



KEYSER MARSTON
A S S O C I A T E S

NON-RESIDENTIAL
AFFORDABLE HOUSING IMPACT FEE
NEXUS STUDY

Prepared for:

County of Santa Cruz

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I. EXECUTIVE SUMMARY

The following report summarizes an analysis of the linkages between non-residential development in Santa Cruz County and the demand for additional affordable housing. The analysis, which demonstrates support for a “Non-Residential Affordable Housing Impact Fee,” has been prepared by Keyser Marston Associates, Inc. (KMA) for the County of Santa Cruz (County) in accordance with a contractual agreement.

A. Non-Residential Nexus Study

The purpose of a nexus analysis is to quantify and document the linkages among the construction of new non-residential projects (e.g. retail/commercial, office, hotel/lodging, warehouse, light industrial, agricultural, and assisted living), the employees that work in them, and the increased demand for affordable housing. Since the jobs in these types of projects cover a range in compensation levels, and the households of the workers range in size, housing needs are generated at all affordability levels. This analysis quantifies the need for affordable housing created by each type of workplace building.

This analysis is conducted to meet the requirements imposed by several United States Supreme Court decisions, and by California Government Code Section 66000 et seq., which is sometimes referred to as “the Mitigation Fee Act.” These analyses are commonly referred to as linkage or nexus analyses.

B. Building Types and Affordability Levels

This analysis evaluates a cross section of non-residential development types that have occurred in Santa Cruz County in recent years, and/or that may be built in the near-term future. For the purposes of the analysis, the following building types were identified:

- Retail / Commercial
- Office
- Hotel / Lodging
- Warehouse
- Light Industrial
- Agricultural
- Assisted Living

The household income categories addressed in the analysis include: Extremely Low Income, Very Low Income, Low Income, and Moderate Income.

C. Maximum Nexus Costs

The following table identifies the maximum legally supportable nexus costs derived from the Non-Residential Nexus Study. These nexus costs represent the maximum legally supportable Non-Residential Affordable Housing Impact Fee amounts:

Figure 1: Maximum Legally Supportable Non-Residential Affordable Housing Impact Fees Per Square Foot	
Retail / Commercial	\$243.50
Office	\$235.70
Hotel / Lodging	\$100.40
Warehouse	\$57.10
Light Industrial	\$98.10
Agricultural	\$7.40
Assisted Living	\$56.20

However, it is important to note that these are not the fee amounts being recommended by KMA.

D. Recommended Non-Residential Affordable Housing Impact Fees

The following factors were considered in establishing recommended Non-Residential Affordable Housing Impact Fees:

1. The County’s desired public policy objectives to produce affordable housing; and
2. Non-residential affordable housing impact fees charged in similar jurisdictions.

Based on the preceding factors, KMA recommends that the County set the Non-Residential Affordable Housing Impact Fees within the following ranges:

Figure 2: Recommended Non-Residential Affordable Housing Impact Fees Per Square Foot	
Retail / Commercial	\$0 - \$7
Office	\$0 - \$7
Hotel / Lodging	\$0 - \$7
Warehouse	\$0 - \$7
Light Industrial	\$0 - \$7
Agricultural	\$0 - \$3
Assisted Living	\$0 - \$7

II. INTRODUCTION AND OVERVIEW

Future non-residential development is anticipated to occur in Santa Cruz County. This non-residential development supports additional jobs within Santa Cruz County, which generates a need for additional housing accessible to all income levels.

Additionally, residential rents and sales prices have increased over the past several years in Santa Cruz County. As rents and sales prices increase, it becomes more difficult to achieve the Regional Housing Needs Assessment (RHNA) goals for extremely low, very low, low and moderate income units.

Typically, outside affordable housing resources are utilized to assist in the development of affordable units. Historically, the State of California (State) and the Federal government have provided a multitude of financial resources available for affordable housing. However, the need for affordable housing continues to outpace the outside financial resources available to the County. As such, the County has imposed an affordable housing impact fee on non-residential development for the purposes of generating revenue to be utilized for the creation of additional affordable housing.

The purpose of this Non-Residential Nexus Study is to provide the County with a legal basis to levy Non-Residential Affordable Housing Impact Fees on non-residential development. It is a fundamental assumption that a Non-Residential Affordable Housing Impact Fee program would be one piece of the County's comprehensive affordable housing program.

A. Benefits of Affordable Housing to Non-Residential Development

The primary objective for implementing a Non-Residential Affordable Housing Impact Fee on non-residential development is to increase the amount of affordable housing within Santa Cruz County. This increase in affordable housing benefits non-residential development by strengthening the local jobs-housing balance, which benefits both employers and workers. With a larger and more diverse pool of Santa Cruz County residents to draw upon, employers will have increased ability to fill job openings.

A lack of local affordable housing can result in overcrowded living conditions, or workers that must endure long commutes. Both of these conditions affect a worker's quality of life, which may ultimately force a worker to quit their job. Giving workers access to affordable housing opportunities close to their place of employment can result in greater workplace stability, and less worker turnover for the employer. It has been estimated that it can cost between 15% and 20% of a worker's annual salary to replace that worker (costs of on-boarding, training, etc.). As such, limiting worker turnover with the development of affordable housing can produce meaningful cost savings for employers.

B. Analysis Organization

The non-residential uses that are the subject of this analysis represent a cross section of typical non-residential development that has occurred in Santa Cruz County in recent years and/or may be built in the near-term future. For the purposes of the analysis, the following building types were identified:

- Retail / Commercial
- Office
- Hotel / Lodging
- Warehouse
- Light Industrial
- Agricultural
- Assisted Living

The household income categories addressed in the analysis include: Extremely Low Income, Very Low Income, Low Income and Moderate Income.

C. Data Sources and Qualifications

The analyses in this report have been prepared using the best and most recent data available. Local and current data was used whenever possible. Sources such as the United States Census (Census), the American Community Survey of the Census (ACS), California Employment Development Department (EDD) and the United States Bureau of Labor Statistics (BLS) data were used extensively. Other sources and analyses are noted when used in the text and footnotes. The data sources and uses are those that provide a reasonable basis to support the nexus between jobs and housing.

While we believe all sources utilized are sufficiently accurate for the purposes of the analyses, we cannot guarantee their accuracy. KMA assumes no liability for information from these and other sources.

III. THE NON-RESIDENTIAL NEXUS STUDY

A. The Nexus Concept

Introduction

This section of the report outlines the nexus concept and some of the key issues surrounding the linking of new non-residential development to the demand for affordable residential units in Santa Cruz County. The nexus analysis and discussion focus on the relationships among development growth, employment, income of workers and demand for affordable housing. The analysis connects the new construction of the types of buildings in which there are workers to the need for additional affordable housing. This connection is quantified both in terms of number of units, and the amount of subsidy assistance needed to make the units affordable.

The Legal Basis and Context

The first jobs-housing linkage programs were adopted in the cities of San Francisco and Boston in the mid-1980s. To support the linkage between non-residential development and the demand for affordable housing, the City of San Francisco commissioned an analysis to show the relationships, or what might now be characterized as an early version of a nexus analysis. Since that time there have been several court cases and California statutes that affect what local jurisdictions must demonstrate when imposing impact fees on development projects.

The most important United States Supreme Court cases are *Nollan v. California Coastal Commission* and *Dolan v. City of Tigard* (Oregon). The rulings on these cases, and others, help

clarify what governments must find in the way of the nature of the relationship between the problem to be mitigated and the action contributing to the problem. Here, the problem is the shortage of affordable housing, and the action contributing to the problem is building workspaces that create more jobs and worker households needing affordable housing.

Following the Nollan decision in 1987, the California legislature enacted AB 1600, which requires local agencies proposing an impact fee on a development project to identify the purpose of the fee, the use of the fee, and to determine that there is a reasonable relationship between the fee's use and the development project on which the fee is imposed. The local agency must also demonstrate that there is a reasonable relationship between the fee amount and the cost of mitigating the problem that the fee addresses. Studies by local governments designed to fulfill the requirements of AB 1600 are often referred to as "AB 1600" or "Nexus" studies. In 2021, the California legislature enacted Assembly Bill 602 (AB 602), which imposes additional requirements for impact fees and impact fee nexus studies completed after January 1, 2022.

One court case that involved housing linkage fees was *Commercial Builders of Northern California v. City of Sacramento*. The commercial builders of Sacramento sued the City of Sacramento following the City's adoption of a housing linkage fee. Both the United States District Court and the Ninth Circuit Court of Appeals upheld the City of Sacramento, and rejected the builders' petition. The United States Supreme Court denied a petition to hear the case, letting stand the lower court's opinion.

Since the Sacramento case in 1991, there have been several additional court rulings reaffirming and clarifying the ability of California cities to adopt impact fees. Notable cases can be described as follows:

1. In 2004, in *San Remo Hotel v. the City and County of San Francisco*, the court upheld the impact fee levied by the City and County of San Francisco on the conversion of residence hotels to tourist hotels and other uses. The court found that a suitable nexus, or deleterious impact, had been demonstrated.
2. In 2009, in *Building Industry Association of Central California v. the City of Patterson*, the Court invalidated the City of Patterson's fee because a valid nexus linking the impact of the proposed project to the fee had not been demonstrated.
3. In 2010, a court ruling upheld most of the impact fees levied by the City of Lemoore, in Southern California. Of particular note is the judges' opinion that a "fee" may be

“established for a broad class of projects by legislation of general applicability....the fact that specific construction plans are not in place does not render the fee unreasonable.” In other words, cities do not have to identify specific affordable housing projects to be constructed at the time of adoption of an impact fee.

4. In 2025, in *Sheetz v. County of El Dorado*, California’s Third District Court of Appeal found that the traffic impact mitigation (TIM) fee imposed by the County did not violate the Takings Clause. In this case, the court found that the TIM fee satisfied both the Nollan test (essential nexus) and the Dolan test (rough proportionality).

In summary, the case law at this time appears to be fully supportive of the imposition of Non-Residential Affordable Housing Impact Fees.

The Nexus Methodology

An overview of the basic nexus concept and methodology is helpful to understand the discussion and concepts presented in this section. This overview consists of a quick “walk through” of the major steps of the analysis. The nexus analysis links new non-residential buildings with new workers in Santa Cruz County; these workers demand additional housing in proximity to the jobs, a portion of which needs to be affordable to the workers in lower income households.

The methodology utilized in this analysis is a “micro” analysis that examines individual buildings. The micro nexus analysis readily lends itself to quantification that serves as a basis for the nexus cost, or the maximum fee amount for each building type.

To illustrate the micro nexus analysis, very simply, we can walk through the major calculations of the analysis. We begin by assuming a prototypical building of a defined size, and then we make the following calculations:

1. We estimate the total number of employees working in the building based on average employment density data.
2. We use occupation and income information for typical job types in the building to calculate how many of those jobs pay compensation at the levels addressed in the nexus analysis.
 - a. Compensation data is provided by EDD, and is specific to the Santa Cruz-Watsonville Metropolitan Statistical Area (MSA) as of 2025.

- b. Worker occupations by building type are derived from the 2024 Occupational Employment Survey (OES) prepared by the BLS.
3. We know from the Census that many workers are members of households where more than one person is employed, and there is also a range of household sizes. We use factors derived from the Census to translate the number of workers into households of various sizes represented in each income category.
4. Then, we calculate how many of the Extremely Low, Very Low, Low, and Moderate Income households are associated with the building and divide by the building size to arrive at coefficients of housing units per square foot of building area.
5. In the last step, we multiply the identified number of households times the cost of delivering housing units affordable to these income groups.

The Relationship Between Construction and Job Growth

Many factors underlie the reasons for employment growth in a given region; these factors are complex, interrelated, and often associated with forces at the national and international levels. The nexus argument does not make the case that the construction of new buildings is solely responsible for employment growth. However, new construction is uniquely important in the equation, first, as one of the factors contributing to growth, and second, as a unique and essential condition precedent to growth.

As to the first, construction itself encourages growth. When the state economy is growing, the areas that experience the most rapid growth are those where new construction activity is vigorous and acts as a vital industry. In regions such as Santa Cruz County, where multiple forces of growth exist, the development industry frequently serves as a proactive force inducing growth to occur, or to be attracted to specific areas, by providing new workspaces, particularly those of a speculative nature.

Second, the development of workplace buildings bears a direct relationship to job growth, because job growth does not occur in modern service economies without buildings to house new workers. Unlike other growth factors, new buildings play a unique role in that employment growth cannot occur without them for a sustained period of time. Conversely, it is well established that the inability to construct new workplace buildings will constrain, or even halt, job growth.

Discount for Changing Industries

The local economy, like that of the United States as a whole, is constantly evolving. Over the past 20 years, employment in various sectors of the economy has declined. However, jobs lost over the last decade in these declining sectors were replaced by job growth in other industry sectors.

Long-term declines in employment experienced in some sectors of the economy mean that some of the jobs created in burgeoning industries are being filled by workers that have been displaced from another industry and who are presumed to already be housed locally. Recognizing that jobs added in the community are not necessarily net new jobs, this step in the analysis makes an adjustment to take these declines, changes and shifts within all sectors of the economy into account.

To assist in making the adjustment, KMA analyzed data published by the EDD annually for the both the Santa Cruz-Watsonville MSA and the San Jose-Sunnyvale-Santa Clara MSA for the 20 year period between 2004 and 2023. Over this period, approximately 50,700 jobs were lost in declining industry sectors while growing and stable industries added 326,300 jobs over the same period. The decline was largely focused in the manufacturing, and trade, transportation and utilities sectors. The figures are used to establish the ratio between jobs lost in declining industries to jobs gained in growing and stable industries at 15%.¹ In effect, this adjustment assumes that 15% of new jobs are filled by a worker downsized from a declining industry and who already lives locally.

The discount for changing industries represents a conservative assumption because many displaced workers may exit the workforce entirely by retiring. Development of new workspace buildings will typically occur only to the extent that there is positive net demand after re-occupancy of buildings vacated by businesses in declining sectors of the economy. To the extent buildings are re-occupied, the discount for changing industries is unnecessary because new buildings would represent net new growth in employment. The 15% adjustment is conservative in that it is mainly necessary to cover a special case in which buildings vacated by declining industries cannot be readily occupied by other uses due to their special purpose nature, because of obsolescence, or because they are torn down or converted to a residential use.

¹ The 15% ratio is calculated as 50,700 jobs lost in declining sectors divided by 326,300 jobs gained in growing and stable sectors = 16% (rounded to 15%).

Other Factors and Assumptions

The “Addendum” (Section IV) at the end of this report provides a discussion of other specific nexus concepts that must also be considered. These factors include:

1. Addressing the housing needs of a new population versus the existing population;
2. Substitution factor, indirect employment and multiplier effects;
3. Changes in labor force participation;
4. Commuting; and
5. Economic cycles.

B. Non-Residential Nexus Analysis

This section presents a summary of the analysis of the linkage between the seven types of workplace buildings, and the estimated number of worker households in the income categories that will, on average, be employed within those buildings. This section should not be read or reproduced without the narrative presented in the previous sections of this study.

Analysis Approach and Framework

The analysis establishes the jobs-housing linkages for individual building types or land use activities. In turn, this is used to quantify the connection between employment growth in Santa Cruz County and the resulting demand for affordable housing.

The analysis approach is to examine the employment associated with the development of workplace building prototypes. Then, through a series of linkage steps, the number of employees is converted to households and housing units by affordability level. The findings are expressed in terms of numbers of households related to building area. In the final step, we convert the number of households for an entire building to the number of households per square foot of building area. For ease of understanding, KMA conducts the analysis on 100,000 square foot building modules. The building size is used solely to facilitate understanding of the analysis by being able to avoid minute fractions.

The prototypes are meant to cover a wide variety of building types. Together, the seven categories are designed to encompass most new non-residential buildings to be constructed by the private sector in Santa Cruz County. The categories under analysis are:

1. The Retail/Commercial category includes retail, restaurants, dry cleaners, health clubs and other personal care and service uses that commonly occupy retail/commercial space.
2. The Office category is designed to represent the range of office tenants locating in Santa Cruz County, from small professional offices to larger corporate and medical offices.
3. The Hotel/Lodging category includes hotels, motels and extended stay hotels, if any.
4. The Warehouse category represents large structures primarily devoted to storage activities, typically with a small amount of office space.
5. The Light Industrial category encompasses a broad range of uses occupying industrial buildings as well as auto repair and service, and other uses of a semi-industrial character such as agricultural processing facilities.
6. The Agricultural category largely focuses on greenhouse and nursery type uses.
7. The Assisted Living category encompasses assisted living, nursing homes, memory care, and other facilities that provide primarily non-medical care for persons in need of personal services, supervision, protection, or assistance for sustaining the activities of daily living.

Household Income Limits

When workers form households, their income, either alone or in combination with other workers, produces the household income. In addition, of course, there may be children and/or other household members who are not employed. The nexus analysis estimates demand for affordable housing focusing on the following household income categories:

- Extremely Low Income
- Very Low Income
- Low Income
- Moderate Income

Household income criteria for these affordability categories are based on the Santa Cruz County area median income (Median) as published by the California Department of Housing and Community Development (HCD). The income categories presented in the following table are

applied for most housing programs administered by HCD and by the United States Department of Housing and Urban Development (HUD). For a four-person household, the maximum qualifying income levels for 2025 are:

Figure 3: Summary of Affordability Categories		
Income Category	Percent of Median	Income Range (Four-Person Household)
Extremely Low Income	0% to 30% of Median	\$0 to \$59,350
Very Low Income	Above 30% to 50% of Median	\$59,351 to \$98,900
Low Income	Above 50% to 80% of Median	\$98,901 to \$158,700
Moderate Income	Above 80% to 120% of Median	\$158,701 to \$159,350

Analysis Steps

The analysis is conducted using a model that KMA has developed for application in many jurisdictions for which the firm has conducted similar analyses. The model inputs are comprised of local data to the extent possible, and are fully documented.

Appendix A – Table 1 summarizes the nexus analysis steps for the seven building types. Following is a description of each step in the analysis:

Step 1 – Estimate of Total New Employees

Appendix A – Table 1 estimates the total number of employees who will work in the types of companies that occupy the building types being analyzed. This is done by dividing the building size by the average square feet of space provided to each employee. As the amount of space allocated to each employee is reduced, the supportable nexus cost is increased. The employment densities used in the analysis can be described as follows:

1. Retail/Commercial at 500 square feet per employee. This employment density estimate reflects consideration of a range of sources including the Institute of Transportation Engineers (ITE) Trip Generation Manual, restaurant employment densities derived from National Association of Restaurants data, and the County’s parking requirements for commercial/retail uses. The density range within this category is wide, with some types

of retail such as restaurant space as much as five times as dense as other types such as furniture or building material supply stores. The estimate used is at the upper end of the range of sources considered and will tend to understate the number of employees relative to many types of retail.

2. Office at 300 square feet per employee. For the purposes of this figure, KMA reviewed employment density estimates from an Occupancy Benchmarking Guide published by Jones Lang LaSalle, the ITE Trip Generation Manual, as well as the County's parking requirements for office uses. The 300 square foot per employee figure utilized by KMA in the nexus analysis is at the upper end of the ranges found in these sources.
3. Hotel/Lodging at 1,200 square feet per employee. This estimate reflects limited-service hotel developments, and is likely at the upper end of the applicable range.
4. Warehouse at 2,000 square feet per employee. This reflects the primary activity in the building is assumed to be storage or logistics. A small amount of office or administrative space is assumed within warehouse structures. KMA consulted a number of sources to arrive at this estimate including: the ITE Trip Generation Manual, a Portland Metro Employment Density Study, the United States Department of Energy, and the County's parking requirements.
5. Light Industrial at 1,000 square feet per employee. This represents an average density that covers flex space, and light industrial activities. KMA reviewed the ITE Trip Generation Manual and the County's parking requirement for industrial uses.
6. Agricultural at 17,000 square feet per employee. This estimate is largely focused on agricultural greenhouse space. KMA reviewed information provided by the Department of Agriculture as well as additional research articles to arrive at this estimate.
7. Assisted Living at 2,000 square feet per employee. This estimate is based on KMA's review of estimates for residential care facilities in California.

The density factors used in this analysis represent averages, and individual uses can be expected to be fairly divergent from the average from time to time. Specific projects may have more or fewer employees than the employment densities assumed in this analysis. In these instances, the County may wish to include a provision in the ordinance that provides a waiver or a custom impact fee to adjust for employment densities that vary greatly from the averages used in this analysis. That is, projects with much lower employment densities may be allowed

to pay a lower impact fee, and projects with much greater employment densities may be required to pay a higher fee.

As discussed above, KMA conducted the analysis on 100,000 square foot prototype buildings. The prototypes facilitate the presentation of the nexus findings, as it allows us to count jobs and housing units in whole numbers that can be readily communicated and understood. At the conclusion of the analysis, the findings are divided by the 100,000 square foot building size to express the linkages per square foot, which are very small fractions of housing units.

The following table summarizes the employment estimates used in the nexus analysis:

Figure 4: Employment Estimate for Prototypical 100,000 Square Foot Buildings		
Building Type	Employment	
	Density	Number of Employees
Retail / Commercial	500	200
Office	300	333
Hotel / Lodging	1,200	83
Warehouse	2,000	50
Light Industrial	1,000	100
Agricultural	17,000	6
Assisted Living	2,000	50

Potential Impacts of Coronavirus Pandemic

This Non-Residential Nexus Study is being prepared as the region continues to adjust from the coronavirus pandemic, which could have implications regarding the density of employment in workplace buildings. Potential impacts can be separated into short-term (during the pandemic) and longer-term (post-pandemic). As the nexus analysis determines mitigation costs over the life of new buildings, long-term effects are pertinent while short-term or temporary changes in response to the pandemic would not warrant an adjustment.

The experience adapting to remote work during the coronavirus pandemic has led some businesses to plan for remote work as a larger part of their operations post-pandemic. A trend toward remote work would be expected to reduce demand for new non-residential buildings overall, but does not necessarily reduce the impacts of non-residential buildings that are built. Conversely, many employers, office employers in particular, have begun implementing return-to-work policies that require workers to return to working in physical buildings rather than

remotely. For the purposes of this analysis, KMA has utilized conservative employment density estimates for each building type.

Step 2 – Adjustment for Changing Industries

This step is an adjustment to take into account any declines, changes and shifts within all sectors of the economy and to recognize that new space is not always 100% equivalent to net new employees. As discussed previously, a 15% adjustment is utilized to recognize the long-term shifts in employment occurring in the Santa Cruz County region and the likelihood of continuing changes to the local economy.

For demolition of existing structures, KMA recommends that the County provide a credit or offset to the fee when demolition of existing structures occurs as part of a project. Typically, the Non-Residential Affordable Housing Impact Fee would only be charged against net new space added by a project.

The following table summarizes the net new jobs after adjusting for declining industries:

Figure 5: Net New Jobs		
Building Type	Number of Employees	Net New Employees after 15% Declining Industries Adjustment
Retail / Commercial	200	170
Office	333	283
Hotel / Lodging	83	71
Warehouse	50	43
Light Industrial	100	85
Agricultural	6	5
Assisted Living	50	43

Step 3 – Adjustment from Employees to Employee Households

This step, as shown in Appendix A – Table 1, converts the number of employees to the number of employee households that will work at or in the building type being analyzed. This step recognizes that there is, on average, more than one worker per household, and thus the number of housing units in demand for new workers must be reduced to reflect this fact.

The workers per household characteristic provides the link between the number of employees and the number of households associated with the net new employees. Worker households are defined as those households with one or more persons with work-related income, including the self-employed, as reported in the 2019-2023 ACS. In other words, worker households are distinguished from total households in that the universe of worker households does not include elderly or other households in which members are retired or do not work for other reasons. Student households and unemployed households on public assistance are also excluded from the definition of worker households. If the overall average number of workers per household were used, it would have produced a greater demand for housing units.

The number of workers per household in a given geographic area is a function of household size, labor force participation rate and employment availability, as well as other factors. According to the 2019-2023 ACS, the average number of workers per worker household in Santa Cruz County was 1.79.

The following table summarizes the number of housing units needed:

Figure 6: Number of Housing Units Needed		
Building Type	Net New Jobs (Figure 5)	Housing Units Needed (1.79 workers per unit):
Retail / Commercial	170	94.9
Office	283	158.1
Hotel / Lodging	71	39.5
Warehouse	43	23.7
Light Industrial	85	47.4
Agricultural	5	2.8
Assisted Living	43	23.7

Step 4 – Occupational Distribution of Employees

Estimating the occupational breakdown of employees is the first step to arriving at estimated income levels. The occupational make up of jobs by building type is estimated by combining two data sources: BLS data on the distribution of occupations by industry category and data on employment by industry for Santa Cruz County from the Quarterly Census of Employment and Wages (QCEW). Industry categories are weighted to reflect the mix of employers in Santa Cruz County. The occupations that reflect the expected mix of activities in the new buildings are presented in Appendices B - H.

