	1.7	0.0	0.0
General Merchandise	6.5	3.3	0.0	3.3	0.0	0.0
Furniture and Home Furnishings Stores	6.8	3.5	0.0	3.5	0.0	0.0
Building Material and Garden Equipment and Supplies Dealer	3.8	1.9	0.0	1.9	0.0	0.0
Electronics and Appliance Stores	14.3	7.3	0.0	7.3	0.0	0.0
Clothing and Clothing Accessories Stores	9.0	4.6	4.6	0.0	0.0	0.0
Motor Vehicle and Parts Dealers	14.0	7.2	0.0	0.0	7.2	0.0
Gasoline Stations	5.7	2.9	2.9	0.0	0.0	0.0
Sporting Goods, Hobby, and Musical Instrument Stores	15.0	7.7	7.7	0.0	0.0	0.0
Miscellaneous Store Retailers	10.7	5.5	5.5	0.0	0.0	0.0
Nonstore Retailers	19.7	10.1	0.0	0.0	10.1	0.0
Arts, Entertainment, & Recreation	27.4	14.0	14.0	0.0	0.0	0.0
Medical/Health						
Ambulatory Health Care Services	5.0	2.9	0.0	0.0	0.0	2.9
General Medical and Surgical Hospitals	5.1	2.9	0.0	2.9	0.0	0.0
Nursing and Residential Care Facilities	13.2	7.5	0.0	7.5	0.0	0.0
Social Assistance	6.4	3.7	0.0	3.7	0.0	0.0
Services						
Personal and Household Goods Repair and Maintenance	15.7	8.9	8.9	0.0	0.0	0.0
Services to Buildings and Dwellings	11.3	6.5	0.0	0.0	0.0	6.5
Waste Management and Remediation Services	5.7	3.3	0.0	0.0	3.3	0.0
Real Estate and Rental and Leasing	1.1	0.6	0.0	0.0	0.6	0.0
Personal Care Services	11.1	6.4	6.4	0.0	0.0	0.0
Dry Cleaning and Laundry Services	2.0	1.0	1.0	0.0	0.0	0.0
Auto Repair and Maintenance	16.9	9.7	0.0	9.7	0.0	0.0
Veterinary Services	2.7	1.5	0.0	0.0	1.5	0.0
Photographic Services	1.6	0.9	0.0	0.0	0.9	0.0
Educational Services	29.3	16.7	0.0	16.7	0.0	0.0
Accounting	1.9	1.1	0.0	0.0	1.1	0.0
Architectural, Engineering, and Related	3.9	2.3	0.0	0.0	0.0	2.3
Specialized Design Services	1.6	0.9	0.0	0.0	0.9	0.0
Death Care Services	2.1	1.2	0.0	0.0	1.2	0.0
Legal Services	1.1	0.6	0.0	0.0	0.0	0.6
Government	0.0	24.9	0.0	10.0	1.4	14.8
Total Workers and Households	435.9	255.7	117.2	84.7	28.2	27.0
Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2]		230.1	117.2	84.7	28.2	0.0
Total Income-Qualified HH Generated Per 100 Market-Rate Units [2]		23.0	11.7	8.5	2.8	0.0

[1] Assumes 1.69 workers per worker household in the City of Atascadero based on 2015-2019 American Community Survey. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

Source: Economic & Planning Systems, Inc.

Table B-3
Income Levels for Worker Households
Worker Household Generation per 1,000 Units - For Sale 2,500 Square Foot Units
City of Atascadero For Sale Housing Fee; EPS# 211050

Industry	Total Workers	Total Worker Households [1]	VLI Households	LI Households	Moderate Income Households	Above Moderate Income Households
Retail						
Unspecified Retail	6.4	3.3	3.3	0.0	0.0	0.0
Food & Beverage Stores	34.1	17.4	0.0	17.4	0.0	0.0
Food Services and Drinking Places	147.2	75.2	75.2	0.0	0.0	0.0
Health and Personal Care Stores	3.5	1.8	0.0	1.8	0.0	0.0
General Merchandise	8.1	4.1	0.0	4.1	0.0	0.0
Furniture and Home Furnishings Stores	8.0	4.1	0.0	4.1	0.0	0.0
Building Material and Garden Equipment and Supplies Dealer	4.6	2.4	0.0	2.4	0.0	0.0
Electronics and Appliance Stores	18.2	9.3	0.0	9.3	0.0	0.0
Clothing and Clothing Accessories Stores	11.6	5.9	5.9	0.0	0.0	0.0
Motor Vehicle and Parts Dealers	17.3	8.8	0.0	0.0	8.8	0.0
Gasoline Stations	5.5	2.8	2.8	0.0	0.0	0.0
Sporting Goods, Hobby, and Musical Instrument Stores	13.8	7.1	7.1	0.0	0.0	0.0
Miscellaneous Store Retailers	11.7	6.0	6.0	0.0	0.0	0.0
Nonstore Retailers	20.8	10.6	0.0	0.0	10.6	0.0
Arts, Entertainment, & Recreation	37.6	19.2	19.2	0.0	0.0	0.0
Medical/Health						
Ambulatory Health Care Services	4.4	2.5	0.0	0.0	0.0	2.5
General Medical and Surgical Hospitals	4.5	2.6	0.0	2.6	0.0	0.0
Nursing and Residential Care Facilities	12.9	7.4	0.0	7.4	0.0	0.0
Social Assistance	7.3	4.2	0.0	4.2	0.0	0.0
Services						
Personal and Household Goods Repair and Maintenance	19.4	11.0	11.0	0.0	0.0	0.0
Services to Buildings and Dwellings	11.7	6.7	0.0	0.0	0.0	6.7
Waste Management and Remediation Services	5.9	3.4	0.0	0.0	3.4	0.0
Real Estate and Rental and Leasing	1.4	0.8	0.0	0.0	0.8	0.0
Personal Care Services	10.8	6.2	6.2	0.0	0.0	0.0
Dry Cleaning and Laundry Services	2.6	1.3	1.3	0.0	0.0	0.0
Auto Repair and Maintenance	21.4	12.2	0.0	12.2	0.0	0.0
Veterinary Services	2.5	1.4	0.0	0.0	1.4	0.0
Photographic Services	1.5	0.9	0.0	0.0	0.9	0.0
Educational Services	40.2	23.0	0.0	23.0	0.0	0.0
Accounting	2.6	1.5	0.0	0.0	1.5	0.0
Architectural, Engineering, and Related	5.5	3.2	0.0	0.0	0.0	3.2
Specialized Design Services	2.3	1.3	0.0	0.0	1.3	0.0
Death Care Services	3.0	1.7	0.0	0.0	1.7	0.0
Legal Services	1.5	0.8	0.0	0.0	0.0	0.8
Government	0.0	24.9	0.0	10.0	1.4	14.8
Total Workers and Households	509.8	294.8	137.9	98.5	31.8	28.1
Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2]		268.1	137.9	98.5	31.8	0.0
Total Income-Qualified HH Generated Per 100 Market-Rate Units [2]		26.8	13.8	9.8	3.2	0.0

[1] Assumes 1.69 workers per worker household in the City of Atascadero based on 2015-2019 American Community Survey. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

Source: Economic & Planning Systems, Inc.

The Economics of Land Use



DRAFT Report

Affordable Housing Fee Nexus Study for Rental Housing

Prepared for:

City of Atascadero

Prepared by:

Economic & Planning Systems, Inc.

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Table of Contents

EXECUTIVE SUMMARY	1
1. AFFORDABILITY GAP ANALYSIS.....	7
Product Type.....	7
Development Cost Assumptions	10
Revenue Assumptions.....	10
Affordability Gap Results	12
2. DEMAND-BASED NEXUS FEE CALCULATION	13
Market-Rate Household Income Levels	13
Household Expenditures and Job Creation by Income Level	13
Combined Demand for Income-Qualified Workers	17
Fee Calculation	19

APPENDIX A: Household Expenditures and Employment Generation

APPENDIX B: Income Levels for Worker Households

List of Figures and Tables

Figure 1	Illustration of Nexus-Based Housing Fee Methodology.....	2
Table 1	Summary of Maximum Supportable Nexus-Based Housing Fees or Unit Requirements In-Lieu of Fees	6
Table 2	Affordability Gap Analysis	9
Table 3	Income Limits for Affordable Housing	11
Table 4	Required Income by Unit Type - Market-Rate Rental Apartments.....	14
Table 5	Summary of Worker and Household Generation per 100 Market-Rate Units.....	18
Table 6	Nexus-Based Housing Fee Calculations (For-Rent Studio Apartment)	20
Table 7	Nexus-Based Housing Fee Calculations (For-Rent 1-Bedroom Apartment)	21
Table 8	Nexus-Based Housing Fee Calculations (For-Rent 2-Bedroom Apartment)	22
Table 9	Nexus-Based Housing Fee Calculations (For-Rent 3-Bedroom Apartment)	23

EXECUTIVE SUMMARY

Economic & Planning Systems, Inc. (EPS) was retained by the City of Atascadero to conduct a nexus study analyzing the impact that development of market-rate rental housing has on the demand for below-market-rate housing and, based on the results, to determine the defensible nexus-based fee that could be charged to market-rate rental development.

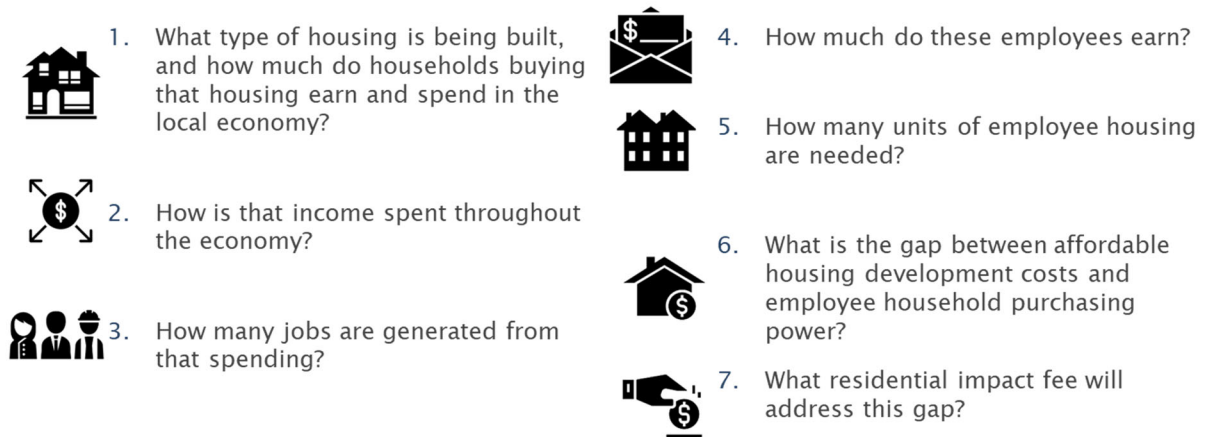
The technical approach used herein quantifies the impacts that the introduction of market-rate rental apartments have on the local economy and the demand for additional affordable housing. As new households are added to the community, local employment also will grow to provide the goods and services required by the new households. To the extent that these new jobs do not pay adequate wages for the employees to afford market-rate housing in the community, the new households' spending is creating a need for affordable housing. A nexus-based affordable housing fee is therefore based on the impact of the new market-rate homes on the demand for affordable housing. The fee calculated in this study represents the maximum fee that may be charged to new market-rate rental housing units to mitigate their impacts on the affordable housing supply. Such fees may be used by the City to subsidize the production of new affordable units for lower-income households not accommodated by market-rate projects.

Calculating the impact of market-rate rental development in the City on affordable housing needs, and the fees needed to mitigate those impacts, involves three main analytical steps:

- **Step #1.** Estimate the typical subsidy required to construct units affordable at various income levels (the "affordability gap").
- **Step #2.** Determine the market-rate households' demand for goods and services, the jobs created by that demand, and the affordable housing needs of workers in those jobs.
- **Step #3.** Combine the affordability gap with the affordable housing demand projections to compute the maximum, legally-defensible, nexus-based affordable housing fees per market-rate rental unit.

These technical steps are illustrated in **Figure 1** and detailed in the body of this Report and the attached Technical Appendices. The findings regarding each of these steps are presented below.

Figure 1 Illustration of Nexus-Based Housing Fee Methodology



1. The cost to construct housing units affordable to many households exceed those units' values based on what the households can afford to pay. The estimated subsidy required to construct affordable housing units in Atascadero ranges from roughly \$459,000 for Very Low-Income households earning up to 50 percent of AMI to \$152,000 for Moderate Income households earning up to 120 percent of AMI.

An “affordability gap analysis” evaluates whether or not the costs to construct affordable units exceed the values of units that are affordable to lower- and moderate-income households. For each affordable housing income level—households with incomes at 50, 80, and 120 percent of Area Median Income (AMI)—this analysis estimates the subsidy required to construct affordable housing units.

The affordability gap analysis assumes that the average affordable unit for all income levels will be a 2-bedroom unit in a multifamily development in a three-story building (with an average density of 24 dwelling units per acre). This prototype assumes that affordable housing developers will maximize the City’s current allowable density (24 units per acre), plus utilize the State Density Bonus (up to 50 percent of allowable density). However, due to the topography of many sites in Atascadero, it was assumed a developer would not be able to build more than 24 units per acre and that the State density Bonus would be utilized to depart from development standards to assist in achieving maximum base density. The estimated costs to construct the prototypical affordable unit are based on conversations with local market rate and affordable housing developers, as well as other development cost data sources. The cost of land acquisition is also included in the development cost calculations.

A household’s ability to pay is estimated based on standard percentages of income available for housing costs at each household income level. Income available for housing costs is then converted into a monthly affordable rent and a capitalized unit value or an affordable mortgage payment and supportable home price. This unit value is then compared to the costs of development to determine the subsidy required to make the unit affordable to each income level.

2. The demand for affordable housing generated by the expenditures of new households in Atascadero increases along with the market-rate rent price (and related renter income). For example, a studio unit that rents for \$1,750 per month is estimated to create demand for 0.142 affordable housing units, while a 3-bedroom unit that rents for \$3,000 per month creates demand for 0.218 affordable units.

