



South Bay Area Cost of Development Survey 2006-2007

HOME
BUILDERS
ASSOCIATION



OF NORTHERN CALIFORNIA

Welcome to our Survey Readers!

The Home Builders Association of Northern California is enthusiastic about this continuing partnership with the Planning, Building and Code Enforcement Department of the City of San Jose in the preparation of this survey. Our organization is a professional association of home builders, developers, trade contractors, suppliers and related industry businesses who are dedicated to the advancement of the home building industry. Many of our 1,000 members do business in the South Bay.

The survey you are about to read is an innovative product. This is the fourth year we've summarized the key fees costs incurred during the development and construction process of a South Bay home, condominium or commercial building. The information presented is a compilation of city fees as well as data about other costs imposed by public bodies, such as development taxes and impact and capacity fees (park, library, street trees and sewage fees). This broader analysis of the real cost of doing business gives an overall perspective and provides comparative jurisdictional information about development costs to our members, elected officials and public agencies.

Fees and charges vary from year to year, so it is important that the data be kept current, thus enhancing its value to both the private and public sectors. We intend to update the survey annually to reflect such changes.

Our sincere thanks to Joe Horwedel, Director of the San Jose Planning, Building and Code Enforcement Department, and Acting Administrative Officer Mark Gerhardt for their commitment of staff support to make this study a reality. Particular credit is owed to Page Benway, Senior Analyst, San Jose Planning, Building and Code Enforcement Department for his tireless efforts at data collection and analysis.

Finally, we thank the cities of Cupertino, Gilroy, Morgan Hill, Mountain View, Palo Alto, Salinas, San Jose and Sunnyvale for participating in this survey. We are confident that the information that they have shared will be valued and appreciated. We would appreciate those of you doing business with these cities to express your gratitude to them as well. We hope that additional communities will join them in providing data for future studies.



Joseph Perkins
President and Chief Executive Officer
Home Builders Association of Northern California

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2006-07 South Bay Area Cost of Development Survey

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2006-07 South Bay Area Cost of Development Survey Overview

Eight South Bay cities – Cupertino, Gilroy, Morgan Hill, Mountain View, Palo Alto, San Jose, Salinas, and Sunnyvale participated in the fourth annual South Bay Area Cost of Development Survey. Each city calculated development fees, impact/capacity fees, and development taxes on five sample projects. The sample projects are 1) a residential addition/alteration, 2) a 50-unit single-family residential tract development, 3) a 96-unit multi-family (townhouse) residential project, 4) a commercial tenant improvement project, and 5) an industrial research and development facility. For the second time in this survey, two cities also calculated costs on an optional sixth sample project – a high-rise residential development with ground level commercial uses.

While the survey can be used as a starting point for determining the cost obligations that can be expected in different jurisdictions, it is not intended to be a definitive comparison. The dollar figures themselves tell only part of the story, as there are significant differences in fee methodology, assumptions and levels of service from agency to agency. Among the variables that make direct comparison difficult are:

1. Differences in the percentage of cost that fees are intended to recover and actual recovery rates.
2. Some agencies charge flat fees for service, while others accept an initial deposit and charge more when the deposited funds are depleted.
3. Various locations within jurisdictions may have different cost burdens.

4. Differences between agencies in performance targets and performance achieved.

Organizational Structures and Fee Categories - While acknowledging the limitations these variables place on direct comparison, some background information on the participating agencies is helpful in providing context for the survey results. The cities' organizational structures vary considerably with functions distributed differently across departments and divisions. For this reason, development fees are classified in this survey as "entitlement fees" and "construction fees" instead of being labeled by department (such as Planning fees, Building fees or Public Works fees). The other cost categories are "impact/capacity fees" and "development taxes". While this four cost-category scheme does not work perfectly, it does allow for more consistency for comparison purposes:

1. **Entitlement Fees** include fees for land use approval and environmental clearance.
2. **Construction Fees** include the various building permit, plan check, and public improvement fees related to the construction process.
3. **Impact/Capacity Fees** are fees charged to development projects to mitigate the costs that new development places on community infrastructure or to fund quality of life improvements. Examples include fees for increased sewage volume, parks, libraries, and street trees. School fees are not included.

2006-07 South Bay Area Cost of Development Survey Overview

Organizational Structures and Fee Categories (Cont'd)

4. **Development Taxes** are tax assessments on development projects – commonly based on project valuation.

Cost Recovery and Fee Increases – Most of the cities participating in this survey have fee structures that are intended to recover the full cost of providing service (see chart, pg 4). The only exceptions among this year's participants are the City of Mountain View and the City of Cupertino. In Mountain View, only the Building Inspection Division (which includes Fire plan checking and permitting) fees are intended to recover 100% of its costs. Cupertino was not able to provide a response to this question.

Other cities with fee structures that are intended to be cost recovery are not meeting that goal because of revenue shortfalls in certain sectors. Gilroy's Planning (90%) section is not fully recovering costs. Salinas, Palo Alto, San Jose, and Sunnyvale are anticipating overall 100% cost recovery for 2005-06. Four of the agencies – Gilroy, San Jose, Cupertino and Salinas – are proposing fee increases for 2006-07 to maintain or move closer to full cost recovery. Mountain View, and Palo Alto are not proposing service fee increases for 2006-07, but Salinas and Palo Alto do anticipate an increase in impact fees. While San Jose is proposing 2006-07 service fee increases ranging from 4.5% to 7%, a methodology change for Building commercial and industrial projects is expected to decrease fees in these sectors from 10% to 30%, more than offsetting the 7% hourly rate increase.

Fee Structures – Most of the south bay cities surveyed have set fees that are based on an analysis of the cost of service. San Jose has a fee structure for residential building permits and plan check in which the initial fees are charged based on a historic analysis of the average plan review time and number of inspections for the various project types. When the value of the services provided (based on an hourly rate) exceeds the initial fee, additional service time must be purchased.