1. For Retail/Commercial buildings, a wide range of retail categories are included, as well as restaurants and personal services.
2. For Office buildings, the mix of industries reflects a wide range of financial, professional service, technology and medical offices.
3. The Hotel/Lodging category reflects the industry category for travel accommodations.
4. For warehouse buildings, the applicable industry category is warehouse and storage.
5. The Light Industrial category encompasses a range of light industrial, wholesale, and manufacturing.
6. The Agricultural category reflects support activities primarily related to crop production.
7. The Assisted Living category reflects the industry category for continuing care retirement communities and assisted living facilities for the elderly.

Step 4 estimates are presented in Appendix A - Table 1 and Appendices B – H. The following table summarizes the percentage distribution of jobs by occupation:

Figure 7: Percent of Jobs by Occupation

	Retail / Commercial	Office	Hotel / Lodging	Warehouse	Light Industrial	Agricultural	Assisted Living
Management Occupations	3.7%	11.0%	6.1%	3.1%	8.2%	0.0%	4.4%
Business and Financial	1.0%	12.1%	1.9%	2.6%	5.2%	0.0%	1.4%
Computer and Mathematical	0.1%	6.4%	0.2%	0.8%	2.6%	0.0%	0.1%
Architecture and Engineering	0.0%	2.5%	0.0%	0.2%	4.0%	0.0%	0.0%
Sciences	0.0%	1.7%	0.0%	0.6%	2.3%	0.0%	0.0%
Community & Social Services	0.0%	3.4%	0.0%	0.0%	0.0%	0.0%	1.0%
Legal	0.0%	1.4%	0.0%	0.0%	0.1%	0.0%	0.0%
Education, and Library	0.2%	0.4%	0.1%	0.0%	0.0%	0.0%	0.0%
Arts, Design, Entertainment	0.8%	1.7%	0.2%	0.2%	1.1%	0.0%	0.2%
Healthcare Practitioners	0.5%	17.8%	0.0%	0.1%	0.2%	0.0%	8.9%
Healthcare Support	0.3%	9.1%	0.5%	0.0%	0.0%	0.0%	43.7%
Protective Service	0.5%	0.5%	1.6%	0.4%	0.1%	0.0%	0.6%
Food Prep and Serving	48.3%	0.9%	24.2%	0.0%	2.9%	0.0%	18.6%
Building and Grounds.	1.6%	1.2%	29.3%	0.9%	0.7%	0.0%	6.3%
Personal Care and Service	7.3%	1.2%	3.5%	0.0%	0.0%	0.0%	4.6%
Sales and Related	16.3%	4.6%	2.5%	1.1%	7.1%	0.0%	0.6%
Office and Admin Support	4.8%	19.8%	20.0%	11.2%	8.8%	0.0%	5.2%
Farming, Fishing, Forestry	0.1%	0.0%	0.0%	0.1%	5.8%	100.0%	0.0%
Construction and Extraction	0.1%	0.4%	0.2%	0.1%	0.5%	0.0%	0.1%
Installation, Maint. and Repair	2.3%	2.3%	6.0%	3.0%	11.0%	0.0%	2.8%
Production	2.3%	0.6%	2.8%	2.2%	27.2%	0.0%	0.5%
Transportation	<u>9.7%</u>	<u>0.8%</u>	<u>1.0%</u>	<u>73.5%</u>	<u>12.3%</u>	<u>0.0%</u>	<u>1.0%</u>
Totals	100%	100%	100%	100%	100%	100%	100%

To determine the distribution of worker households by occupation category, the percentage distribution of workers' occupations identified in Figure 7 above is multiplied by the total number of worker households in Figure 6. The result is the distribution in the number of worker households by worker occupation category as shown in the table below:

Figure 8: Number of Worker Households by Worker Occupation Category

	Retail / Commercial	Office	Hotel / Lodging	Warehouse	Light Industrial	Agricultural	Assisted Living
Management Occupations	3.5	17.5	2.4	0.7	3.9	0.0	1.1
Business and Financial	1.0	19.1	0.7	0.6	2.5	0.0	0.3
Computer and Mathematical	0.1	10.2	0.1	0.2	1.2	0.0	0.0
Architecture and Engineering	0.0	3.9	0.0	0.1	1.9	0.0	0.0
Sciences	0.0	2.7	0.0	0.1	1.1	0.0	0.0
Community & Social Services	0.0	5.3	0.0	0.0	0.0	0.0	0.2
Legal	0.0	2.2	0.0	0.0	0.0	0.0	0.0
Education, and Library	0.2	0.6	0.0	0.0	0.0	0.0	0.0
Arts, Design, Entertainment	0.7	2.7	0.1	0.0	0.5	0.0	0.0
Healthcare Practitioners	0.5	28.2	0.0	0.0	0.1	0.0	2.1
Healthcare Support	0.3	14.4	0.2	0.0	0.0	0.0	10.4
Protective Service	0.4	0.8	0.6	0.1	0.0	0.0	0.2
Food Prep and Serving	45.8	1.5	9.6	0.0	1.4	0.0	4.4
Building and Grounds.	1.5	1.9	11.6	0.2	0.4	0.0	1.5
Personal Care and Service	6.9	1.9	1.4	0.0	0.0	0.0	1.1
Sales and Related	15.5	7.3	1.0	0.2	3.4	0.0	0.1
Office and Admin Support	4.6	31.4	7.9	2.7	4.2	0.0	1.2
Farming, Fishing, Forestry	0.1	0.1	0.0	0.0	2.8	2.8	0.0
Construction and Extraction	0.1	0.6	0.1	0.0	0.2	0.0	0.0
Installation, Maint. and Repair	2.2	3.7	2.4	0.7	5.2	0.0	0.7
Production	2.2	1.0	1.1	0.5	12.9	0.0	0.1
Transportation	<u>9.2</u>	<u>1.3</u>	<u>0.4</u>	<u>17.4</u>	<u>5.8</u>	<u>0.0</u>	<u>0.2</u>
Totals	94.9	158.1	39.5	23.7	47.4	2.8	23.7

Step 5 – Estimate Of Employee Household Income

In this step, occupations are translated to incomes based on recent Santa Cruz-Watsonville MSA wage and salary information published by EDD for the first quarter of 2025 for the occupations associated with each building type. This step in the analysis calculates the number of employee households that fall into each income category.

For each occupational category shown in Figures 7 and 8, the OES data provides a distribution of specific occupations within the category. For example, within the Food Preparation and Serving Category, there are Supervisors, Cooks, Servers, Dishwashers, etc. Each of these individual categories has a different distribution of wages which was obtained from EDD and is

specific to workers in the Santa Cruz-Watsonville MSA as of 2025. Worker compensations used in the analysis assume full-time employment (40 hours per week) based on EDD’s convention for reporting annual compensation. Compensations are adjusted where applicable to reflect the current \$16.50 per hour State minimum wage for businesses with 26 or more employees, the State minimum wage for fast food workers of \$20.00 per hour and State minimum wage limits for specific health care worker categories.

The following is a summary of the worker compensation levels for the top two occupation groups by building type. The percentages refer to the share of employment within the building in the occupation group. Appendices B – H show the more detailed wage and salary information that were used as the income inputs to the model.

Figure 9: Santa Cruz County Worker Compensation by Building Type (2025)			
Building Type	Major Occupation Group	% of Employment in Building	Average Annual Worker Compensation ²
Retail / Commercial	Food Preparation and Serving	48%	\$43,100
	Sales and Related Occupations	16%	\$43,600
Office	Office and Administrative Support	20%	\$57,200
	Healthcare and Technical Operations	18%	\$150,800
Hotel / Lodging	Building and Grounds Cleaning and Maintenance Occupations	29%	\$45,800
	Food Preparation and Serving	24%	\$44,600
Warehouse	Transp. / Material Moving Occupations	74%	\$46,500
	Office and Administrative Support	11%	\$55,800
Industrial	Production Occupations	27%	\$55,700
	Transp. / Material Moving Occupations	12%	\$46,700
Agricultural	Farming, Fishing, Forestry Operations	100%	\$43,000
Assisted Living	Healthcare Support Operations	44%	\$41,800
	Food Preparation and Serving	19%	\$44,900

Source: California Employment Development Department, 2024 Occupational Employment Statistics Survey, Wages First Quarter 2025

² Compensation is based on the full-time equivalent of 40 hours per week.

Employee income is then translated into an estimate of household income using ratios between individual employee income and household income derived from Census data. Ratios reflect an analysis of data for the workforce in the Santa Cruz area with annual household incomes under \$250,000. Households with income of \$250,000 or more are not included to avoid a disproportionate influence on averages by a small percentage of households with incomes well over levels addressed in this analysis.

Figure 10: Ratio of Household Income to Individual Worker Income			
Individual Worker Income	One Worker Households	Two Worker Households	Three or More Workers
\$25,000 to \$30,000	1.52	3.94	6.03
\$30,000 to \$40,000	1.68	3.11	4.87
\$40,000 to \$50,000	1.55	2.91	3.96
\$50,000 to \$60,000	1.22	2.65	3.60
\$60,000 to \$80,000	1.15	2.35	3.03
\$80,000 to \$100,000	1.23	2.08	2.86
\$100,000 to \$125,000	1.09	1.95	2.40
\$125,000 to \$150,000	1.08	1.77	1.99
\$150,000 to \$250,000	1.03	1.58	1.70
\$250,000 and above	1.03	1.31	1.45

Source: KMA analysis of 2019 – 2023 American Community Survey PUMS data for the Santa Cruz area

A ratio of 1.0 in Figure 10 indicates that the household has no additional income beyond that of the individual worker. A ratio of 2.0 means that total household income is twice what the individual worker earns. With a two-earner household, a ratio of 2.0 indicates each worker in the household earns about the same amount. A ratio above 2.0 would indicate the other worker in the household earns more, on average, while a ratio less than 2.0 indicates the other worker earned less. The ratio between worker income and overall household income decreases as worker pay increases. This is because workers with higher pay are more likely to represent the largest source of household income.

The ratios adjust employee incomes upward even for households with only one worker. This is in consideration of non-wage/salary income sources such as child support, disability, social security income, investment income and others. Ratios for one-worker households at the lower end of the compensation range tend to be larger, an indication that these workers are more

likely to derive a share of household income from non-employment sources such as social security.

Household income estimates for workers within each detailed occupation category are summarized in Appendix I. A separate estimate is provided for households with one, two, and three or more workers. Estimates are compared to HUD income criteria summarized in the following table to estimate the percent of worker households that would fall into each income category. This is done for each potential combination of household size and number of workers in the household.

Figure 11: 2025 Household Income Limits for Santa Cruz County

Household Income Category	Household Size (Persons)					
	1	2	3	4	5	6 +
Extremely Low (Under 30% AMI)	\$41,550	\$47,500	\$53,450	\$59,350	\$64,100	\$68,850
Very Low (30%-50% AMI)	\$69,250	\$79,100	\$89,000	\$98,900	\$106,800	\$114,700
Low (50%-80% AMI)	\$111,100	\$127,000	\$142,850	\$158,700	\$171,400	\$184,100
Moderate (80%-120% AMI)	\$111,550	\$127,500	\$143,400	\$159,350	\$172,100	\$184,850
Median (100% of Median)	\$92,950	\$106,250	\$119,500	\$132,800	\$143,400	\$154,050

Source: California Department of Housing and Community Development.

At the end of Step 5, the nexus analysis has established the matrix indicating the percentages of households that would qualify in each of the affordable income tiers for each occupation category and each potential combination of household size and number of workers in the household.

Step 6 – Estimate of Household Size Distribution

In this step, household size distribution is estimated using 2019 – 2023 ACS data for Santa Cruz County. In addition to the distribution of household sizes, the data also accounts for a range in the number of workers in households of various sizes. The following table indicates the percentage distribution utilized in the analysis. Application of these percentage factors accounts for the following:

1. Households have a range in size and a range in number of workers.
2. Larger households generally have more workers than smaller households.

Figure 12: Percent of Households by Size and No. of Workers		
No. of Persons in Household	No. of Workers in Household	Percent of Total Households
1	1	15.47%
2	1	15.10%
	2	18.14%
3	1	6.32%
	2	9.25%
	3+	3.83%
4	1	4.89%
	2	7.33%
	3+	5.83%
5	1	2.14%
	2	3.20%
	3+	2.54%
6	1	1.61%
	2	2.42%
	3+	1.92%
Total		100%
Source: 2019-2023 American Community Survey for Santa Cruz County		

The result of Step 6 is a distribution of working households by number of workers and household size.

Step 7 – Estimate of Households that meet HCD Size and Income Criteria

Step 7 calculates the number of employee households that fall into each income category for each size household. This calculation is based on combining the household income distribution (Step 5) with the worker household size distribution (Step 6) to arrive at a distribution of worker households by income category. These analyses are presented in Appendix A – Tables 2A – 2D, and summarized in Appendix A – Table 3.

Housing Demand by Income Level

Appendix A - Table 3 illustrates the results of the analysis for the four income categories and the seven prototypical buildings being analyzed in this study. The table presents the estimated

number of households in each affordability category, the total number up to 120% of the Median, and the remaining households earning over 120% of Median.

Figure 13: Number of Households by Income Category Per 100,000 Square Feet of Building

	Retail / Commercial	Office	Hotel / Lodging	Warehouse	Light Industrial	Agricultural	Assisted Living
Extremely Low	28.5	9.9	11.2	5.5	7.2	1.0	5.9
Very Low Income	22.4	27.4	9.4	6.0	11.0	0.6	5.6
Low Income	14.3	38.7	6.5	4.6	11.0	0.3	4.0
Moderate Income	0.1	0.4	0.0	0.0	0.1	0.0	0.0
Subtotal	65.2	76.4	27.2	16.0	29.2	1.9	15.5
Above 120% AMI	29.7	81.7	12.3	7.7	18.2	0.9	8.2
Total	94.9	158.1	39.5	23.7	47.4	2.8	23.7

Appendix A - Table 3 also presents the percentages of total new worker households that fall into each income category. As indicated, approximately 70% of Retail/Commercial, Hotel/Lodging, Warehouse and Agricultural worker households earn less than 120% of the Median. In addition, approximately 60% of Light Industrial, 50% of Office and 65% of Assisted Living worker households earn less than 120% of the Median.

Figure 14: Percentage of Households by Income Category

	Retail / Commercial	Office	Hotel / Lodging	Warehouse	Light Industrial	Agricultural	Assisted Living
Extremely Low	30.0%	6.3%	28.4%	23.1%	15.1%	36.6%	24.9%
Very Low Income	23.6%	17.3%	23.9%	25.1%	23.2%	20.3%	23.4%
Low Income	15.0%	24.5%	16.5%	19.2%	23.1%	12.3%	16.8%
Moderate Income	0.1%	0.2%	0.1%	0.2%	0.2%	0.1%	0.1%
Subtotal	68.7%	48.3%	68.8%	67.6%	61.6%	69.3%	65.2%
Above 120% AMI	31.3%	51.7%	31.2%	32.4%	38.4%	30.7%	34.8%
Total	100%	100%	100%	100%	100%	100%	100%

Housing Demand by Square Foot Building Area

The analysis thus far has worked with 100,000 square foot prototypical buildings. In this step, the conclusions are translated to a per-square-foot level and expressed as coefficients. These coefficients state the portion of a household, or housing unit, by affordability level for which each square foot of building area is associated (see Appendix A - Table 4).

This is the summary of the affordable housing nexus analysis, or the linkage of buildings to employment growth to housing demand disaggregated by income level. We believe that our analysis provides a conservative approximation (understates at the low end) of the households by income and affordability levels associated with these building types.

Figure 15: New Worker Households Per Square Foot

	Retail / Commercial	Office	Hotel / Lodging	Warehouse	Light Industrial	Agricultural	Assisted Living
Extremely Low	0.0002845	0.0000993	0.0001122	0.0000547	0.0000717	0.0000102	0.0000590
Very Low Income	0.0002239	0.0002736	0.0000943	0.0000596	0.0001099	0.0000057	0.0000556
Low Income	0.0001428	0.0003869	0.0000652	0.0000456	0.0001098	0.0000034	0.0000400
Moderate Income	<u>0.0000005</u>	<u>0.0000039</u>	<u>0.0000002</u>	<u>0.0000004</u>	<u>0.0000009</u>	<u>0.0000000</u>	<u>0.0000002</u>
Total	0.0006517	0.0007637	0.0002719	0.0001603	0.0002924	0.0000193	0.0001547

C. Maximum Nexus Costs

This section takes the conclusions from the previous section on the number of households in the Extremely Low, Very Low, Low, and Moderate Income categories associated with each building type, and estimates the total cost of assistance required to make housing affordable. This section puts a cost on the units at each income level to produce the “total affordable housing nexus cost.”

Affordability Gap Analysis

A key component of the Non-Residential Nexus Study is the size of the gap between what households can afford and the cost of producing new housing in Santa Cruz County; this is known as the “affordability gap.” The assumption is that the County will assist in the development of affordable units at development cost levels based on similar development projects in the surrounding areas.

KMA conducted an affordability gap analysis, which is presented in Appendix J. Based on this analysis, it was determined that the public assistance cost would be lower for rental units than for ownership units for each income category.

The resulting affordability gaps per affordable unit are presented in the following table:

Figure 16: Affordability Gaps	
Extremely Low Income	(\$462,300)
Very Low Income	(\$344,100)
Low Income	(\$244,800)
Moderate Income	(\$245,300)

Total Affordable Housing Nexus Costs

Previous steps in the nexus analysis estimated the following:

1. The number of Extremely Low, Very Low, Low and Moderate Income households that will be employed in each of the six types of buildings; and
2. The affordability gaps associated with providing housing at the various income levels.

The final step in the nexus analysis translates these factors into the estimated cost to fulfill the affordable housing demand created by the prototype developments (Appendix A – Table 5). These results are then converted into the affordability gaps per square foot of building area for the new development of retail/commercial, office, hotel/lodging, warehouse, light industrial, and research and development uses. This is defined as the affordable housing nexus cost, which represents the maximum legally allowable Non-Residential Affordable Housing Impact Fee. Based on the results of the KMA analysis, the legally maximum fees for the seven building types are as follows:

Figure 17: Maximum Legally Supportable Non-Residential Affordable Housing Impact Fees Per Square Foot	
Retail / Commercial	\$239.40
Office	\$230.80
Hotel / Lodging	\$98.50
Warehouse	\$56.00
Light Industrial	\$96.20
Agricultural	\$7.40
Assisted Living	\$55.20

Total nexus and mitigation costs are driven by employment densities, the compensation level of jobs, and the cost of developing residential units. Higher employment densities contribute to higher nexus costs. These fee amounts represent the maximum amounts that can be charged under the nexus requirements imposed by the United States Supreme Court and the California Government Code. The totals are not recommended fee levels.

IV. FEES IN OTHER JURISDICTIONS

KMA completed a survey of non-residential affordable housing impact fees in other similar jurisdictions. However, it’s important to note that based on our research the following jurisdictions have not implemented non-residential affordable housing impact fee programs: Cities of Capitola, Santa Cruz and Scotts Valley; and Counties of Monterey, San Benito, San Luis Obispo and Ventura. The following table summarizes the requirements of similar jurisdictions that do impose non-residential affordable housing impact fees:

Figure 18: Non-Residential Affordable Housing Impact Fees in Similar Jurisdictions			
Jurisdiction	Fee Amount Per Square Foot of GBA		Exemptions
City of San Luis Obispo Population: 48,000	Office	\$6.42	Educational, public, cultural, childcare, nursing homes, residential care facilities, skilled nursing, public assembly uses exempt
	Service	\$6.42	
	Hotel	\$6.42	
	Retail	\$6.42	
	Industrial	\$5.35	
	Institutional	\$5.35	
City of Watsonville Population: 52,000	Commercial	\$1.75	First 1,000 SF exempt
County of San Mateo Population: 745,000	Office/Medical/R&D	\$25.00	3,500 SF threshold; 25% fee reduction for prevailing wage. public, institutional, childcare, recreational, assisted living exempt.
	Hotel	\$10.00	
	Retail / Restaurant /Services	\$5.00	
County of Sonoma Population: 486,000	Office	\$3.59	First 2,000 SF exempt
	Hotel	\$3.59	
	Commercial	\$3.59	Redevelopment areas exempt
	Retail	\$6.21	
	Services	\$6.21	
	Industrial / Warehouse	\$3.70	
	Ag Processing	\$3.70	

V. RECOMMENDED FEE LEVELS

Based on the County’s policy objectives and the fees charged in other jurisdictions. KMA recommends that the County consider the following fee ranges:

Figure 19: Recommended Non-Residential Affordable Housing Impact Fees Per Square Foot	
Retail / Commercial	\$0 - \$7
Office	\$0 - \$7
Hotel / Lodging	\$0 - \$7
Warehouse	\$0 - \$7
Light Industrial	\$0 - \$7
Agricultural	\$0 - \$3
Assisted Living	\$0 - \$7

VI. ADDENDUM: FACTORS RELATING TO THE NEXUS CONCEPT

This Addendum provides a discussion of various specific factors and assumptions related to the nexus concept. This discussion supplements the overview provided in the previous sections of the report.

A. Addressing the Housing Needs of a New Population versus the Existing Population

In November 2023, the County adopted the Sixth Cycle (2023-2031) Housing Element Update. Based on the Sixth Cycle Housing Element, the County's Regional Housing Needs Assessment (RHNA) allocation is set at 2,468 very-low and low income units. Furthermore, the Sixth Cycle Housing Element notes that approximately 50% of renter households and 30% of owner households in Santa Cruz County are cost burdened (more than 30% of household income is spent on housing expenses).

This existing housing shortage, especially at the lowest income levels, is manifested in numerous ways, such as residents paying far more than the affordable rent set forth in federal and state guidelines, overcrowding, and other factors that are extensively documented by the Census and other reports.

However, it is important to understand that this nexus study does not address the housing needs of the existing population. Rather, the study focuses exclusively on documenting and quantifying the housing needs of new households where an employee works in a new workplace building.

Local analyses of housing conditions indicate that new housing affordable to lower income households is not being added to the supply in sufficient quantity to meet the needs of new employee households. If significant numbers of units were being added to the supply to accommodate the Extremely Low to Moderate Income groups, or if residential units in Santa Cruz County were experiencing higher than typical long-term vacancy levels, particularly in affordable units, then the need for new units would be questionable.

B. Substitution Factor

Any given new workplace buildings in Santa Cruz County may be occupied partly, or even perhaps totally, by employees relocating from elsewhere in the region. Buildings are often leased entirely to firms relocating from other buildings in the same jurisdiction. However, when a firm relocates to a new building from elsewhere in the region, a vacant space is created that

will ultimately be occupied by another firm. In turn, that building may be filled with some combination of newcomers to the area and existing workers. Somewhere in the chain there are jobs new to the region. The net effect is that new buildings accommodate new employees, although not necessarily inside of the new buildings themselves.

C. Indirect Employment and Multiplier Effects

The multiplier effect refers to the concept that the income generated by a new job recycles through the economy and results in additional jobs. The total number of jobs generated is broken down into three categories – direct, indirect and induced. In the case of the nexus analysis, the direct jobs are those located in the new workspace buildings that would be subject to the impact fee. Multiplier effects encompass indirect and induced employment. Indirect jobs are generated by suppliers to the businesses located in the new workspace buildings. Finally, induced jobs are generated by local spending on goods and services by the employees in the new businesses.

Multiplier effects vary by industry. Industries that draw heavily on a network of local suppliers tend to generate larger multiplier effects. Industries that are labor intensive also tend to have larger multiplier effects as a result of the induced effects of employee spending.

Theoretically, a non-residential nexus analysis could consider multiplier effects. However, the potential for double counting exists to the extent indirect and induced jobs are added in other new buildings in jurisdictions that have jobs-housing linkage fees. KMA chooses to omit the multiplier effects (the indirect and induced employment impacts) to avoid potential double counting.

In addition, the non-residential nexus analysis addresses direct “inside” employment only. In the case of an office building, for example, direct employment covers the various managerial, professional and clerical people that work in the building; it does not include the security guards, the delivery services, the landscape maintenance workers, and many others that are associated with the normal functioning of an office building. By confining the analysis to the “inside” direct employees, the demand for affordable housing created by lower income workers associated with each type of building will be understated. This provides a more conservative perspective on the demand for affordable housing created by the development of new workplaces. If these factors were included, the maximum allowable Non-Residential Affordable Housing Impact Fee would be higher than the amount estimated in this report.

D. Changes in Labor Force Participation

In the 1960s through the 1980s, there were significant increases in labor force participation, primarily among women. As a result, some of the new workers were entering the labor force and already had local housing. This acts to reduce the demand for housing associated with job growth. In earlier nexus analyses prepared by KMA, we would adjust the analysis to account for this factor. However, increases in participation rates by women have stabilized, and even declined slightly, while labor force participation rates for men have been on a downward trajectory since 1970. As such, an adjustment for increase in labor force participation is no longer warranted in a nexus analysis.