Any justified nexus-based fee is based on the total demand for affordable housing units generated by the construction of market-rate units. The link (or nexus) between market-rate housing and increased demand for affordable housing is that residents of market-rate units demand goods and services that rely on wage earners (for example, retail sales clerks) some of whom typically cannot afford market-rate housing and thus require affordable housing.

Because more expensive housing units require renters to have higher incomes, *and* higher income households create more jobs through their spending, the nexus impacts and thus the justified fees for rental units vary according to the rental price range of the market-rate units. Typically, larger apartments (i.e., more bedrooms) command higher rents, so their occupants are required to have higher household incomes than renters of smaller units. Thus, larger units create more jobs as a result of their occupants' spending. Consequently, nexus impacts and the justified fees for market-rate rental apartments vary by unit size.

This analysis evaluates the demand for affordable housing generated by a range of for-rent unit sizes. For each unit size, the demand-based nexus fee calculation involves the following steps:

A. Market-Rate Household Income Levels. The expected rental price of the unit is based on market data regarding the actual asking rents of apartments of various sizes. The required income levels of households occupying new market-rate, rental housing are derived based on the rental rate, assuming standard housing cost expenses as a proportion of overall household income. For example, a typical household renting a market-rate one-bedroom unit for around \$2,200 per month would have an income of roughly \$98,800, if it spends 30 percent¹ of its income on housing costs (rent and utilities).

B. Household Expenditures. Based on the household income computed in Step A, Consumer Expenditure Survey data is used to evaluate the typical spending patterns of the household. This analysis provides an estimate of how much the household spends on specific categories of expenditures, such as "Food at Home." The survey consists of two components — the Interview Survey and the Diary Survey — each with its own sample. The surveys collect data on expenditures, income, and consumer unit characteristics. As the households' income increases along with the price and size of the market-rate units, the total spending on goods and services also increases. The Consumer Expenditure Survey also indicates that these relationships are not linear (e.g., a household with twice the income does not necessarily spend twice as much on food). While expenditures do

¹ California Health and Safety Code Section 50053 specifies that affordable housing cost for rental units is 30 percent of gross income for all income categories. Note that this differs from the State's defined affordable housing cost for for-sale units, which is up to 35 percent of gross income.

increase with income, the relationship is not linear (i.e., household expenditures do not increase at the same proportion that incomes go up).

- C. Job Creation and Worker Households.** Having estimated the households' spending on various items, that spending is then converted into an estimate of jobs created. For each expenditure category, data regarding average worker wages and the ratio between gross business receipts and wages are used to translate these household expenditures into the total number of private-sector workers. Because each new worker does not represent an independent household (Atascadero has an average of 1.71 workers per working household), the total number of new households created is somewhat less than the number of new jobs created. This analysis assumes that workers form households with others with similar wages. EPS has further adjusted the household formation rates to reflect the fact that a certain proportion of workers will *not* form their own households, particularly those of younger ages.²
- D. Worker Households by Income Category.** Each worker household generated is assigned to an income category—represented as a proportion of AMI ranging from 50 to 120 percent—based on its estimated gross wages. This provides the total number of households generated at each income level by construction of market-rate units at various sizes and price points. The results indicate that residents of smaller, lower-priced units generate fewer worker households requiring affordable housing than do residents of larger, higher-priced units.

These steps of the nexus-based fee calculation provide the total number of income-qualified workers required to meet the needs for goods and services generated by market-rate rental housing. The number of workers providing goods and services to occupants of market-rate housing (at each apartment unit size) is then converted to total income-qualified households and each such household is assumed to require one housing unit.

- 3. This analysis calculates the fees that could be charged to fully mitigate the impact that new market-rate housing has on Atascadero's affordable housing demand at various representative unit sizes. These fees could range from \$37,677 for studio apartments to \$56,685 for 3-bedroom apartments, or could be justified at approximately \$47.24 per square foot.**

The nexus fee is calculated by applying the number of affordable units needed by income qualified households to the affordability gap for each housing income category. This calculation is made for several different apartment sizes based on bedroom counts. **Table 1** summarizes the maximum nexus-based fees calculated for representative rental unit sizes. Should the City prefer to adopt a flat fee per square foot rather than adjusting the fee based on the number of bedrooms, this analysis suggests that the maximum justifiable fee could be \$47.24 per square foot, as that is the lowest maximum fee level calculated. In many cases, this fee will need to be adjusted down to a reasonable and feasible fee for new development.

² BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers overall (this factor is applied to other industries). EPS has assumed that such young workers do not form their own households and has not included them in the household formation calculations.

The City may also consider whether to allow developers to provide affordable apartment units within their projects, rather than paying the nexus-based fee. **Table 1** illustrates the proportions of affordable units that correspond to the fee calculation and demands created by the market-rate units. For instance, a project offering two-bedroom units would effectively mitigate the demand being created by the market-rate units if it provided 0.190 affordable units for each market-rate unit.

Table 1 Summary of Maximum Supportable Nexus-Based Housing Fees or Unit Requirements In-Lieu of Fees

Rental Unit Size	Square Footage	Monthly Rent	Nexus-Based Fees		Unit Requirements by Income Level			Total
			Fee per Unit	Per Sq.Ft.	VLI (<50% of AMI)	Low (<80% of AMI)	Moderate (<120% of AMI)	
Studio	500	\$1,750	\$37,677	\$75.35	7.1%	4.3%	2.8%	14.2%
1-Bedroom	750	\$2,200	\$45,295	\$60.39	8.7%	5.3%	3.2%	17.2%
2-Bedroom	900	\$2,600	\$49,730	\$55.26	9.6%	6.1%	3.3%	19.0%
3-Bedroom	1,200	\$3,000	\$56,685	\$47.24	11.1%	7.0%	3.7%	21.8%

Sources: City of Atascadero; HCD Income Limits 2021; RedFin.com; 2017 U.S Economic Census; Consumer Expenditure Survey, U.S. Bureau of Labor Statistics, September, 2020; Economic & Planning Systems, Inc.

4. While a nexus-based relationship is not typically required for cities to adopt inclusionary housing standards, Table 1 shows that the City of Atascadero could justify an inclusionary requirement of at least 14 percent from a nexus perspective.

Inclusionary ordinances in California vary widely but commonly require 10 to 15 percent affordable units. California jurisdictions commonly adopt inclusionary standards based on policy preferences rather than nexus analysis such as this report, but this analysis indicates that the impact of new rental housing could justify an inclusionary requirement of at least 14.2 percent as that is the lowest impact-based figure calculated. **Table 1** also suggests that very low-income units represent a large portion of the units demanded based on the spending of new rental housing occupants, but again jurisdictions commonly adopt inclusionary housing income standards based on considerations other than the nexus-based impact.

1. AFFORDABILITY GAP ANALYSIS

For any nexus-based affordable housing fee calculation, it is necessary to estimate the subsidy required to construct affordable housing units. **Table 2** shows the subsidy needed to produce housing that is affordable to very low-, low-, and moderate-income households (50 through 120 percent of AMI).

Product Type

While the nexus fees calculated herein are based on demands created by market-rate rental housing, the analysis assumes that new lower-income worker households would actually be housed in developments that are 100 percent affordable units (in order to determine the cost of construction for such units). The affordable units are assumed as apartments at 24 units per acre with surface parking, reflecting the assumption that affordable apartment builders would maximize the City's current allowable density (24 units per acre), plus utilize the State density bonus program to implement development standard concessions in addition to granting a 50 percent increase in base density.

In order to determine the average household size of future affordable housing units, EPS used two estimates from the US Census 2015-2019 American Community Survey (ACS)—the average household size for working households in Atascadero being 2.56, and average family size being 3.04. Rounding these averages, EPS compared the estimated household wage with the income thresholds for a 3-person household to identify the income category into which each occupation would fall for new units.

California State law (California Health and Safety Code Section 50052.5) assumes that a 2-bedroom unit is occupied by a 3-person household, and this assumption is used in this analysis. Commonly, a 2-bedroom rental unit in the Central Coast of California has a gross size of about 1,000 square feet (accounting for shared lobbies, hallways, etc.) and a net size of 900 square feet. This analysis estimates the subsidy required to build rental housing for the lower-income worker households.

Table 2 Affordability Gap Analysis

Item	3-Story Multifamily Building with Surface Parking		
	Very Low Income (50% AMI)	Low Income (80% AMI)	Moderate Income (120% AMI)
Development Program Assumptions			
Density/Acre [1]	24	24	24
Gross Unit Size	1,000	1,000	1,000
Net Unit Size	900	900	900
Number of Bedrooms	2	2	2
Number of Persons per 2-bedroom Unit [2]	3	3	3
Parking Spaces/Unit	2.00	2.00	2.00
Cost Assumptions			
Land/Acre [3]	\$650,000	\$650,000	\$650,000
Land/Unit	\$27,083	\$27,083	\$27,083
Direct Costs			
Site Preparation Cost per Land Square Foot	\$10	\$10	\$10
Site Preparation Cost per Unit	\$18,200	\$18,200	\$18,200
Direct Construction Costs/Gross SF [4]	\$350	\$350	\$350
Direct Construction Costs/Unit	\$350,000	\$350,000	\$350,000
Parking Construction Costs/Space	\$5,000	\$5,000	\$5,000
Parking Construction Costs/Unit	\$10,000	\$10,000	\$10,000
Subtotal, Direct Costs/Unit	\$378,200	\$378,200	\$378,200
Indirect Costs as a % of Direct Costs [5]			
Indirect Costs/Unit [6]	\$132,370	\$132,370	\$132,370
Developer Return (% of all costs)			
Return Amount	\$75,271	\$75,271	\$75,271
Total Cost/Unit (rounded)	\$613,000	\$613,000	\$613,000
Maximum Supported Home Price			
Household Income [7]	\$44,050	\$70,450	\$105,600
Income Available for Housing Costs/Year [8]	\$13,215	\$21,135	\$31,680
(less) Operating Expenses per Unit/Year [9]	(\$6,000)	(\$6,000)	(\$10,000)
Net Operating Income	\$7,215	\$15,135	\$21,680
Capitalization Rate [10]	4.7%	4.7%	4.7%
Total Supportable Unit Value [11]	\$154,000	\$322,000	\$461,000
Affordability Gap	\$459,000	\$291,000	\$152,000

[1] Based on City Staff input. Density assumes state density bonus is utilized but also reflects topographical limitations in the City
[2] An average of 3 persons is used for this analysis based on Census data indicating the average family size in Atascadero and State law (Health and Safety Code Section 50052.5) indicates that a 2-bedroom unit should be assumed to be occupied by a 3-person household. Thus, EPS has assumed an average unit for income-qualified worker households would be 2-bedrooms.
[3] Based on CoStar data on land transactions in the Atascadero area since 2016.
[4] Includes on-site work, offsite work, vertical construction, general requirements, overhead and builder fees. The cost estimate reflects wood-frame construction above podium parking. Assumes workers are paid prevailing wage.
[5] Includes on-site work, offsite work, vertical construction, general requirements, overhead and builder fees. The cost estimate reflects
[6] Includes costs for architecture and engineering; entitlement and fees; project management; appraisal and market study; marketing,
[7] Based on 2021 income limits for a three person household in San Luis Obispo County.
[8] Operating expenses are generally based on EPS feasibility studies in the region and are inclusive of utility costs; units at or below 80% of AMI are assumed to be built as non-profit and are therefore exempt from property taxes. Property taxes are assumed to comprise a share of the operating expenses for the moderate income category.
[9] Operating expenses are generally based on EPS feasibility studies in the region and are inclusive of utility costs; units at or below 80% of AMI are assumed to be built as non-profit and are therefore exempt from property taxes. Property taxes are assumed to comprise a share of the operating expenses for the moderate income category.
[10] The capitalization rate is used to determine the current value of a property based on estimated future operating income, and is typically a measure of estimated operating risk. Obtained from CoStar for Atascadero multifamily developments.
[11] The total supportable unit value is determined by dividing the net operating income by the capitalization rate.

Sources: City of Atascadero; HCD; CoStar; and Economic & Planning Systems, Inc.

Development Cost Assumptions

Affordable housing development costs include land costs, direct costs (e.g., labor and materials), and indirect or “soft” costs (e.g., architecture, entitlement, marketing, etc.). Operating costs, including property maintenance, common utilities, advertising, leasing, and property taxes (where applicable) also must be incorporated into the analysis. Data from recent Atascadero developments and recent Atascadero land transactions have been combined with EPS’s information from various market-rate and affordable housing developers to estimate appropriate development cost assumptions for use in Atascadero. These assumptions are shown on **Table 2**.

Revenue Assumptions

To calculate the values of the affordable units, assumptions must be made regarding the applicable income level (moderate, low, and very low) and the percentage of income spent on housing costs. In addition, translating these assumptions into unit prices and values requires estimates of operating expenses, capital reserves, and capitalization rates. The following assumptions were used in these calculations:

- *Income Levels*—This analysis estimates the subsidy required to produce units for three-person households earning up to 50, 80, and 120 percent of AMI. In 2021, AMI in San Luis Obispo County for these households was \$88,000, as shown in the California Department of Housing and Community Development’s (HCD’s) income limits chart (see **Table 3**).
- *Percentage of Gross Household Income Available for Housing Costs*—HCD standards on overpaying for rent indicate that households should pay no more than 30 percent of their gross income on rental housing costs. For this analysis, EPS has assumed that households spend 30 percent of their gross income on rental housing costs.
- *Operating Costs for Rental Units*— Based on conversations with developers and property managers, the analysis assumes that apartment operators incur annual operating costs of \$6,000 per unit, which include the cost of utilities, for units affordable at 80 percent of AMI or below. EPS has assumed the units for moderate income households would have similar operating costs but would be built by for-profit builders and thus also subject to property taxes, increasing their annual operating cost to \$10,000 per unit.

Table 3 Income Limits for Affordable Housing

Affordability Category	Maximum Percentage of County Median	2021 Max Income [1] 3-person household
Extremely Low Income (ELI)	0% - 30%	\$26,450
Very Low Income (VLI)	50%	\$44,050
Low Income (LI)	80%	\$70,450
Median Income	100%	\$88,000
Moderate Income (Mod)	120%	\$105,600

[1] 2021 HCD maximum income thresholds are used to translate employment, wages and total worker household incomes to affordable housing categories and to compute supportable housing costs based on household income levels.