Other Issues – In some areas, such as noticing requirements, the cities have similar policies that meet the mandated 300' radius threshold for most projects with wider noticing for more complex or controversial uses. However, there are very significant differences between agencies in other areas. Perhaps the most unique condition is in Morgan Hill, which has growth control (approx. 250 new dwelling units/yr.) The annual limitation on what can be built sometimes results in developers voluntarily paying 2 to 3 times the regular fees to improve the point total for their project in the competition for the limited development opportunities.

San Jose has significantly higher development taxes on all projects than other agencies.

All of the participating agencies have below market rate (BMR) housing requirements on residential projects. The BMR requirements are summarized by city below:

1. Cupertino – The City has a Below Market Rate Housing Mitigation fee of \$1.15/sq ft on residential and \$2.25 per sq ft on office, industrial, and R&D

2006-07 South Bay Area Cost of Development Survey Overview

development. An in-lieu fee is assessed for all new residential units in developments of and on new single family lots created through a subdivision. Existing single family lots are exempt.

2. Gilroy – A new Neighborhood District Policy includes a mandatory 15% BMR requirement.
3. Morgan Hill – A 5% low, and 8% median income affordable requirement on residential development.
4. Mountain View – 10% of the units must be BMR with developers having an option to pay an in-lieu fee.
5. Palo Alto – The City (not the developer) determines the BMR requirement from a number of options. For residential projects of 5 or more acres, a developer owes a 20% BMR component. The City could require either a land dedication equal to 20% of the land area, that 20% of the lots be BMR, or an in-lieu fee equal to 10% of the sales price of the homes. Non-residential projects are also subject to a BMR requirement using the following formula – (gross square footage / 350) x .017 = # of units required. Optionally, a Housing Impact Fee may be paid at \$15.70 per square foot.
6. Salinas – The City BMR requirement has three options set by ordinance that vary in terms of the percentage of inclusionary units involved (20% up to 35%), the mix and nature of ownership of said units, unit size, and

concurrency requirements for construction. There are some land dedication and in-lieu fee alternatives for low and very low income units.

7. San Jose – A 20% requirement in Redevelopment Agency areas only.
8. Sunnyvale – A 12.5% BMR requirement for ownership units and 10% for rental units on projects of 9 or more units. Projects with between 9 and 19 units can opt for an in-lieu fee.

The cost to developers of these below market rate housing requirements can be very substantial, but are NOT reflected in this survey because of the difficulty of quantifying that cost on project samples that are not site specific.

In January 2003, state legislation was adopted that allows agencies to include an increment of cost on development fees to pay for the preparation and revision of General Plans. To date, Morgan Hill (5% maintenance fee on development permits), San Jose (1.25% on entitlement and building permits), and Sunnyvale (maintenance fee of 0.05% of construction valuation) have implemented this fee. Cupertino, Gilroy, Mountain View, Palo Alto, and Salinas do not currently have General Plan Update fees.

Every effort has been made to include complete cost information for each city. Due to time and resource constraints, some data elements may be missing where noted.

2006-07 South Bay Area Cost of Development Survey Overview

Development Service Fee Cost Recovery Status

	06-07 Cost Recovery	07-08 Fee Increase
Cupertino	N/A	N/A
Gilroy Building & Engineering Planning	100% Range is between 90% & 100%	Building Fee COLA on 6/1/06 Planning and impact fee increase based on Construction Cost Index – Jan. 1, 07
Morgan Hill	100%	An automatic CPI increase to Planning/Building fees
Mountain View Building and Fire Inspection and Plan Check Public Works Planning	100% 75% varies 52-60%	No Increase No Increase No Increase
Palo Alto	100%	Service Fees – No / Impact Fees – No
San Jose	100%	8% for Plng / 5% for Bldg / 8.9% PW / 5% for Fire
Salinas	100%*	3.2% for Plng, Bldg & Fire / 5.0% for PW
Sunnyvale	100% average	No Increase
* Fees are intended to be 100% fee recovery but Salinas was unable to provide confirmation for FY 2006-07.		

SUMMARY OF SURVEY RESULTS

**2006-07 South Bay Area Cost of Development Survey
Project Sample 1 - Single Family Home Remodel and Alteration**

Project Specifications

Valuation: \$120,000

Major Kitchen Remodel

Remodel 2 Bathrooms

500 sq ft room addition

Fixture Changes:

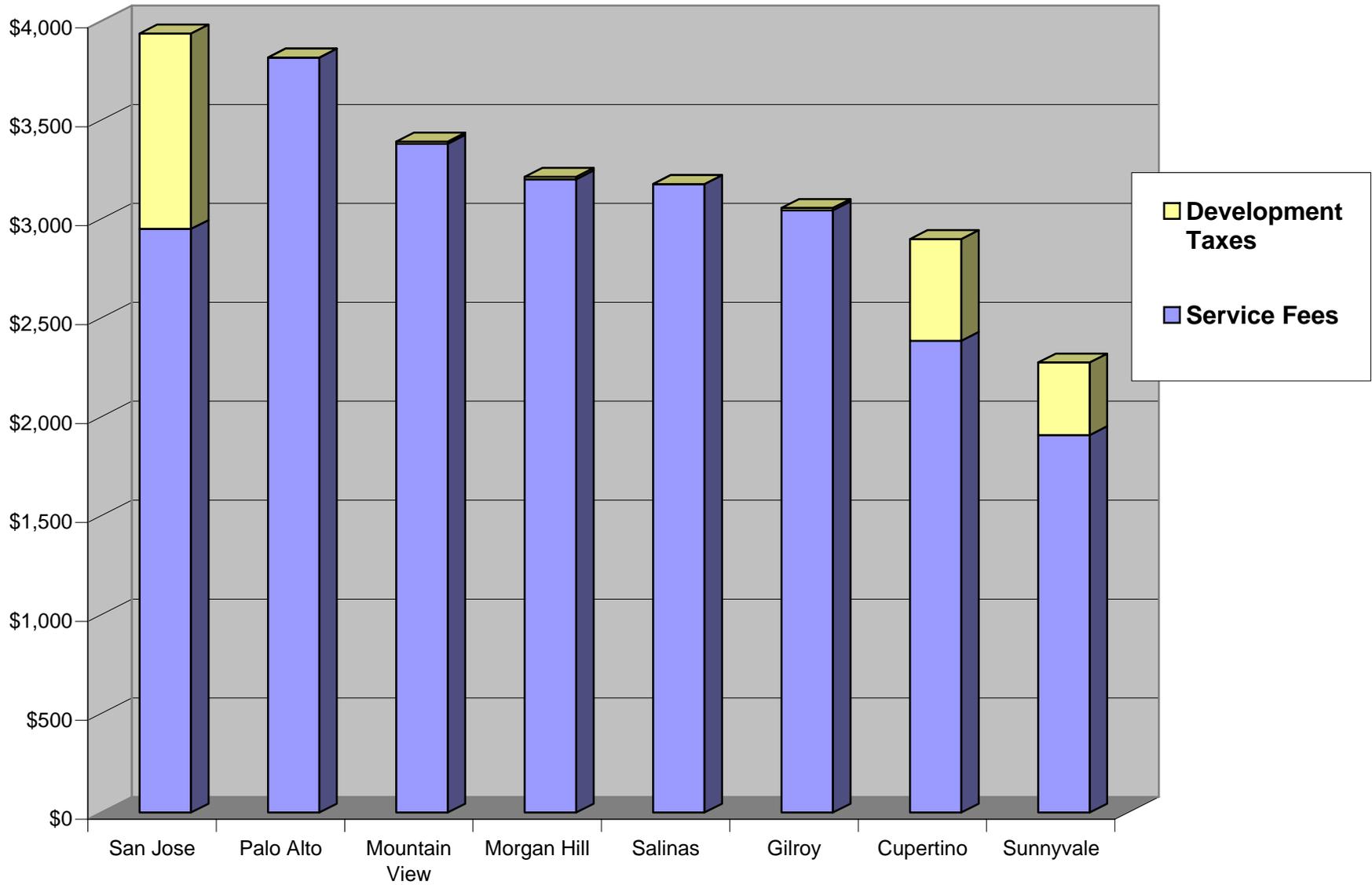
Kitchen - 2 sinks, 2 disposals, Dish Washer, Micro, Double Oven, Range, Exhaust hood

1st bath - Tub/shower, Lav, WC

2nd bath - Shower, Jacuzzi Tub, Lav, WC

Cost Component	Cupertino	Gilroy	Morgan Hill	Mtn View	Palo Alto	Salinas	San Jose	Sunnyvale
Entitlement Fees	-	-	-	-	-	-	18	34
Construction Fees	2,384	3,044	3,201	3,380	3,816	3,177	2,932	1,874
Impact/Capacity Fees	515	-	-	12	-	-	-	-
Development Taxes	-	12	12	-	-	-	988	367
Total Cost	\$ 2,899	\$ 3,056	\$ 3,213	\$ 3,392	\$ 3,816	\$ 3,177	\$ 3,938	\$ 2,275

Project 1 - Residential Addition / Alteration (Valuation \$120,000)



**2006-07 South Bay Area Cost of Development Survey
Project Sample 2 - Single Family Residential Development**

Project Specifications

Construction Assumptions:

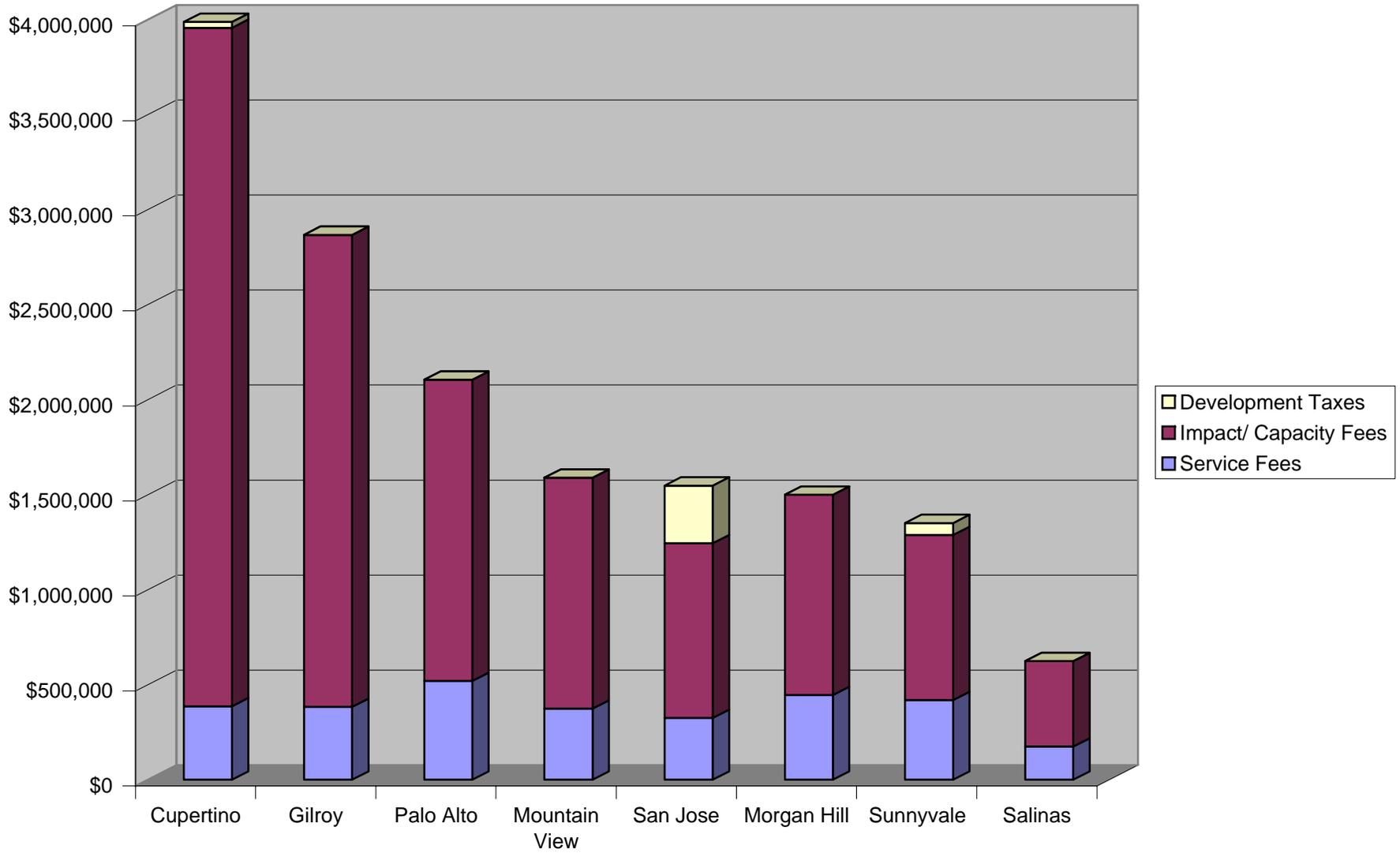
Acreage	8		
Lots/Units	50		
# of Models - 3	Model A	Model B	Model C
# of each Model	20	15	15
Square Footage	1,600	2,000	2,400
Square Footage each Model	32,000	30,000	36,000
Total Square Footage	98,000	-	-
Stories	2	2	2
Bedrooms	3	3	4
Restrooms	2	2.5	3
Garage Sq. Ft.	500	500	500
Construction Type	Type V N		
Streets	Public		
Sprinklers	No		
Conditioned (HVAC)	Yes		

Planning and Public Works Assumptions:

Project Requires Planned Development Zoning, Planned Development Permit, and Tentative Map, All Medium Complexity
 Project Generates 50 Peak Hour Trips
 Significant Grading work (10,000CY), Type 1 Erosion/Sediment Control
 Construction of New Public Streets, \$1,300,000 in Public Improvements
 No Public Landscaping
 No Traffic Signal Work
San Jose Assumptions:
 Blossom Valley Park Fee Rate of \$12,550/Unit.
 Range is \$4,700 (Alviso) to \$15,700 (Willow Glen)
 Located in San Jose Muni Water Area

Cost Component	Cupertino	Gilroy	Morgan Hill	Mtn View	Palo Alto	Salinas	San Jose	Sunnyvale
Entitlement Fees	200,529	26,735	36,262	19,967	14,407	11,520	37,503	20,837
Construction Fees	186,251	357,092	409,024	354,219	504,950	162,648	288,016	398,731
Impact/Capacity Fees	3,570,420	2,483,592	1,054,558	1,215,000	1,586,250	449,665	918,800	868,058
Development Taxes	31,118	75	-	-	-	-	303,433	63,050
Total Cost	\$ 3,988,318	\$ 2,867,494	\$ 1,499,844	\$ 1,589,186	\$ 2,105,607	\$ 623,833	\$ 1,547,752	\$ 1,350,676
Per Unit Cost	\$ 79,766	\$ 57,350	\$ 29,997	\$ 31,784	\$ 42,112	\$ 12,477	\$ 30,955	\$ 27,014

Project 2 - Single Family Residential Development



**2006-07 South Bay Area Cost of Development Survey
Project Sample 3 - Multi-Family Residential Development**

Project Specifications

Construction Assumptions:

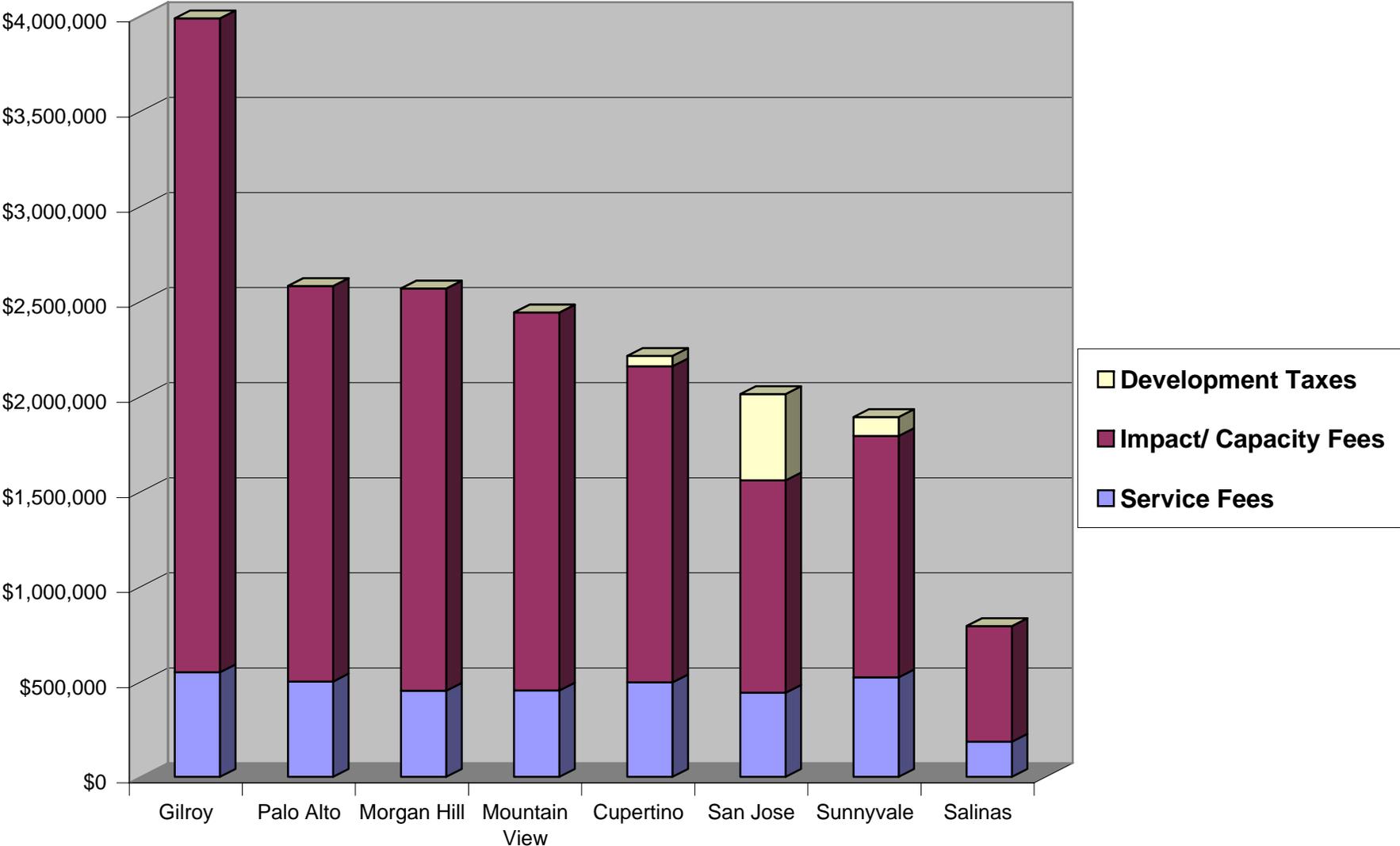
Acreage	6		
Lots/Units	96 Units in 16 Buildings		
# of Models - 3	Model A	Model B	Model C
# of each Model	28	34	34
Square Footage	1,250	1,500	1,750
Square Footage each Model	35,000	51,000	59,500
Total Square Footage	145,500		
Stories	2	2	2
Bedrooms	2	3	3
Restrooms	2	2	2.5
Garage Sq. Ft.	500	500	500
Construction Type	Type V N		
Streets	Public / Private		
Sprinklers	No		
Conditioned (HVAC)	Yes		

Planning and Public Works Assumptions:

Project Requires Planned Development Zoning, Planned Development Permit, and Tentative Map, All High Complexity
 Project Generates 72 Peak Hour Trips
 Significant Grading Work (5,000CY), Type 1 Erosion/Sediment Control
 Existing Public Street Frontage, Need \$400,000 of Frontage Improvements (half street reconstruction)
 Construction of New Private Streets, \$600,000 in Private Improvements
 No Public Landscaping
 No Traffic Signal Work
San Jose Assumptions:
 Blossom Valley Park Fee Rate of \$10,600/Unit.
 Range is \$3,150 (Alviso) to \$13,250 (Willow Glen)
 Located in San Jose Muni Water Area

Cost Component	Cupertino	Gilroy	Morgan Hill	Mtn View	Palo Alto	Salinas	San Jose	Sunnyvale
Entitlement Fees	243,954	26,735	36,957	19,967	14,407	12,275	52,432	31,647
Construction Fees	252,812	523,064	415,951	434,745	487,079	172,608	389,473	491,375
Impact/Capacity Fees	1,661,510	3,438,156	2,114,082	1,987,200	2,079,264	607,680	1,116,240	1,269,075
Development Taxes	54,778	113	-	-	-	-	454,015	100,246
Total Cost	\$ 2,213,054	\$ 3,988,068	\$ 2,566,990	\$ 2,441,912	\$ 2,580,750	\$ 792,563	\$ 2,012,160	\$ 1,892,343
Per Unit Cost	\$ 23,053	\$ 41,542	\$ 26,739	\$ 25,437	\$ 26,883	\$ 8,256	\$ 20,960	\$ 19,712

Project 3 - Multi-Family Residential Development



**2006-07 South Bay Area Cost of Development Survey
Project Sample 4 - Tenant Improvement in Commercial Building**

Project Specifications

Construction Assumptions:

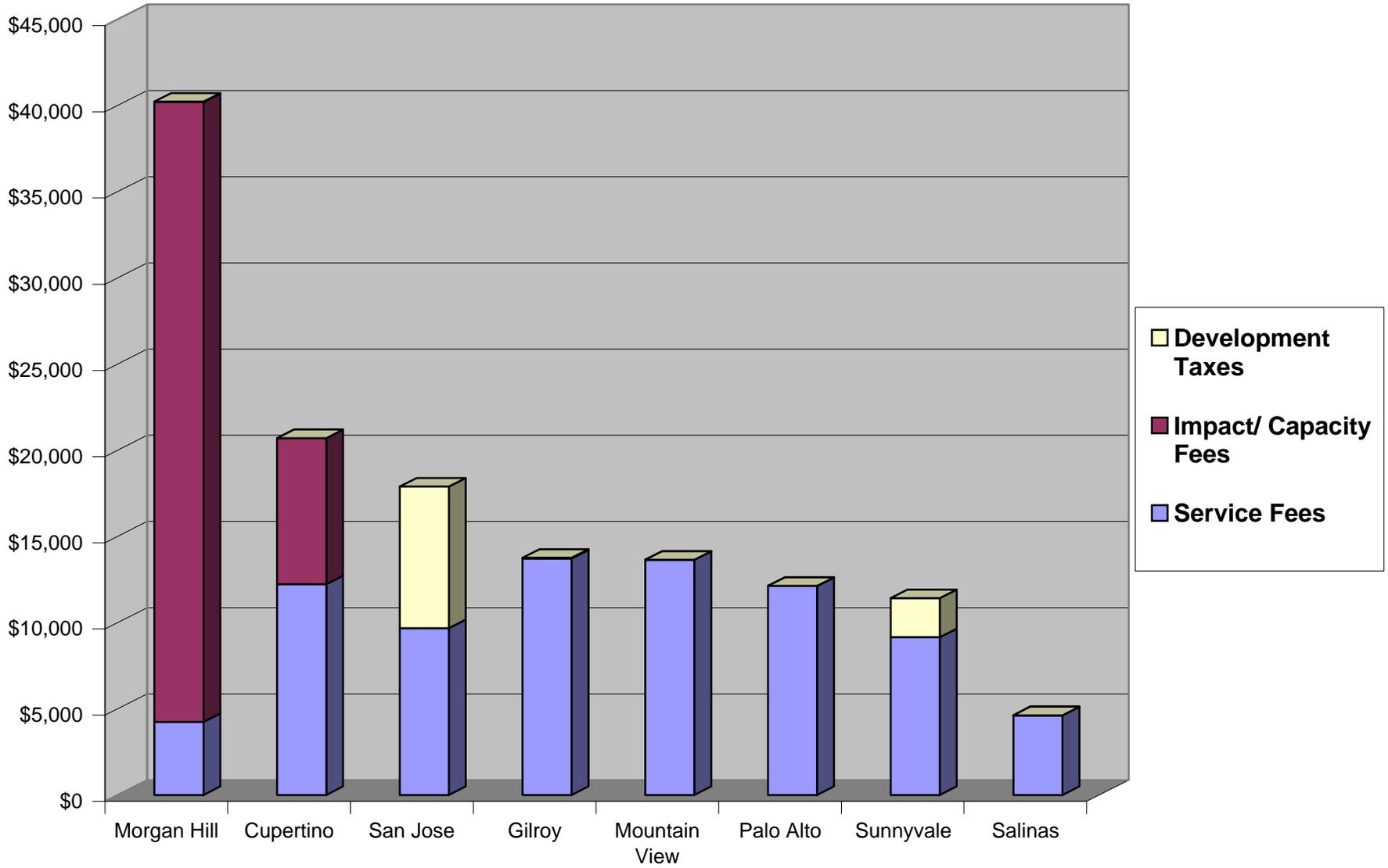
Acreage	3.5
Lots	1
Use	Retail
Square Footage	Improvements on 10,000 of 50,000 sq ft Bldg
Stories	1
Restrooms	Improve 2 of 10 restrooms
Parking	250 Spaces
Construction Type	Type III 1hr
Streets	Public
Sprinklers	Yes
Conditioned (HVAC)	Modify

Sign Approval and Public Works Assumptions:

ADA Upgrades to Site and Restrooms
Move Electrical Outlets
Sewage Fees Based on Retail Use

Cost Component	Cupertino	Gilroy	Morgan Hill	Mtn View	Palo Alto	Salinas	San Jose	Sunnyvale
Entitlement Fees	-	90	1,037	831	-	104	75	-
Construction Fees	12,233	13,629	3,201	12,817	12,132	4,520	9,604	9,148
Impact/Capacity Fees	8,470	-	35,958	-	-	-	-	-
Development Taxes	-	40	25	-	-	-	8,215	2,268
Total Cost	\$ 20,703	\$ 13,759	\$ 40,221	\$ 13,648	\$ 12,132	\$ 4,624	\$ 17,894	\$ 11,416

Project 4 - Commercial Tenant Improvement



**2006-07 South Bay Area Cost of Development Survey
Project Sample 5 - Industrial Research and Development Building**

Project Specifications

Construction Assumptions:

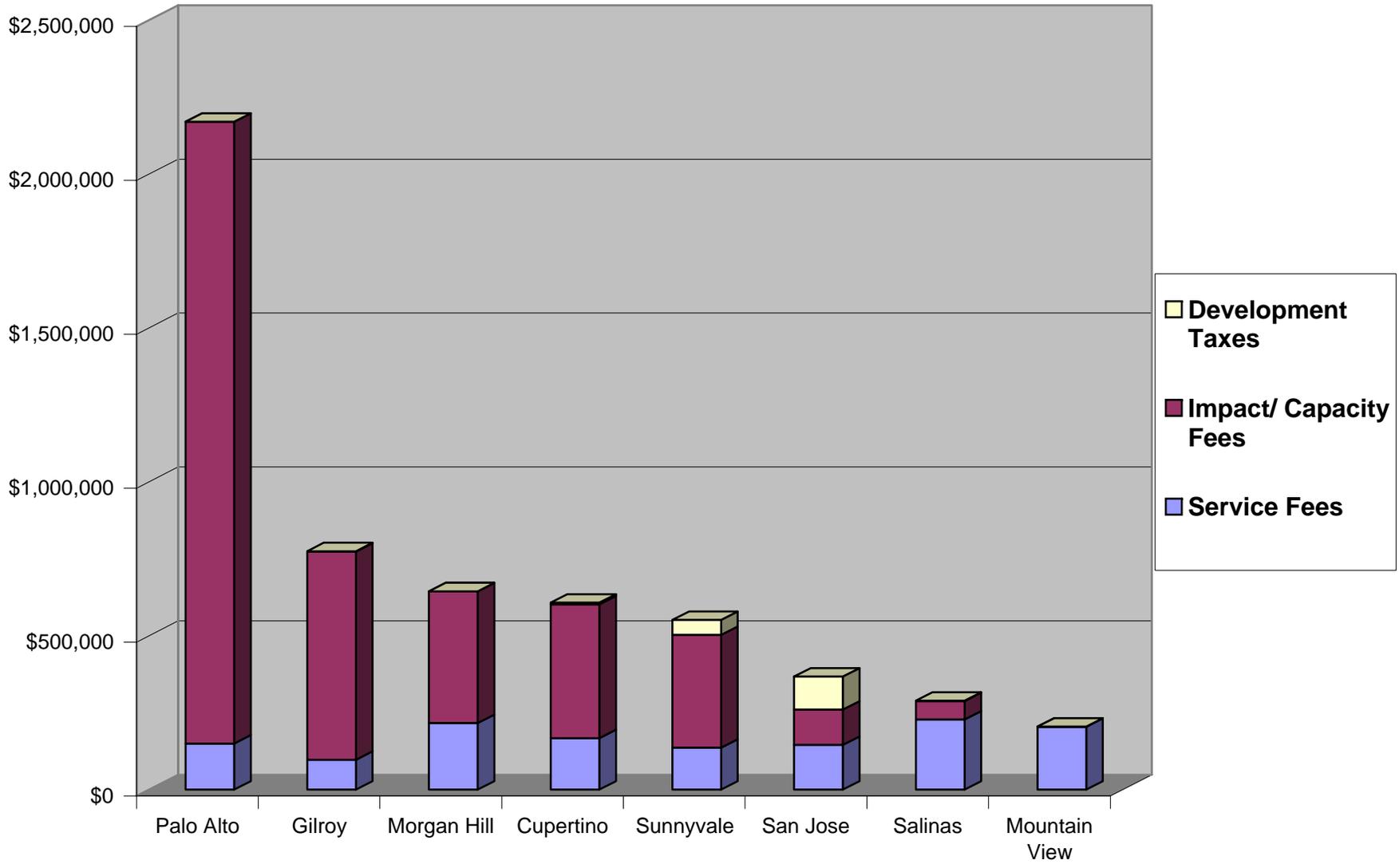
Acreage	4.5
Lots	1
Use	R & D
Square Footage	100,000
Stories	3
Restrooms	10
Parking	300 Spaces
Construction Type	Type III 1hr
Streets	Public
Sprinklers	Yes
Conditioned (HVAC)	Yes

Planning and Public Works Assumptions:

Project Requires Site Development Permit, Medium Complexity
 Project Generates 128 Peak Hour Trips
 Minor Grading work (1000CY), Type 2 Erosion/Sediment Control
 Existing Public Street Frontage, Need \$200,000 of Frontage
 Improvements (repair & upgrades)
 No Public Landscaping
 No Traffic Signal Work
 Sewage Fees Based on R&D Use
San Jose Assumptions:
 Located in San Jose Muni Water Area

Cost Component	Cupertino	Gilroy	Morgan Hill	Mtn View	Palo Alto	Salinas	San Jose	Sunnyvale
Entitlement Fees	68,514	3,710	14,241	4,815	6,000	4,483	40,930	3,349
Construction Fees	98,977	93,582	202,384	199,687	144,150	223,691	104,334	133,029
Impact/Capacity Fees	434,190	676,258	427,803	-	2,019,600	59,582	114,767	366,738
Development Taxes	5,872	1,007	-	480	-	1,125	107,486	48,600
Total Cost	\$ 607,553	\$ 774,557	\$ 644,428	\$ 204,982	\$ 2,169,750	\$ 288,881	\$ 367,517	\$ 551,716

Project 5 - Industrial R&D Building



Project 1 Detail by Agency

RESIDENTIAL ADDITION / ALTERATION

Valuation: \$120,000

Major Kitchen Remodel

Remodel 2 Bathrooms

500 sq ft room addition

Fixture Changes:

Kitchen - 2 sinks, 2 disposals, Dish Washer, Micro, Double Oven, Range, Exhaust hood

1st bath - Tub/shower, Lav, WC

2nd bath - Shower, Jacuzzi Tub, Lav, WC

**2006-07 South Bay Area Cost of Development Survey
Project Sample 1 - Residential Addition/Alteration Fee Detail**

City/Jurisdiction	Cost Element	Cost	City/Jurisdiction	Cost Element	Cost
Cupertino			Palo Alto		
	Building Plan Check	1,251		Building Permit/PME Permits	1,895
	Building Permit Fees	937		Plan Check	1,883
	Mechanical/Electrical/Plumbing Permits	195		Microfilm/Permit Automation	26
	Storm drain fee (based on site acreage)	515		SMIP	12
	Cupertino Total	2,899		Palo Alto Total	3,816
Gilroy			Salinas		
	Permits, Plan Check	1,984		Building Permit Fees	2,364
	Electrical/Mechanical/Plumbing Permits	293		SMIP	12
	Special Public Works Service	347		Santa Clara Total	2,376
	Water Meter	421.23	San Jose		
	SMIP	12		General Plan Update Fee	18
	Gilroy Total	3,056		Building Permit Fee	890
Morgan Hill				Electrical/Mechanical/Plumbing Permit	682
	Plan Check Fee	1,462		Permit Processing Fee (all trades-BEPM)	110
	GPA	150		Record Retention Fee	157
	Permit	1,539		Building Plan Check Fee	1,092
	Microfilm Fee	50		Building & Structure Tax	982
	Seismic Fee (SMIP)	12		SMIPA Tax (res.)	6
	Morgan Hill Total	3,213		San Jose Total	3,938
Mountain View			Sunnyvale		
	Building Permit/Plan Check/PME Permits	3,253		Permit Issuance Fee	23
	SMIP	12		Building Permit (includes SMIP)	929
	Mountain View Total	3,265		Electrical/Mechanical/Plumbing Permits	207
				Plan Check	650
				Energy Plan Check	65
				General Plan Maintenance Fee	34
				Construction Tax	367
				Sunnyvale Total	2,275