E. Commuting

Workers in Santa Cruz County commute from locations throughout the region. Nexus analyses sometimes make a downward adjustment to reflect the fact that an assumed portion of housing needs will be satisfied by other jurisdictions. Such an adjustment is not required for nexus purposes; all housing demand generated by a project may be included in the nexus. No adjustment for commuting has been reflected in the study.

F. Economic Cycles

A nexus analysis of this nature is intended to support the imposition of a one-time fee that addresses the impacts generated over the 40+ year life of a project. Short-term conditions, such as a recession or a vigorous boom period, are not appropriate bases for estimating impacts over the life of a building. These cycles can produce impacts that are higher or lower on a temporary basis.

Development of new workspace buildings tends to be minimal during a recession, and generally remains minimal until conditions improve or there is confidence that improved conditions are imminent. To the limited extent that new workspace buildings are built during a recession, housing impacts from these new buildings may not be fully experienced immediately. New buildings delivered during a recession can sometimes sit vacant for a period after completion. Even if new buildings are immediately occupied, the net absorption of space can still be zero or negative if other buildings are vacated in the process. Jobs added may also be filled in part by unemployed or underemployed workers who are already housed locally.

As the economy recovers, firms will begin to expand and hire again filling unoccupied space as unemployment is reduced. New space delivered during the recession still adds to the total

supply of employment space in the region. Though the jobs are not realized immediately, as the economy recovers and vacant space is filled, this new employment space absorbs or accommodates job growth. Although there may be a delay in time, the fundamental relationship between new buildings, added jobs, and housing needs remains over the long term.

In contrast, during a vigorous economic boom period, conditions exist in which elevated impacts are experienced on a temporary basis. As an example, compression of employment densities can occur as firms add employees while making do with existing space. Compressed employment densities mean more jobs are added for a given amount of building area. Boom periods also tend to go hand-in-hand with rising development costs and increasing home prices. These factors can bring market rate housing out of reach for a larger percentage of the workforce and increase the cost of delivering affordable units.

G. Conservative Assumptions

KMA employed many conservative assumptions in the estimation of the total affordable housing nexus costs. As a result, the total affordable housing nexus costs identified in this study are significantly lower than the amounts that would have been derived if less conservative assumptions had been applied. These conservative assumptions can be summarized as follows:

1. The study only counts employees that are employed in the companies that occupy the new development. The development of new non-residential space will also generate indirect jobs from the suppliers to the businesses located in the new workspace buildings, and induced jobs related to the local spending on goods and services by the direct employees.
2. The annual incomes for workers used in this analysis reflect full-time employment based on the California Employment Development Department's convention for reporting compensation information. Of course, many workers work less than full time; therefore, the annual compensation estimates used in the analysis are overstated, especially for retail/commercial uses, which tend to have a high number of part-time employees.
3. The conservative assumptions applied to the affordability gap analysis are:
 - a. The affordability gaps were estimated based on rents that are affordable to households at the top of each income range. If the mid-point of the income

ranges had been used, the affordability gaps would have been larger, which would increase the resulting nexus costs.

- b. The affordability gap analysis for Extremely Low, Very Low and Low Income households includes Tax-Exempt Multifamily Bonds and 4% Tax Credit financing. The inclusion of these outside leveraging sources reduces the affordability gap that would need to be filled by the County.

VII. MITIGATION FEE ACT FINDINGS

This section provides findings language consistent with the requirements of the Mitigation Fee Act as set forth in Government Code § 66000 et seq.

A. Identify the purpose of the fee (66001(a)(1)).

The purpose of the Non-Residential Affordable Housing Impact Fee is to fund construction of affordable housing to mitigate the increased demand for affordable housing from workers in newly developed workplace buildings.

B. Identify the use to which the fee is to be put (66001(a)(2)).

Non-Residential Affordable Housing Impact Fees are used to increase the supply of housing affordable to qualifying Extremely Low, Very Low, Low and Moderate Income households earning from 0% through 120% of median income.

C. Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed (66001(a)(3)).

The foregoing Non-Residential Nexus Study has demonstrated that there is a reasonable relationship between the use of the fee, which is to increase the supply of affordable housing in Santa Cruz County, and the development of new non-residential buildings which increases the need for affordable housing. Development of new non-residential buildings increases the number of jobs in Santa Cruz County. A share of the new workers in these new jobs will have household incomes that qualify as Extremely Low, Very Low, Low and Moderate Income and result in an increased need for affordable housing. Therefore, the finding that there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed can be made.

D. Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed (66001(a)(4)).

The analysis has demonstrated that there is a reasonable relationship between the development of non-residential workspace buildings in Santa Cruz County and the need for additional affordable units. Development of new workspace buildings accommodates additional jobs in Santa Cruz County. Seven different non-residential development types were analyzed (Retail/Commercial, Office, Hotel/Lodging, Warehouse, Light Industrial, Agricultural and Assisted Living). The number of jobs added in various types of new non-residential buildings is documented in Appendix A – Table 1. Based on household income levels for the new workers in these new jobs, a significant share of the need is for housing affordable to Extremely Low, Very Low, Low and Moderate Income levels. The Non-Residential Nexus Study concludes that for every 100,000 square feet of new Retail/Commercial space, 65.2 incremental affordable units are needed. Similarly, for Office, 76.4 affordable units are needed per 100,000 square feet of space developed, 27.2 for Hotel/Lodging, 16.0 for Warehouse, 29.2 for Light Industrial, 1.9 for Agricultural and 15.5 for Assisted Living. Therefore, the finding that there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed can be made.

E. Determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed. (66001(b)).

There is a reasonable relationship between the amount of the fee and the cost of the needed affordable housing attributable to the new non-residential development. The nexus analysis has quantified the increased need for affordable units in relation to each type of new non-residential use being developed and determined maximum fee levels based on the cost of providing the needed affordable housing. Costs reflect the net subsidy required to produce the affordable units based on recent cost information for development of affordable housing in Santa Cruz County. Non-Residential Affordable Housing Impact Fees do not exceed the cost of providing the affordable housing that is attributable to the new development. Therefore, the finding that there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed can be made.

F. A fee shall not include the costs attributable to existing deficiencies in public facilities (66001(g)).

The nexus analysis quantifies only the net new affordable housing needs generated by new non-residential development in Santa Cruz County. Existing deficiencies with respect to housing conditions in Santa Cruz County are not considered nor in any way included in the analysis.

VIII. AB 602

The legislature enacted AB 602 in 2021, which went into effect on January 1, 2022. AB 602 imposed additional requirements related to impact fees and impact fee nexus studies. The pertinent provisions of AB 602 related to this nexus study are as follows:

A. When applicable, the nexus study shall identify the existing level of service for each public facility, identify the proposed new level of service, and include an explanation of why the new level of service is appropriate.

This provision requires that, “when applicable,” a level of service analysis should be prepared to impose impact fees for the development of “public facilities.” Per Government Code Section 66000(d), “public facilities” are defined as public improvements, public services and community amenities. Public facilities typically include assets such as roadways, storm drain systems, parks, trails, facilities, and County buildings. These types of facilities typically have a measurable level of service such as the number of parks acres per resident, police calls per capita or residents per library.

In contrast, this nexus study justifies the imposition of an impact fee on non-residential development for the purposes of increasing the County’s future supply of affordable housing. While affordable housing projects are often financed in part with public funds, they are typically privately-owned developments. The users of the affordable housing are limited to residents that occupy each privately-owned unit, and not members of the County’s service population at-large as would be the case for public facilities such as parks and libraries. Thus, a level of service analysis is not a suitable methodology for evaluating affordable housing impact fees.

To our knowledge, the County is not intending to utilize the Non-Residential Affordable Housing Impact Fee revenue for the purposes of constructing publicly-owned affordable housing. Since, the County intends to use the impact fee revenue to subsidize privately-owned affordable housing projects this provision is not applicable to the Non-Residential Affordable Housing Impact Fee analyzed in this nexus study.

- B. If a nexus study supports the increase of an existing fee, the local agency shall review the assumptions of the nexus study supporting the original fee and evaluate the amount of fees collected under the original fee.**

The County has an existing Non-Residential Affordable Housing Impact Fee. If the County increases the existing Non-Residential Affordable Housing Impact Fee, the County must review the nexus study supporting the original fee and evaluate the amount of fees collected under the original fee.

- C. Unless a local agency makes specific findings under Government Code Section 66016.5(a)(5)(B), a nexus study adopted after July 1, 2022, shall calculate a fee imposed on a housing development project proportionately to the square footage of proposed unit of the development.**

This provision is not applicable to fees imposed on non-residential development.

- D. Large jurisdictions shall adopt a capital improvement plan as part of the nexus study.**

Per Government Code Section 53559.1, Santa Cruz County is classified as a large jurisdiction. The County completed a CIP for the six-year period of 2025-2030, which is posted on the County's website. However, the current CIP does not include any proposed expenditures for affordable housing purposes. Since the County imposes a Non-Residential Affordable Housing Impact Fee, KMA recommends that the County include revenue estimates and proposed affordable housing expenditures in the County's CIP.

APPENDIX A

NON-RESIDENTIAL NEXUS STUDY

SANTA CRUZ COUNTY, CALIFORNIA

APPENDIX A - TABLE 1

NET NEW HOUSEHOLDS AND OCCUPATION DISTRIBUTION BY BUILDING TYPE

NON-RESIDENTIAL NEXUS STUDY

SANTA CRUZ COUNTY, CALIFORNIA

Per 100,000 SF of Building

	Retail / Commercial	Office	Hotel / Lodging	Warehouse	Light Industrial	Agricultural	Assisted Living
Step 1 - Estimate of Number of Employees							
Employment Density (SF/Employee)	500	300	1,200	2,000	1,000	17,000	2,000
Number of Employees (100,000 SF Building)	200	333	83	50	100	6	50
Step 2 - Net New Employees after Declining Industries Adjustment (15%)	170	283	71	43	85	5	43
Step 3 - Adjustment for Number of Households (1.79)	94.9	158.1	39.5	23.7	47.4	2.8	23.7
Step 4 - Percent of Jobs by Occupation ⁽¹⁾							
Management Occupations	3.7%	11.0%	6.1%	3.1%	8.2%	0.0%	4.4%
Business and Financial Operations	1.0%	12.1%	1.9%	2.6%	5.2%	0.0%	1.4%
Computer and Mathematical	0.1%	6.4%	0.2%	0.8%	2.6%	0.0%	0.1%
Architecture and Engineering	0.0%	2.5%	0.0%	0.2%	4.0%	0.0%	0.0%
Life, Physical, and Social Science	0.0%	1.7%	0.0%	0.6%	2.3%	0.0%	0.0%
Community and Social Services	0.0%	3.4%	0.0%	0.0%	0.0%	0.0%	1.0%
Legal	0.0%	1.4%	0.0%	0.0%	0.1%	0.0%	0.0%
Education, Training, and Library	0.2%	0.4%	0.1%	0.0%	0.0%	0.0%	0.0%
Arts, Design, Entertainment, Sports, and Media	0.8%	1.7%	0.2%	0.2%	1.1%	0.0%	0.2%
Healthcare Practitioners and Technical	0.5%	17.8%	0.0%	0.1%	0.2%	0.0%	8.9%
Healthcare Support	0.3%	9.1%	0.5%	0.0%	0.0%	0.0%	43.7%
Protective Service	0.5%	0.5%	1.6%	0.4%	0.1%	0.0%	0.6%
Food Preparation and Serving Related	48.3%	0.9%	24.2%	0.0%	2.9%	0.0%	18.6%
Building and Grounds Cleaning and Maint.	1.6%	1.2%	29.3%	0.9%	0.7%	0.0%	6.3%
Personal Care and Service	7.3%	1.2%	3.5%	0.0%	0.0%	0.0%	4.6%
Sales and Related	16.3%	4.6%	2.5%	1.1%	7.1%	0.0%	0.6%
Office and Administrative Support	4.8%	19.8%	20.0%	11.2%	8.8%	0.0%	5.2%
Farming, Fishing, and Forestry	0.1%	0.0%	0.0%	0.1%	5.8%	100.0%	0.0%
Construction and Extraction	0.1%	0.4%	0.2%	0.1%	0.5%	0.0%	0.1%
Installation, Maintenance, and Repair	2.3%	2.3%	6.0%	3.0%	11.0%	0.0%	2.8%
Production	2.3%	0.6%	2.8%	2.2%	27.2%	0.0%	0.5%
Transportation and Material Moving	<u>9.7%</u>	<u>0.8%</u>	<u>1.0%</u>	<u>73.5%</u>	<u>12.3%</u>	<u>0.0%</u>	<u>1.0%</u>
Totals	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

APPENDIX A - TABLE 1

NET NEW HOUSEHOLDS AND OCCUPATION DISTRIBUTION BY BUILDING TYPE

NON-RESIDENTIAL NEXUS STUDY

SANTA CRUZ COUNTY, CALIFORNIA

Per 100,000 SF of Building

	Retail / Commercial	Office	Hotel / Lodging	Warehouse	Light Industrial	Agricultural	Assisted Living
APPENDIX A - TABLE 1, PAGE 2							
Step 4 - Number of Jobs by Occupation ⁽¹⁾							
Management Occupations	3.5	17.5	2.4	0.7	3.9	0.0	1.1
Business and Financial Operations	1.0	19.1	0.7	0.6	2.5	0.0	0.3
Computer and Mathematical	0.1	10.2	0.1	0.2	1.2	0.0	0.0
Architecture and Engineering	0.0	3.9	0.0	0.1	1.9	0.0	0.0
Life, Physical, and Social Science	0.0	2.7	0.0	0.1	1.1	0.0	0.0
Community and Social Services	0.0	5.3	0.0	0.0	0.0	0.0	0.2
Legal	0.0	2.2	0.0	0.0	0.0	0.0	0.0
Education, Training, and Library	0.2	0.6	0.0	0.0	0.0	0.0	0.0
Arts, Design, Entertainment, Sports, and Media	0.7	2.7	0.1	0.0	0.5	0.0	0.0
Healthcare Practitioners and Technical	0.5	28.2	0.0	0.0	0.1	0.0	2.1
Healthcare Support	0.3	14.4	0.2	0.0	0.0	0.0	10.4
Protective Service	0.4	0.8	0.6	0.1	0.0	0.0	0.2
Food Preparation and Serving Related	45.8	1.5	9.6	0.0	1.4	0.0	4.4
Building and Grounds Cleaning and Maint.	1.5	1.9	11.6	0.2	0.4	0.0	1.5
Personal Care and Service	6.9	1.9	1.4	0.0	0.0	0.0	1.1
Sales and Related	15.5	7.3	1.0	0.2	3.4	0.0	0.1
Office and Administrative Support	4.6	31.4	7.9	2.7	4.2	0.0	1.2
Farming, Fishing, and Forestry	0.1	0.1	0.0	0.0	2.8	2.8	0.0
Construction and Extraction	0.1	0.6	0.1	0.0	0.2	0.0	0.0
Installation, Maintenance, and Repair	2.2	3.7	2.4	0.7	5.2	0.0	0.7
Production	2.2	1.0	1.1	0.5	12.9	0.0	0.1
Transportation and Material Moving	<u>9.2</u>	<u>1.3</u>	<u>0.4</u>	<u>17.4</u>	<u>5.8</u>	<u>0.0</u>	<u>0.2</u>
Totals	94.9	158.1	39.5	23.7	47.4	2.8	23.7

Notes:

(1) Appendices B - H contain additional information regarding worker occupation categories.

APPENDIX A - TABLE 2A

ESTIMATE OF QUALIFYING HOUSEHOLDS - EXTREMELY LOW INCOME

NON-RESIDENTIAL NEXUS STUDY

SANTA CRUZ COUNTY, CALIFORNIA

Analysis for Households Earning up to 30% of Median

	Retail / Commercial	Office	Hotel / Lodging	Warehouse	Light Industrial	Agricultural	Assisted Living
<i>Per 100,000 SF Building</i>							
Households Earning up to 30% of Median (Step 5, 6, & 7) ⁽¹⁾							
Management	0.01	0.13	0.01	0.00	0.01	-	0.00
Business and Financial Operations	-	0.62	-	0.03	0.07	-	-
Computer and Mathematical	-	0.04	-	-	0.01	-	-
Architecture and Engineering	-	0.01	-	-	0.01	-	-
Life, Physical and Social Science	-	-	-	-	0.04	-	-
Community and Social Services	-	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-
Education Training and Library	-	-	-	-	-	-	-
Arts, Design, Entertainment, Sports, and Media	-	-	-	-	-	-	-
Healthcare Practitioners and Technical	-	0.31	-	-	-	-	0.00
Healthcare Support	-	1.92	-	-	-	-	3.10
Protective Service	-	-	-	-	-	-	-
Food Preparation and Serving Related	15.50	-	3.40	-	0.50	-	1.37
Building Grounds and Maintenance	-	-	3.51	-	-	-	0.45
Personal Care and Service	1.81	-	0.49	-	-	-	0.32
Sales and Related	5.21	0.78	0.20	-	0.48	-	-
Office and Admin	0.82	4.62	2.30	0.44	0.63	-	0.25
Farm, Fishing, and Forestry	-	-	-	-	1.01	1.02	-
Construction and Extraction	-	-	-	-	-	-	-
Installation Maintenance and Repair	0.29	0.42	0.29	0.08	0.55	-	0.08
Production	0.59	-	0.37	0.07	2.09	-	-
Transportation and Material Moving	2.73	-	-	4.61	1.57	-	-
HH earning up to 30% of Median - major occupations	26.95	8.85	10.58	5.23	6.98	1.02	5.57
HH earning up to 30% of Median - all other occupations	1.50	1.08	0.64	0.24	0.19	-	0.32
Total Households Earning up to 30% of Median	28.5	9.9	11.2	5.5	7.2	1.0	5.9

Notes:

(1) Appendices B - H contain additional information on worker occupation categories, compensation levels and estimated household incomes.

APPENDIX A - TABLE 2B

ESTIMATE OF QUALIFYING HOUSEHOLDS - VERY LOW INCOME

NON-RESIDENTIAL NEXUS STUDY

SANTA CRUZ COUNTY, CALIFORNIA

Analysis for Households Earning 30% to 50% of Median

	<u>Retail / Commercial</u>	<u>Office</u>	<u>Hotel / Lodging</u>	<u>Warehouse</u>	<u>Light Industrial</u>	<u>Agricultural</u>	<u>Assisted Living</u>
<i>Per 100,000 SF Building</i>							
Households Earning 30% to 50% of Median (Step 5, 6, & 7) ⁽¹⁾							
Management	0.56	1.62	0.40	0.07	0.29	-	0.14
Business and Financial Operations	-	3.34	-	0.11	0.48	-	-
Computer and Mathematical	-	0.82	-	-	0.08	-	-
Architecture and Engineering	-	0.30	-	-	0.09	-	-
Life, Physical and Social Science	-	-	-	-	0.15	-	-
Community and Social Services	-	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-
Education Training and Library	-	-	-	-	-	-	-
Arts, Design, Entertainment, Sports, and Media	-	-	-	-	-	-	-
Healthcare Practitioners and Technical	-	1.50	-	-	-	-	0.16
Healthcare Support	-	4.67	-	-	-	-	2.68
Protective Service	-	-	-	-	-	-	-
Food Preparation and Serving Related	10.62	-	2.05	-	0.30	-	1.05
Building Grounds and Maintenance	-	-	3.04	-	-	-	0.39
Personal Care and Service	1.65	-	0.29	-	-	-	0.29
Sales and Related	3.63	1.67	0.22	-	0.76	-	-
Office and Admin	1.31	9.37	1.92	0.77	1.26	-	0.33
Farm, Fishing, and Forestry	-	-	-	-	0.56	0.57	-
Construction and Extraction	-	-	-	-	-	-	-
Installation Maintenance and Repair	0.59	1.08	0.71	0.21	1.42	-	0.20
Production	0.55	-	0.26	0.16	3.85	-	-
Transportation and Material Moving	2.31	-	-	4.38	1.46	-	-
HH earning 30% to 50% of Median - major occupations	21.21	24.39	8.89	5.70	10.70	0.57	5.25
HH earning 30% to 50% of Median - all other occupations	1.18	2.97	0.54	0.27	0.30	-	0.30
Total Households Earning 30% to 50% of Median	22.4	27.4	9.4	6.0	11.0	0.6	5.6

Notes:

(1) Appendices B - H contain additional information on worker occupation categories, compensation levels and estimated household incomes.

APPENDIX A - TABLE 2C

ESTIMATE OF QUALIFYING HOUSEHOLDS - LOW INCOME

NON-RESIDENTIAL NEXUS STUDY

SANTA CRUZ COUNTY, CALIFORNIA

Analysis for Households Earning 50% to 80% of Median

	Retail / Commercial	Office	Hotel / Lodging	Warehouse	Light Industrial	Agricultural	Assisted Living
<i>Per 100,000 SF Building</i>							
Households Earning 50% to 80% of Median (Step 5, 6, & 7) ⁽¹⁾							
Management	1.08	3.95	0.80	0.20	0.89	-	0.30
Business and Financial Operations	-	7.26	-	0.23	0.94	-	-
Computer and Mathematical	-	3.10	-	-	0.35	-	-
Architecture and Engineering	-	1.25	-	-	0.55	-	-
Life, Physical and Social Science	-	-	-	-	0.36	-	-
Community and Social Services	-	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-
Education Training and Library	-	-	-	-	-	-	-
Arts, Design, Entertainment, Sports, and Media	-	-	-	-	-	-	-
Healthcare Practitioners and Technical	-	5.87	-	-	-	-	0.74
Healthcare Support	-	3.07	-	-	-	-	1.31
Protective Service	-	-	-	-	-	-	-
Food Preparation and Serving Related	5.94	-	1.19	-	0.16	-	0.64
Building Grounds and Maintenance	-	-	1.68	-	-	-	0.21
Personal Care and Service	1.19	-	0.18	-	-	-	0.16
Sales and Related	2.01	2.14	0.21	-	0.89	-	-
Office and Admin	0.92	6.88	1.37	0.55	0.90	-	0.25
Farm, Fishing, and Forestry	-	-	-	-	0.33	0.34	-
Construction and Extraction	-	-	-	-	-	-	-
Installation Maintenance and Repair	0.57	0.98	0.59	0.19	1.56	-	0.17
Production	0.38	-	0.15	0.11	2.74	-	-
Transportation and Material Moving	1.44	-	-	3.09	1.01	-	-
HH earning 50% to 80% of Median - major occupations	13.52	34.49	6.15	4.36	10.68	0.34	3.78
HH earning 50% to 80% of Median - all other occupations	0.75	4.20	0.37	0.20	0.30	-	0.22
Total Households Earning 50% to 80% of Median	14.3	38.7	6.5	4.6	11.0	0.3	4.0

Notes:

(1) Appendices B - H contain additional information on worker occupation categories, compensation levels and estimated household incomes.

APPENDIX A - TABLE 2D

ESTIMATE OF QUALIFYING HOUSEHOLDS - MODERATE INCOME

NON-RESIDENTIAL NEXUS STUDY

SANTA CRUZ COUNTY, CALIFORNIA

Analysis for Households Earning 80% to 120% of Median

	<u>Retail / Commercial</u>	<u>Office</u>	<u>Hotel / Lodging</u>	<u>Warehouse</u>	<u>Light Industrial</u>	<u>Agricultural</u>	<u>Assisted Living</u>
<i>Per 100,000 SF Building</i>							
Households Earning 80% to 120% of Median (Step 5, 6, & 7) ⁽¹⁾							
Management	0.01	0.10	0.01	0.00	0.02	-	0.00
Business and Financial Operations	-	0.05	-	0.00	0.01	-	-
Computer and Mathematical	-	0.02	-	-	0.00	-	-
Architecture and Engineering	-	0.03	-	-	0.01	-	-
Life, Physical and Social Science	-	-	-	-	0.00	-	-
Community and Social Services	-	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-
Education Training and Library	-	-	-	-	-	-	-
Arts, Design, Entertainment, Sports, and Media	-	-	-	-	-	-	-
Healthcare Practitioners and Technical	-	0.02	-	-	-	-	0.01
Healthcare Support	-	0.05	-	-	-	-	0.00
Protective Service	-	-	-	-	-	-	-
Food Preparation and Serving Related	0.01	-	0.00	-	0.00	-	0.00
Building Grounds and Maintenance	-	-	0.00	-	-	-	0.00
Personal Care and Service	0.01	-	0.00	-	-	-	0.00
Sales and Related	0.01	0.01	0.00	-	0.00	-	-
Office and Admin	0.01	0.06	0.00	0.01	0.01	-	0.00
Farm, Fishing, and Forestry	-	-	-	-	0.00	0.00	-
Construction and Extraction	-	-	-	-	-	-	-
Installation Maintenance and Repair	0.00	0.01	0.00	0.00	0.01	-	0.00
Production	0.00	-	0.00	0.00	0.02	-	-
Transportation and Material Moving	0.00	-	-	0.02	0.00	-	-
HH earning 80% to 120% of Median - major occupations	0.05	0.35	0.02	0.04	0.09	0.00	0.02
HH earning 80% to 120% of Median - all other occupations	0.00	0.04	0.00	0.00	0.00	-	0.00
Total Households Earning 80% to 120% of Median	0.1	0.4	0.0	0.0	0.1	0.0	0.0

Notes:

(1) Appendices B - H contain additional information on worker occupation categories, compensation levels and estimated household incomes.