Sources: CA Department of Housing and Community Development; Economic & Planning Systems, Inc.

Affordability Gap Results

Table 2 shows the estimated subsidies for construction of affordable rental units for very low, low, and moderate-income households. As shown, the cost to construct a unit of affordable housing is approximately \$613,000 per unit.

- A household earning 50 percent of AMI can afford rents that translate to unit valuation of \$154,000, resulting in a required subsidy of \$459,000.
- A household earning 80 percent of AMI can afford rents that translate to unit valuation of \$322,000, resulting in a required subsidy of \$291,000.
- A household earning 120 percent of AMI can afford rents that translate to unit valuation of \$461,000, resulting in a required subsidy of \$152,000.

These housing affordability gaps then were used to calculate the justifiable nexus-based fees by multiplying this required subsidy by the number of units required to house workers providing goods and services to new market-rate housing development. This methodology is discussed in more detail in the following chapter.

It is worth noting that the affordability gaps estimated in this analysis are not as large as they might be using other also-valid assumptions. For example, the funding gaps for low-income units assume that prices are set at 80 percent of median income, while State law suggest low-income unit prices may be set at 70 percent of median income, or even 60 percent of AMI. This methodology used by EPS yields higher unit values and thus results in lower maximum fees than the City's current practices would yield, and has been used by EPS to preempt objections that the assumptions and calculations overstate the actual funding gap for affordable units.

2. DEMAND-BASED NEXUS FEE CALCULATION

The maximum supportable nexus-based fees are based on both the affordability gap and the estimated impact that new market-rate rental units have on the need for affordable units, as reflected in the number of income-qualified local workers required to support the residents of market-rate apartments and the total subsidy required to construct housing for those workers. This approach is based on the following logic: (a) residents of market-rate housing have disposable incomes and require a variety of goods and services, (b) the provision of those goods and services will require some workers who make moderate or lower incomes and cannot afford market-rate housing, and (c) fees charged to market-rate projects can mitigate the impact of those projects on the increased need for affordable housing.

Market-Rate Household Income Levels

The link (or nexus) between market-rate housing and increased demand for affordable housing is that residents of market-rate units demand goods and services that rely on wage earners (for example, retail sales clerks) some of whom may not be able to afford market-rate housing.

Because more expensive market-rate rental housing units require tenants to have higher incomes, *and* higher income households create more jobs through their spending, the nexus impacts and thus the justified fees for units vary in relation to the rents of the market-rate units. The rent associated with a particular unit is often a function of its size. To assess the impact that market-rate rental units have on the need for affordable housing, EPS estimated the typical income required to rent a market-rate apartment at various bedroom sizes in Atascadero, as shown in **Table 4**.

Average rents for various apartment sizes (studio, and 1-, 2-, and 3-bedrooms) are based on a survey of rental rates for three market-rate multifamily projects recently developed in Atascadero. New apartment rents are significantly higher, on average, than rental rates for existing rental housing stock, both because the newer units are of better-than-average quality and because the higher rents are required to cover the costs of construction. The rents for the most recent apartment projects were used, rather than average rents for all apartments, because these newer apartments best represent the rents that can be expected with new market-rate apartment development.

Assuming utility costs for each unit size based on the Housing Authority Utility Allowance for San Luis Obispo County, the minimum household income needed to rent each unit is then computed, predicated on the assumption that a household will spend 30 percent of their income on housing costs (rent and utility payments). As shown, required household incomes range from approximately \$80,000 for a studio apartment to roughly \$135,300 for a 3-bedroom apartment. Changes in housing market and financing conditions can have a significant effect on the calculations in this study.

Household Expenditures and Job Creation by Income Level

Having established the income requirements for renting apartments of various sizes, the fee calculation then requires an analysis of the household spending patterns at those required income levels.

Table 4 Required Income by Unit Type - Market-Rate Rental Apartments

Unit Size	Required Income by Unit Type				Annual Household Income Required [3]
	Average Monthly Rent [1]	Monthly Utility Cost [2]	Subtotal Rent and Utilities	Annual Rent and Utility Expenditures	
Studio	\$1,750	\$251	\$2,001	\$24,012	\$80,000
1-Bedroom	\$2,200	\$269	\$2,469	\$29,628	\$98,800
2-Bedroom	\$2,600	\$325	\$2,925	\$35,100	\$117,000
3-Bedroom	\$3,000	\$382	\$3,382	\$40,584	\$135,300

[1] Based on Apartments.com data for multifamily rentals in the Greater San Luis Obispo Region.

[2] Based on the San Luis Obispo County Housing Authority Utility Allowance (assumes natural gas).

[3] Assumes renting households spend 30% of gross income on housing expenses.

Source: City of Atascadero; HCD; Economic & Planning Systems, Inc.

The Consumer Expenditure Survey from the United States Bureau of Labor Statistics provides data for households at a variety of income levels, detailing the amounts that typical households spend on things like Food at Home, Apparel and Services, and Vehicle Maintenance and Repairs. Interestingly, household expenditures by category are not uniformly proportional to household income levels. For example, households earning around \$80,000 (adequate to rent a studio apartment) spend roughly 12.8 percent of their income on food and drink (at home and eating out), while households earning \$135,000 who can afford to rent a three-bedroom apartment spend only about 10.6 percent of their income on food and drink. Because of these and other differences in proportionate spending, the expenditure profile varies at different income levels. Higher earning households do generate higher numbers of jobs than lower earning households, but it is not a linear relationship (i.e., a household earning \$160,000 per year does not generate more than twice the number of jobs as a household earning \$80,000 per year).

The renter household's typical expenditures were converted to the number of jobs created by their spending. The first step in this process is to determine how much of an industry's gross receipts are used to pay wages and employee compensation. EPS relied on data from the Economic Census,³ which provides employment, gross sales, and payroll data by industry for San Luis Obispo County. In certain instances, where local data was not available for every Economic Census industry, EPS relied on statewide Economic Census data for that industry.

To link the Economic Census data and the Consumer Expenditure Survey data, EPS made determinations as to the industries involved with expenditures in various categories. For example, purchases in the Consumer Expenditure Survey's "Food at Home" category would likely involve the Economic Census's "Food & Beverage Stores" industry, where gross receipts were more than nine times the employees' wages. By contrast, purchases in the Consumer Expenditure Survey's "Entertainment Fees and Admissions" category were attributed to the Economic Census' "Arts, Entertainment, and Recreation" industry, where gross receipts are only about four times the employees' wages. Where more than one Economic Census category was attributable to a Consumer Expenditure Survey category, EPS estimated the proportion of expenditures associated with each Economic Census category.

After determining the amount of the household's expenditures that were used for employee wages, EPS estimated the number of employees those aggregate wages represent. EPS calculated the number of workers supported by that spending using the average wage per worker (also from the 2017 Economic Census). These wages ranged from a low of roughly \$19,500 per year for workers in the clothing and clothing accessories industry to a high of more than \$100,000 for legal services.

³ Note that the Consumer Expenditure Survey data is based on information current as of 2019. The latest data available for the Economic Census was published in 2017. EPS converted all numbers to 2021 dollars using the Consumer Price Index (CPI) for the San Francisco Metropolitan Statistical Area (MSA) from the Bureau of Labor Statistics.

A range of occupations and incomes exist in a given industry sector. For instance, the methodology used to generate **Tables B-1 to B-4 in Appendix B** distinguishes between the typical incomes of workers in different types of retail stores (e.g., “food and beverage stores” versus “general merchandise stores”), rather than assuming all retail sector workers earn the same income. However, the average wage is used for each sub-category of industry employment and represents a reasonable proxy for the range of incomes in that group. Using the average approximates the total housing subsidy needed by workers in that industry.

To calculate the number of *households* supported by the expenditures of market-rate housing units, EPS estimated the employees’ household formation rates. Employees generated from the increase in housing units do not all form households; some employees, in the retail and food services industries in particular, are young workers and do not form households. Data from the Bureau of Labor Statistics indicates that 12.5 percent of retail/restaurant workers are age 16 to 19, but an average of only 1.9 percent of workers in the workforce overall. EPS applied these discounts to household formation by type of business to get a more accurate calculation of households formed by the employees and the average total incomes of those households.

To get the overall households’ income rather than the individual workers’, the wages of workers forming households were multiplied by the average of approximately 1.69 workers per working household in Atascadero.⁴ This assumption implies the workers in a given household will have roughly equivalent pay per hour. While certainly there will often be some variation in wages per employee within a household, on average this assumption is reasonable because it implies comparable levels of education and training among all workers in a household. The average household incomes then are allocated to various income categories to estimate the number of affordable housing units demanded in each income category (50 through 120 percent of AMI).

A simplified example of these calculations follows:

A.	Number of Households (prototype project)	1,000
B.	Average Household Income	\$125,000
C.	Aggregate Household Income (A x B)	\$125 million
D.	Average Income Spent on Retail (Consumer Expenditure Survey)	\$40,000
E.	Aggregate Retail Spending (A x D)	\$40 million
F.	Retail Gross Receipts: Payroll Ratio (Economic Census)	9:1
G.	Estimated Retail Payroll (E ÷ F)	\$4.44 million
H.	Average Retail Wage (Economic Census)	\$28,500
I.	Estimated Total Retail Jobs (G ÷ H)	156
J.	Percent Age 20+ (Bureau of Labor Statistics)	87.5%
K.	Total Retail Workers Forming Households	136
J.	Average Workers/Household (Census Data)	1.71
K.	Estimated Households Created (K ÷ J)	80
L.	Average Household Income (H x J)	\$45,000
M.	Income Category	Low-Income (up to 80% of AMI)

⁴ Workers per working household based on American Community Survey (ACS) Census data as of 2019. Although ACS data reported is based on historical figures, these figures can vary somewhat based on ongoing revisions to the ACS data.

In this simplified example, 1,000 new market-rate apartments rented to households earning \$125,000 per year would create demand for 80 housing units for retail workers with household incomes typically between 50 and 80 percent of AMI. Actual calculations and impact distinctions by type of household expenditure for various rental unit sizes are shown in the series of tables presented in **Appendix B**.

Demand for Income-Qualified Workers

The total number of income-qualified households required to support the expenditure needs of new market-rate units were determined based on the affordable housing income limits from HCD for a 3-person household. **Table 3** summarizes the HCD income limits used to compute the total number of income-qualified households generated by construction of market-rate units.⁵ The number of income-qualified households required to provide goods and services to new housing units is detailed in **Appendix B**.

The nexus methodology used herein computes the total number of income-qualified households generated by market-rate units (as shown in **Table 5**) and calculates the impact fee based on the estimated cost to subsidize the production of units to meet that affordable housing demand. This analysis assumes that the fees on residential development will fund required affordable housing for all new workers generated.

Table 5 Summary of Worker and Household Generation per 100 Market-Rate Units

Unit Type	Minimum Household Income Requirement	Total Workers Generated [1]	Total Worker Households [2]	Total Income Qualified Households [3]	Income Qualified Households by Income Category		
					VLI Households	LI Households	Moderate Income Households
Rental Units							
Studio	\$80,000	30	16.1	14.2	7.1	4.3	2.8
1-Bedroom	\$98,800	36	19.3	17.2	8.7	5.3	3.2
2-Bedroom	\$117,000	40	21.2	19.0	9.6	6.1	3.3
3-Bedroom	\$135,300	45	24.1	21.8	11.1	7.0	3.7

[1] Total workers generated detailed by unit price point and rental apartment size in Tables B-1 through B-4.

[2] Total worker households derived assuming 1.71 workers per household. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

[3] Total income qualified households reflects those households eligible for affordable housing based on total household income. Income qualified households therefore exclude households earning above moderate income. See Tables B-1 through B-4 for detail. Total may not sum due to rounding.

Source: Economic & Planning Systems, Inc.

⁵ To correspond to the available data regarding employee wages, the 2021 San Luis Obispo County affordable housing income limits from HCD were used to determine the number of income-qualified households based on household expenditures.

Fee Calculation

The affordability gap analysis quantifies the subsidy required to construct affordable housing at various income levels. Analysis of consumer expenditures that rely on lower wage workers provides an estimate of the total number of income-qualified households generated by new for-rent units. Then for each category of market-rate rental units, the nexus-based fee is calculated by applying the total number of income-qualified households generated to the affordability gap computed for each affordable household income level. The analysis provides the maximum supportable nexus-based fees for new rental housing development in Atascadero.

Tables 6 through **9** show the impact fee calculation by number of bedrooms for rental units. The total impact fees required for a representative project of 100 units is calculated by multiplying the number of affordable units required per income level by the cost of subsidizing such housing. All income-qualified households are assumed to be housed in multifamily units and the subsidies needed are calculated as the affordability gaps shown in **Table 2**. The resulting maximum impact fee for market-rate rental units ranges from \$37,677 for a studio apartment to \$56,685 for a 3-bedroom apartment.

These fee estimates result in the maximum fee range of between \$47 and \$75 per square foot. While the City has the option of adopting fees up to the maximum levels calculated, there may be a variety of reasons to adopt the fee level below the maximum, including concerns about affecting the feasibility of new housing construction. The goal is to balance the competing objectives of generating revenue to support affordable housing in the community while not overburdening new development. EPS is evaluating the level of fees that may be feasible in current market conditions and will document these findings in a separate deliverable.

Table 6 Nexus-Based Housing Fee Calculations (For-Rent Studio Apartment)

Item	Affordable Units Required Per 100 Market-Rate Units [1]	Affordability Gap per Affordable Unit [2]	Total Nexus-Based Fee Supported		
			Per 100 Market-Rate Units	Per Market-Rate Unit	Per Sq.Ft.
	(A)	(B)	(C = A * B)	(D = C / 100)	
Affordable Units - Very Low Income	7.1	\$153,511	\$1,082,262		
Affordable Units - Low Income	4.3	\$322,021	\$1,389,876		
Affordable Units - Moderate Income	<u>2.8</u>	\$461,277	<u>\$1,295,612</u>		
Total	14.2		\$3,767,749	\$37,677	\$75.35

[1] See Table 5.