**APPENDIX A - TABLE 3
 WORKER HOUSEHOLDS BY AFFORDABILITY LEVEL
 NON-RESIDENTIAL NEXUS STUDY
 SANTA CRUZ COUNTY, CALIFORNIA**

Per 100,000 S.F. Building

	Retail / Commercial	Office	Hotel / Lodging	Warehouse	Light Industrial	Agricultural	Assisted Living
NUMBER OF HOUSEHOLDS BY INCOME TIER ⁽¹⁾							
Up to 30% Median Income	28.5	9.9	11.2	5.5	7.2	1.0	5.9
30% to 50% Median Income	22.4	27.4	9.4	6.0	11.0	0.6	5.6
50% to 80% Median Income	14.3	38.7	6.5	4.6	11.0	0.3	4.0
80% to 120% Median Income	0.1	0.4	0.0	0.0	0.1	0.0	0.0
Subtotal to 120% of Median	65.2	76.4	27.2	16.0	29.2	1.9	15.5
Above 120% of Median	29.7	81.7	12.3	7.7	18.2	0.9	8.2
Total New Worker Households	94.9	158.1	39.5	23.7	47.4	2.8	23.7
PERCENTAGE OF HOUSEHOLDS BY INCOME TIER							
Up to 30% Median Income	30.0%	6.3%	28.4%	23.1%	15.1%	36.6%	24.9%
30% to 50% Median Income	23.6%	17.3%	23.9%	25.1%	23.2%	20.3%	23.4%
50% to 80% Median Income	15.0%	24.5%	16.5%	19.2%	23.1%	12.3%	16.8%
80% to 120% Median Income	0.1%	0.2%	0.1%	0.2%	0.2%	0.1%	0.1%
Subtotal to 120% of Median	68.7%	48.3%	68.8%	67.6%	61.6%	69.3%	65.2%
Above 120% of Median	31.3%	51.7%	31.2%	32.4%	38.4%	30.7%	34.8%
Total	100%	100%	100%	100%	100%	100%	100%

Notes:

(1) See Appendices B - H for information regarding worker compensation levels and estimated household incomes.

APPENDIX A - TABLE 4

HOUSING DEMAND NEXUS FACTORS PER SQ.FT. OF BUILDING AREA

NON-RESIDENTIAL NEXUS STUDY

SANTA CRUZ COUNTY, CALIFORNIA

	Number of Housing Units per Square Foot of Building Area ⁽¹⁾						
	Retail / Commercial	Office	Hotel / Lodging	Warehouse	Light Industrial	Agricultural	Assisted Living
Up to 30% Median Income	0.00028454	0.00009929	0.00011217	0.00005469	0.00007173	0.00001022	0.00005897
30% to 50% Median Income	0.00022388	0.00027359	0.00009429	0.00005964	0.00010995	0.00000566	0.00005560
50% to 80% Median Income	0.00014276	0.00038695	0.00006521	0.00004562	0.00010980	0.00000344	0.00003996
80% to 120% Median Income	0.00000050	0.00000390	0.00000023	0.00000040	0.00000089	0.00000002	0.00000016
Total	0.00065168	0.00076373	0.00027190	0.00016034	0.00029236	0.00001934	0.00015470

Notes:

⁽¹⁾Calculated by dividing number of household in Table 3 by 100,000 square feet to convert to households per square foot of building.

APPENDIX A - TABLE 5
 TOTAL HOUSING NEXUS COST
 NON-RESIDENTIAL NEXUS STUDY
 SANTA CRUZ COUNTY, CALIFORNIA

INCOME CATEGORY	Affordability Gap Per Unit ¹	Nexus Cost Per Sq.Ft. of Building Area ²						
		Retail / Commercial	Office	Hotel / Lodging	Warehouse	Light Industrial	Agricultural	Assisted Living
Up to 30% Median Income	\$462,300	\$131.50	\$45.90	\$51.90	\$25.30	\$33.20	\$4.70	\$27.30
30% to 50% Median Income	\$344,100	\$77.00	\$94.10	\$32.40	\$20.50	\$37.80	\$1.90	\$19.10
50% to 80% Median Income	\$244,800	\$34.90	\$94.70	\$16.00	\$11.20	\$26.90	\$0.80	\$9.80
80% to 120% Median Income	\$245,300	\$0.10	\$1.00	\$0.10	\$0.10	\$0.20	\$0.00	\$0.00
Total Mitigation Cost / Maximum Supported Fee		\$243.50	\$235.70	\$100.40	\$57.10	\$98.10	\$7.40	\$56.20

Notes:

¹ See Nexus Study Affordability Gap Analysis.

² Calculated by multiplying housing demand factors from Table 4 by the affordability gap per unit estimated in the Nexus Study Affordability Gap Analysis.

APPENDICES B - I

OCCUPATION AND COMPENSATION TABLES

NON-RESIDENTIAL NEXUS STUDY

SANTA CRUZ COUNTY, CALIFORNIA

APPENDIX B - TABLE 1
 ESTIMATED WORKER OCCUPATION DISTRIBUTION, 2024
 RETAIL/COMMERCIAL WORKERS
 NON-RESIDENTIAL NEXUS STUDY
 SANTA CRUZ COUNTY, CALIFORNIA

	Worker Occupation Distribution Retail
Major Occupations (2% or more)	
Management Occupations	3.7%
Food Preparation and Serving Related Occupations	48.3%
Personal Care and Service Occupations	7.3%
Sales and Related Occupations	16.3%
Office and Administrative Support Occupations	4.8%
Installation, Maintenance, and Repair Occupations	2.3%
Production Occupations	2.3%
Transportation and Material Moving Occupations	9.7%
All Other Worker Occupations - Retail	<u>5.3%</u>
TOTAL	100.0%

APPENDIX B - TABLE 2
AVERAGE ANNUAL WORKER COMPENSATION AND ESTIMATED HOUSEHOLD INCOME, 2025
RETAIL/COMMERCIAL WORKER OCCUPATIONS
NON-RESIDENTIAL NEXUS STUDY
SANTA CRUZ COUNTY, CALIFORNIA

Occupation ³	2025 Avg.	Household Income Estimate ⁴			% of Total	% of Total
	Worker Compensation ¹	One Worker	Two Workers	Three+ Workers	Occupation Group ²	Retail Workers
<i>Page 1 of 3</i>						
<i>Management Occupations</i>						
General and Operations Managers	\$136,300	\$147,000	\$241,000	\$271,000	57.7%	2.1%
Sales Managers	\$129,100	\$140,000	\$228,000	\$257,000	6.2%	0.2%
Food Service Managers	\$81,000	\$100,000	\$168,000	\$232,000	22.6%	0.8%
Entertainment and Recreation Managers, Except Gambling	\$98,100	\$121,000	\$204,000	\$281,000	2.4%	0.1%
Other Management Occupations	<u>\$120,700</u>	<u>\$132,000</u>	<u>\$235,000</u>	<u>\$289,000</u>	<u>11.1%</u>	<u>0.4%</u>
Weighted Mean Annual Wage	\$120,700	\$134,000	\$222,000	\$264,000	100.0%	3.7%
<i>Food Preparation and Serving Related Occupations</i>						
First-Line Supervisors of Food Preparation and Serving Workers	\$52,900	\$64,000	\$140,000	\$191,000	8.9%	4.3%
Cooks, Fast Food	\$40,100	\$62,000	\$117,000	\$159,000	5.6%	2.7%
Cooks, Restaurant	\$44,300	\$69,000	\$129,000	\$176,000	11.5%	5.6%
Food Preparation Workers	\$40,100	\$62,000	\$117,000	\$159,000	6.7%	3.2%
Bartenders	\$45,100	\$70,000	\$131,000	\$179,000	5.0%	2.4%
Fast Food and Counter Workers	\$40,800	\$63,000	\$119,000	\$162,000	30.0%	14.5%
Waiters and Waitresses	\$45,200	\$70,000	\$132,000	\$179,000	17.9%	8.6%
Dining Room and Cafeteria Attendants and Bartender Helpers	\$39,800	\$67,000	\$124,000	\$194,000	3.4%	1.6%
Dishwashers	\$38,700	\$65,000	\$120,000	\$188,000	3.4%	1.7%
Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop	\$38,100	\$64,000	\$119,000	\$185,000	3.4%	1.6%
Other Food Preparation and Serving Related Occupations	<u>\$43,100</u>	<u>\$67,000</u>	<u>\$125,000</u>	<u>\$171,000</u>	<u>4.1%</u>	<u>2.0%</u>
Weighted Mean Annual Wage	\$43,100	\$66,000	\$125,000	\$173,000	100.0%	48.3%
<i>Personal Care and Service Occupations</i>						
First-Line Supervisors of Entertainment and Recreation Workers, Except Gar	\$59,500	\$72,000	\$157,000	\$214,000	2.5%	0.2%
First-Line Supervisors of Personal Service Workers	\$60,100	\$69,000	\$141,000	\$182,000	3.5%	0.3%
Animal Caretakers	\$41,500	\$64,000	\$121,000	\$164,000	13.8%	1.0%
Amusement and Recreation Attendants	\$37,600	\$63,000	\$117,000	\$183,000	16.4%	1.2%
Hairdressers, Hairstylists, and Cosmetologists	\$50,900	\$62,000	\$135,000	\$183,000	17.1%	1.2%
Manicurists and Pedicurists	\$50,900	\$62,000	\$135,000	\$183,000	9.5%	0.7%
Skincare Specialists	\$58,500	\$71,000	\$155,000	\$211,000	3.5%	0.3%
Childcare Workers	\$40,700	\$63,000	\$118,000	\$161,000	2.5%	0.2%
Exercise Trainers and Group Fitness Instructors	\$66,400	\$77,000	\$156,000	\$201,000	18.5%	1.3%
Recreation Workers	\$43,400	\$67,000	\$126,000	\$172,000	2.3%	0.2%
Other Personal Care and Service Occupations	<u>\$50,600</u>	<u>\$62,000</u>	<u>\$134,000</u>	<u>\$182,000</u>	<u>10.3%</u>	<u>0.7%</u>
Weighted Mean Annual Wage	\$50,600	\$66,000	\$135,000	\$184,000	100.0%	7.3%
<i>Sales and Related Occupations</i>						
First-Line Supervisors of Retail Sales Workers	\$56,400	\$69,000	\$149,000	\$203,000	11.9%	2.0%
Cashiers	\$39,800	\$67,000	\$124,000	\$194,000	49.0%	8.0%
Counter and Rental Clerks	\$48,700	\$76,000	\$142,000	\$193,000	2.8%	0.5%
Parts Salespersons	\$46,000	\$71,000	\$134,000	\$182,000	3.3%	0.5%
Retail Salespersons	\$41,700	\$65,000	\$121,000	\$165,000	28.3%	4.6%
Sales Representatives of Services, Except Advertising, Insurance, Financial Se	\$77,700	\$90,000	\$182,000	\$236,000	2.0%	0.3%
Other Sales and Related Occupations	<u>\$43,600</u>	<u>\$68,000</u>	<u>\$127,000</u>	<u>\$173,000</u>	<u>2.6%</u>	<u>0.4%</u>
Weighted Mean Annual Wage	\$43,600	\$68,000	\$128,000	\$187,000	100.0%	16.3%

APPENDIX B - TABLE 2
AVERAGE ANNUAL WORKER COMPENSATION AND ESTIMATED HOUSEHOLD INCOME, 2025
RETAIL/COMMERCIAL WORKER OCCUPATIONS
NON-RESIDENTIAL NEXUS STUDY
SANTA CRUZ COUNTY, CALIFORNIA

Occupation ³	2025 Avg.	Household Income Estimate ⁴			% of Total	% of Total
	Worker Compensation ¹	One Worker	Two Workers	Three+ Workers	Occupation Group ²	Retail Workers
<i>Page 2 of 3</i>						
<i>Office and Administrative Support Occupations</i>						
First-Line Supervisors of Office and Administrative Support Workers	\$79,200	\$91,000	\$186,000	\$240,000	8.4%	0.4%
Bookkeeping, Accounting, and Auditing Clerks	\$62,800	\$73,000	\$147,000	\$190,000	9.9%	0.5%
Customer Service Representatives	\$53,100	\$65,000	\$141,000	\$191,000	28.6%	1.4%
Receptionists and Information Clerks	\$45,000	\$70,000	\$131,000	\$178,000	18.2%	0.9%
Shipping, Receiving, and Inventory Clerks	\$49,500	\$77,000	\$144,000	\$196,000	7.1%	0.3%
Secretaries and Administrative Assistants, Except Legal, Medical, and Execut	\$57,400	\$70,000	\$152,000	\$207,000	5.5%	0.3%
Office Clerks, General	\$52,400	\$64,000	\$139,000	\$189,000	14.1%	0.7%
Other Office and Administrative Support Occupations	<u>\$54,800</u>	<u>\$67,000</u>	<u>\$145,000</u>	<u>\$197,000</u>	<u>8.2%</u>	<u>0.4%</u>
Weighted Mean Annual Wage	\$54,800	\$70,000	\$144,000	\$194,000	100.0%	4.8%
<i>Installation, Maintenance, and Repair Occupations</i>						
First-Line Supervisors of Mechanics, Installers, and Repairers	\$89,100	\$110,000	\$185,000	\$255,000	8.8%	0.2%
Automotive Body and Related Repairers	\$71,700	\$83,000	\$168,000	\$217,000	3.7%	0.1%
Automotive Service Technicians and Mechanics	\$66,500	\$77,000	\$156,000	\$202,000	39.3%	0.9%
Outdoor Power Equipment and Other Small Engine Mechanics	\$53,500	\$65,000	\$142,000	\$193,000	4.4%	0.1%
Tire Repairers and Changers	\$47,400	\$74,000	\$138,000	\$188,000	9.1%	0.2%
Maintenance and Repair Workers, General	\$56,700	\$69,000	\$150,000	\$204,000	20.0%	0.5%
Installation, Maintenance, and Repair Workers, All Other	\$56,100	\$68,000	\$148,000	\$202,000	2.8%	0.1%
Other Installation, Maintenance, and Repair Occupations	<u>\$63,800</u>	<u>\$74,000</u>	<u>\$150,000</u>	<u>\$193,000</u>	<u>12.0%</u>	<u>0.3%</u>
Weighted Mean Annual Wage	\$63,800	\$77,000	\$155,000	\$205,000	100.0%	2.3%
<i>Production Occupations</i>						
First-Line Supervisors of Production and Operating Workers	\$78,500	\$91,000	\$184,000	\$238,000	10.0%	0.2%
Bakers	\$43,200	\$67,000	\$126,000	\$171,000	27.1%	0.6%
Butchers and Meat Cutters	\$45,600	\$71,000	\$133,000	\$181,000	28.7%	0.7%
Meat, Poultry, and Fish Cutters and Trimmers	\$45,600	\$71,000	\$133,000	\$181,000	4.6%	0.1%
Food Batchmakers	\$45,200	\$70,000	\$132,000	\$179,000	2.1%	0.0%
Laundry and Dry-Cleaning Workers	\$40,300	\$63,000	\$117,000	\$160,000	13.3%	0.3%
Pressers, Textile, Garment, and Related Materials	\$48,000	\$74,000	\$140,000	\$190,000	3.2%	0.1%
Other Production Occupations	<u>\$47,900</u>	<u>\$74,000</u>	<u>\$139,000</u>	<u>\$190,000</u>	<u>11.0%</u>	<u>0.3%</u>
Weighted Mean Annual Wage	\$47,900	\$71,000	\$135,000	\$182,000	100.0%	2.3%

APPENDIX B - TABLE 2
 AVERAGE ANNUAL WORKER COMPENSATION AND ESTIMATED HOUSEHOLD INCOME, 2025
 RETAIL/COMMERCIAL WORKER OCCUPATIONS
 NON-RESIDENTIAL NEXUS STUDY
 SANTA CRUZ COUNTY, CALIFORNIA

Occupation ³	2025 Avg.	Household Income Estimate ⁴			% of Total	% of Total
	Worker Compensation ¹	One Worker	Two Workers	Three+ Workers	Occupation Group ²	Retail Workers
<i>Transportation and Material Moving Occupations</i>						
First-Line Supervisors of Transportation and Material Moving Workers, Exce	\$66,500	\$77,000	\$156,000	\$202,000	5.5%	0.5%
Driver/Sales Workers	\$45,000	\$70,000	\$131,000	\$178,000	9.6%	0.9%
Heavy and Tractor-Trailer Truck Drivers	\$60,800	\$70,000	\$143,000	\$184,000	2.1%	0.2%
Light Truck Drivers	\$51,000	\$62,000	\$135,000	\$184,000	5.0%	0.5%
Parking Attendants	\$39,300	\$66,000	\$122,000	\$191,000	5.9%	0.6%
Cleaners of Vehicles and Equipment	\$42,000	\$65,000	\$122,000	\$166,000	2.9%	0.3%
Laborers and Freight, Stock, and Material Movers, Hand	\$45,200	\$70,000	\$132,000	\$179,000	9.6%	0.9%
Packers and Packagers, Hand	\$38,700	\$65,000	\$120,000	\$188,000	6.8%	0.7%
Stockers and Order Fillers	\$42,500	\$66,000	\$124,000	\$168,000	48.5%	4.7%
Other Transportation and Material Moving Occupations	<u>\$44,800</u>	<u>\$70,000</u>	<u>\$130,000</u>	<u>\$177,000</u>	<u>4.1%</u>	<u>0.4%</u>
Weighted Mean Annual Wage	\$44,800	\$67,000	\$128,000	\$176,000	100.0%	9.7%
						94.7%

¹ The methodology utilized by the California Employment Development Department (EDD) assumes hourly paid employees are employed full-time. EDD data is adjusted by KMA to reflect the State minimum wage. Annual compensation is calculated by EDD by multiplying hourly wages by 40 hours per work week by 52 weeks.

² Occupation percentages are based on the 2024 National Industry - Specific Occupational Employment Survey compiled by the Bureau of Labor Statistics. Wages are based on Occupational Employment Survey data applicable to Santa Cruz County as of 2024 and are adjusted by EDD to the first quarter of 2025.

³ Including occupations representing 2% or more of the major occupation group.

⁴ Household income estimated based average worker compensation and ratios between employee income and household income identified in Appendix I - Table 1.

APPENDIX C - TABLE 1
 ESTIMATED WORKER OCCUPATION DISTRIBUTION, 2024
 OFFICE WORKERS
 NON-RESIDENTIAL NEXUS STUDY
 SANTA CRUZ COUNTY, CALIFORNIA

Worker Occupation Distribution Office
--

Major Occupations (2% or more)

Management Occupations	<i>11.0%</i>
Business and Financial Operations Occupations	<i>12.1%</i>
Computer and Mathematical Occupations	<i>6.4%</i>
Architecture and Engineering Occupations	<i>2.5%</i>
Healthcare Practitioners and Technical Occupations	<i>17.8%</i>
Healthcare Support Occupations	<i>9.1%</i>
Sales and Related Occupations	<i>4.6%</i>
Office and Administrative Support Occupations	<i>19.8%</i>
Installation, Maintenance, and Repair Occupations	<i>2.3%</i>
All Other Worker Occupations - Office	<u><i>14.2%</i></u>
TOTAL	100.0%

APPENDIX C - TABLE 2
AVERAGE ANNUAL WORKER COMPENSATION AND ESTIMATED HOUSEHOLD INCOME, 2025
OFFICE WORKER OCCUPATIONS
NON-RESIDENTIAL NEXUS STUDY
SANTA CRUZ COUNTY, CALIFORNIA

Occupation ³	2025 Avg.	Household Income Estimate ⁴			% of Total	% of Total
	Worker Compensation ¹	One Worker	Two Workers	Three+ Workers	Occupation Group ²	Office Workers
<i>Page 1 of 4</i>						
<i>Management Occupations</i>						
Chief Executives	\$244,900	\$253,000	\$387,000	\$415,000	2.4%	0.3%
General and Operations Managers	\$136,300	\$147,000	\$241,000	\$271,000	26.9%	3.0%
Marketing Managers	\$167,900	\$173,000	\$265,000	\$285,000	4.7%	0.5%
Sales Managers	\$129,100	\$140,000	\$228,000	\$257,000	3.8%	0.4%
Administrative Services Managers	\$124,400	\$136,000	\$242,000	\$298,000	2.5%	0.3%
Computer and Information Systems Managers	\$204,100	\$211,000	\$322,000	\$346,000	7.7%	0.9%
Financial Managers	\$183,700	\$190,000	\$290,000	\$312,000	10.2%	1.1%
Human Resources Managers	\$182,500	\$189,000	\$288,000	\$310,000	2.3%	0.3%
Medical and Health Services Managers	\$161,800	\$167,000	\$256,000	\$274,000	11.3%	1.3%
Property, Real Estate, and Community Association Managers	\$87,800	\$108,000	\$183,000	\$251,000	8.7%	1.0%
Social and Community Service Managers	\$93,500	\$115,000	\$194,000	\$268,000	2.3%	0.3%
Managers, All Other	\$170,700	\$176,000	\$270,000	\$289,000	5.7%	0.6%
Other Management Occupations	<u>\$152,500</u>	<u>\$158,000</u>	<u>\$241,000</u>	<u>\$259,000</u>	<u>11.5%</u>	<u>1.3%</u>
Weighted Mean Annual Wage	\$152,500	\$162,000	\$255,000	\$284,000	100.0%	11.0%
<i>Business and Financial Operations Occupations</i>						
Buyers and Purchasing Agents	\$79,200	\$91,000	\$186,000	\$240,000	2.3%	0.3%
Claims Adjusters, Examiners, and Investigators	\$92,900	\$114,000	\$193,000	\$266,000	2.9%	0.4%
Compliance Officers	\$91,200	\$112,000	\$190,000	\$261,000	2.9%	0.3%
Human Resources Specialists	\$90,800	\$112,000	\$189,000	\$260,000	7.4%	0.9%
Project Management Specialists	\$110,000	\$120,000	\$214,000	\$264,000	9.2%	1.1%
Management Analysts	\$114,200	\$125,000	\$222,000	\$274,000	11.0%	1.3%
Fundraisers	\$90,000	\$111,000	\$187,000	\$258,000	2.3%	0.3%
Training and Development Specialists	\$78,100	\$90,000	\$183,000	\$237,000	3.5%	0.4%
Market Research Analysts and Marketing Specialists	\$86,900	\$107,000	\$181,000	\$249,000	9.9%	1.2%
Business Operations Specialists, All Other	\$90,900	\$112,000	\$189,000	\$260,000	9.6%	1.2%
Accountants and Auditors	\$94,800	\$117,000	\$197,000	\$271,000	16.0%	1.9%
Financial and Investment Analysts	\$98,800	\$122,000	\$205,000	\$283,000	3.9%	0.5%
Personal Financial Advisors	\$156,400	\$162,000	\$247,000	\$265,000	2.3%	0.3%
Loan Officers	\$77,500	\$89,000	\$182,000	\$235,000	3.6%	0.4%
Other Business and Financial Operations Occupations	<u>\$96,900</u>	<u>\$119,000</u>	<u>\$201,000</u>	<u>\$277,000</u>	<u>13.3%</u>	<u>1.6%</u>
Weighted Mean Annual Wage	\$96,900	\$115,000	\$199,000	\$264,000	100.0%	12.1%

APPENDIX C - TABLE 2
AVERAGE ANNUAL WORKER COMPENSATION AND ESTIMATED HOUSEHOLD INCOME, 2025
OFFICE WORKER OCCUPATIONS
NON-RESIDENTIAL NEXUS STUDY
SANTA CRUZ COUNTY, CALIFORNIA

Occupation ³	2025 Avg.	Household Income Estimate ⁴			% of Total	% of Total
	Worker Compensation ¹	One Worker	Two Workers	Three+ Workers	Occupation Group ²	Office Workers
<i>Computer and Mathematical Occupations</i>						
Computer Systems Analysts	\$115,400	\$126,000	\$225,000	\$277,000	10.7%	0.7%
Information Security Analysts	\$105,700	\$115,000	\$206,000	\$253,000	4.4%	0.3%
Computer Network Support Specialists	\$91,600	\$113,000	\$190,000	\$262,000	2.5%	0.2%
Computer User Support Specialists	\$79,000	\$91,000	\$185,000	\$239,000	11.5%	0.7%
Computer Network Architects	\$117,400	\$128,000	\$229,000	\$281,000	3.9%	0.3%
Network and Computer Systems Administrators	\$116,200	\$127,000	\$226,000	\$279,000	5.7%	0.4%
Computer Programmers	\$122,000	\$133,000	\$238,000	\$292,000	2.0%	0.1%
Software Developers	\$151,400	\$156,000	\$239,000	\$257,000	32.2%	2.1%
Software Quality Assurance Analysts and Testers	\$119,400	\$130,000	\$233,000	\$286,000	3.9%	0.3%
Computer Occupations, All Other	\$119,800	\$131,000	\$233,000	\$287,000	6.9%	0.4%
Operations Research Analysts	\$95,100	\$117,000	\$198,000	\$272,000	2.3%	0.1%
Data Scientists	\$128,800	\$139,000	\$227,000	\$257,000	5.4%	0.3%
Other Computer and Mathematical Occupations	<u>\$123,500</u>	<u>\$135,000</u>	<u>\$241,000</u>	<u>\$296,000</u>	<u>8.7%</u>	<u>0.6%</u>
Weighted Mean Annual Wage	\$123,500	\$133,000	\$225,000	\$267,000	100.0%	6.4%
<i>Architecture and Engineering Occupations</i>						
Architects, Except Landscape and Naval Surveyors	\$107,600	\$117,000	\$210,000	\$258,000	8.4%	0.2%
Surveyors	\$115,200	\$126,000	\$224,000	\$276,000	3.5%	0.1%
Aerospace Engineers	\$141,000	\$153,000	\$249,000	\$281,000	2.4%	0.1%
Civil Engineers	\$121,800	\$133,000	\$237,000	\$292,000	17.5%	0.4%
Computer Hardware Engineers	\$169,800	\$175,000	\$268,000	\$288,000	3.6%	0.1%
Electrical Engineers	\$132,800	\$144,000	\$234,000	\$265,000	6.9%	0.2%
Electronics Engineers, Except Computer	\$184,700	\$191,000	\$292,000	\$313,000	3.2%	0.1%
Industrial Engineers	\$125,300	\$136,000	\$221,000	\$250,000	7.1%	0.2%
Mechanical Engineers	\$141,000	\$153,000	\$249,000	\$281,000	10.1%	0.3%
Engineers, All Other	\$142,300	\$154,000	\$251,000	\$283,000	4.4%	0.1%
Architectural and Civil Drafters	\$74,800	\$86,000	\$176,000	\$227,000	7.1%	0.2%
Civil Engineering Technologists and Technicians	\$35,200	\$59,000	\$110,000	\$171,000	2.6%	0.1%
Electrical and Electronic Engineering Technologists and Technicians	\$35,200	\$59,000	\$110,000	\$171,000	2.2%	0.1%
Engineering Technologists and Technicians, Except Drafters, All Other	\$35,200	\$59,000	\$110,000	\$171,000	2.3%	0.1%
Surveying and Mapping Technicians	\$35,200	\$59,000	\$110,000	\$171,000	3.3%	0.1%
Other Architecture and Engineering Occupations	<u>\$115,100</u>	<u>\$126,000</u>	<u>\$224,000</u>	<u>\$276,000</u>	<u>15.5%</u>	<u>0.4%</u>
Weighted Mean Annual Wage	\$115,100	\$127,000	\$218,000	\$263,000	100.0%	2.5%

Page 2 of 4

APPENDIX C - TABLE 2
AVERAGE ANNUAL WORKER COMPENSATION AND ESTIMATED HOUSEHOLD INCOME, 2025
OFFICE WORKER OCCUPATIONS
NON-RESIDENTIAL NEXUS STUDY
SANTA CRUZ COUNTY, CALIFORNIA

Occupation ³	2025 Avg.	Household Income Estimate ⁴			% of Total	% of Total
	Worker Compensation ¹	One Worker	Two Workers	Three+ Workers	Occupation Group ²	Office Workers
<i>Healthcare Practitioners and Technical Occupations</i>						
Dentists, General	\$198,800	\$205,000	\$314,000	\$337,000	3.3%	0.6%
Physician Assistants	\$156,600	\$162,000	\$247,000	\$266,000	3.3%	0.6%
Physical Therapists	\$126,800	\$137,000	\$224,000	\$253,000	2.7%	0.5%
Veterinarians	\$181,200	\$187,000	\$286,000	\$307,000	2.0%	0.4%
Registered Nurses	\$163,900	\$169,000	\$259,000	\$278,000	19.5%	3.5%
Nurse Practitioners	\$163,100	\$169,000	\$258,000	\$277,000	6.3%	1.1%
Family Medicine Physicians	\$337,500	\$346,000	\$442,000	\$490,000	2.6%	0.5%
Physicians, All Other	\$284,500	\$292,000	\$373,000	\$413,000	4.8%	0.9%
Dental Hygienists	\$137,700	\$149,000	\$243,000	\$274,000	6.4%	1.1%
Clinical Laboratory Technologists and Technicians	\$79,400	\$92,000	\$186,000	\$241,000	2.7%	0.5%
Radiologic Technologists and Technicians	\$123,800	\$135,000	\$241,000	\$297,000	2.1%	0.4%
Veterinary Technologists and Technicians	\$59,600	\$73,000	\$158,000	\$215,000	3.4%	0.6%
Licensed Practical and Licensed Vocational Nurses	\$86,600	\$107,000	\$180,000	\$248,000	7.1%	1.3%
Medical Records Specialists	\$63,800	\$74,000	\$150,000	\$193,000	2.4%	0.4%
Health Technologists and Technicians, All Other	\$63,200	\$73,000	\$148,000	\$192,000	3.7%	0.7%
Other Healthcare Practitioners and Technical Occupations	<u>\$150,800</u>	<u>\$156,000</u>	<u>\$238,000</u>	<u>\$256,000</u>	<u>27.6%</u>	<u>4.9%</u>
Weighted Mean Annual Wage	\$150,800	\$159,000	\$245,000	\$275,000	100.0%	17.8%
<i>Healthcare Support Occupations</i>						
Home Health and Personal Care Aides	\$37,700	\$63,000	\$117,000	\$184,000	3.6%	0.3%
Nursing Assistants	\$48,100	\$75,000	\$140,000	\$191,000	17.8%	1.6%
Physical Therapist Assistants	\$88,600	\$109,000	\$184,000	\$254,000	2.7%	0.2%
Dental Assistants	\$54,800	\$67,000	\$145,000	\$197,000	21.3%	1.9%
Medical Assistants	\$56,000	\$68,000	\$148,000	\$202,000	37.7%	3.4%
Veterinary Assistants and Laboratory Animal Caretakers	\$46,700	\$72,000	\$136,000	\$185,000	5.6%	0.5%
Phlebotomists	\$62,400	\$72,000	\$146,000	\$189,000	2.2%	0.2%
Other Healthcare Support Occupations	<u>\$54,000</u>	<u>\$66,000</u>	<u>\$143,000</u>	<u>\$195,000</u>	<u>9.1%</u>	<u>0.8%</u>
Weighted Mean Annual Wage	\$54,000	\$70,000	\$145,000	\$198,000	100.0%	9.1%
<i>Sales and Related Occupations</i>						
First-Line Supervisors of Non-Retail Sales Workers	\$90,000	\$111,000	\$187,000	\$258,000	3.7%	0.2%
Counter and Rental Clerks	\$48,700	\$76,000	\$142,000	\$193,000	8.6%	0.4%
Retail Salespersons	\$41,700	\$65,000	\$121,000	\$165,000	2.9%	0.1%
Insurance Sales Agents	\$91,200	\$112,000	\$190,000	\$261,000	15.0%	0.7%
Securities, Commodities, and Financial Services Sales Agents	\$87,500	\$108,000	\$182,000	\$250,000	15.6%	0.7%
Sales Representatives of Services, Except Advertising, Insurance, Fi	\$77,700	\$90,000	\$182,000	\$236,000	21.6%	1.0%
Sales Representatives, Wholesale and Manufacturing, Technical an	\$133,900	\$145,000	\$236,000	\$267,000	2.4%	0.1%
Sales Representatives, Wholesale and Manufacturing, Except Tech	\$90,200	\$111,000	\$188,000	\$258,000	3.3%	0.2%
Real Estate Brokers	\$87,500	\$108,000	\$182,000	\$250,000	3.6%	0.2%
Real Estate Sales Agents	\$91,200	\$112,000	\$190,000	\$261,000	12.8%	0.6%
Other Sales and Related Occupations	<u>\$82,500</u>	<u>\$102,000</u>	<u>\$172,000</u>	<u>\$236,000</u>	<u>10.4%</u>	<u>0.5%</u>
Weighted Mean Annual Wage	\$82,500	\$102,000	\$180,000	\$242,000	100.0%	4.6%

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APPENDIX C - TABLE 2
AVERAGE ANNUAL WORKER COMPENSATION AND ESTIMATED HOUSEHOLD INCOME, 2025
OFFICE WORKER OCCUPATIONS
NON-RESIDENTIAL NEXUS STUDY
SANTA CRUZ COUNTY, CALIFORNIA

Occupation ³	2025 Avg. Worker Compensation ¹	Household Income Estimate ⁴			% of Total Occupation Group ²	% of Total Office Workers
		One Worker	Two Workers	Three+ Workers		
<i>Office and Administrative Support Occupations</i>						
First-Line Supervisors of Office and Administrative Support Worker	\$79,200	\$91,000	\$186,000	\$240,000	9.5%	1.9%
Billing and Posting Clerks	\$59,000	\$72,000	\$156,000	\$213,000	4.7%	0.9%
Bookkeeping, Accounting, and Auditing Clerks	\$62,800	\$73,000	\$147,000	\$190,000	7.4%	1.5%
Tellers	\$47,200	\$73,000	\$137,000	\$187,000	3.7%	0.7%
Customer Service Representatives	\$53,100	\$65,000	\$141,000	\$191,000	12.8%	2.5%
Receptionists and Information Clerks	\$45,000	\$70,000	\$131,000	\$178,000	12.4%	2.5%
Executive Secretaries and Executive Administrative Assistants	\$84,500	\$104,000	\$176,000	\$242,000	2.7%	0.5%
Medical Secretaries and Administrative Assistants	\$54,142	\$66,000	\$143,000	\$195,000	14.5%	2.9%
Secretaries and Administrative Assistants, Except Legal, Medical, or Office Clerks, General	\$57,400	\$70,000	\$152,000	\$207,000	7.6%	1.5%
Other Office and Administrative Support Occupations	<u>\$57,200</u>	<u>\$70,000</u>	<u>\$151,000</u>	<u>\$206,000</u>	<u>14.4%</u>	<u>2.9%</u>
Weighted Mean Annual Wage	\$57,200	\$71,000	\$148,000	\$200,000	100.0%	19.8%
<i>Installation, Maintenance, and Repair Occupations</i>						
First-Line Supervisors of Mechanics, Installers, and Repairers	\$89,100	\$110,000	\$185,000	\$255,000	11.6%	0.3%
Telecommunications Equipment Installers and Repairers, Except Linemen	\$72,400	\$84,000	\$170,000	\$219,000	6.2%	0.1%
Telecommunications Line Installers and Repairers	\$88,900	\$109,000	\$185,000	\$254,000	3.2%	0.1%
Maintenance and Repair Workers, General	\$56,700	\$69,000	\$150,000	\$204,000	67.6%	1.6%
Other Installation, Maintenance, and Repair Occupations	<u>\$63,200</u>	<u>\$73,000</u>	<u>\$148,000</u>	<u>\$192,000</u>	<u>11.5%</u>	<u>0.3%</u>
Weighted Mean Annual Wage	\$63,200	\$76,000	\$156,000	\$211,000	100.0%	2.3%

¹ The methodology utilized by the California Employment Development Department (EDD) assumes hourly paid employees are employed full-time. EDD data is adjusted by KMA to

² Occupation percentages are based on the 2024 National Industry - Specific Occupational Employment Survey compiled by the Bureau of Labor Statistics. Wages are based on

³ Including occupations representing 2% or more of the major occupation group.

⁴ Household income estimated based average worker compensation and ratios between employee income and household income identified in Appendix I - Table 1.

APPENDIX D - TABLE 1
 ESTIMATED WORKER OCCUPATION DISTRIBUTION, 2024
 HOTEL/LODGING WORKERS
 NON-RESIDENTIAL NEXUS STUDY
 SANTA CRUZ COUNTY, CALIFORNIA

Major Occupations (2% or more)	Worker Occupation Distribution Hotel/Lodging
Management Occupations	6.1%
Food Preparation and Serving Related Occupations	24.2%
Building and Grounds Cleaning and Maintenance Occupations	29.3%
Personal Care and Service Occupations	3.5%
Sales and Related Occupations	2.5%
Office and Administrative Support Occupations	20.0%
Installation, Maintenance, and Repair Occupations	6.0%
Production Occupations	2.8%
All Other Worker Occupations - Hotel/Lodging	<u>5.7%</u>
TOTAL	100.0%

APPENDIX D - TABLE 2
 AVERAGE ANNUAL WORKER COMPENSATION AND ESTIMATED HOUSEHOLD INCOME, 2025
 HOTEL/LODGING WORKER OCCUPATIONS
 NON-RESIDENTIAL NEXUS STUDY
 SANTA CRUZ COUNTY, CALIFORNIA

Occupation ³	2025 Avg. Worker Compensation ¹	Household Income Estimate ⁴			% of Total Occupation Group ²	% of Total otel/Lodging Workers
		One Worker	Two Workers	Three+ Workers		
<i>Page 1 of 3</i>						
<i>Management Occupations</i>						
General and Operations Managers	\$136,300	\$147,000	\$241,000	\$271,000	23.9%	1.5%
Sales Managers	\$129,100	\$140,000	\$228,000	\$257,000	8.9%	0.5%
Facilities Managers	\$132,900	\$144,000	\$235,000	\$265,000	4.4%	0.3%
Financial Managers	\$183,700	\$190,000	\$290,000	\$312,000	4.3%	0.3%
Human Resources Managers	\$182,500	\$189,000	\$288,000	\$310,000	2.2%	0.1%
Food Service Managers	\$81,000	\$100,000	\$168,000	\$232,000	10.4%	0.6%
Lodging Managers	\$85,300	\$105,000	\$177,000	\$244,000	35.9%	2.2%
Managers, All Other	\$170,700	\$176,000	\$270,000	\$289,000	2.4%	0.1%
Other Management Occupations	<u>\$113,500</u>	<u>\$124,000</u>	<u>\$221,000</u>	<u>\$272,000</u>	<u>7.6%</u>	<u>0.5%</u>
Weighted Mean Annual Wage	\$113,500	\$128,000	\$211,000	\$259,000	100.0%	6.1%
<i>Food Preparation and Serving Related Occupations</i>						
Chefs and Head Cooks	\$68,900	\$80,000	\$162,000	\$209,000	3.8%	0.9%
First-Line Supervisors of Food Preparation and Serving Workers	\$52,900	\$64,000	\$140,000	\$191,000	6.0%	1.5%
Cooks, Restaurant	\$44,300	\$69,000	\$129,000	\$176,000	15.1%	3.6%
Food Preparation Workers	\$40,100	\$62,000	\$117,000	\$159,000	3.4%	0.8%
Bartenders	\$45,100	\$70,000	\$131,000	\$179,000	9.7%	2.3%
Fast Food and Counter Workers	\$40,800	\$63,000	\$119,000	\$162,000	3.1%	0.8%
Waiters and Waitresses	\$45,200	\$70,000	\$132,000	\$179,000	29.2%	7.1%
Food Servers, Nonrestaurant	\$41,300	\$64,000	\$120,000	\$164,000	4.4%	1.1%
Dining Room and Cafeteria Attendants and Bartender Helpers	\$39,800	\$67,000	\$124,000	\$194,000	12.1%	2.9%
Dishwashers	\$38,700	\$65,000	\$120,000	\$188,000	5.6%	1.4%
Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop	\$38,100	\$64,000	\$119,000	\$185,000	4.0%	1.0%
Other Food Preparation and Serving Related Occupations	<u>\$44,600</u>	<u>\$69,000</u>	<u>\$130,000</u>	<u>\$177,000</u>	<u>3.7%</u>	<u>0.9%</u>
Weighted Mean Annual Wage	\$44,600	\$68,000	\$129,000	\$181,000	100.0%	24.2%
<i>Building and Grounds Cleaning and Maintenance Occupations</i>						
First-Line Supervisors of Housekeeping and Janitorial Workers	\$61,100	\$71,000	\$143,000	\$185,000	8.0%	2.3%
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	\$45,800	\$71,000	\$133,000	\$181,000	5.2%	1.5%
Maids and Housekeeping Cleaners	\$44,400	\$69,000	\$129,000	\$176,000	84.3%	24.7%
Other Building and Grounds Cleaning and Maintenance Occupations	<u>\$45,800</u>	<u>\$71,000</u>	<u>\$133,000</u>	<u>\$181,000</u>	<u>2.5%</u>	<u>0.7%</u>
Weighted Mean Annual Wage	\$45,800	\$69,000	\$130,000	\$177,000	100.0%	29.3%

APPENDIX D - TABLE 2
AVERAGE ANNUAL WORKER COMPENSATION AND ESTIMATED HOUSEHOLD INCOME, 2025
HOTEL/LODGING WORKER OCCUPATIONS
NON-RESIDENTIAL NEXUS STUDY
SANTA CRUZ COUNTY, CALIFORNIA

Occupation ³	2025 Avg. Worker Compensation ¹	Household Income Estimate ⁴			% of Total Occupation Group ²	% of Total otel/Lodging Workers
		One Worker	Two Workers	Three+ Workers		
<i>Personal Care and Service Occupations</i>						
First-Line Supervisors of Entertainment and Recreation Workers, Except G	\$59,500	\$72,000	\$157,000	\$214,000	3.9%	0.1%
First-Line Supervisors of Personal Service Workers	\$60,100	\$69,000	\$141,000	\$182,000	2.7%	0.1%
Ushers, Lobby Attendants, and Ticket Takers	\$37,600	\$63,000	\$117,000	\$183,000	4.1%	0.1%
Amusement and Recreation Attendants	\$37,600	\$63,000	\$117,000	\$183,000	22.4%	0.8%
Locker Room, Coatroom, and Dressing Room Attendants	\$37,600	\$63,000	\$117,000	\$183,000	3.7%	0.1%
Skincare Specialists	\$58,500	\$71,000	\$155,000	\$211,000	3.4%	0.1%
Baggage Porters and Bellhops	\$39,100	\$66,000	\$122,000	\$190,000	25.2%	0.9%
Concierges	\$39,100	\$66,000	\$122,000	\$190,000	12.4%	0.4%
Exercise Trainers and Group Fitness Instructors	\$66,400	\$77,000	\$156,000	\$201,000	4.3%	0.1%
Recreation Workers	\$43,400	\$67,000	\$126,000	\$172,000	6.5%	0.2%
Personal Care and Service Workers, All Other	\$54,900	\$67,000	\$145,000	\$198,000	4.2%	0.1%
Other Personal Care and Service Occupations	<u>\$43,100</u>	<u>\$67,000</u>	<u>\$125,000</u>	<u>\$171,000</u>	<u>7.2%</u>	<u>0.2%</u>
Weighted Mean Annual Wage	\$43,100	\$66,000	\$126,000	\$188,000	100.0%	3.5%
<i>Sales and Related Occupations</i>						
First-Line Supervisors of Retail Sales Workers	\$56,400	\$69,000	\$149,000	\$203,000	4.2%	0.1%
First-Line Supervisors of Non-Retail Sales Workers	\$90,000	\$111,000	\$187,000	\$258,000	3.0%	0.1%
Cashiers	\$39,800	\$67,000	\$124,000	\$194,000	15.2%	0.4%
Retail Salespersons	\$41,700	\$65,000	\$121,000	\$165,000	11.8%	0.3%
Travel Agents	\$61,900	\$71,000	\$145,000	\$188,000	2.8%	0.1%
Sales Representatives of Services, Except Advertising, Insurance, Financial	\$77,700	\$90,000	\$182,000	\$236,000	58.8%	1.4%
Other Sales and Related Occupations	<u>\$66,200</u>	<u>\$76,000</u>	<u>\$155,000</u>	<u>\$201,000</u>	<u>4.2%</u>	<u>0.1%</u>
Weighted Mean Annual Wage	\$66,200	\$82,000	\$163,000	\$218,000	100.0%	2.5%
<i>Office and Administrative Support Occupations</i>						
First-Line Supervisors of Office and Administrative Support Workers	\$79,200	\$91,000	\$186,000	\$240,000	11.1%	2.2%
Bookkeeping, Accounting, and Auditing Clerks	\$62,800	\$73,000	\$147,000	\$190,000	4.2%	0.8%
Hotel, Motel, and Resort Desk Clerks	\$40,400	\$63,000	\$118,000	\$160,000	74.2%	14.8%
Other Office and Administrative Support Occupations	<u>\$46,300</u>	<u>\$72,000</u>	<u>\$135,000</u>	<u>\$183,000</u>	<u>10.5%</u>	<u>2.1%</u>
Weighted Mean Annual Wage	\$46,300	\$67,000	\$129,000	\$173,000	100.0%	20.0%
<i>Installation, Maintenance, and Repair Occupations</i>						
First-Line Supervisors of Mechanics, Installers, and Repairers	\$89,100	\$110,000	\$185,000	\$255,000	9.8%	0.6%
Maintenance and Repair Workers, General	\$56,700	\$69,000	\$150,000	\$204,000	87.1%	5.2%
Other Installation, Maintenance, and Repair Occupations	<u>\$60,000</u>	<u>\$69,000</u>	<u>\$141,000</u>	<u>\$182,000</u>	<u>3.1%</u>	<u>0.2%</u>
Weighted Mean Annual Wage	\$60,000	\$73,000	\$153,000	\$208,000	100.0%	6.0%

APPENDIX D - TABLE 2
 AVERAGE ANNUAL WORKER COMPENSATION AND ESTIMATED HOUSEHOLD INCOME, 2025
 HOTEL/LODGING WORKER OCCUPATIONS
 NON-RESIDENTIAL NEXUS STUDY
 SANTA CRUZ COUNTY, CALIFORNIA

Occupation ³	2025 Avg. Worker Compensation ¹	Household Income Estimate ⁴			% of Total Occupation Group ²	% of Total otel/Lodging Workers
		One Worker	Two Workers	Three+ Workers		
<i>Production Occupations</i>						
First-Line Supervisors of Production and Operating Workers	\$78,500	\$91,000	\$184,000	\$238,000	2.9%	0.1%
Bakers	\$43,200	\$67,000	\$126,000	\$171,000	4.2%	0.1%
Laundry and Dry-Cleaning Workers	\$40,300	\$63,000	\$117,000	\$160,000	82.6%	2.3%
Stationary Engineers and Boiler Operators	\$52,200	\$64,000	\$138,000	\$188,000	6.7%	0.2%
Other Production Occupations	<u>\$42,400</u>	<u>\$66,000</u>	<u>\$123,000</u>	<u>\$168,000</u>	<u>3.5%</u>	<u>0.1%</u>
Weighted Mean Annual Wage	\$42,400	\$64,000	\$121,000	\$165,000	100.0%	2.8%
						94.3%

¹ The methodology utilized by the California Employment Development Department (EDD) assumes hourly paid employees are employed full-time. EDD data is adjusted by KMA to reflect the State minimum wage. Annual compensation is calculated by EDD by multiplying hourly wages by 40 hours per work week by 52 weeks.
² Occupation percentages are based on the 2024 National Industry - Specific Occupational Employment Survey compiled by the Bureau of Labor Statistics. Wages are based on Occupational Employment Survey data applicable to Santa Cruz County as of 2024 and are adjusted by EDD to the first quarter of 2025.
³ Including occupations representing 2% or more of the major occupation group.
⁴ Household income estimated based average worker compensation and ratios between employee income and household income identified in Appendix I - Table 1.