[2] See Table 2. EPS has assumed all affordable units will be rental because the subsidy to construct rental units is lower than for-sale for every income-category.

Source: Economic & Planning Systems, Inc.

Table 7 Nexus-Based Housing Fee Calculations (For-Rent 1-Bedroom Apartment)

Item	Affordable Units Required Per 100 Market-Rate Units [1]	Affordability Gap per Affordable Unit [2]	Total Nexus-Based Fee Supported		
			Per 100 Market-Rate Units	Per Market-Rate Unit	Per Sq.Ft.
	(A)	(B)	(C = A * B)	(D = C / 100)	
Affordable Units - Very Low Income	8.7	\$153,511	\$1,336,593		
Affordable Units - Low Income	5.3	\$322,021	\$1,716,496		
Affordable Units - Moderate Income	<u>3.2</u>	\$461,277	<u>\$1,476,389</u>		
Total	17.2		\$4,529,478	\$45,295	\$60.39

[1] See Table 5.

[2] See Table 2. EPS has assumed all affordable units will be rental because the subsidy to construct rental units is lower than for-sale for every income-category.

Source: Economic & Planning Systems, Inc.

Table 8 Nexus-Based Housing Fee Calculations (For-Rent 2-Bedroom Apartment)

Item	Affordable Units Required Per 100 Market-Rate Units [1]	Affordability Gap per Affordable Unit [2]	Total Nexus-Based Fee Supported		
			Per 100 Market-Rate Units	Per Market-Rate Unit	Per Sq.Ft.
	(A)	(B)	(C = A * B)	(D = C / 100)	
Affordable Units - Very Low Income	9.6	\$153,511	\$1,473,463		
Affordable Units - Low Income	6.1	\$322,021	\$1,958,615		
Affordable Units - Moderate Income	<u>3.3</u>	\$461,277	<u>\$1,540,939</u>		
Total	19.0		\$4,973,017	\$49,730	\$55.26

[1] See Table 5.

[2] See Table 2. EPS has assumed all affordable units will be rental because the subsidy to construct rental units is lower than for-sale for every income-category.

Source: Economic & Planning Systems, Inc.

Table 9 Nexus-Based Housing Fee Calculations (For-Rent 3-Bedroom Apartment)

Item	Affordable Units Required Per 100 Market-Rate Units [1]	Affordability Gap per Affordable Unit [2]	Total Nexus-Based Fee Supported		
			Per 100 Market-Rate Units	Per Market-Rate Unit	Per Sq.Ft.
	(A)	(B)	(C = A * B)	(D = C / 100)	
Affordable Units - Very Low Income	11.1	\$153,511	\$1,703,928		
Affordable Units - Low Income	7.0	\$322,021	\$2,264,963		
Affordable Units - Moderate Income	<u>3.7</u>	\$461,277	<u>\$1,699,631</u>		
Total	21.8		\$5,668,522	\$56,685	\$47.24

[1] See Table 5.

[2] See Tables 2. EPS has assumed all affordable units will be rental because the subsidy to construct rental units is lower than for-sale for every income-category.

Source: Economic & Planning Systems, Inc.



APPENDICES:

Appendix A: Household Expenditures and
Employment Generation

Appendix B: Income Levels for Worker Households

APPENDIX A:

Household Expenditures and Employment Generation



**Table A-1
Household Expenditures and Employment Generation - For Rent Studio Apartment
City of Atascadero Rental Housing Fee; EPS# 211050**

Item		% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/ HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
<i>Calculation</i>		<i>a</i>	<i>b</i>	<i>c</i>	<i>d = c * 1,000</i>	<i>e</i>	<i>f = d / e</i>	<i>g</i>	<i>h = f / g</i>	<i>i</i>	<i>j</i>	<i>k = h * i / j</i>	<i>l = g * j</i>	
Required Income	\$80,000													
Food at Home		7.2%	100%	\$5,738										
Food & Beverage Stores			100%	\$5,738	\$5,737,588	9.40	\$610,703	\$30,692	19.9	87.5%	1.71	10.2	\$52,599	LI Households
Food Away From Home		5.6%	100%	\$4,481										
Food Services and Drinking Places			100%	\$4,481	\$4,481,398	3.20	\$1,400,124	\$19,920	70.3	87.5%	1.71	35.9	\$34,137	VLI Households
Alcoholic Beverages		0.9%	100%	\$759										
Food & Beverage Stores			50%	\$380	\$379,717	9.40	\$40,417	\$30,692	1.3	87.5%	1.71	0.7	\$52,599	LI Households
Food Services and Drinking Places			50%	\$380	\$379,717	3.20	\$118,635	\$19,920	6.0	87.5%	1.71	3.0	\$34,137	VLI Households
Housing Maintenance, Repairs, Insurance, Other expenses		1.8%	100%	\$1,424										
Personal and Household Goods Repair and Maintenance			45%	\$641	\$640,593	3.30	\$194,177	\$25,686	7.6	98.1%	1.71	4.3	\$44,019	VLI Households
Building Material and Garden Equipment and Supplies Dealer			45%	\$641	\$640,593	9.23	\$69,393	\$36,992	1.9	87.5%	1.71	1.0	\$63,394	LI Households
Real Estate and Rental and Leasing			10%	\$142	\$142,354	5.23	\$27,199	\$43,536	0.6	98.1%	1.71	0.4	\$74,608	Moderate
Fuel oil and Other fuels [7]		5.6%	100%	\$4,478										
Nonstore Retailers			100%	\$4,478	\$4,478,221	7.83	\$572,209	\$42,161	13.6	87.5%	1.71	6.9	\$72,252	Moderate
Water and Other Public Services [7]		1.2%	100%	\$925										
Waste Management and Remediation Services			100%	\$925	\$924,666	4.11	\$224,888	\$59,559	3.8	98.1%	1.71	2.2	\$102,068	Moderate
Household Operations Personal Services		0.8%	100%	\$638										
Nursing and Residential Care Facilities			40%	\$255	\$255,051	2.20	\$116,065	\$33,109	3.5	98.1%	1.71	2.0	\$56,740	LI Households
Social Assistance [8]			60%	\$383	\$382,576	2.98	\$128,231	\$27,179	4.7	98.1%	1.71	2.7	\$46,578	LI Households
Household Operations Other Household Expenses		1.3%	100%	\$1,058										
Services to Buildings and Dwellings			100%	\$1,058	\$1,057,931	2.91	\$363,690	\$75,555	4.8	98.1%	1.71	2.8	\$129,482	Above Mod
Housekeeping Supplies		1.0%	100%	\$800										
Building Materials and Garden Equipment and Supplies Dealers			10%	\$80	\$79,968	9.23	\$8,663	\$36,992	0.2	87.5%	1.71	0.1	\$63,394	LI Households
Food & Beverage Stores			35%	\$280	\$279,889	9.40	\$29,791	\$30,692	1.0	87.5%	1.71	0.5	\$52,599	LI Households
General Merchandise			35%	\$280	\$279,889	11.23	\$24,930	\$30,374	0.8	87.5%	1.71	0.4	\$52,053	LI Households
Miscellaneous Store Retailers			20%	\$160	\$159,936	6.97	\$22,953	\$23,032	1.0	87.5%	1.71	0.5	\$39,471	VLI Households

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a Studio Unit requires a household income of \$90,000 per year.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Luis Obispo County.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-1
Household Expenditures and Employment Generation - For Rent Studio Apartment
City of Atascadero Rental Housing Fee; EPS# 211050**

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/ HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
Household Furnishings and Equipment	3.1%	100%	\$2,484										
Furniture and Home Furnishings Stores		40%	\$994	\$993,513	6.99	\$142,034	\$33,865	4.2	87.5%	1.71	2.1	\$58,035	LI Households
Electronics and Appliance Stores		40%	\$994	\$993,513	6.84	\$145,293	\$30,374	4.4	87.5%	1.71	2.2	\$56,860	LI Households
General Merchandise Stores		10%	\$248	\$248,378	11.23	\$22,123	\$30,374	0.7	87.5%	1.71	0.4	\$52,053	LI Households
Miscellaneous Store Retailers		10%	\$248	\$248,378	6.97	\$35,646	\$23,032	1.5	87.5%	1.71	0.8	\$39,471	VLI Households
Apparel and Services	2.9%	100%	\$2,290										
Clothing and Clothing Accessories Stores		40%	\$916	\$915,980	8.08	\$113,433	\$18,852	6.0	87.5%	1.71	3.1	\$32,307	VLI Households
General Merchandise		40%	\$916	\$915,980	11.23	\$81,587	\$30,374	2.7	87.5%	1.71	1.4	\$52,053	LI Households
Miscellaneous Store Retailers		10%	\$229	\$228,995	6.97	\$32,864	\$23,032	1.4	87.5%	1.71	0.7	\$39,471	VLI Households
Personal and Household Goods Repair and Maintenance		5%	\$114	\$114,498	3.30	\$34,706	\$25,686	1.4	87.5%	1.71	0.7	\$44,019	VLI Households
Dry cleaning and Laundry Services		5%	\$114	\$114,498	3.30	\$34,706	\$25,686	1.4	87.5%	1.71	0.7	\$44,019	VLI Households
Vehicle Purchases (net outlay)	5.2%	100%	\$4,185										
Motor Vehicle and Parts Dealers		100%	\$4,185	\$4,184,827	10.73	\$389,884	\$50,376	7.7	87.5%	1.71	4.0	\$86,331	Moderate
Gasoline and motor oil	3.6%	100%	\$2,849										
Gasoline Stations		100%	\$2,849	\$2,849,199	30.62	\$93,038	\$25,561	3.6	87.5%	1.71	1.9	\$43,804	VLI Households
Vehicle Maintenance and Repairs	1.4%	100%	\$1,131										
Repair and Maintenance		100%	\$1,131	\$1,131,206	3.37	\$335,357	\$28,937	11.6	98.1%	1.71	6.6	\$49,591	LI Households
Medical Services	1.5%	100%	\$1,233										
Ambulatory Health Care Services		40%	\$493	\$493,155	2.60	\$189,427	\$62,611	3.0	98.1%	1.71	1.7	\$107,299	Above Mod
General Medical and Surgical Hospitals		30%	\$370	\$369,866	4.40	\$84,050	\$27,115	3.1	98.1%	1.71	1.8	\$46,469	LI Households
Nursing and Residential Care Facilities		30%	\$370	\$369,866	2.20	\$168,314	\$33,109	5.1	98.1%	1.71	2.9	\$56,740	LI Households
Drugs	0.7%	100%	\$540										
Health and Personal Care Stores		100%	\$540	\$540,183	9.35	\$57,779	\$36,944	1.6	87.5%	1.71	0.8	\$63,313	LI Households
Medical Supplies	0.3%	100%	\$211										
Health and Personal Care Stores		100%	\$211	\$210,777	9.35	\$22,545	\$36,944	0.6	87.5%	1.71	0.3	\$63,313	LI Households
Entertainment Fees and Admissions	1.2%	100%	\$935										
Arts, Entertainment, & Recreation		100%	\$935	\$935,258	2.93	\$318,996	\$20,339	15.7	87.5%	1.71	8.0	\$34,856	VLI Households

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a Studio Unit requires a household income of \$90,000 per year.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Luis Obispo County.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-1
Household Expenditures and Employment Generation - For Rent Studio Apartment
City of Atascadero Rental Housing Fee; EPS# 211050**

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/ HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
Entertainment Audio and Visual Equipment and Services	1.2%	100%	\$935										
Electronics and Appliance Stores		100%	\$935	\$935,258	6.84	\$136,774	\$33,179	4.1	87.5%	1.71	2.1	\$56,860	LI Households
Entertainment Pets, Toys, Hobbies, and Playground Equip.	1.3%	100%	\$1,045										
Sporting Goods, Hobby, and Musical Instrument Stores		40%	\$418	\$418,165	7.31	\$57,204	\$20,692	2.8	87.5%	1.71	1.4	\$35,461	VLI Households
Miscellaneous Store Retailers		40%	\$418	\$418,165	6.97	\$60,013	\$23,032	2.6	87.5%	1.71	1.3	\$39,471	VLI Households
Veterinary Services		20%	\$209	\$209,082	2.69	\$77,687	\$49,793	1.6	98.1%	1.71	0.9	\$85,332	Moderate
Other Entertainment Supplies, Equipment, and Services	0.5%	100%	\$390										
Sporting Goods, Hobby, and Musical Instrument Stores		85%	\$331	\$331,312	7.31	\$45,323	\$20,692	2.2	87.5%	1.71	1.1	\$35,461	VLI Households
Photographic Services		15%	\$58	\$58,467	3.41	\$17,162	\$43,227	0.4	98.1%	1.71	0.2	\$74,079	Moderate
Personal Care Products and Services	1.2%	100%	\$944										
Unspecified Retail		50%	\$472	\$471,865	6.97	\$67,720	\$23,032	2.9	87.5%	1.71	1.5	\$39,471	VLI Households
Personal Care Services		50%	\$472	\$471,865	3.46	\$136,270	\$20,231	6.7	98.1%	1.71	3.9	\$34,671	VLI Households
Reading	0.1%	100%	\$109										
Sporting Goods, Hobby, and Musical Instrument Stores		100%	\$109	\$109,096	7.31	\$14,924	\$20,692	0.7	87.5%	1.71	0.4	\$35,461	VLI Households
Education	1.0%	100%	\$823										
Educational Services		100%	\$823	\$822,984	3.45	\$238,559	\$27,444	8.7	98.1%	1.71	5.0	\$47,032	LI Households
Tobacco Products and Smoking Supplies	0.4%	100%	\$287										
Unspecified Retail		100%	\$287	\$287,038	6.97	\$41,194	\$23,032	1.8	87.5%	1.71	0.9	\$39,471	VLI Households
Miscellaneous	1.3%	100%	\$1,007										
Accounting		20%	\$201	\$201,456	3.37	\$59,809	\$50,490	1.2	98.1%	1.71	0.7	\$86,527	Moderate
Architectural, Engineering, and Related		20%	\$201	\$201,456	0.83	\$243,795	\$97,022	2.5	98.1%	1.71	1.4	\$166,269	Above Mod
Specialized Design Services		20%	\$201	\$201,456	3.50	\$57,504	\$56,159	1.0	98.1%	1.71	0.6	\$96,242	Moderate
Death Care Services		20%	\$201	\$201,456	2.99	\$67,348	\$43,227	1.6	98.1%	1.71	0.9	\$74,079	Moderate
Legal Services		20%	\$201	\$201,456	2.87	\$70,239	\$100,406	0.7	98.1%	1.71	0.4	\$172,068	Above Mod
Total per 1,000 Market Rate Households								258.1			136.3		