APPENDIX E - TABLE 1
ESTIMATED WORKER OCCUPATION DISTRIBUTION, 2024
WAREHOUSE WORKERS
NON-RESIDENTIAL NEXUS STUDY
SANTA CRUZ COUNTY, CALIFORNIA

	Worker Occupation Distribution Warehouse
Major Occupations (2% or more)	
Management Occupations	3.1%
Business and Financial Operations Occupations	2.6%
Office and Administrative Support Occupations	11.2%
Installation, Maintenance, and Repair Occupations	3.0%
Production Occupations	2.2%
Transportation and Material Moving Occupations	73.5%
All Other Worker Occupations - Warehouse	<u>4.5%</u>
TOTAL	100.0%

APPENDIX E - TABLE 2
 AVERAGE ANNUAL WORKER COMPENSATION AND ESTIMATED HOUSEHOLD INCOME, 2025
 WAREHOUSE WORKER OCCUPATIONS
 NON-RESIDENTIAL NEXUS STUDY
 SANTA CRUZ COUNTY, CALIFORNIA

Occupation ³	2025 Avg.	Household Income Estimate ⁴			% of Total	% of Total
	Worker Compensation ¹	One Worker	Two Workers	Three+ Workers	Occupation Group ²	Warehouse Workers
<i>Page 1 of 2</i>						
<i>Management Occupations</i>						
General and Operations Managers	\$136,300	\$147,000	\$241,000	\$271,000	34.5%	1.1%
Sales Managers	\$129,100	\$140,000	\$228,000	\$257,000	4.3%	0.1%
Facilities Managers	\$132,900	\$144,000	\$235,000	\$265,000	3.9%	0.1%
Computer and Information Systems Managers	\$204,100	\$211,000	\$322,000	\$346,000	3.1%	0.1%
Financial Managers	\$183,700	\$190,000	\$290,000	\$312,000	2.3%	0.1%
Transportation, Storage, and Distribution Managers	\$127,500	\$138,000	\$225,000	\$254,000	34.8%	1.1%
Human Resources Managers	\$182,500	\$189,000	\$288,000	\$310,000	3.3%	0.1%
Managers, All Other	\$170,700	\$176,000	\$270,000	\$289,000	3.7%	0.1%
Other Management Occupations	<u>\$139,100</u>	<u>\$150,000</u>	<u>\$246,000</u>	<u>\$277,000</u>	<u>10.0%</u>	<u>0.3%</u>
Weighted Mean Annual Wage	\$139,100	\$149,000	\$241,000	\$270,000	100.0%	3.1%
<i>Business and Financial Operations Occupations</i>						
Buyers and Purchasing Agents	\$79,200	\$91,000	\$186,000	\$240,000	7.3%	0.2%
Human Resources Specialists	\$90,800	\$112,000	\$189,000	\$260,000	15.3%	0.4%
Logisticians	\$98,500	\$121,000	\$205,000	\$282,000	15.7%	0.4%
Project Management Specialists	\$110,000	\$120,000	\$214,000	\$264,000	4.4%	0.1%
Management Analysts	\$114,200	\$125,000	\$222,000	\$274,000	4.0%	0.1%
Training and Development Specialists	\$78,100	\$90,000	\$183,000	\$237,000	21.8%	0.6%
Market Research Analysts and Marketing Specialists	\$86,900	\$107,000	\$181,000	\$249,000	5.0%	0.1%
Business Operations Specialists, All Other	\$90,900	\$112,000	\$189,000	\$260,000	14.8%	0.4%
Accountants and Auditors	\$94,800	\$117,000	\$197,000	\$271,000	6.5%	0.2%
Other Business and Financial Operations Occupations	<u>\$90,200</u>	<u>\$111,000</u>	<u>\$188,000</u>	<u>\$258,000</u>	<u>5.1%</u>	<u>0.1%</u>
Weighted Mean Annual Wage	\$90,200	\$108,000	\$192,000	\$258,000	100.0%	2.6%
<i>Office and Administrative Support Occupations</i>						
First-Line Supervisors of Office and Administrative Support Workers	\$79,200	\$91,000	\$186,000	\$240,000	11.4%	1.3%
Bookkeeping, Accounting, and Auditing Clerks	\$62,800	\$73,000	\$147,000	\$190,000	2.2%	0.2%
Customer Service Representatives	\$53,100	\$65,000	\$141,000	\$191,000	9.9%	1.1%
Order Clerks	\$50,700	\$62,000	\$134,000	\$183,000	2.7%	0.3%
Production, Planning, and Expediting Clerks	\$68,100	\$79,000	\$160,000	\$206,000	6.7%	0.7%
Shipping, Receiving, and Inventory Clerks	\$49,500	\$77,000	\$144,000	\$196,000	42.7%	4.8%
Weighers, Measurers, Checkers, and Samplers, Recordkeeping	\$48,300	\$75,000	\$141,000	\$191,000	6.0%	0.7%
Secretaries and Administrative Assistants, Except Legal, Medical, and Ex	\$57,400	\$70,000	\$152,000	\$207,000	3.2%	0.4%
Office Clerks, General	\$52,400	\$64,000	\$139,000	\$189,000	6.2%	0.7%
Other Office and Administrative Support Occupations	<u>\$55,800</u>	<u>\$68,000</u>	<u>\$148,000</u>	<u>\$201,000</u>	<u>9.1%</u>	<u>1.0%</u>
Weighted Mean Annual Wage	\$55,800	\$75,000	\$150,000	\$201,000	100.0%	11.2%

Sources: U.S. Bureau of Labor Statistics, California Employment Development Department
 Keyser Marston Associates, Inc.
 Santa Cruz County Land Use Files_4 30 26; trb

APPENDIX E - TABLE 2
AVERAGE ANNUAL WORKER COMPENSATION AND ESTIMATED HOUSEHOLD INCOME, 2025
WAREHOUSE WORKER OCCUPATIONS
NON-RESIDENTIAL NEXUS STUDY
SANTA CRUZ COUNTY, CALIFORNIA

Occupation ³	2025 Avg.	Household Income Estimate ⁴			% of Total	% of Total
	Worker Compensation ¹	One Worker	Two Workers	Three+ Workers	Occupation Group ²	Warehouse Workers
<i>Installation, Maintenance, and Repair Occupations</i>						
First-Line Supervisors of Mechanics, Installers, and Repairers	\$89,100	\$110,000	\$185,000	\$255,000	9.7%	0.3%
Electrical and Electronics Repairers, Commercial and Industrial Equipme	\$83,000	\$102,000	\$173,000	\$238,000	4.2%	0.1%
Bus and Truck Mechanics and Diesel Engine Specialists	\$73,500	\$85,000	\$173,000	\$223,000	5.7%	0.2%
Heating, Air Conditioning, and Refrigeration Mechanics and Installers	\$87,000	\$107,000	\$181,000	\$249,000	2.1%	0.1%
Industrial Machinery Mechanics	\$71,900	\$83,000	\$169,000	\$218,000	5.6%	0.2%
Maintenance Workers, Machinery	\$56,700	\$69,000	\$150,000	\$204,000	3.8%	0.1%
Maintenance and Repair Workers, General	\$56,700	\$69,000	\$150,000	\$204,000	57.9%	1.7%
Installation, Maintenance, and Repair Workers, All Other	\$56,100	\$68,000	\$148,000	\$202,000	3.8%	0.1%
Other Installation, Maintenance, and Repair Occupations	<u>\$63,900</u>	<u>\$74,000</u>	<u>\$150,000</u>	<u>\$194,000</u>	<u>7.1%</u>	<u>0.2%</u>
Weighted Mean Annual Wage	\$63,900	\$77,000	\$157,000	\$212,000	100.0%	3.0%
<i>Production Occupations</i>						
First-Line Supervisors of Production and Operating Workers	\$78,500	\$91,000	\$184,000	\$238,000	9.3%	0.2%
Miscellaneous Assemblers and Fabricators	\$50,000	\$61,000	\$132,000	\$180,000	12.7%	0.3%
Sewing Machine Operators	\$48,000	\$74,000	\$140,000	\$190,000	3.9%	0.1%
Furniture Finishers	\$57,800	\$70,000	\$153,000	\$208,000	2.4%	0.1%
Inspectors, Testers, Sorters, Samplers, and Weighers	\$60,800	\$70,000	\$143,000	\$184,000	38.1%	0.8%
Packaging and Filling Machine Operators and Tenders	\$44,500	\$69,000	\$130,000	\$176,000	11.0%	0.2%
Helpers--Production Workers	\$42,800	\$66,000	\$125,000	\$170,000	2.5%	0.1%
Production Workers, All Other	\$52,200	\$64,000	\$138,000	\$188,000	4.7%	0.1%
Other Production Occupations	<u>\$57,300</u>	<u>\$70,000</u>	<u>\$152,000</u>	<u>\$206,000</u>	<u>15.3%</u>	<u>0.3%</u>
Weighted Mean Annual Wage	\$57,300	\$70,000	\$145,000	\$192,000	100.0%	2.2%
<i>Transportation and Material Moving Occupations</i>						
First-Line Supervisors of Transportation and Material Moving Workers, t	\$66,500	\$77,000	\$156,000	\$202,000	4.5%	3.3%
Heavy and Tractor-Trailer Truck Drivers	\$60,800	\$70,000	\$143,000	\$184,000	6.5%	4.8%
Industrial Truck and Tractor Operators	\$47,000	\$73,000	\$137,000	\$186,000	22.6%	16.6%
Laborers and Freight, Stock, and Material Movers, Hand	\$45,200	\$70,000	\$132,000	\$179,000	30.7%	22.5%
Packers and Packagers, Hand	\$38,700	\$65,000	\$120,000	\$188,000	5.1%	3.8%
Stockers and Order Fillers	\$42,500	\$66,000	\$124,000	\$168,000	28.1%	20.7%
Other Transportation and Material Moving Occupations	<u>\$46,500</u>	<u>\$72,000</u>	<u>\$135,000</u>	<u>\$184,000</u>	<u>2.6%</u>	<u>1.9%</u>
Weighted Mean Annual Wage	\$46,500	\$70,000	\$132,000	\$179,000	100.0%	73.5%

95.5%

¹ The methodology utilized by the California Employment Development Department (EDD) assumes hourly paid employees are employed full-time. EDD data is adjusted by KMA to reflect the State minimum wage. Annual compensation is calculated by EDD by multiplying hourly wages by 40 hours per work week by 52 weeks.

² Occupation percentages are based on the 2024 National Industry - Specific Occupational Employment Survey compiled by the Bureau of Labor Statistics. Wages are based on Occupational Employment Survey data applicable to Santa Cruz County as of 2024 and are adjusted by EDD to the first quarter of 2025.

³ Including occupations representing 2% or more of the major occupation group.

⁴ Household income estimated based average worker compensation and ratios between employee income and household income identified in Appendix I - Table 1.

APPENDIX F - TABLE 1
 ESTIMATED WORKER OCCUPATION DISTRIBUTION, 2024
 LIGHT INDUSTRIAL WORKERS
 NON-RESIDENTIAL NEXUS STUDY
 SANTA CRUZ COUNTY, CALIFORNIA

Major Occupations (2% or more)	Worker Occupation Distribution Light Industrial
Management Occupations	8.2%
Business and Financial Operations Occupations	5.2%
Computer and Mathematical Occupations	2.6%
Architecture and Engineering Occupations	4.0%
Life, Physical, and Social Science Occupations	2.3%
Food Preparation and Serving Related Occupations	2.9%
Sales and Related Occupations	7.1%
Office and Administrative Support Occupations	8.8%
Farming, Fishing, and Forestry Occupations	5.8%
Installation, Maintenance, and Repair Occupations	11.0%
Production Occupations	27.2%
Transportation and Material Moving Occupations	12.3%
All Other Worker Occupations - Light Industrial	<u>2.7%</u>
TOTAL	100.0%

APPENDIX F - TABLE 2
AVERAGE ANNUAL WORKER COMPENSATION AND ESTIMATED HOUSEHOLD INCOME, 2025
LIGHT INDUSTRIAL WORKER OCCUPATIONS
NON-RESIDENTIAL NEXUS STUDY
SANTA CRUZ COUNTY, CALIFORNIA

Occupation ³	2025 Avg.	Household Income Estimate ⁴			% of Total	% of Total
	Worker Compensation ¹	One Worker	Two Workers	Three+ Workers	Occupation Group ²	Light Industrial Workers
<i>Page 1 of 4</i>						
<i>Management Occupations</i>						
General and Operations Managers	\$136,300	\$147,000	\$241,000	\$271,000	38.8%	3.2%
Marketing Managers	\$167,900	\$173,000	\$265,000	\$285,000	4.6%	0.4%
Sales Managers	\$129,100	\$140,000	\$228,000	\$257,000	8.2%	0.7%
Computer and Information Systems Managers	\$204,100	\$211,000	\$322,000	\$346,000	4.7%	0.4%
Financial Managers	\$183,700	\$190,000	\$290,000	\$312,000	5.0%	0.4%
Industrial Production Managers	\$141,100	\$153,000	\$249,000	\$281,000	11.1%	0.9%
Transportation, Storage, and Distribution Managers	\$127,500	\$138,000	\$225,000	\$254,000	3.3%	0.3%
Human Resources Managers	\$182,500	\$189,000	\$288,000	\$310,000	2.0%	0.2%
Architectural and Engineering Managers	\$191,600	\$198,000	\$303,000	\$325,000	5.5%	0.4%
Natural Sciences Managers	\$217,400	\$225,000	\$344,000	\$369,000	2.6%	0.2%
Managers, All Other	\$170,700	\$176,000	\$270,000	\$289,000	5.8%	0.5%
Other Management Occupations	<u>\$152,400</u>	<u>\$157,000</u>	<u>\$241,000</u>	<u>\$258,000</u>	<u>8.4%</u>	<u>0.7%</u>
Weighted Mean Annual Wage	\$152,400	\$161,000	\$256,000	\$283,000	100.0%	8.2%
<i>Business and Financial Operations Occupations</i>						
Buyers and Purchasing Agents	\$79,200	\$91,000	\$186,000	\$240,000	14.6%	0.8%
Compliance Officers	\$91,200	\$112,000	\$190,000	\$261,000	5.1%	0.3%
Cost Estimators	\$93,500	\$115,000	\$194,000	\$268,000	7.2%	0.4%
Human Resources Specialists	\$90,800	\$112,000	\$189,000	\$260,000	8.0%	0.4%
Logisticians	\$98,500	\$121,000	\$205,000	\$282,000	6.7%	0.3%
Project Management Specialists	\$110,000	\$120,000	\$214,000	\$264,000	10.8%	0.6%
Management Analysts	\$114,200	\$125,000	\$222,000	\$274,000	3.1%	0.2%
Training and Development Specialists	\$78,100	\$90,000	\$183,000	\$237,000	4.3%	0.2%
Market Research Analysts and Marketing Specialists	\$86,900	\$107,000	\$181,000	\$249,000	13.1%	0.7%
Business Operations Specialists, All Other	\$90,900	\$112,000	\$189,000	\$260,000	7.8%	0.4%
Accountants and Auditors	\$94,800	\$117,000	\$197,000	\$271,000	13.9%	0.7%
Other Business and Financial Operations Occupations	<u>\$92,200</u>	<u>\$113,000</u>	<u>\$192,000</u>	<u>\$264,000</u>	<u>5.6%</u>	<u>0.3%</u>
Weighted Mean Annual Wage	\$92,200	\$110,000	\$194,000	\$259,000	100.0%	5.2%
<i>Computer and Mathematical Occupations</i>						
Computer Systems Analysts	\$115,400	\$126,000	\$225,000	\$277,000	7.4%	0.2%
Computer User Support Specialists	\$79,000	\$91,000	\$185,000	\$239,000	11.4%	0.3%
Computer Network Architects	\$117,400	\$128,000	\$229,000	\$281,000	2.6%	0.1%
Network and Computer Systems Administrators	\$116,200	\$127,000	\$226,000	\$279,000	5.8%	0.2%
Software Developers	\$151,400	\$156,000	\$239,000	\$257,000	42.7%	1.1%
Software Quality Assurance Analysts and Testers	\$119,400	\$130,000	\$233,000	\$286,000	5.2%	0.1%
Web and Digital Interface Designers	\$84,300	\$104,000	\$175,000	\$241,000	2.2%	0.1%
Computer Occupations, All Other	\$119,800	\$131,000	\$233,000	\$287,000	7.0%	0.2%
Data Scientists	\$128,800	\$139,000	\$227,000	\$257,000	3.3%	0.1%
Other Computer and Mathematical Occupations	<u>\$128,600</u>	<u>\$139,000</u>	<u>\$227,000</u>	<u>\$256,000</u>	<u>12.2%</u>	<u>0.3%</u>
Weighted Mean Annual Wage	\$128,600	\$137,000	\$227,000	\$261,000	100.0%	2.6%

APPENDIX F - TABLE 2
AVERAGE ANNUAL WORKER COMPENSATION AND ESTIMATED HOUSEHOLD INCOME, 2025
LIGHT INDUSTRIAL WORKER OCCUPATIONS
NON-RESIDENTIAL NEXUS STUDY
SANTA CRUZ COUNTY, CALIFORNIA

Occupation ³	2025 Avg.	Household Income Estimate ⁴			% of Total	% of Total
	Worker Compensation ¹	One Worker	Two Workers	Three+ Workers	Occupation Group ²	Light Industrial Workers
<i>Page 2 of 4</i>						
<i>Architecture and Engineering Occupations</i>						
Bioengineers and Biomedical Engineers	\$142,300	\$154,000	\$251,000	\$283,000	3.3%	0.1%
Computer Hardware Engineers	\$169,800	\$175,000	\$268,000	\$288,000	3.6%	0.1%
Electrical Engineers	\$132,800	\$144,000	\$234,000	\$265,000	9.7%	0.4%
Electronics Engineers, Except Computer	\$184,700	\$191,000	\$292,000	\$313,000	6.7%	0.3%
Industrial Engineers	\$125,300	\$136,000	\$221,000	\$250,000	31.4%	1.2%
Mechanical Engineers	\$141,000	\$153,000	\$249,000	\$281,000	12.2%	0.5%
Engineers, All Other	\$142,300	\$154,000	\$251,000	\$283,000	4.6%	0.2%
Electrical and Electronic Engineering Technologists and Technicians	\$84,000	\$103,000	\$175,000	\$240,000	4.7%	0.2%
Industrial Engineering Technologists and Technicians	\$70,700	\$82,000	\$166,000	\$214,000	6.6%	0.3%
Other Architecture and Engineering Occupations	<u>\$130,200</u>	<u>\$141,000</u>	<u>\$230,000</u>	<u>\$259,000</u>	<u>17.2%</u>	<u>0.7%</u>
Weighted Mean Annual Wage	\$130,200	\$141,000	\$230,000	\$262,000	100.0%	4.0%
<i>Life, Physical, and Social Science Occupations</i>						
Food Scientists and Technologists	\$107,700	\$118,000	\$210,000	\$258,000	2.3%	0.1%
Biochemists and Biophysicists	\$121,100	\$132,000	\$236,000	\$290,000	12.5%	0.3%
Microbiologists	\$105,700	\$115,000	\$206,000	\$253,000	5.8%	0.1%
Biological Scientists, All Other	\$105,700	\$115,000	\$206,000	\$253,000	5.5%	0.1%
Medical Scientists, Except Epidemiologists	\$144,500	\$156,000	\$255,000	\$288,000	10.5%	0.2%
Chemists	\$100,100	\$109,000	\$195,000	\$240,000	23.0%	0.5%
Food Science Technicians	\$63,500	\$73,000	\$149,000	\$192,000	3.0%	0.1%
Biological Technicians	\$64,900	\$75,000	\$152,000	\$197,000	11.7%	0.3%
Chemical Technicians	\$64,900	\$75,000	\$152,000	\$197,000	9.5%	0.2%
Life, Physical, and Social Science Technicians, All Other	\$66,600	\$77,000	\$156,000	\$202,000	5.3%	0.1%
Occupational Health and Safety Specialists	\$101,700	\$111,000	\$198,000	\$244,000	4.2%	0.1%
Other Life, Physical, and Social Science Occupations	<u>\$97,800</u>	<u>\$120,000</u>	<u>\$203,000</u>	<u>\$280,000</u>	<u>6.8%</u>	<u>0.2%</u>
Weighted Mean Annual Wage	\$97,800	\$109,000	\$196,000	\$244,000	100.0%	2.3%
<i>Food Preparation and Serving Related Occupations</i>						
First-Line Supervisors of Food Preparation and Serving Workers	\$52,900	\$64,000	\$140,000	\$191,000	6.2%	0.2%
Cooks, Restaurant	\$44,300	\$69,000	\$129,000	\$176,000	8.0%	0.2%
Food Preparation Workers	\$40,100	\$62,000	\$117,000	\$159,000	7.3%	0.2%
Bartenders	\$45,100	\$70,000	\$131,000	\$179,000	33.0%	1.0%
Fast Food and Counter Workers	\$40,800	\$63,000	\$119,000	\$162,000	14.4%	0.4%
Waiters and Waitresses	\$45,200	\$70,000	\$132,000	\$179,000	17.1%	0.5%
Dining Room and Cafeteria Attendants and Bartender Helpers	\$39,800	\$67,000	\$124,000	\$194,000	2.5%	0.1%
Dishwashers	\$38,700	\$65,000	\$120,000	\$188,000	4.5%	0.1%
Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop	\$38,100	\$64,000	\$119,000	\$185,000	2.1%	0.1%
Other Food Preparation and Serving Related Occupations	<u>\$43,900</u>	<u>\$68,000</u>	<u>\$128,000</u>	<u>\$174,000</u>	<u>5.0%</u>	<u>0.1%</u>
Weighted Mean Annual Wage	\$43,900	\$67,000	\$128,000	\$176,000	100.0%	2.9%

APPENDIX F - TABLE 2
AVERAGE ANNUAL WORKER COMPENSATION AND ESTIMATED HOUSEHOLD INCOME, 2025
LIGHT INDUSTRIAL WORKER OCCUPATIONS
NON-RESIDENTIAL NEXUS STUDY
SANTA CRUZ COUNTY, CALIFORNIA

Occupation ³	2025 Avg.	Household Income Estimate ⁴			% of Total	% of Total
	Worker Compensation ¹	One Worker	Two Workers	Three+ Workers	Occupation Group ²	Light Industrial Workers
<i>Sales and Related Occupations</i>						
First-Line Supervisors of Retail Sales Workers	\$56,400	\$69,000	\$149,000	\$203,000	2.7%	0.2%
First-Line Supervisors of Non-Retail Sales Workers	\$90,000	\$111,000	\$187,000	\$258,000	3.3%	0.2%
Cashiers	\$39,800	\$67,000	\$124,000	\$194,000	9.1%	0.6%
Counter and Rental Clerks	\$48,700	\$76,000	\$142,000	\$193,000	6.1%	0.4%
Parts Salespersons	\$46,000	\$71,000	\$134,000	\$182,000	4.3%	0.3%
Retail Salespersons	\$41,700	\$65,000	\$121,000	\$165,000	11.0%	0.8%
Sales Representatives of Services, Except Advertising, Insurance, Fina	\$77,700	\$90,000	\$182,000	\$236,000	3.8%	0.3%
Sales Representatives, Wholesale and Manufacturing, Technical and	\$133,900	\$145,000	\$236,000	\$267,000	7.9%	0.6%
Sales Representatives, Wholesale and Manufacturing, Except Techni	\$90,200	\$111,000	\$188,000	\$258,000	44.6%	3.2%
Demonstrators and Product Promoters	\$44,400	\$69,000	\$129,000	\$176,000	4.1%	0.3%
Other Sales and Related Occupations	<u>\$75,600</u>	<u>\$87,000</u>	<u>\$177,000</u>	<u>\$229,000</u>	<u>3.1%</u>	<u>0.2%</u>
Weighted Mean Annual Wage	\$75,600	\$96,000	\$169,000	\$229,000	100.0%	7.1%
<i>Office and Administrative Support Occupations</i>						
First-Line Supervisors of Office and Administrative Support Workers	\$79,200	\$91,000	\$186,000	\$240,000	7.4%	0.7%
Bookkeeping, Accounting, and Auditing Clerks	\$62,800	\$73,000	\$147,000	\$190,000	11.6%	1.0%
Customer Service Representatives	\$53,100	\$65,000	\$141,000	\$191,000	17.4%	1.5%
Production, Planning, and Expediting Clerks	\$68,100	\$79,000	\$160,000	\$206,000	7.4%	0.7%
Shipping, Receiving, and Inventory Clerks	\$49,500	\$77,000	\$144,000	\$196,000	16.9%	1.5%
Secretaries and Administrative Assistants, Except Legal, Medical, and	\$57,400	\$70,000	\$152,000	\$207,000	8.5%	0.8%
Office Clerks, General	\$52,400	\$64,000	\$139,000	\$189,000	17.7%	1.6%
Other Office and Administrative Support Occupations	<u>\$58,300</u>	<u>\$71,000</u>	<u>\$154,000</u>	<u>\$210,000</u>	<u>13.0%</u>	<u>1.2%</u>
Weighted Mean Annual Wage	\$58,300	\$72,000	\$149,000	\$200,000	100.0%	8.8%
<i>Farming, Fishing, and Forestry Occupations</i>						
First-Line Supervisors of Farming, Fishing, and Forestry Workers	\$67,400	\$78,000	\$158,000	\$204,000	5.0%	0.3%
Graders and Sorters, Agricultural Products	\$60,800	\$70,000	\$143,000	\$184,000	4.5%	0.3%
Agricultural Equipment Operators	\$44,500	\$69,000	\$130,000	\$176,000	6.7%	0.4%
Farmworkers and Laborers, Crop, Nursery, and Greenhouse	\$40,400	\$63,000	\$118,000	\$160,000	82.1%	4.8%
Other Farming, Fishing, and Forestry Occupations	<u>\$43,000</u>	<u>\$67,000</u>	<u>\$125,000</u>	<u>\$170,000</u>	<u>1.7%</u>	<u>0.1%</u>
Weighted Mean Annual Wage	\$43,000	\$65,000	\$122,000	\$165,000	100.0%	5.8%
<i>Installation, Maintenance, and Repair Occupations</i>						
First-Line Supervisors of Mechanics, Installers, and Repairers	\$89,100	\$110,000	\$185,000	\$255,000	8.8%	1.0%
Automotive Body and Related Repairers	\$71,700	\$83,000	\$168,000	\$217,000	13.5%	1.5%
Automotive Service Technicians and Mechanics	\$66,500	\$77,000	\$156,000	\$202,000	29.5%	3.2%
Bus and Truck Mechanics and Diesel Engine Specialists	\$73,500	\$85,000	\$173,000	\$223,000	5.1%	0.6%
Mobile Heavy Equipment Mechanics, Except Engines	\$80,300	\$99,000	\$167,000	\$230,000	2.3%	0.2%
Industrial Machinery Mechanics	\$71,900	\$83,000	\$169,000	\$218,000	10.5%	1.1%
Maintenance and Repair Workers, General	\$56,700	\$69,000	\$150,000	\$204,000	9.6%	1.0%
Helpers--Installation, Maintenance, and Repair Workers	\$49,500	\$77,000	\$144,000	\$196,000	2.3%	0.3%
Installation, Maintenance, and Repair Workers, All Other	\$56,100	\$68,000	\$148,000	\$202,000	2.5%	0.3%
Other Installation, Maintenance, and Repair Occupations	<u>\$69,300</u>	<u>\$80,000</u>	<u>\$163,000</u>	<u>\$210,000</u>	<u>15.9%</u>	<u>1.7%</u>
Weighted Mean Annual Wage	\$69,300	\$82,000	\$163,000	\$213,000	100.0%	11.0%

Sources: U.S. Bureau of Labor Statistics, California Employment Development Department
 Keyser Marston Associates, Inc.
 Santa Cruz County Land Use Files_4 30 26; trb

APPENDIX F - TABLE 2
AVERAGE ANNUAL WORKER COMPENSATION AND ESTIMATED HOUSEHOLD INCOME, 2025
LIGHT INDUSTRIAL WORKER OCCUPATIONS
NON-RESIDENTIAL NEXUS STUDY
SANTA CRUZ COUNTY, CALIFORNIA

Occupation ³	2025 Avg.	Household Income Estimate ⁴			% of Total	% of Total
	Worker Compensation ¹	One Worker	Two Workers	Three+ Workers	Occupation Group ²	Light Industrial Workers
<i>Production Occupations</i>						
First-Line Supervisors of Production and Operating Workers	\$78,500	\$91,000	\$184,000	\$238,000	8.0%	2.2%
Electrical, Electronic, and Electromechanical Assemblers, Except Coil	\$56,400	\$69,000	\$149,000	\$203,000	3.1%	0.8%
Miscellaneous Assemblers and Fabricators	\$50,000	\$61,000	\$132,000	\$180,000	15.2%	4.1%
Bakers	\$43,200	\$67,000	\$126,000	\$171,000	6.7%	1.8%
Food Batchmakers	\$45,200	\$70,000	\$132,000	\$179,000	3.2%	0.9%
Machinists	\$60,700	\$70,000	\$142,000	\$184,000	2.9%	0.8%
Welders, Cutters, Solderers, and Brazers	\$73,000	\$84,000	\$171,000	\$221,000	3.8%	1.0%
Chemical Equipment Operators and Tenders	\$56,800	\$69,000	\$150,000	\$205,000	4.8%	1.3%
Separating, Filtering, Clarifying, Precipitating, and Still Machine Sette	\$61,300	\$71,000	\$144,000	\$186,000	2.9%	0.8%
Inspectors, Testers, Sorters, Samplers, and Weighers	\$60,800	\$70,000	\$143,000	\$184,000	7.1%	1.9%
Packaging and Filling Machine Operators and Tenders	\$44,500	\$69,000	\$130,000	\$176,000	11.4%	3.1%
Coating, Painting, and Spraying Machine Setters, Operators, and Ten	\$63,200	\$73,000	\$148,000	\$192,000	2.4%	0.6%
Production Workers, All Other	\$52,200	\$64,000	\$138,000	\$188,000	2.7%	0.7%
Other Production Occupations	<u>\$55,700</u>	<u>\$68,000</u>	<u>\$147,000</u>	<u>\$201,000</u>	<u>26.0%</u>	<u>7.1%</u>
Weighted Mean Annual Wage	\$55,700	\$70,000	\$144,000	\$194,000	100.0%	27.2%
<i>Transportation and Material Moving Occupations</i>						
First-Line Supervisors of Transportation and Material Moving Worker	\$66,500	\$77,000	\$156,000	\$202,000	6.5%	0.8%
Driver/Sales Workers	\$45,000	\$70,000	\$131,000	\$178,000	2.5%	0.3%
Heavy and Tractor-Trailer Truck Drivers	\$60,800	\$70,000	\$143,000	\$184,000	7.3%	0.9%
Light Truck Drivers	\$51,000	\$62,000	\$135,000	\$184,000	5.5%	0.7%
Automotive and Watercraft Service Attendants	\$42,800	\$66,000	\$125,000	\$170,000	4.3%	0.5%
Industrial Truck and Tractor Operators	\$47,000	\$73,000	\$137,000	\$186,000	8.2%	1.0%
Cleaners of Vehicles and Equipment	\$42,000	\$65,000	\$122,000	\$166,000	17.8%	2.2%
Laborers and Freight, Stock, and Material Movers, Hand	\$45,200	\$70,000	\$132,000	\$179,000	25.9%	3.2%
Packers and Packagers, Hand	\$38,700	\$65,000	\$120,000	\$188,000	10.7%	1.3%
Stockers and Order Fillers	\$42,500	\$66,000	\$124,000	\$168,000	7.3%	0.9%
Other Transportation and Material Moving Occupations	<u>\$46,700</u>	<u>\$72,000</u>	<u>\$136,000</u>	<u>\$185,000</u>	<u>4.0%</u>	<u>0.5%</u>
Weighted Mean Annual Wage	\$46,700	\$68,000	\$131,000	\$179,000	100.0%	12.3%

97.3%

¹ The methodology utilized by the California Employment Development Department (EDD) assumes hourly paid employees are employed full-time. EDD data is adjusted by KMA to reflect the State minimum wage. Annual compensation is calculated by EDD by multiplying hourly wages by 40 hours per work week by 52 weeks.

² Occupation percentages are based on the 2024 National Industry - Specific Occupational Employment Survey compiled by the Bureau of Labor Statistics. Wages are based on Occupational Employment Survey data applicable to Santa Cruz County as of 2024 and are adjusted by EDD to the first quarter of 2025.

³ Including occupations representing 2% or more of the major occupation group.

⁴ Household income estimated based average worker compensation and ratios between employee income and household income identified in Appendix I - Table 1.

APPENDIX G - TABLE 1
ESTIMATED WORKER OCCUPATION DISTRIBUTION, 2024
AGRICULTURAL WORKERS
NON-RESIDENTIAL NEXUS STUDY
SANTA CRUZ COUNTY, CALIFORNIA

	Worker Occupation Distribution Agricultural
Major Occupations (2% or more)	
Farming, Fishing, and Forestry Occupations	100.0%
All Other Worker Occupations - Agricultural	<u>0.0%</u>
TOTAL	100.0%

APPENDIX G - TABLE 2
 AVERAGE ANNUAL WORKER COMPENSATION AND ESTIMATED HOUSEHOLD INCOME, 2025
 AGRICULTURAL WORKER OCCUPATIONS
 NON-RESIDENTIAL NEXUS STUDY
 SANTA CRUZ COUNTY, CALIFORNIA

Occupation ³	2025 Avg.	Household Income Estimate ⁴			% of Total	% of Total
	Worker Compensation ¹	One Worker	Two Workers	Three+ Workers	Occupation Group ²	Greenhouse Workers
<i>Page 1 of 1</i>						
<i>Farming, Fishing, and Forestry Occupations</i>						
First-Line Supervisors of Farming, Fishing, and Forestry Workers	\$67,400	\$78,000	\$158,000	\$204,000	5.0%	5.0%
Graders and Sorters, Agricultural Products	\$60,800	\$70,000	\$143,000	\$184,000	4.3%	4.3%
Agricultural Equipment Operators	\$44,500	\$69,000	\$130,000	\$176,000	6.5%	6.5%
Farmworkers and Laborers, Crop, Nursery, and Greenhouse	\$40,400	\$63,000	\$118,000	\$160,000	79.3%	79.3%
Other Farming, Fishing, and Forestry Occupations	<u>\$43,000</u>	<u>\$67,000</u>	<u>\$125,000</u>	<u>\$170,000</u>	<u>4.9%</u>	<u>4.9%</u>
Weighted Mean Annual Wage	\$43,000	\$65,000	\$122,000	\$165,000	100.0%	100.0%
						100.0%

¹ The methodology utilized by the California Employment Development Department (EDD) assumes hourly paid employees are employed full-time. EDD data is adjusted by KMA to reflect the State minimum wage. Annual compensation is calculated by EDD by multiplying hourly wages by 40 hours per work week by 52 weeks.

² Occupation percentages are based on the 2024 National Industry - Specific Occupational Employment Survey compiled by the Bureau of Labor Statistics. Wages are based on Occupational Employment Survey data applicable to Santa Cruz County as of 2024 and are adjusted by EDD to the first quarter of 2025.

³ Including occupations representing 2% or more of the major occupation group.

⁴ Household income estimated based average worker compensation and ratios between employee income and household income identified in Appendix I - Table 1.

APPENDIX H - TABLE 1
 ESTIMATED WORKER OCCUPATION DISTRIBUTION, 2024
 ASSISTED LIVING WORKERS
 NON-RESIDENTIAL NEXUS STUDY
 SANTA CRUZ COUNTY, CALIFORNIA

	Worker Occupation Distribution Assisted Living
Major Occupations (2% or more)	
Management Occupations	4.4%
Healthcare Practitioners and Technical Occupations	8.9%
Healthcare Support Occupations	43.7%
Food Preparation and Serving Related Occupations	18.6%
Building and Grounds Cleaning and Maintenance Occupations	6.3%
Personal Care and Service Occupations	4.6%
Office and Administrative Support Occupations	5.2%
Installation, Maintenance, and Repair Occupations	2.8%
All Other Worker Occupations - Assisted Living	<u>5.5%</u>
TOTAL	100.0%

APPENDIX H - TABLE 2
 AVERAGE ANNUAL WORKER COMPENSATION AND ESTIMATED HOUSEHOLD INCOME, 2025
 ASSISTED LIVING WORKER OCCUPATIONS
 NON-RESIDENTIAL NEXUS STUDY
 SANTA CRUZ COUNTY, CALIFORNIA

Occupation ³	2025 Avg.	Household Income Estimate ⁴			% of Total	% of Total
	Worker Compensation ¹	One Worker	Two Workers	Three+ Workers	Occupation Group ²	isted Living Workers
<i>Page 1 of 3</i>						
<i>Management Occupations</i>						
General and Operations Managers	\$136,300	\$147,000	\$241,000	\$271,000	30.6%	1.4%
Administrative Services Managers	\$124,400	\$136,000	\$242,000	\$298,000	3.8%	0.2%
Facilities Managers	\$132,900	\$144,000	\$235,000	\$265,000	3.9%	0.2%
Food Service Managers	\$81,000	\$100,000	\$168,000	\$232,000	5.3%	0.2%
Medical and Health Services Managers	\$161,800	\$167,000	\$256,000	\$274,000	32.7%	1.4%
Social and Community Service Managers	\$93,500	\$115,000	\$194,000	\$268,000	10.2%	0.5%
Other Management Occupations	<u>\$136,800</u>	<u>\$148,000</u>	<u>\$241,000</u>	<u>\$272,000</u>	<u>13.5%</u>	<u>0.6%</u>
Weighted Mean Annual Wage	\$136,800	\$147,000	\$237,000	\$271,000	100.0%	4.4%
<i>Healthcare Practitioners and Technical Occupations</i>						
Physical Therapists	\$126,800	\$137,000	\$224,000	\$253,000	2.2%	0.2%
Registered Nurses	\$163,900	\$169,000	\$259,000	\$278,000	35.6%	3.2%
Clinical Laboratory Technologists and Technicians	\$79,400	\$92,000	\$186,000	\$241,000	2.7%	0.2%
Dietetic Technicians	\$79,400	\$92,000	\$186,000	\$241,000	3.2%	0.3%
Licensed Practical and Licensed Vocational Nurses	\$86,600	\$107,000	\$180,000	\$248,000	47.6%	4.2%
Other Healthcare Practitioners and Technical Occupations	<u>\$117,200</u>	<u>\$128,000</u>	<u>\$228,000</u>	<u>\$281,000</u>	<u>8.6%</u>	<u>0.8%</u>
Weighted Mean Annual Wage	\$117,200	\$131,000	\$214,000	\$261,000	100.0%	8.9%
<i>Healthcare Support Occupations</i>						
Home Health and Personal Care Aides	\$37,700	\$63,000	\$117,000	\$184,000	61.9%	27.0%
Nursing Assistants	\$48,100	\$75,000	\$140,000	\$191,000	35.3%	15.4%
Medical Assistants	\$56,000	\$68,000	\$148,000	\$202,000	2.0%	0.9%
Other Healthcare Support Occupations	<u>\$41,800</u>	<u>\$65,000</u>	<u>\$122,000</u>	<u>\$166,000</u>	<u>0.8%</u>	<u>0.4%</u>
Weighted Mean Annual Wage	\$41,800	\$67,000	\$126,000	\$187,000	100.0%	43.7%

APPENDIX H - TABLE 2
 AVERAGE ANNUAL WORKER COMPENSATION AND ESTIMATED HOUSEHOLD INCOME, 2025
 ASSISTED LIVING WORKER OCCUPATIONS
 NON-RESIDENTIAL NEXUS STUDY
 SANTA CRUZ COUNTY, CALIFORNIA

Occupation ³	2025 Avg.	Household Income Estimate ⁴			% of Total	% of Total
	Worker Compensation ¹	One Worker	Two Workers	Three+ Workers	Occupation Group ²	isted Living Workers
<i>Page 2 of 3</i>						
<i>Food Preparation and Serving Related Occupations</i>						
Chefs and Head Cooks	\$68,900	\$80,000	\$162,000	\$209,000	2.7%	0.5%
First-Line Supervisors of Food Preparation and Serving Workers	\$52,900	\$64,000	\$140,000	\$191,000	5.7%	1.1%
Cooks, Institution and Cafeteria	\$49,300	\$77,000	\$144,000	\$195,000	25.2%	4.7%
Food Preparation Workers	\$40,100	\$62,000	\$117,000	\$159,000	4.8%	0.9%
Waiters and Waitresses	\$45,200	\$70,000	\$132,000	\$179,000	7.9%	1.5%
Food Servers, Nonrestaurant	\$41,300	\$64,000	\$120,000	\$164,000	39.8%	7.4%
Dining Room and Cafeteria Attendants and Bartender Helpers	\$39,800	\$67,000	\$124,000	\$194,000	4.4%	0.8%
Dishwashers	\$38,700	\$65,000	\$120,000	\$188,000	6.3%	1.2%
Other Food Preparation and Serving Related Occupations	<u>\$44,900</u>	<u>\$70,000</u>	<u>\$131,000</u>	<u>\$178,000</u>	<u>3.2%</u>	<u>0.6%</u>
Weighted Mean Annual Wage	\$44,900	\$68,000	\$130,000	\$179,000	100.0%	18.6%
<i>Building and Grounds Cleaning and Maintenance Occupations</i>						
First-Line Supervisors of Housekeeping and Janitorial Workers	\$61,100	\$71,000	\$143,000	\$185,000	5.5%	0.3%
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	\$45,800	\$71,000	\$133,000	\$181,000	12.1%	0.8%
Maids and Housekeeping Cleaners	\$44,400	\$69,000	\$129,000	\$176,000	79.4%	5.0%
Landscaping and Groundskeeping Workers	\$49,900	\$77,000	\$145,000	\$198,000	2.5%	0.2%
Other Building and Grounds Cleaning and Maintenance Occupations	<u>\$45,600</u>	<u>\$71,000</u>	<u>\$133,000</u>	<u>\$181,000</u>	<u>0.5%</u>	<u>0.0%</u>
Weighted Mean Annual Wage	\$45,600	\$70,000	\$131,000	\$178,000	100.0%	6.3%
<i>Personal Care and Service Occupations</i>						
First-Line Supervisors of Entertainment and Recreation Workers, Except Gam	\$59,500	\$72,000	\$157,000	\$214,000	7.1%	0.3%
First-Line Supervisors of Personal Service Workers	\$60,100	\$69,000	\$141,000	\$182,000	6.6%	0.3%
Concierges	\$39,100	\$66,000	\$122,000	\$190,000	17.1%	0.8%
Exercise Trainers and Group Fitness Instructors	\$66,400	\$77,000	\$156,000	\$201,000	2.3%	0.1%
Recreation Workers	\$43,400	\$67,000	\$126,000	\$172,000	56.1%	2.6%
Residential Advisors	\$52,100	\$63,000	\$138,000	\$188,000	7.2%	0.3%
Other Personal Care and Service Occupations	<u>\$46,200</u>	<u>\$72,000</u>	<u>\$135,000</u>	<u>\$183,000</u>	<u>3.5%</u>	<u>0.2%</u>
Weighted Mean Annual Wage	\$46,200	\$67,000	\$130,000	\$181,000	100.0%	4.6%

APPENDIX H - TABLE 2
 AVERAGE ANNUAL WORKER COMPENSATION AND ESTIMATED HOUSEHOLD INCOME, 2025
 ASSISTED LIVING WORKER OCCUPATIONS
 NON-RESIDENTIAL NEXUS STUDY
 SANTA CRUZ COUNTY, CALIFORNIA

Occupation ³	2025 Avg.	Household Income Estimate ⁴			% of Total	% of Total
	Worker Compensation ¹	One Worker	Two Workers	Three+ Workers	Occupation Group ²	isted Living Workers
<i>Office and Administrative Support Occupations</i>						
First-Line Supervisors of Office and Administrative Support Workers	\$79,200	\$91,000	\$186,000	\$240,000	7.7%	0.4%
Bookkeeping, Accounting, and Auditing Clerks	\$62,800	\$73,000	\$147,000	\$190,000	5.4%	0.3%
Customer Service Representatives	\$53,100	\$65,000	\$141,000	\$191,000	3.2%	0.2%
Receptionists and Information Clerks	\$45,000	\$70,000	\$131,000	\$178,000	41.2%	2.1%
Executive Secretaries and Executive Administrative Assistants	\$84,500	\$104,000	\$176,000	\$242,000	2.1%	0.1%
Medical Secretaries and Administrative Assistants	\$54,100	\$66,000	\$143,000	\$195,000	5.1%	0.3%
Secretaries and Admin Assistants, (Exc. Legal, Medical, Executive)	\$57,400	\$70,000	\$152,000	\$207,000	13.2%	0.7%
Office Clerks, General	\$52,400	\$64,000	\$139,000	\$189,000	13.9%	0.7%
Other Office and Administrative Support Occupations	<u>\$53,500</u>	<u>\$65,000</u>	<u>\$142,000</u>	<u>\$193,000</u>	<u>8.4%</u>	<u>0.4%</u>
Weighted Mean Annual Wage	\$53,500	\$71,000	\$143,000	\$193,000	100.0%	5.2%
<i>Installation, Maintenance, and Repair Occupations</i>						
First-Line Supervisors of Mechanics, Installers, and Repairers	\$89,100	\$110,000	\$185,000	\$255,000	13.8%	0.4%
Maintenance and Repair Workers, General	\$56,700	\$69,000	\$150,000	\$204,000	84.4%	2.4%
Other Installation, Maintenance, and Repair Occupations	<u>\$61,300</u>	<u>\$71,000</u>	<u>\$144,000</u>	<u>\$186,000</u>	<u>1.7%</u>	<u>0.0%</u>
Weighted Mean Annual Wage	\$61,300	\$75,000	\$155,000	\$211,000	100.0%	2.8%

94.5%

¹ The methodology utilized by the California Employment Development Department (EDD) assumes hourly paid employees are employed full-time. EDD data is adjusted by KMA to reflect the State minimum wage. Annual compensation is calculated by EDD by multiplying hourly wages by 40 hours per work week by 52 weeks.

² Occupation percentages are based on the 2024 National Industry - Specific Occupational Employment Survey compiled by the Bureau of Labor Statistics. Wages are based on Occupational Employment Survey data applicable to Santa Cruz County as of 2024 and are adjusted by EDD to the first quarter of 2025.

³ Including occupations representing 2% or more of the major occupation group.

⁴ Household income estimated based average worker compensation and ratios between employee income and household income identified in Appendix I - Table 1.

APPENDIX I - TABLE 1
RATIO OF HOUSEHOLD INCOME TO INDIVIDUAL WORKER INCOME
NON-RESIDENTIAL NEXUS STUDY
SANTA CRUZ COUNTY, CALIFORNIA

<u>Income Range</u> <u>(\$thousands)</u>	<u>Number of Workers in Household</u>		
	<u>One</u>	<u>Two</u>	<u>Three or More</u>
25-30	1.52	3.94	6.03
30-40	1.68	3.11	4.87
40-50	1.55	2.91	3.96
50-60	1.22	2.65	3.60
60-80	1.15	2.35	3.03
80-100	1.23	2.08	2.86
100-125	1.09	1.95	2.40
125-150	1.08	1.77	1.99
150-250	1.03	1.58	1.70
250+	1.03	1.31	1.45

Source: KMA analysis of 2019 to 2023 American Community Survey Public Use Microdata Sample (PUMS) data for Santa Cruz Area.

APPENDIX I - TABLE 2
 PERCENT OF HOUSEHOLDS BY SIZE AND NO. OF WORKERS
 NON-RESIDENTIAL NEXUS STUDY
 SANTA CRUZ COUNTY, CALIFORNIA

Percent of Households by Size and No. of Workers		
No. of Persons in Household	No. of Workers in Household	Percent of Total Households
1	1	15.47%
2	1	15.10%
	2	18.14%
3	1	6.32%
	2	9.25%
	3+	3.83%
4	1	4.89%
	2	7.33%
	3+	5.83%
5	1	2.14%
	2	3.20%
	3+	2.54%
6	1	1.61%
	2	2.42%
	3+	1.92%
Total		100.00%

Source: 2019-2023 American Community Survey.

APPENDIX J
AFFORDABILITY GAP ANALYSIS
NEXUS ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA

I. BACKGROUND

A key component of an impact analysis is the mitigation cost. In an affordable housing nexus analysis, the mitigation cost is the “affordability gap” – the financial gap between what lower income households can afford to pay and the cost of producing new affordable housing in Santa Cruz County.

The affordability gap analysis identifies the financial assistance required to produce each unit of affordable housing that is needed to mitigate the affordable housing impacts of new development, using affordable housing impact fee funds. For Extremely Low (0% to 30% AMI), Very Low (30% to 50% AMI), and Low Income (50% to 80% AMI) units, the affordability gap analysis is based on the remaining financial gap after assistance available through Federal 4% Low Income Housing Tax Credits (4% Tax Credits). Moderate income units are also assumed to be assisted in an affordable rental unit; however, tax credit financing is not available for units above 80% AMI. For Moderate Income units, the affordability gap is equal to the difference between the estimated development costs of a Moderate Income unit and the amount of developer investment that can be supported based on Moderate Income rents.

II. COUNTY-ASSISTED AFFORDABLE UNIT PROTOTYPES

To estimate the affordability gap, there is a need to match the household of each income level with a unit type and size according to governmental regulations and County practices and policies. The prototype affordable unit should reflect a modest unit consistent with affordable developments that the County is likely to provide financial assistance to using affordable housing impact fee funds. The focus is on affordable projects developed for families rather than projects consisting of primarily studios or single room occupancy units that would be too small to accommodate a typical-size worker household, given that the purpose of the affordable housing impact fee is to address affordable housing needs of workers and should reflect units that meet housing needs of the workforce more broadly. KMA assumed that the County will use impact fee funds to provide financial assistance for development of multi-family rental units averaging approximately 1.90 bedrooms per unit.

A. Development Costs

KMA prepared an estimate of total development costs for the affordable housing prototype unit described above (inclusive of land acquisition costs, direct construction costs, indirect costs of development and financing). The development cost estimate reflects the average for multi-family affordable rental projects proposed to be developed in Santa Cruz County. For the

purposes of estimating the development costs, KMA researched recent applications submitted to the California Debt Limit Allocation Committee (CDLAC) and the California Tax Credit Allocation Committee (TCAC) for an award of Multifamily Tax Exempt Bonds and 4% Tax Credits. In addition, KMA utilized cost estimates from recent projects within the region that KMA has analyzed.

The development cost estimates utilized for the affordability gap analysis are summarized in Attachment 1 - Appendix A. Based on cost data for the recent projects, the total development cost for the prototype affordable rental unit is estimated at approximately \$729,000.