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a Studio Unit requires a household income of \$90,000 per year.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Luis Obispo County.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-2
Household Expenditures and Employment Generation - For Rent 1-Bedroom Apartment
City of Atascadero Rental Housing Fee; EPS# 211050**

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/ HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
<i>Calculation</i>	<i>a</i>	<i>b</i>	<i>c</i>	<i>d = c * 1,000</i>	<i>e</i>	<i>f = d / e</i>	<i>g</i>	<i>h = f / g</i>	<i>i</i>	<i>j</i>	<i>k = h * i / j</i>	<i>l = g * j</i>	
Required Income	\$98,800												
Food at Home	7.2%	100%	\$7,086										
Food & Beverage Stores		100%	\$7,086	\$7,085,921	9.40	\$754,219	\$30,692	24.6	87.5%	1.71	12.5	\$52,599	LI Households
Food Away From Home	5.6%	100%	\$5,535										
Food Services and Drinking Places		100%	\$5,535	\$5,534,527	3.20	\$1,729,154	\$19,920	86.8	87.5%	1.71	44.3	\$34,137	VLI Households
Alcoholic Beverages	0.9%	100%	\$938										
Food & Beverage Stores		50%	\$469	\$468,950	9.40	\$49,915	\$30,692	1.6	87.5%	1.71	0.8	\$52,599	LI Households
Food Services and Drinking Places		50%	\$469	\$468,950	3.20	\$146,514	\$19,920	7.4	87.5%	1.71	3.8	\$34,137	VLI Households
Housing Maintenance, Repairs, Insurance, Other expenses	1.8%	100%	\$1,758										
Personal and Household Goods Repair and Maintenance		45%	\$791	\$791,133	3.30	\$239,808	\$25,686	9.3	98.1%	1.71	5.3	\$44,019	VLI Households
Building Material and Garden Equipment and Supplies Dealer		45%	\$791	\$791,133	9.23	\$85,700	\$36,992	2.3	87.5%	1.71	1.2	\$63,394	LI Households
Real Estate and Rental and Leasing		10%	\$176	\$175,807	5.23	\$33,591	\$43,536	0.8	98.1%	1.71	0.4	\$74,608	Moderate
Fuel oil and Other fuels [7]	5.6%	100%	\$5,531										
Nonstore Retailers		100%	\$5,531	\$5,530,602	7.83	\$706,678	\$42,161	16.8	87.5%	1.71	8.6	\$72,252	Moderate
Water and Other Public Services [7]	1.2%	100%	\$1,142										
Waste Management and Remediation Services		100%	\$1,142	\$1,141,962	4.11	\$277,737	\$59,559	4.7	98.1%	1.71	2.7	\$102,068	Moderate
Household Operations Personal Services	0.8%	100%	\$787										
Nursing and Residential Care Facilities		40%	\$315	\$314,988	2.20	\$143,340	\$33,109	4.3	98.1%	1.71	2.5	\$56,740	LI Households
Social Assistance [8]		60%	\$472	\$472,482	2.98	\$158,366	\$27,179	5.8	98.1%	1.71	3.3	\$46,578	LI Households
Household Operations Other Household Expenses	1.3%	100%	\$1,307										
Services to Buildings and Dwellings		100%	\$1,307	\$1,306,545	2.91	\$449,157	\$75,555	5.9	98.1%	1.71	3.4	\$129,482	Above Mod
Housekeeping Supplies	1.0%	100%	\$988										
Building Materials and Garden Equipment and Supplies Dealers		10%	\$99	\$98,761	9.23	\$10,698	\$36,992	0.3	87.5%	1.71	0.1	\$63,394	LI Households
Food & Beverage Stores		35%	\$346	\$345,663	9.40	\$36,792	\$30,692	1.2	87.5%	1.71	0.6	\$52,599	LI Households
General Merchandise		35%	\$346	\$345,663	11.23	\$30,788	\$30,374	1.0	87.5%	1.71	0.5	\$52,053	LI Households
Miscellaneous Store Retailers		20%	\$198	\$197,522	6.97	\$28,347	\$23,032	1.2	87.5%	1.71	0.6	\$39,471	VLI Households

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a 1-Bedroom Unit requires a household income of \$138,800 per year.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Luis Obispo County.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-2
Household Expenditures and Employment Generation - For Rent 1-Bedroom Apartment
City of Atascadero Rental Housing Fee; EPS# 211050**

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/ HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
Household Furnishings and Equipment	3.1%	100%	\$3,067										
Furniture and Home Furnishings Stores		40%	\$1,227	\$1,226,988	6.99	\$175,412	\$33,865	5.2	87.5%	1.71	2.6	\$58,035	LI Households
Electronics and Appliance Stores		40%	\$1,227	\$1,226,988	6.84	\$179,437	\$33,179	5.4	87.5%	1.71	2.8	\$56,860	LI Households
General Merchandise Stores		10%	\$307	\$306,747	11.23	\$27,322	\$30,374	0.9	87.5%	1.71	0.5	\$52,053	LI Households
Miscellaneous Store Retailers		10%	\$307	\$306,747	6.97	\$44,023	\$23,032	1.9	87.5%	1.71	1.0	\$39,471	VLI Households
Apparel and Services	2.9%	100%	\$2,828										
Clothing and Clothing Accessories Stores		40%	\$1,131	\$1,131,236	8.08	\$140,090	\$18,852	7.4	87.5%	1.71	3.8	\$32,307	VLI Households
General Merchandise		40%	\$1,131	\$1,131,236	11.23	\$100,760	\$30,374	3.3	87.5%	1.71	1.7	\$52,053	LI Households
Miscellaneous Store Retailers		10%	\$283	\$282,809	6.97	\$40,587	\$23,032	1.8	87.5%	1.71	0.9	\$39,471	VLI Households
Personal and Household Goods Repair and Maintenance		5%	\$141	\$141,404	3.30	\$42,863	\$25,686	1.7	87.5%	1.71	0.9	\$44,019	VLI Households
Dry cleaning and Laundry Services		5%	\$141	\$141,404	3.30	\$42,863	\$25,686	1.7	87.5%	1.71	0.9	\$44,019	VLI Households
Vehicle Purchases (net outlay)	5.2%	100%	\$5,168										
Motor Vehicle and Parts Dealers		100%	\$5,168	\$5,168,262	10.73	\$481,506	\$50,376	9.6	87.5%	1.71	4.9	\$86,331	Moderate
Gasoline and motor oil	3.6%	100%	\$3,519										
Gasoline Stations		100%	\$3,519	\$3,518,761	30.62	\$114,903	\$25,561	4.5	87.5%	1.71	2.3	\$43,804	VLI Households
Vehicle Maintenance and Repairs	1.4%	100%	\$1,397										
Repair and Maintenance		100%	\$1,397	\$1,397,040	3.37	\$414,166	\$28,937	14.3	98.1%	1.71	8.2	\$49,591	LI Households
Medical Services	1.5%	100%	\$1,523										
Ambulatory Health Care Services		40%	\$609	\$609,046	2.60	\$233,942	\$62,611	3.7	98.1%	1.71	2.1	\$107,299	Above Mod
General Medical and Surgical Hospitals		30%	\$457	\$456,785	4.40	\$103,802	\$27,115	3.8	98.1%	1.71	2.2	\$46,469	LI Households
Nursing and Residential Care Facilities		30%	\$457	\$456,785	2.20	\$207,867	\$33,109	6.3	98.1%	1.71	3.6	\$56,740	LI Households
Drugs	0.7%	100%	\$667										
Health and Personal Care Stores		100%	\$667	\$667,126	9.35	\$71,358	\$36,944	1.9	87.5%	1.71	1.0	\$63,313	LI Households
Medical Supplies	0.3%	100%	\$260										
Health and Personal Care Stores		100%	\$260	\$260,310	9.35	\$27,843	\$36,944	0.8	87.5%	1.71	0.4	\$63,313	LI Households
Entertainment Fees and Admissions	1.2%	100%	\$1,155										
Arts, Entertainment, & Recreation		100%	\$1,155	\$1,155,043	2.93	\$393,960	\$20,339	19.4	87.5%	1.71	9.9	\$34,856	VLI Households

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a 1-Bedroom Unit requires a household income of \$138,800 per year.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Luis Obispo County.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-2
Household Expenditures and Employment Generation - For Rent 1-Bedroom Apartment
City of Atascadero Rental Housing Fee; EPS# 211050**

Item	#REF!	#REF!	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/ HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
Entertainment Audio and Visual Equipment and Services	1.2%	100%	\$1,155										
Electronics and Appliance Stores		100%	\$1,155	\$1,155,043	6.84	\$168,915	\$33,179	5.1	87.5%	1.71	2.6	\$56,860	LI Households
Entertainment Pets, Toys, Hobbies, and Playground Equip.	1.3%	100%	\$1,291										
Sporting Goods, Hobby, and Musical Instrument Stores		40%	\$516	\$516,434	7.31	\$70,647	\$20,692	3.4	87.5%	1.71	1.7	\$35,461	VLI Households
Miscellaneous Store Retailers		40%	\$516	\$516,434	6.97	\$74,116	\$23,032	3.2	87.5%	1.71	1.6	\$39,471	VLI Households
Veterinary Services		20%	\$258	\$258,217	2.69	\$95,944	\$49,793	1.9	98.1%	1.71	1.1	\$85,332	Moderate
Other Entertainment Supplies, Equipment, and Services	0.5%	100%	\$481										
Sporting Goods, Hobby, and Musical Instrument Stores		85%	\$409	\$409,170	7.31	\$55,974	\$20,692	2.7	87.5%	1.71	1.4	\$35,461	VLI Households
Photographic Services		15%	\$72	\$72,207	3.41	\$21,195	\$43,227	0.5	98.1%	1.71	0.3	\$74,079	Moderate
Personal Care Products and Services	1.2%	100%	\$1,166										
Unspecified Retail		50%	\$583	\$582,754	6.97	\$83,634	\$23,032	3.6	87.5%	1.71	1.9	\$39,471	VLI Households
Personal Care Services		50%	\$583	\$582,754	3.46	\$168,294	\$20,231	8.3	98.1%	1.71	4.8	\$34,671	VLI Households
Reading	0.1%	100%	\$135										
Sporting Goods, Hobby, and Musical Instrument Stores		100%	\$135	\$134,733	7.31	\$18,431	\$20,692	0.9	87.5%	1.71	0.5	\$35,461	VLI Households
Education	1.0%	100%	\$1,016										
Educational Services		100%	\$1,016	\$1,016,386	3.45	\$294,621	\$27,444	10.7	98.1%	1.71	6.1	\$47,032	LI Households
Tobacco Products and Smoking Supplies	0.4%	100%	\$354										
Unspecified Retail		100%	\$354	\$354,492	6.97	\$50,875	\$23,032	2.2	87.5%	1.71	1.1	\$39,471	VLI Households
Miscellaneous	1.3%	100%	\$1,244										
Accounting		20%	\$249	\$248,799	3.37	\$73,864	\$50,490	1.5	98.1%	1.71	0.8	\$86,527	Moderate
Architectural, Engineering, and Related		20%	\$249	\$248,799	0.83	\$301,087	\$97,022	3.1	98.1%	1.71	1.8	\$166,269	Above Mod
Specialized Design Services		20%	\$249	\$248,799	3.50	\$71,017	\$56,159	1.3	98.1%	1.71	0.7	\$96,242	Moderate
Death Care Services		20%	\$249	\$248,799	2.99	\$83,175	\$43,227	1.9	98.1%	1.71	1.1	\$74,079	Moderate
Legal Services		20%	\$249	\$248,799	2.87	\$86,745	\$100,406	0.9	98.1%	1.71	0.5	\$172,068	Above Mod
Total per 1,000 Market Rate Households								318.8			168.3		

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a 1-Bedroom Unit requires a household income of \$138,800 per year.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Luis Obispo County.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-3
Household Expenditures and Employment Generation - For Rent 2-Bedroom Apartment
City of Atascadero Rental Housing Fee; EPS# 211050**