B. Available Permanent Financing Sources

For the Extremely Low, Very Low and Low Income rental units, the affordability gaps assume that the project can access additional financing sources. These funding sources include tax-exempt permanent debt financing supported by the project’s net operating income and equity generated by 4% Tax Credits. The highly competitive 9% federal tax credits are not assumed because of the limited number of projects that receive an allocation of 9% tax credits in any given year. Other affordable housing subsidy sources awarded at the State and Federal level are also limited and difficult to obtain, and therefore are not assumed in this analysis as available to offset the cost of mitigating the affordable housing impacts of new development. For the Moderate Income analysis, the unit value reflects the estimated debt and equity investment supportable based on the project’s net operating income.

III. AFFORDABILITY GAPS

The affordability gap is the difference between the cost of developing the affordable units and the available financing sources, which are in part based on the restricted affordable rent. The resulting affordability gaps are presented in the following table:

	<u>Affordability Gap</u>
Extremely Low Income	\$462,300
Very Low Income	\$344,100
Low Income	\$244,800
Moderate Income	\$245,300

The affordability gaps provided above are utilized in nexus study as the mitigation cost necessary to provide affordable housing.

APPENDIX J
SUMMARY TABLE
NEXUS STUDY AFFORDABILITY GAPS
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA

<u>AFFORDABILITY GAPS PER UNIT</u>	<u>Leveraged (Assumes 4% Tax Credits)</u>	<u>Unleveraged (No Public Assistance)</u>
I. RENTS @ 30% TCAC MEDIAN	(\$462,300)	(\$628,600)
II. RENTS @ 50% TCAC MEDIAN	(\$344,100)	(\$475,100)
III. RENTS @ 60% TCAC MEDIAN	(\$285,100)	(\$398,300)
IV. RENTS @ 80% TCAC MEDIAN	NA	(\$244,800)
V. RENTS @ 110% TCAC MEDIAN	NA	(\$245,300)

APPENDIX J - EXHIBIT 1

**ESTIMATED DEVELOPMENT COSTS
NEXUS STUDY AFFORDABILITY GAPS
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA**

APPENDIX J - EXHIBIT 1 - TABLE 1

ESTIMATED DEVELOPMENT COSTS
 NEXUS STUDY AFFORDABILITY GAPS
 AFFORDABILITY GAP ANALYSIS
 SANTA CRUZ COUNTY, CALIFORNIA

I.	Land Acquisition Costs	¹	65,500 Sf Land	\$75 /Sf Land		\$4,913,000
II.	Direct Costs					
	Site Improvement Costs		65,500 Sf Land	\$25 /Sf Land		\$1,638,000
	Above-Ground Podium Parking	²	100 Spaces	\$30,000 /Space		3,000,000
	Building Costs		65,000 Sf GBA	\$275 /Sf Res GBA		17,875,000
	Contractor Costs	³	20% Other Direct Costs			4,503,000
	Total Direct Costs		65,000 Sf GBA	\$416 /Sf GBA		\$27,016,000
III.	Indirect Costs					
	Arch, Eng, & Consulting		7.00% Direct Costs			\$1,891,000
	Permits & Fees/Impact Fees		60 Units	\$35,000 /Unit		2,100,000
	Taxes, Ins, Legal & Acctg		3.00% Direct Costs			810,000
	Development Management		4.00% Direct Costs			1,081,000
	Soft Cost Contingency Allowance		5.00% Other Indirect Costs			294,000
	Total Indirect Costs					\$6,176,000
IV.	Financing Costs					
	Land Carrying Costs	⁴	\$4,913,000 Financed	7.10% Interest		\$698,000
	Interest During Construction	⁵	\$38,805,000 Financed	6.10% Interest		3,314,000
	Financing Fees					
	Construction Loan		\$38,805,000 Financed	2.50 Points		970,000
	Permanent Loan		\$25,223,000 Financed	2.50 Points		631,000
	Total Financing Costs					\$5,613,000
V.	Total Development Costs		60 Units	\$728,600 /Unit		\$43,718,000

¹ Estimated based on a survey of recent land sales in the County.

² The parking count is based on the assumption that the project applies for and receives a Government Code Section 65915 density bonus.

³ Includes contractors' fees, general requirements, builder's risk insurance and a direct cost contingency allowance.

⁴ Based on an 18-month construction period and a 6-month absorption period with a 100% average outstanding balance.

⁵ Based on an 18-month construction period with a 60% average outstanding balance and a 6-month absorption period with a 100% average outstanding balance.

APPENDIX J - EXHIBIT 2A

**NEXUS STUDY AFFORDABILITY GAPS
RENTS @ 30% TCAC MEDIAN
LEVERAGED: 4% TAX CREDIT SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA**

APPENDIX J - EXHIBIT 2A - TABLE 1

ESTIMATED NET OPERATING INCOME
 RENTS @ 30% TCAC MEDIAN
 LEVERAGED: 4% TAX CREDIT SCENARIO
 AFFORDABILITY GAP ANALYSIS
 SANTA CRUZ COUNTY, CALIFORNIA

NET OPERATING INCOME: RESIDENTIAL COMPONENT

I.	Rent @ 30% TCAC MEDIAN	¹			
	One-Bedroom Units		20 Units	\$926 /Unit/Month	\$222,200
	Two-Bedroom Units		25 Units	\$1,083 /Unit/Month	324,900
	Three-Bedroom Units		15 Units	\$1,220 /Unit/Month	<u>219,600</u>
	Gross Rent Income				\$766,700
	Laundry and Miscellaneous Income		60 Units	\$10 /Unit/Month	<u>7,200</u>
	Gross Residential Income				\$773,900
	(Less) Vacancy and Collection		5% Gross Residential Income		<u>(38,700)</u>
	Effective Gross Residential Income				\$735,200
II.	Residential Operating Expenses	²	60 Units	\$5,750 /Unit/Year	\$345,000
III.	Residential Net Operating Income				\$390,200

¹ The affordable rents are based on 2025 rents published by TCAC and assume the deduction of the utility allowances published by the County of Santa Cruz as of 1/1/2025.

² Assumes the project will apply for a property tax exemption accorded to non-profit housing organizations for units rented to households earning less than 80% of the Area Median Income.

APPENDIX J - EXHIBIT 2A - TABLE 2

ESTIMATED AFFORDABILITY GAP
RENTS @ 30% TCAC MEDIAN
LEVERAGED: 4% TAX CREDIT SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA

I. Available Outside Funding Sources

A. Permanent Loan	1			
Net Operating Income		\$390,200	NOI (See Table 2)	
Income Available for Mortgage		1.20	DCR	\$325,167
Interest Rate		5.80%	Interest	Debt Service
				7.04%
				Mortgage Constant
Total Permanent Loan				\$4,618,000
B. Tax Credit Equity	2			\$12,784,000
Total Outside Funding Sources				\$17,402,000

II. Affordability Gap Calculation

Total Outside Funding Sources				\$17,402,000
Less:				
Total Development Costs				(43,718,000)
Additional Developer Fee	3			(1,419,000)

Total Affordability Gap	60 Units	(\$462,300) /Unit	(\$27,735,000)
	65,000 Sf GBA	(\$427) /Sf	

1 Assumes a 30-year amortization period.

2 Assumes a 4.00% tax credit rate, no difficult to develop premium, and a \$0.85 tax credit equity rate.

3

Equal to the \$2,500,000 maximum amount typically allowed by TCAC minus the \$1,081,000 Developer Fee included in the Total Development Costs.

APPENDIX J - EXHIBIT 2B

**NEXUS STUDY AFFORDABILITY GAPS
RENTS @ 50% TCAC MEDIAN
LEVERAGED: 4% TAX CREDIT SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA**

APPENDIX J - EXHIBIT 2B - TABLE 1

ESTIMATED NET OPERATING INCOME
 RENTS @ 50% TCAC MEDIAN
 LEVERAGED: 4% TAX CREDIT SCENARIO
 AFFORDABILITY GAP ANALYSIS
 SANTA CRUZ COUNTY, CALIFORNIA

NET OPERATING INCOME: RESIDENTIAL COMPONENT

I. Rent @ 50% TCAC MEDIAN	¹			
One-Bedroom Units		20 Units	\$1,668 /Unit/Month	\$400,300
Two-Bedroom Units		25 Units	\$1,973 /Unit/Month	591,900
Three-Bedroom Units		15 Units	\$2,249 /Unit/Month	404,800
Gross Rent Income				\$1,397,000
Laundry and Miscellaneous Income		60 Units	\$10 /Unit/Month	7,200
Gross Residential Income				\$1,404,200
(Less) Vacancy and Collection		5% Gross Residential Income		(70,200)
Effective Gross Residential Income				\$1,334,000
II. Residential Operating Expenses	²	60 Units	\$5,750 /Unit/Year	\$345,000
III. Residential Net Operating Income				\$989,000

¹ The affordable rents are based on 2025 rents published by TCAC and assume the deduction of the utility allowances published by the County of Santa Cruz as of 1/1/2025.

² Assumes the project will apply for a property tax exemption accorded to non-profit housing organizations for units rented to households earning less than 80% of the Area Median Income.

APPENDIX J - EXHIBIT 2B - TABLE 2

ESTIMATED AFFORDABILITY GAP
 RENTS @ 50% TCAC MEDIAN
 LEVERAGED: 4% TAX CREDIT SCENARIO
 AFFORDABILITY GAP ANALYSIS
 SANTA CRUZ COUNTY, CALIFORNIA

I. Available Outside Funding Sources

A. Tax-Exempt Bond Financing ¹

Net Operating Income	\$989,000	NOI (See Table 2)	
Income Available for Mortgage	1.20	DCR	\$824,167 Debt Service
Interest Rate	5.8%	Interest	7.04% Mortgage Constant

Total Tax-Exempt Bond Financing **\$11,705,000**

B. Tax Credit Equity ² **\$12,784,000**

Total Outside Funding Sources **\$24,489,000**

II. Affordability Gap Calculation

Total Outside Funding Sources \$24,489,000

Less:

Total Development Costs (43,718,000)

Additional Developer Fee ³ (1,419,000)

Total Affordability Gap	60 Units	(\$344,100) /Unit	(\$20,648,000)
	65,000 Sf GBA	(\$318) /Sf	

¹ Assumes a 30-year amortization period.

² Assumes a 4.00% tax credit rate, no difficult-to-develop premium, and a \$0.85 tax credit equity rate.

³

Equal to the \$2,500,000 maximum amount typically allowed by TCAC minus the \$1,081,000 Developer Fee included in the Total Development Costs.

APPENDIX J - EXHIBIT 2C

**NEXUS STUDY AFFORDABILITY GAPS
RENTS @ 60% TCAC MEDIAN
LEVERAGED: 4% TAX CREDIT SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA**

APPENDIX J - EXHIBIT 2C - TABLE 1

ESTIMATED NET OPERATING INCOME
 RENTS @ 60% TCAC MEDIAN
 LEVERAGED: 4% TAX CREDIT SCENARIO
 AFFORDABILITY GAP ANALYSIS
 SANTA CRUZ COUNTY, CALIFORNIA

NET OPERATING INCOME: RESIDENTIAL COMPONENT

I. Rent @ 60% TCAC MEDIAN	¹			
One-Bedroom Units		20 Units	\$2,039 /Unit/Month	\$489,400
Two-Bedroom Units		25 Units	\$2,418 /Unit/Month	725,400
Three-Bedroom Units		15 Units	\$2,763 /Unit/Month	497,300
Gross Rent Income				\$1,712,100
Laundry and Miscellaneous Income		60 Units	\$10 /Unit/Month	7,200
Gross Residential Income				\$1,719,300
(Less) Vacancy and Collection		5% Gross Residential Income		(86,000)
Effective Gross Residential Income				\$1,633,300
II. Residential Operating Expenses	²	60 Units	\$5,750 /Unit/Year	\$345,000
III. Residential Net Operating Income				\$1,288,300

¹ The affordable rents are based on 2025 rents published by TCAC and assume the deduction of the utility allowances published by the County of Santa Cruz as of 1/1/2025.

² Assumes the project will apply for a property tax exemption accorded to non-profit housing organizations for units rented to households earning less than 80% of the Area Median Income.

APPENDIX J - EXHIBIT 2C - TABLE 2

ESTIMATED AFFORDABILITY GAP
 RENTS @ 60% TCAC MEDIAN
 LEVERAGED: 4% TAX CREDIT SCENARIO
 AFFORDABILITY GAP ANALYSIS
 SANTA CRUZ COUNTY, CALIFORNIA

I. Available Outside Funding Sources

A. Tax-Exempt Bond Financing	1			
Net Operating Income		\$1,288,300	NOI (See Table 2)	
Income Available for Mortgage		1.20	DCR	\$1,073,583
Interest Rate		5.8%	Interest	7.04%
				Debt Service Mortgage Constant
Total Tax-Exempt Bond Financing				\$15,248,000
B. Tax Credit Equity	2			\$12,784,000
Total Outside Funding Sources				\$28,032,000

II. Affordability Gap Calculation

Total Outside Funding Sources				\$28,032,000
Less:				
Total Development Costs				(43,718,000)
Additional Developer Fee	3			(1,419,000)

Total Affordability Gap	60 Units	(\$285,100) /Unit	(\$17,105,000)
	65,000 Sf GBA	(\$263) /Sf	

1 Assumes a 30-year amortization period.

2 Assumes a 4.00% tax credit rate, no difficult-to-develop premium, and a \$0.85 tax credit equity rate.

3

Equal to the \$2,500,000 maximum amount typically allowed by TCAC minus the \$1,081,000 Developer Fee included in the Total Development Costs.

APPENDIX J - EXHIBIT 3A

**NEXUS STUDY AFFORDABILITY GAPS
RENTS @ 30% TCAC MEDIAN
UNLEVERAGED SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA**

APPENDIX J - EXHIBIT 3A - TABLE 1

ESTIMATED NET OPERATING INCOME
RENTS @ 30% TCAC MEDIAN
UNLEVERAGED SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA

NET OPERATING INCOME: RESIDENTIAL COMPONENT

I. Rent @ 30% TCAC MEDIAN	¹			
One-Bedroom Units		20 Units	\$926 /Unit/Month	\$222,200
Two-Bedroom Units		25 Units	\$1,083 /Unit/Month	324,900
Three-Bedroom Units		15 Units	\$1,220 /Unit/Month	<u>219,600</u>
Gross Rent Income				\$766,700
Laundry and Miscellaneous Income		60 Units	\$10 /Unit/Month	<u>7,200</u>
Gross Residential Income				\$773,900
(Less) Vacancy and Collection		5% Gross Residential Income		<u>(38,700)</u>
Effective Gross Residential Income				\$735,200
II. Residential Operating Expenses	²	60 Units	\$5,750 /Unit/Year	\$345,000
III. Residential Net Operating Income				\$390,200

¹ The affordable rents are based on 2025 rents published by TCAC and assume the deduction of the utility allowances published by the County of Santa Cruz as of 1/1/2025.

² Assumes the project will apply for a property tax exemption accorded to non-profit housing organizations for units rented to households earning less than 80% of the Area Median Income.

APPENDIX J - EXHIBIT 3A - TABLE 2

ESTIMATED AFFORDABILITY GAP
RENTS @ 30% TCAC MEDIAN
UNLEVERAGED SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA

I.	<u>Supportable Private Investment</u>	1		
	Net Operating Income		NOI (See Table 2)	\$390,200
	Threshold Stabilized Return			6.50%
	Total Supportable Private Investment			\$6,003,000
II.	<u>Affordability Gap Calculation</u>			
	Total Supportable Private Investment			\$6,003,000
	(Less) Total Development Costs			(43,718,000)
	Total Affordability Gap			(\$37,715,000)
		60 Units	(\$628,600) /Unit	
		65,000 Sf GBA	(\$580) /Sf	

¹ Based on a 6.5% threshold return.

APPENDIX J - EXHIBIT 3B

**NEXUS STUDY AFFORDABILITY GAPS
RENTS @ 50% TCAC MEDIAN
UNLEVERAGED SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA**

APPENDIX J - EXHIBIT 3B - TABLE 1

ESTIMATED NET OPERATING INCOME
RENTS @ 50% TCAC MEDIAN
UNLEVERAGED SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA

NET OPERATING INCOME: RESIDENTIAL COMPONENT

I. Rent @ 50% TCAC MEDIAN	¹			
One-Bedroom Units		20 Units	\$1,668 /Unit/Month	\$400,300
Two-Bedroom Units		25 Units	\$1,973 /Unit/Month	591,900
Three-Bedroom Units		15 Units	\$2,249 /Unit/Month	404,800
Gross Rent Income				\$1,397,000
Laundry and Miscellaneous Income		60 Units	\$10 /Unit/Month	7,200
Gross Residential Income				\$1,404,200
(Less) Vacancy and Collection		5% Gross Residential Income		(70,200)
Effective Gross Residential Income				\$1,334,000
II. Residential Operating Expenses	²	60 Units	\$5,750 /Unit/Year	\$345,000
III. Residential Net Operating Income				\$989,000

¹ The affordable rents are based on 2025 rents published by TCAC and assume the deduction of the utility allowances published by the County of Santa Cruz as of 1/1/2025.

² Assumes the project will apply for a property tax exemption accorded to non-profit housing organizations for units rented to households earning less than 80% of the Area Median Income.

APPENDIX J - EXHIBIT 3B - TABLE 2

ESTIMATED AFFORDABILITY GAP
RENTS @ 50% TCAC MEDIAN
UNLEVERAGED SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA

I.	<u>Supportable Private Investment</u>	1		
	Net Operating Income		NOI (See Table 2)	\$989,000
	Threshold Stabilized Return			6.50%
	Total Supportable Private Investment			\$15,215,000
II.	<u>Affordability Gap Calculation</u>			
	Total Supportable Private Investment			\$15,215,000
	(Less) Total Development Costs			(43,718,000)
	Total Affordability Gap			(\$28,503,000)
		60 Units	(\$475,100) /Unit	
		65,000 Sf GBA	(\$439) /Sf	

¹ Based on a 6.5% threshold return.

APPENDIX J - EXHIBIT 3C

**NEXUS STUDY AFFORDABILITY GAPS
RENTS @ 60% TCAC MEDIAN
UNLEVERAGED SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA**

APPENDIX J - EXHIBIT 3C - TABLE 1

ESTIMATED NET OPERATING INCOME
RENTS @ 60% TCAC MEDIAN
UNLEVERAGED SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA

NET OPERATING INCOME: RESIDENTIAL COMPONENT

I.	Rent @ 60% TCAC MEDIAN	¹			
	One-Bedroom Units		20 Units	\$2,039 /Unit/Month	\$489,400
	Two-Bedroom Units		25 Units	\$2,418 /Unit/Month	725,400
	Three-Bedroom Units		15 Units	\$2,763 /Unit/Month	<u>497,300</u>
	Gross Rent Income				\$1,712,100
	Laundry and Miscellaneous Income		60 Units	\$10 /Unit/Month	<u>7,200</u>
	Gross Residential Income				\$1,719,300
	(Less) Vacancy and Collection		5% Gross Residential Income		<u>(86,000)</u>
	Effective Gross Residential Income				\$1,633,300
II.	Residential Operating Expenses	²	60 Units	\$5,750 /Unit/Year	\$345,000
III.	Residential Net Operating Income				\$1,288,300

¹ The affordable rents are based on 2025 rents published by TCAC and assume the deduction of the utility allowances published by the County of Santa Cruz as of 1/1/2025.

² Assumes the project will apply for a property tax exemption accorded to non-profit housing organizations for units rented to households earning less than 80% of the Area Median Income.

APPENDIX J - EXHIBIT 3C - TABLE 2

ESTIMATED AFFORDABILITY GAP
RENTS @ 60% TCAC MEDIAN
UNLEVERAGED SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA

I. Available Outside Funding Sources

Supportable Private Investment ¹

Net Operating Income	NOI (See Table 2)	\$1,288,300
Threshold Stabilized Return		6.50%
		<hr/>
Total Supportable Private Investment		\$19,820,000

II. Affordability Gap Calculation

Total Supportable Private Investment		\$19,820,000
(Less) Total Development Costs		(43,718,000)
		<hr/>

Total Affordability Gap			(\$23,898,000)
	60 Units	(\$398,300) /Unit	
	65,000 Sf GBA	(\$368) /Sf	

¹ Based on a 6.5% threshold return.

APPENDIX J - EXHIBIT 3D

**NEXUS STUDY AFFORDABILITY GAPS
RENTS @ 80% TCAC MEDIAN
UNLEVERAGED SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA**

APPENDIX J - EXHIBIT 3D - TABLE 1

ESTIMATED NET OPERATING INCOME
RENTS @ 80% TCAC MEDIAN
UNLEVERAGED SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA

NET OPERATING INCOME: RESIDENTIAL COMPONENT

I.	Rent @ 80% TCAC MEDIAN	¹			
	One-Bedroom Units		20 Units	\$2,781 /Unit/Month	\$667,400
	Two-Bedroom Units		25 Units	\$3,308 /Unit/Month	992,400
	Three-Bedroom Units		15 Units	\$3,792 /Unit/Month	<u>682,600</u>
	Gross Rent Income				\$2,342,400
	Laundry and Miscellaneous Income		60 Units	\$10 /Unit/Month	<u>7,200</u>
	Gross Residential Income				\$2,349,600
	(Less) Vacancy and Collection		5% Gross Residential Income		<u>(117,500)</u>
	Effective Gross Residential Income				\$2,232,100
II.	Residential Operating Expenses	²	60 Units	\$5,750 /Unit/Year	\$345,000
III.	Residential Net Operating Income				\$1,887,100

¹ The affordable rents are based on 2025 rents published by TCAC and assume the deduction of the utility allowances published by the County of Santa Cruz as of 1/1/2025.

² Assumes the project will apply for a property tax exemption accorded to non-profit housing organizations for units rented to households earning less than 80% of the Area Median Income.

APPENDIX J - EXHIBIT 3D - TABLE 2

ESTIMATED AFFORDABILITY GAP
 RENTS @ 80% TCAC MEDIAN
 UNLEVERAGED SCENARIO
 AFFORDABILITY GAP ANALYSIS
 SANTA CRUZ COUNTY, CALIFORNIA

I. <u>Supportable Private Investment</u>			
Net Operating Income			\$1,887,100
Threshold Stabilized Return	1		6.50%
Total Supportable Private Investment			\$29,032,000
II. <u>Affordability Gap Calculation</u>			
Total Supportable Private Investment			\$29,032,000
(Less) Total Development Costs			(43,718,000)
Total Affordability Gap			(\$14,686,000)
	60 Units		(\$244,800) /Unit
	65,000 Sf GBA		(\$226) /Sf

¹ Based on a 6.5% threshold return.

APPENDIX J - EXHIBIT 3E

**NEXUS STUDY AFFORDABILITY GAPS
RENTS @ 110% TCAC MEDIAN
UNLEVERAGED SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA**

APPENDIX J - EXHIBIT 3E - TABLE 1

ESTIMATED NET OPERATING INCOME
RENTS @ 110% TCAC MEDIAN
UNLEVERAGED SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA

NET OPERATING INCOME: RESIDENTIAL COMPONENT

I. <u>Rent @ 110% TCAC MEDIAN</u> ¹			
One-Bedroom Units	20 Units	\$3,095 /Unit/Month	\$742,700
Two-Bedroom Units	25 Units	\$4,172 /Unit/Month	1,251,500
Three-Bedroom Units	15 Units	\$4,455 /Unit/Month	<u>801,900</u>
Gross Rent Income			\$2,796,100
Laundry and Miscellaneous Income	60 Units	\$10 /Unit/Month	<u>7,200</u>
Gross Residential Income			\$2,803,300
(Less) Vacancy and Collection	5% Gross Residential Income		<u>(140,200)</u>
Effective Gross Residential Income			\$2,663,100
II. <u>Residential Operating Expenses</u>			
General Operating Expenses	60 Units	\$5,750 /Unit/Year	\$345,000
Property Taxes	60 Units	\$7,220 /Unit/Year	<u>433,000</u>
Total Residential Operating Expenses			\$778,000
III. <u>Residential Net Operating Income</u>			\$1,885,100

¹ The affordable rents are based on 2025 rents published by TCAC and assume the deduction of the utility allowances published by the County of Santa Cruz as of 1/1/2025.

² The residential property tax expense is estimated based on the residential NOI capitalized at a 5.0% rate, and a 1.15% property tax rate.

APPENDIX J - EXHIBIT 3E - TABLE 2

ESTIMATED AFFORDABILITY GAP
RENTS @ 110% TCAC MEDIAN
UNLEVERAGED SCENARIO
AFFORDABILITY GAP ANALYSIS
SANTA CRUZ COUNTY, CALIFORNIA

I. <u>Supportable Private Investment</u>			
Net Operating Income			\$1,885,100
Threshold Stabilized Return	1		6.50%
Total Supportable Private Investment			\$29,002,000
II. <u>Affordability Gap Calculation</u>			
Total Supportable Private Investment			\$29,002,000
(Less) Total Development Costs			(43,718,000)
Total Affordability Gap			(\$14,716,000)
	60 Units		(\$245,300) /Unit
	65,000 Sf GBA		(\$226) /Sf

¹ Based on a 6.5% threshold return.