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/ HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
Calculation	a	b	c	d = c * 1,000	e	f = d / e	g	h = f / g	i	j	k = h * i / j	l = g * j	
Required Income				\$117,000									
Food at Home	5.7%	100%	\$6,726										
Food & Beverage Stores		100%	\$6,726	\$6,726,005	9.40	\$715,909	\$30,692	23.3	87.5%	1.71	11.9	\$52,599	LI Households
Food Away From Home	5.1%	100%	\$5,935										
Food Services and Drinking Places		100%	\$5,935	\$5,934,711	3.20	\$1,854,183	\$19,920	93.1	87.5%	1.71	47.5	\$34,137	VLI Households
Alcoholic Beverages	0.7%	100%	\$865										
Food & Beverage Stores		50%	\$433	\$432,670	9.40	\$46,053	\$30,692	1.5	87.5%	1.71	0.8	\$52,599	LI Households
Food Services and Drinking Places		50%	\$433	\$432,670	3.20	\$135,179	\$19,920	6.8	87.5%	1.71	3.5	\$34,137	VLI Households
Housing Maintenance, Repairs, Insurance, Other expenses	1.8%	100%	\$2,099										
Personal and Household Goods Repair and Maintenance		45%	\$944	\$944,415	3.30	\$286,271	\$25,686	11.1	98.1%	1.71	6.4	\$44,019	VLI Households
Building Material and Garden Equipment and Supplies Dealer		45%	\$944	\$944,415	9.23	\$102,304	\$36,992	2.8	87.5%	1.71	1.4	\$63,394	LI Households
Real Estate and Rental and Leasing		10%	\$210	\$209,870	5.23	\$40,099	\$43,536	0.9	98.1%	1.71	0.5	\$74,608	Moderate
Fuel oil and Other fuels [7]	4.5%	100%	\$5,309										
Nonstore Retailers		100%	\$5,309	\$5,309,190	7.83	\$678,387	\$42,161	16.1	87.5%	1.71	8.2	\$72,252	Moderate
Water and Other Public Services [7]	1.0%	100%	\$1,136										
Waste Management and Remediation Services		100%	\$1,136	\$1,136,105	4.11	\$276,312	\$59,559	4.6	98.1%	1.71	2.7	\$102,068	Moderate
Household Operations Personal Services	0.6%	100%	\$705										
Nursing and Residential Care Facilities		40%	\$282	\$282,037	2.20	\$128,346	\$33,109	3.9	98.1%	1.71	2.2	\$56,740	LI Households
Social Assistance [8]		60%	\$423	\$423,055	2.98	\$141,799	\$27,179	5.2	98.1%	1.71	3.0	\$46,578	LI Households
Household Operations Other Household Expenses	1.3%	100%	\$1,547										
Services to Buildings and Dwellings		100%	\$1,547	\$1,547,224	2.91	\$531,897	\$75,555	7.0	98.1%	1.71	4.0	\$129,482	Above Mod
Housekeeping Supplies	0.9%	100%	\$1,050										
Building Materials and Garden Equipment and Supplies Dealers		10%	\$105	\$104,990	9.23	\$11,373	\$36,992	0.3	87.5%	1.71	0.2	\$63,394	LI Households
Food & Beverage Stores		35%	\$367	\$367,466	9.40	\$39,113	\$30,692	1.3	87.5%	1.71	0.7	\$52,599	LI Households
General Merchandise		35%	\$367	\$367,466	11.23	\$32,730	\$30,374	1.1	87.5%	1.71	0.6	\$52,053	LI Households
Miscellaneous Store Retailers		20%	\$210	\$209,980	6.97	\$30,135	\$23,032	1.3	87.5%	1.71	0.7	\$39,471	VLI Households

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a 2-Bedroom Unit requires a household income of \$167,000 per year.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Luis Obispo County.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-3
Household Expenditures and Employment Generation - For Rent 2-Bedroom Apartment
City of Atascadero Rental Housing Fee; EPS# 211050**

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/ HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
Household Furnishings and Equipment	2.8%	100%	\$3,283										
Furniture and Home Furnishings Stores		40%	\$1,313	\$1,313,372	6.99	\$187,762	\$33,865	5.5	87.5%	1.71	2.8	\$58,035	LI Households
Electronics and Appliance Stores		40%	\$1,313	\$1,313,372	6.84	\$192,070	\$33,179	5.8	87.5%	1.71	3.0	\$56,860	LI Households
General Merchandise Stores		10%	\$328	\$328,343	11.23	\$29,246	\$30,374	1.0	87.5%	1.71	0.5	\$52,053	LI Households
Miscellaneous Store Retailers		10%	\$328	\$328,343	6.97	\$47,122	\$23,032	2.0	87.5%	1.71	1.0	\$39,471	VLI Households
Apparel and Services	2.4%	100%	\$2,778										
Clothing and Clothing Accessories Stores		40%	\$1,111	\$1,111,349	8.08	\$137,627	\$18,852	7.3	87.5%	1.71	3.7	\$32,307	VLI Households
General Merchandise		40%	\$1,111	\$1,111,349	11.23	\$98,989	\$30,374	3.3	87.5%	1.71	1.7	\$52,053	LI Households
Miscellaneous Store Retailers		10%	\$278	\$277,837	6.97	\$39,874	\$23,032	1.7	87.5%	1.71	0.9	\$39,471	VLI Households
Personal and Household Goods Repair and Maintenance		5%	\$139	\$138,919	3.30	\$42,109	\$25,686	1.6	87.5%	1.71	0.8	\$44,019	VLI Households
Dry cleaning and Laundry Services		5%	\$139	\$138,919	3.30	\$42,109	\$25,686	1.6	87.5%	1.71	0.8	\$44,019	VLI Households
Vehicle Purchases (net outlay)	5.3%	100%	\$6,173										
Motor Vehicle and Parts Dealers		100%	\$6,173	\$6,173,425	10.73	\$575,153	\$50,376	11.4	87.5%	1.71	5.8	\$86,331	Moderate
Gasoline and motor oil	3.1%	100%	\$3,665										
Gasoline Stations		100%	\$3,665	\$3,664,711	30.62	\$119,668	\$25,561	4.7	87.5%	1.71	2.4	\$43,804	VLI Households
Vehicle Maintenance and Repairs	1.2%	100%	\$1,347										
Repair and Maintenance		100%	\$1,347	\$1,347,190	3.37	\$399,388	\$28,937	13.8	98.1%	1.71	7.9	\$49,591	LI Households
Medical Services	1.4%	100%	\$1,664										
Ambulatory Health Care Services		40%	\$666	\$665,749	2.60	\$255,722	\$62,611	4.1	98.1%	1.71	2.3	\$107,299	Above Mod
General Medical and Surgical Hospitals		30%	\$499	\$499,311	4.40	\$113,466	\$27,115	4.2	98.1%	1.71	2.4	\$46,469	LI Households
Nursing and Residential Care Facilities		30%	\$499	\$499,311	2.20	\$227,220	\$33,109	6.9	98.1%	1.71	3.9	\$56,740	LI Households
Drugs	0.6%	100%	\$673										
Health and Personal Care Stores		100%	\$673	\$673,043	9.35	\$71,990	\$36,944	1.9	87.5%	1.71	1.0	\$63,313	LI Households
Medical Supplies	0.2%	100%	\$251										
Health and Personal Care Stores		100%	\$251	\$250,871	9.35	\$26,834	\$36,944	0.7	87.5%	1.71	0.4	\$63,313	LI Households
Entertainment Fees and Admissions	1.1%	100%	\$1,331										
Arts, Entertainment, & Recreation		100%	\$1,331	\$1,330,613	2.93	\$453,843	\$20,339	22.3	87.5%	1.71	11.4	\$34,856	VLI Households

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a 2-Bedroom Unit requires a household income of \$167,000 per year.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Luis Obispo County.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-3
Household Expenditures and Employment Generation - For Rent Studio Apartment
City of Atascadero Rental Housing Fee; EPS# 211050**

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/ HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
Entertainment Audio and Visual Equipment and Services	1.1%	100%	\$1,331										
Electronics and Appliance Stores		100%	\$1,331	\$1,330,613	6.84	\$194,591	\$33,179	5.9	87.5%	1.71	3.0	\$56,860	LI Households
Entertainment Pets, Toys, Hobbies, and Playground Equip.	1.2%	100%	\$1,460										
Sporting Goods, Hobby, and Musical Instrument Stores		40%	\$584	\$583,967	7.31	\$79,886	\$20,692	3.9	87.5%	1.71	2.0	\$35,461	VLI Households
Miscellaneous Store Retailers		40%	\$584	\$583,967	6.97	\$83,808	\$23,032	3.6	87.5%	1.71	1.9	\$39,471	VLI Households
Veterinary Services		20%	\$292	\$291,983	2.69	\$108,490	\$49,793	2.2	98.1%	1.71	1.2	\$85,332	Moderate
Other Entertainment Supplies, Equipment, and Services	1.1%	100%	\$1,311										
Sporting Goods, Hobby, and Musical Instrument Stores		85%	\$1,114	\$1,114,112	7.31	\$152,408	\$20,692	7.4	87.5%	1.71	3.8	\$35,461	VLI Households
Photographic Services		15%	\$197	\$196,608	3.41	\$57,712	\$43,227	1.3	98.1%	1.71	0.8	\$74,079	Moderate
Personal Care Products and Services	1.1%	100%	\$1,272										
Unspecified Retail		50%	\$636	\$636,020	6.97	\$91,278	\$23,032	4.0	87.5%	1.71	2.0	\$39,471	VLI Households
Personal Care Services		50%	\$636	\$636,020	3.46	\$183,676	\$20,231	9.1	98.1%	1.71	5.2	\$34,671	VLI Households
Reading	0.1%	100%	\$155										
Sporting Goods, Hobby, and Musical Instrument Stores		100%	\$155	\$154,722	7.31	\$21,166	\$20,692	1.0	87.5%	1.71	0.5	\$35,461	VLI Households
Education	1.9%	100%	\$2,257										
Educational Services		100%	\$2,257	\$2,256,737	3.45	\$654,163	\$27,444	23.8	98.1%	1.71	13.6	\$47,032	LI Households
Tobacco Products and Smoking Supplies	0.3%	100%	\$311										
Unspecified Retail		100%	\$311	\$310,550	6.97	\$44,569	\$23,032	1.9	87.5%	1.71	1.0	\$39,471	VLI Households
Miscellaneous	1.1%	100%	\$1,288										
Accounting		20%	\$258	\$257,502	3.37	\$76,448	\$50,490	1.5	98.1%	1.71	0.9	\$86,527	Moderate
Architectural, Engineering, and Related		20%	\$258	\$257,502	0.83	\$311,620	\$97,022	3.2	98.1%	1.71	1.8	\$166,269	Above Mod
Specialized Design Services		20%	\$258	\$257,502	3.50	\$73,502	\$56,159	1.3	98.1%	1.71	0.7	\$96,242	Moderate
Death Care Services		20%	\$258	\$257,502	2.99	\$86,085	\$43,227	2.0	98.1%	1.71	1.1	\$74,079	Moderate
Legal Services		20%	\$258	\$257,502	2.87	\$89,780	\$100,406	0.9	98.1%	1.71	0.5	\$172,068	Above Mod
Total per 1,000 Market Rate Households								353.3			187.0		

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a 2-Bedroom Unit requires a household income of \$167,000 per year.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Luis Obispo County.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

Source: 2014 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics; 2013 Economic Census, American Community Survey; and Economic & Planning Systems, Inc.

**Table A-4
Household Expenditures and Employment Generation - For Rent 3-Bedroom Apartment
City of Atascadero Rental Housing Fee; EPS# 211050**

Item		% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/ HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
Calculation		a	b	c	d = c * 1,000	e	f = d / e	g	h = f / g	i	j	k = h * i / j	l = g * j	
Required Income	\$135,300													
Food at Home		5.7%	100%	\$7,778										
Food & Beverage Stores			100%	\$7,778	\$7,778,021	9.40	\$827,885	\$30,692	27.0	87.5%	1.71	13.8	\$52,599	Above Mod
Food Away From Home		5.1%	100%	\$6,863										
Food Services and Drinking Places			100%	\$6,863	\$6,862,960	3.20	\$2,144,196	\$19,920	107.6	87.5%	1.71	55.0	\$34,137	Above Mod
Alcoholic Beverages		0.7%	100%	\$1,001										
Food & Beverage Stores			50%	\$500	\$500,344	9.40	\$53,256	\$30,692	1.7	87.5%	1.71	0.9	\$52,599	Above Mod
Food Services and Drinking Places			50%	\$500	\$500,344	3.20	\$156,323	\$19,920	7.8	87.5%	1.71	4.0	\$34,137	Above Mod
Housing Maintenance, Repairs, Insurance, Other expenses		1.8%	100%	\$2,427										
Personal and Household Goods Repair and Maintenance			45%	\$1,092	\$1,092,131	3.30	\$331,047	\$25,686	12.9	98.1%	1.71	7.4	\$44,019	Above Mod
Building Material and Garden Equipment and Supplies Dealer			45%	\$1,092	\$1,092,131	9.23	\$118,306	\$36,992	3.2	87.5%	1.71	1.6	\$63,394	Above Mod
Real Estate and Rental and Leasing			10%	\$243	\$242,696	5.23	\$46,371	\$43,536	1.1	98.1%	1.71	0.6	\$74,608	Above Mod
Fuel oil and Other fuels [7]		4.5%	100%	\$6,140										
Nonstore Retailers			100%	\$6,140	\$6,139,602	7.83	\$784,494	\$42,161	18.6	87.5%	1.71	9.5	\$72,252	Above Mod
Water and Other Public Services [7]		1.0%	100%	\$1,314										
Waste Management and Remediation Services			100%	\$1,314	\$1,313,803	4.11	\$319,531	\$59,559	5.4	98.1%	1.71	3.1	\$102,068	Above Mod
Household Operations Personal Services		0.6%	100%	\$815										
Nursing and Residential Care Facilities			40%	\$326	\$326,150	2.20	\$148,420	\$33,109	4.5	98.1%	1.71	2.6	\$56,740	Above Mod
Social Assistance [8]			60%	\$489	\$489,226	2.98	\$163,978	\$27,179	6.0	98.1%	1.71	3.5	\$46,578	Above Mod
Household Operations Other Household Expenses		1.3%	100%	\$1,789										
Services to Buildings and Dwellings			100%	\$1,789	\$1,789,226	2.91	\$615,091	\$75,555	8.1	98.1%	1.71	4.7	\$129,482	Above Mod
Housekeeping Supplies		0.9%	100%	\$1,214										
Building Materials and Garden Equipment and Supplies Dealers			10%	\$121	\$121,412	9.23	\$13,152	\$36,992	0.4	87.5%	1.71	0.2	\$63,394	Above Mod
Food & Beverage Stores			35%	\$425	\$424,941	9.40	\$45,230	\$30,692	1.5	87.5%	1.71	0.8	\$52,599	Above Mod
General Merchandise			35%	\$425	\$424,941	11.23	\$37,850	\$30,374	1.2	87.5%	1.71	0.6	\$52,053	Above Mod
Miscellaneous Store Retailers			20%	\$243	\$242,824	6.97	\$34,849	\$23,032	1.5	87.5%	1.71	0.8	\$39,471	Above Mod

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a 4-Bedroom Unit requires a household income of \$195,300 per year.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Luis Obispo County.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-4
Household Expenditures and Employment Generation - For Rent 3-Bedroom Apartment
City of Atascadero Rental Housing Fee; EPS# 211050**

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/ HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
Household Furnishings and Equipment	2.8%	100%	\$3,797										
Furniture and Home Furnishings Stores		40%	\$1,519	\$1,518,797	6.99	\$217,129	\$33,865	6.4	87.5%	1.71	3.3	\$58,035	Above Mod
Electronics and Appliance Stores		40%	\$1,519	\$1,518,797	6.84	\$222,112	\$33,179	6.7	87.5%	1.71	3.4	\$56,860	Above Mod
General Merchandise Stores		10%	\$380	\$379,699	11.23	\$33,820	\$30,374	1.1	87.5%	1.71	0.6	\$52,053	Above Mod
Miscellaneous Store Retailers		10%	\$380	\$379,699	6.97	\$54,493	\$23,032	2.4	87.5%	1.71	1.2	\$39,471	Above Mod
Apparel and Services	2.4%	100%	\$3,213										
Clothing and Clothing Accessories Stores		40%	\$1,285	\$1,285,176	8.08	\$159,153	\$18,852	8.4	87.5%	1.71	4.3	\$32,307	Above Mod
General Merchandise		40%	\$1,285	\$1,285,176	11.23	\$114,472	\$30,374	3.8	87.5%	1.71	1.9	\$52,053	Above Mod
Miscellaneous Store Retailers		10%	\$321	\$321,294	6.97	\$46,110	\$23,032	2.0	87.5%	1.71	1.0	\$39,471	Above Mod
Personal and Household Goods Repair and Maintenance		5%	\$161	\$160,647	3.30	\$48,695	\$25,686	1.9	87.5%	1.71	1.0	\$44,019	Above Mod
Dry cleaning and Laundry Services		5%	\$161	\$160,647	3.30	\$48,695	\$25,686	1.9	87.5%	1.71	1.0	\$44,019	Above Mod
Vehicle Purchases (net outlay)	5.3%	100%	\$7,139										
Motor Vehicle and Parts Dealers		100%	\$7,139	\$7,139,012	10.73	\$665,113	\$50,376	13.2	87.5%	1.71	6.7	\$86,331	Above Mod
Gasoline and motor oil	3.1%	100%	\$4,238										
Gasoline Stations		100%	\$4,238	\$4,237,910	30.62	\$138,386	\$25,561	5.4	87.5%	1.71	2.8	\$43,804	Above Mod
Vehicle Maintenance and Repairs	1.2%	100%	\$1,558										
Repair and Maintenance		100%	\$1,558	\$1,557,905	3.37	\$461,856	\$28,937	16.0	98.1%	1.71	9.1	\$49,591	Above Mod
Medical Services	1.4%	100%	\$1,925										
Ambulatory Health Care Services		40%	\$770	\$769,878	2.60	\$295,719	\$62,611	4.7	98.1%	1.71	2.7	\$107,299	Above Mod
General Medical and Surgical Hospitals		30%	\$577	\$577,409	4.40	\$131,213	\$27,115	4.8	98.1%	1.71	2.8	\$46,469	Above Mod
Nursing and Residential Care Facilities		30%	\$577	\$577,409	2.20	\$262,759	\$33,109	7.9	98.1%	1.71	4.5	\$56,740	Above Mod
Drugs	0.6%	100%	\$778										
Health and Personal Care Stores		100%	\$778	\$778,313	9.35	\$83,250	\$36,944	2.3	87.5%	1.71	1.2	\$63,313	Above Mod
Medical Supplies	0.2%	100%	\$290										
Health and Personal Care Stores		100%	\$290	\$290,110	9.35	\$31,031	\$36,944	0.8	87.5%	1.71	0.4	\$63,313	Above Mod
Entertainment Fees and Admissions	1.1%	100%	\$1,539										
Arts, Entertainment, & Recreation		100%	\$1,539	\$1,538,734	2.93	\$524,829	\$20,339	25.8	87.5%	1.71	13.2	\$34,856	Above Mod

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a 4-Bedroom Unit requires a household income of \$195,300 per year.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Luis Obispo County.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-4
Household Expenditures and Employment Generation - For Rent 3-Bedroom Apartment
City of Atascadero Rental Housing Fee; EPS# 211050**

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	Expenditures [3]	Expenditures per 1,000 HHs	Gross Receipts to Wages [4]	Total Wages per 1,000 Households	2021 Avg. Wages [5]	# of New Workers	% Forming HH [6]	Workers/ HH [7]	Total Worker HHs	Avg. Worker HH Income	Income Category
Entertainment Audio and Visual Equipment and Services	1.1%	100%	\$1,539										
Electronics and Appliance Stores		100%	\$1,539	\$1,538,734	6.84	\$225,027	\$33,179	6.8	87.5%	1.71	3.5	\$56,860	Above Mod
Entertainment Pets, Toys, Hobbies, and Playground Equip.	1.2%	100%	\$1,688										
Sporting Goods, Hobby, and Musical Instrument Stores		40%	\$675	\$675,305	7.31	\$92,380	\$20,692	4.5	87.5%	1.71	2.3	\$35,461	Above Mod
Miscellaneous Store Retailers		40%	\$675	\$675,305	6.97	\$96,916	\$23,032	4.2	87.5%	1.71	2.1	\$39,471	Above Mod
Veterinary Services		20%	\$338	\$337,653	2.69	\$125,459	\$49,793	2.5	98.1%	1.71	1.4	\$85,332	Above Mod
Other Entertainment Supplies, Equipment, and Services	1.1%	100%	\$1,516										
Sporting Goods, Hobby, and Musical Instrument Stores		85%	\$1,288	\$1,288,371	7.31	\$176,247	\$20,692	8.5	87.5%	1.71	4.3	\$35,461	Above Mod
Photographic Services		15%	\$227	\$227,360	3.41	\$66,739	\$43,227	1.5	98.1%	1.71	0.9	\$74,079	Above Mod
Personal Care Products and Services	1.1%	100%	\$1,471										
Unspecified Retail		50%	\$735	\$735,500	6.97	\$105,555	\$23,032	4.6	87.5%	1.71	2.3	\$39,471	Above Mod
Personal Care Services		50%	\$735	\$735,500	3.46	\$212,405	\$20,231	10.5	98.1%	1.71	6.0	\$34,671	Above Mod
Reading	0.1%	100%	\$179										
Sporting Goods, Hobby, and Musical Instrument Stores		100%	\$179	\$178,923	7.31	\$24,476	\$20,692	1.2	87.5%	1.71	0.6	\$35,461	Above Mod
Education	1.9%	100%	\$2,610										
Educational Services		100%	\$2,610	\$2,609,714	3.45	\$756,481	\$27,444	27.6	98.1%	1.71	15.8	\$47,032	Above Mod
Tobacco Products and Smoking Supplies	0.3%	100%	\$359										
Unspecified Retail		100%	\$359	\$359,123	6.97	\$51,540	\$23,032	2.2	87.5%	1.71	1.1	\$39,471	Above Mod
Miscellaneous	1.1%	100%	\$1,489										
Accounting		20%	\$298	\$297,778	3.37	\$88,405	\$50,490	1.8	98.1%	1.71	1.0	\$86,527	Above Mod
Architectural, Engineering, and Related		20%	\$298	\$297,778	0.83	\$360,361	\$97,022	3.7	98.1%	1.71	2.1	\$166,269	Above Mod
Specialized Design Services		20%	\$298	\$297,778	3.50	\$84,998	\$56,159	1.5	98.1%	1.71	0.9	\$96,242	Above Mod
Death Care Services		20%	\$298	\$297,778	2.99	\$99,550	\$43,227	2.3	98.1%	1.71	1.3	\$74,079	Above Mod
Legal Services		20%	\$298	\$297,778	2.87	\$103,822	\$100,406	1.0	98.1%	1.71	0.6	\$172,068	Above Mod
Total per 1,000 Market Rate Households								408.5			216.3		

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a 4-Bedroom Unit requires a household income of \$195,300 per year.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for San Luis Obispo County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Luis Obispo County.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] San Luis Obispo County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

APPENDIX B:

Income Levels for Worker Households



Table B-1
Income Levels for Worker Households
Worker Household Generation per 1,000 Units - For Rent Studio Apartment
City of Atascadero Rental Housing Fee; EPS# 211050

Industry	Total Workers	Total Worker Households [1]	ELI Households	VLI Households	LI Households	Moderate Income Households	Above Moderate Income Households
Retail							
Unspecified Retail	4.7	2.4	0.0	2.4	0.0	0.0	0.0
Food & Beverage Stores	22.2	11.3	0.0	0.0	11.3	0.0	0.0
Food Services and Drinking Places	76.2	38.9	0.0	38.9	0.0	0.0	0.0
Health and Personal Care Stores	2.2	1.1	0.0	0.0	1.1	0.0	0.0
General Merchandise	4.2	2.2	0.0	0.0	2.2	0.0	0.0
Furniture and Home Furnishings Stores	4.2	2.1	0.0	0.0	2.1	0.0	0.0
Building Material and Garden Equipment and Supplies Dealer	2.1	1.1	0.0	0.0	1.1	0.0	0.0
Electronics and Appliance Stores	8.5	4.3	0.0	0.0	4.3	0.0	0.0
Clothing and Clothing Accessories Stores	6.0	3.1	0.0	3.1	0.0	0.0	0.0
Motor Vehicle and Parts Dealers	7.7	4.0	0.0	0.0	0.0	4.0	0.0
Gasoline Stations	3.6	1.9	0.0	1.9	0.0	0.0	0.0
Sporting Goods, Hobby, and Musical Instrument Stores	5.7	2.9	0.0	2.9	0.0	0.0	0.0
Miscellaneous Store Retailers	6.6	3.4	0.0	3.4	0.0	0.0	0.0
Nonstore Retailers	13.6	6.9	0.0	0.0	0.0	6.9	0.0
Arts, Entertainment, & Recreation	15.7	8.0	0.0	8.0	0.0	0.0	0.0
Medical/Health							
Ambulatory Health Care Services	3.0	1.7	0.0	0.0	0.0	0.0	1.7
General Medical and Surgical Hospitals	3.1	1.8	0.0	0.0	1.8	0.0	0.0
Nursing and Residential Care Facilities	8.6	4.9	0.0	0.0	4.9	0.0	0.0
Social Assistance	4.7	2.7	0.0	0.0	2.7	0.0	0.0
Services							
Personal and Household Goods Repair and Maintenance	8.9	5.0	0.0	5.0	0.0	0.0	0.0
Services to Buildings and Dwellings	4.8	2.8	0.0	0.0	0.0	0.0	2.8
Waste Management and Remediation Services	3.8	2.2	0.0	0.0	0.0	2.2	0.0
Real Estate and Rental and Leasing	0.6	0.4	0.0	0.0	0.0	0.4	0.0
Personal Care Services	6.7	3.9	0.0	3.9	0.0	0.0	0.0
Dry Cleaning and Laundry Services	1.4	0.7	0.0	0.7	0.0	0.0	0.0
Auto Repair and Maintenance	11.6	6.6	0.0	0.0	6.6	0.0	0.0
Veterinary Services	1.6	0.9	0.0	0.0	0.0	0.9	0.0
Photographic Services	0.4	0.2	0.0	0.0	0.0	0.2	0.0
Educational Services	8.7	5.0	0.0	0.0	5.0	0.0	0.0
Accounting	1.2	0.7	0.0	0.0	0.0	0.7	0.0
Architectural, Engineering, and Related	2.5	1.4	0.0	0.0	0.0	0.0	1.4
Specialized Design Services	1.0	0.6	0.0	0.0	0.0	0.6	0.0
Death Care Services	1.6	0.9	0.0	0.0	0.0	0.9	0.0
Legal Services	0.7	0.4	0.0	0.4	0.0	0.0	0.0
Government	43.4	24.9	0.0	0.0	0.0	11.4	14.8
Total Workers and Households	301.6	161.1	0.0	70.5	43.2	28.1	20.7
Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2]		141.7	0.0	70.5	43.2	28.1	0.0
Total Income-Qualified HH Generated Per 100 Market-Rate Units [2]		14.2	0.0	7.1	4.3	2.8	0.0

[1] Assumes 1.69 workers per worker household in the City of Atascadero based on 2015-2019 American Community Survey. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

[2] Excludes above moderate-income households because these incomes are adequate to acquire market-rate housing.

Source: Economic & Planning Systems, Inc.

Table B-2
Income Levels for Worker Households
Worker Household Generation per 1,000 Units - For Rent 1-Bedroom Apartment
City of Atascadero Rental Housing Fee; EPS# 211050

Industry	Total Workers	Total Worker Households [1]	VLI Households	LI Households	Moderate Income Households	Above Moderate Income Households
Retail						
Unspecified Retail	5.8	3.0	3.0	0.0	0.0	0.0
Food & Beverage Stores	27.4	14.0	0.0	14.0	0.0	0.0
Food Services and Drinking Places	94.2	48.1	48.1	0.0	0.0	0.0
Health and Personal Care Stores	2.7	1.4	0.0	1.4	0.0	0.0
General Merchandise	5.2	2.7	0.0	2.7	0.0	0.0
Furniture and Home Furnishings Stores	5.2	2.6	0.0	2.6	0.0	0.0
Building Material and Garden Equipment and Supplies Dealer	2.6	1.3	0.0	1.3	0.0	0.0
Electronics and Appliance Stores	10.5	5.4	0.0	5.4	0.0	0.0
Clothing and Clothing Accessories Stores	7.4	3.8	3.8	0.0	0.0	0.0
Motor Vehicle and Parts Dealers	9.6	4.9	0.0	0.0	4.9	0.0
Gasoline Stations	4.5	2.3	2.3	0.0	0.0	0.0
Sporting Goods, Hobby, and Musical Instrument Stores	7.0	3.6	3.6	0.0	0.0	0.0
Miscellaneous Store Retailers	8.1	4.1	4.1	0.0	0.0	0.0
Nonstore Retailers	16.8	8.6	0.0	0.0	8.6	0.0
Arts, Entertainment, & Recreation	19.4	9.9	9.9	0.0	0.0	0.0
Medical/Health						
Ambulatory Health Care Services	3.7	2.1	0.0	0.0	0.0	2.1
General Medical and Surgical Hospitals	3.8	2.2	0.0	2.2	0.0	0.0
Nursing and Residential Care Facilities	10.6	6.1	0.0	6.1	0.0	0.0
Social Assistance	5.8	3.3	0.0	3.3	0.0	0.0
Services						
Personal and Household Goods Repair and Maintenance	11.0	6.2	6.2	0.0	0.0	0.0
Services to Buildings and Dwellings	5.9	3.4	0.0	0.0	0.0	3.4
Waste Management and Remediation Services	4.7	2.7	0.0	0.0	2.7	0.0
Real Estate and Rental and Leasing	0.8	0.4	0.0	0.0	0.4	0.0
Personal Care Services	8.3	4.8	4.8	0.0	0.0	0.0
Dry Cleaning and Laundry Services	1.7	0.9	0.9	0.0	0.0	0.0
Auto Repair and Maintenance	14.3	8.2	0.0	8.2	0.0	0.0
Veterinary Services	1.9	1.1	0.0	0.0	1.1	0.0
Photographic Services	0.5	0.3	0.0	0.0	0.3	0.0
Educational Services	10.7	6.1	0.0	6.1	0.0	0.0
Accounting	1.5	0.8	0.0	0.0	0.8	0.0
Architectural, Engineering, and Related	3.1	1.8	0.0	0.0	0.0	1.8
Specialized Design Services	1.3	0.7	0.0	0.0	0.7	0.0
Death Care Services	1.9	1.1	0.0	0.0	1.1	0.0
Legal Services	0.9	0.5	0.5	0.0	0.0	0.0
Government	43.4	24.9	0.0	0.0	11.4	14.8
Total Workers and Households	362.2	193.1	87.1	53.3	32.0	22.1
Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2]		172.4	87.1	53.3	32.0	0.0
Total Income-Qualified HH Generated Per 100 Market-Rate Units [2]		17.2	8.7	5.3	3.2	0.0

[1] Assumes 1.69 workers per worker household in the City of Atascadero based on 2015-2019 American Community Survey. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

[2] Excludes above moderate-income households because these incomes are adequate to acquire market-rate housing.

Source: Economic & Planning Systems, Inc.

Table B-3
Income Levels for Worker Households
Worker Household Generation per 1,000 Units - For Rent 2-Bedroom Apartment
City of Atascadero Rental Housing Fee; EPS# 211050

Industry	Total Workers	Total Worker Households [1]	VLI Households	LI Households	Moderate Income Households	Above Moderate Income Households
Retail						
Unspecified Retail	5.9	3.0	3.0	0.0	0.0	0.0
Food & Beverage Stores	26.1	13.3	0.0	13.3	0.0	0.0
Food Services and Drinking Places	99.9	51.0	51.0	0.0	0.0	0.0
Health and Personal Care Stores	2.7	1.4	0.0	1.4	0.0	0.0
General Merchandise	5.3	2.7	0.0	2.7	0.0	0.0
Furniture and Home Furnishings Stores	5.5	2.8	0.0	2.8	0.0	0.0
Building Material and Garden Equipment and Supplies Dealer	3.1	1.6	0.0	1.6	0.0	0.0
Electronics and Appliance Stores	11.7	6.0	0.0	6.0	0.0	0.0
Clothing and Clothing Accessories Stores	7.3	3.7	3.7	0.0	0.0	0.0
Motor Vehicle and Parts Dealers	11.4	5.8	0.0	0.0	5.8	0.0
Gasoline Stations	4.7	2.4	2.4	0.0	0.0	0.0
Sporting Goods, Hobby, and Musical Instrument Stores	12.2	6.3	6.3	0.0	0.0	0.0
Miscellaneous Store Retailers	8.7	4.5	4.5	0.0	0.0	0.0
Nonstore Retailers	16.1	8.2	0.0	0.0	8.2	0.0
Arts, Entertainment, & Recreation	22.3	11.4	11.4	0.0	0.0	0.0
Medical/Health						
Ambulatory Health Care Services	4.1	2.3	0.0	0.0	0.0	2.3
General Medical and Surgical Hospitals	4.2	2.4	0.0	2.4	0.0	0.0
Nursing and Residential Care Facilities	10.7	6.1	0.0	6.1	0.0	0.0
Social Assistance	5.2	3.0	0.0	3.0	0.0	0.0
Services						
Personal and Household Goods Repair and Maintenance	12.8	7.2	7.2	0.0	0.0	0.0
Services to Buildings and Dwellings	7.0	4.0	0.0	0.0	0.0	4.0
Waste Management and Remediation Services	4.6	2.7	0.0	0.0	2.7	0.0
Real Estate and Rental and Leasing	0.9	0.5	0.0	0.0	0.5	0.0
Personal Care Services	9.1	5.2	5.2	0.0	0.0	0.0
Dry Cleaning and Laundry Services	1.6	0.8	0.8	0.0	0.0	0.0
Auto Repair and Maintenance	13.8	7.9	0.0	7.9	0.0	0.0
Veterinary Services	2.2	1.2	0.0	0.0	1.2	0.0
Photographic Services	1.3	0.8	0.0	0.0	0.8	0.0
Educational Services	23.8	13.6	0.0	13.6	0.0	0.0
Accounting	1.5	0.9	0.0	0.0	0.9	0.0
Architectural, Engineering, and Related	3.2	1.8	0.0	0.0	0.0	1.8
Specialized Design Services	1.3	0.7	0.0	0.0	0.7	0.0
Death Care Services	2.0	1.1	0.0	0.0	1.1	0.0
Legal Services	0.9	0.5	0.5	0.0	0.0	0.0
Government	43.4	24.9	0.0	0.0	11.4	14.8
Total Workers and Households	396.7	211.9	96.0	60.8	33.4	23.0
Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2]		190.2	96.0	60.8	33.4	0.0
Total Income-Qualified HH Generated Per 100 Market-Rate Units [2]		19.0	9.6	6.1	3.3	0.0

[1] Assumes 1.69 workers per worker household in the City of Atascadero based on 2015-2019 American Community Survey. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

[2] Excludes above moderate-income households because these incomes are adequate to acquire market-rate housing.

Source: Economic & Planning Systems, Inc.

Table B-4
Income Levels for Worker Households
Worker Household Generation per 1,000 Units - For Rent 3-Bedroom Apartment
City of Atascadero Rental Housing Fee; EPS# 211050

Industry	Total Workers	Total Worker Households [1]	VLI Households	LI Households	Moderate Income Households	Above Moderate Income Households
Retail						
Unspecified Retail	6.8	3.5	3.5	0.0	0.0	0.0
Food & Beverage Stores	30.2	15.4	0.0	15.4	0.0	0.0
Food Services and Drinking Places	115.5	59.0	59.0	0.0	0.0	0.0
Health and Personal Care Stores	3.1	1.6	0.0	1.6	0.0	0.0
General Merchandise	6.1	3.1	0.0	3.1	0.0	0.0
Furniture and Home Furnishings Stores	6.4	3.3	0.0	3.3	0.0	0.0
Building Material and Garden Equipment and Supplies Dealer	3.6	1.8	0.0	1.8	0.0	0.0
Electronics and Appliance Stores	13.5	6.9	0.0	6.9	0.0	0.0
Clothing and Clothing Accessories Stores	8.4	4.3	4.3	0.0	0.0	0.0
Motor Vehicle and Parts Dealers	13.2	6.7	0.0	0.0	6.7	0.0
Gasoline Stations	5.4	2.8	2.8	0.0	0.0	0.0
Sporting Goods, Hobby, and Musical Instrument Stores	14.2	7.2	7.2	0.0	0.0	0.0
Miscellaneous Store Retailers	10.1	5.2	5.2	0.0	0.0	0.0
Nonstore Retailers	18.6	9.5	0.0	0.0	9.5	0.0
Arts, Entertainment, & Recreation	25.8	13.2	13.2	0.0	0.0	0.0
Medical/Health						
Ambulatory Health Care Services	4.7	2.7	0.0	0.0	0.0	2.7
General Medical and Surgical Hospitals	4.8	2.8	0.0	2.8	0.0	0.0
Nursing and Residential Care Facilities	12.4	7.1	0.0	7.1	0.0	0.0
Social Assistance	6.0	3.5	0.0	3.5	0.0	0.0
Services						
Personal and Household Goods Repair and Maintenance	14.8	8.3	8.3	0.0	0.0	0.0
Services to Buildings and Dwellings	8.1	4.7	0.0	0.0	0.0	4.7
Waste Management and Remediation Services	5.4	3.1	0.0	0.0	3.1	0.0
Real Estate and Rental and Leasing	1.1	0.6	0.0	0.0	0.6	0.0
Personal Care Services	10.5	6.0	6.0	0.0	0.0	0.0
Dry Cleaning and Laundry Services	1.9	1.0	1.0	0.0	0.0	0.0
Auto Repair and Maintenance	16.0	9.1	0.0	9.1	0.0	0.0
Veterinary Services	2.5	1.4	0.0	0.0	1.4	0.0
Photographic Services	1.5	0.9	0.0	0.0	0.9	0.0
Educational Services	27.6	15.8	0.0	15.8	0.0	0.0
Accounting	1.8	1.0	0.0	0.0	1.0	0.0
Architectural, Engineering, and Related	3.7	2.1	0.0	0.0	0.0	2.1
Specialized Design Services	1.5	0.9	0.0	0.0	0.9	0.0
Death Care Services	2.3	1.3	0.0	0.0	1.3	0.0
Legal Services	1.0	0.6	0.6	0.0	0.0	0.0
Government	43.4	24.9	0.0	0.0	11.4	14.8
Total Workers and Households	452.0	241.1	111.0	70.3	36.8	24.3
Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2]		218.2	111.0	70.3	36.8	0.0
Total Income-Qualified HH Generated Per 100 Market-Rate Units [2]		21.8	11.1	7.0	3.7	0.0

[1] Assumes 1.69 workers per worker household in the City of Atascadero based on 2015-2019 American Community Survey. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

[2] Excludes above moderate-income households because these incomes are adequate to acquire market-rate housing.

Source: Economic & Planning Systems, Inc.

DRAFT MEMORANDUM

To: City of Atascadero
From: Ashleigh Kanat, Principal
Subject: Affordable Housing Program Recommendations;
EPS #201150
Date: December 6, 2022

The Economics of Land Use



Implementation of the City's Housing Element (adopted November 2020) will require a broad array of local planning programs and tools to help Atascadero contribute to addressing the region's housing needs. The City's goal is to ensure its policies encourage development of a range of housing options to address market pressures, mitigate displacement, enable housing for future residents, and meet its 6th Cycle RHNA.

Background Context

In March 2021, the City Council directed staff to explore affordable housing impact fees (linkage fees) that would be charged to new market-rate, residential development, at which point Economic & Planning Systems, Inc. (EPS) was retained to prepare affordable housing nexus studies for both rental and for-sale residential development and to consider options for updating the City's interim inclusionary housing program.

The nexus studies, which calculate the maximum, nexus-based fees that can be charged to new residential development, were completed in April 2022. Study sessions with the City Council were held in October 2021 and May 2022. During the May 2022 study session, there was some discussion about how impact fees might potentially interact with the City's interim inclusionary program and how various program elements would interact with the state density bonus and other in-progress efforts, such as the adoption of objective design standards.

This memorandum is intended to summarize EPS's recommendations, based on Council direction and multiple discussions with City staff. The final nexus studies were delivered to the City separately in April 2022.

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Recommendations

1. **Affordable Housing Impact Fees.** Adopt affordable housing impact fees that apply citywide to new residential development. Fees can be set on a per square foot basis at levels that are intended to help the City collect revenue that can then be leveraged as a local match to help fund 100% affordable developments (primarily Very Low-income and Low-income housing). Fees would be set well below the maximum, nexus-based fees calculated in the April 2022 nexus studies.
 - EPS recommends charging a flat fee (i.e., no tiering) to all new development on a per square foot basis, with no exemptions for the first “X” square feet to avoid creating unintended incentives or fee “cliffs.”
2. **Objective Design Standards and Affordability by Design Incentives.** Implement the City’s new objective design standards and affordability by design incentives and monitor if sufficient “naturally affordable” development is occurring at price points that are affordable to moderate-income households.
3. **State Density Bonus Program.** Let the State Density Bonus Program provide the carrots that developers may need to target moderate and lower-income households.
 - If a project moves forward using the State Density Bonus, EPS would recommend waiving the affordable housing impact fee (if adopted) on the market rate units (even though the law appears to allow it).
4. **Inclusionary Housing.** Revise the City’s inclusionary requirement so that it only applies to large-scale discretionary projects, where it is especially important to have the affordable units built onsite as part of the market-rate development. The City may want to consider an overlay zone where up-zoning has occurred (or is expected) and where the inclusionary requirements would apply. The City would need to determine the threshold project size (e.g., 25 or 50 units).
 - EPS recommends lowering the inclusionary requirement from 20 percent to no more than 10 to 15 percent. At 15 percent, HCD may require a feasibility analysis of your inclusionary program. Even at 10 to 15 percent, this requirement may push feasibility, but these are the types of projects that are asking more from the City in terms of density, infrastructure, etc. and the increased density typically improves project feasibility.
 - Consistent with AB 1505, the City will need to offer alternative means of compliance (e.g., an in-lieu fee, land dedication, off-site construction, etc.). If an in-lieu is one of the alternative means of compliance, it should be set to align with (or be higher than) the cost of complying with the inclusionary requirement so that there is no incentive to “fee out.”
 - Presumably, these projects will be the larger, more complicated projects and both the City and the project applicant may opt to enter into a Development Agreement. A Development Agreement would allow the City to negotiate the

overall inclusionary requirement and affordability targets and to ensure the affordable, inclusionary units are built onsite.

- EPS would recommend waiving the affordable housing impact fee (if adopted) on projects that comply with the City's inclusionary requirement.
5. **Waiving Impact Fees.** City staff has discussed waiving development impact fees as a means of reducing development costs and improving affordability. EPS would advise against this approach, as waiving impact fees will erode the City's ability to fund the infrastructure improvements that are needed to serve the new development and will negatively impact the City's fiscal sustainability.