Project 2 Detail by Agency

SINGLE FAMILY RESIDENTIAL DEVELOPMENT (50 Units)

Acreage	8			Project Requires Planned Development Zoning, Planned Development Permit, and Tentative Map, All Medium Complexity Project Generates 50 Peak Hour Trips Significant Grading work (10,000CY), Type 1 Erosion/Sediment Control Construction of New Public Streets, \$1,300,000 in Public Improvements No Public Landscaping No Traffic Signal Work San Jose Assumptions: Blossom Valley Park Fee Rate of \$12,550/Unit. Range is \$4,700 (Alviso) to \$15,700 (Willow Glen) Located in San Jose Muni Water Area
Lots/Units	50			
# of Models - 3	Model A	Model B	Model C	
# of each Model	20	15	15	
Square Footage	1,600	2,000	2,400	
Square Footage each Model	32,000	30,000	36,000	
Total Square Footage	98,000	-	-	
Stories	2	2	2	
Bedrooms	3	3	4	
Restrooms	2	2.5	3	
Garage Sq. Ft.	500	500	500	
Construction Type	Type V N			
Sprinklers	No			
Conditioned (HVAC)	Yes			

Cupertino

**2006-07 South Bay Area Cost of Development Survey
Sample Project 2 - Single Family Tract Development**

Cost Components:	Project Cost	Per Unit	%	Cost Components:	Project Cost	Per Unit	%
Entitlement Fees				Impact / Capacity Fees			
Housing Mitigation Fee	135,660			Park Fee	787,500		
Planning Long Range Fee	17,280			Storm Drain Fee	10,320		
Legal Noticing	5,400			Total Bond Public Works	2,667,000		
Re-Zoning	11,817			Public Works Improvement Permit	66,600		
Tentative Map	12,572			Grading/erosion Control/final map	38,950		
Development Use Permit	12,572			Negative Declaration Fee	50		
Arborist Consultant Deposit	1,000						
Environmental Review/Tree Removal	4,228				-		
Entitlement Fees Total:	200,529	4,011	5.0%	Impact / Capacity Fees Total:	3,570,420	71,408	89.5%
Construction Fees				Development Taxes			
<i>Model A - 20 units</i>				Construction Tax	25,246		
Plan Check Fees	4,359			Arch & Site Approval	5,872		
Building Permit Fees	60,782						
MEP Permits	10,782			Development Taxes Total:	31,118	622	0.8%
<i>Subtotal, Model A</i>	<i>75,923</i>	<i>3,796</i>					
<i>Model B - 15 units</i>							
Plan Check Fees	4,414						
Building Permit Fees	35,899						
MEP Permits	9,527						
<i>Subtotal, Model A</i>	<i>49,839</i>	<i>3,323</i>					
<i>Model C - 15 units</i>							
Plan Check Fees	5,166						
Building Permit Fees	44,356						
MEP Permits	10,967						
<i>Subtotal, Model C</i>	<i>60,488</i>	<i>4,033</i>					
Construction Fees Total:	186,251	3,725	4.7%				
Assumption: only 3 different units							
				Total Project Costs	3,988,318	79,766	100%

Gilroy

**2006-07 South Bay Area Cost of Development Survey
Sample Project 2 - Single Family Tract Development**

Cost Components:	Project Cost	Per Unit	%	Cost Components:	Project Cost	Per Unit	%
Entitlement Fees				Impact / Capacity Fees			
TENTATIVE MAP	9,195			STORM DEVELOPMENT	5,392		
PLANNED UNIT DEVELOPMENT	5,155			TRAFFIC IMPACT	574,350		
ARCH & SITE	3,260			SEWER DEVELOPMENT	613,650		
LEGAL NOTICE PUBLICATIONS	220			WATER DEVELOPMENT	233,100		
INITIAL STUDY REVIEW (*)	4,620			PUBLIC FACILITY IMPACT	1,057,100		
ZONING CHANGE APPLICATION	4,235						
NOD County Clerk Recording Charge	50						
(*) DOES NOT INCLUDE COST OF PREPARATION OF INITIAL STUDY OR EIR							
Entitlement Fees Total:	26,735	535	0.9%	Impact / Capacity Fees Total:	2,483,592	49,672	86.6%
Construction Fees				Development Taxes			
ENGINEERING APPLICATION FEES:				State of California SMIP Assessment	75		
PLAN CHECK AND INSPECTION	118,668						
FINAL MAP, R/O/W REVIEWS, GRADING	13,869						
CONSTRUCTION WATER	1,345						
BUILDING FEES FOR 20 MODEL "A" LOTS:							
PERMITS, PLAN CHECK, SMIP	56,346						
ELECTRICAL PERMITS	4,490						
MECHANICAL PERMITS	4,490						
PLUMBING PERMITS	4,490						
WATER METER	8,465						
BUILDING FEES FOR 15 MODEL "B" LOTS:							
PERMITS, PLAN CHECK, SMIP	49,239						
ELECTRICAL PERMITS	4,088						
MECHANICAL PERMITS	4,088						
PLUMBING PERMITS	4,088						
WATER METER	6,318						
BUILDING FEES FOR 15 MODEL "C" LOTS:							
PERMITS, PLAN CHECK, SMIP	56,366						
ELECTRICAL PERMITS	4,808						
MECHANICAL PERMITS	4,808						
PLUMBING PERMITS	4,808						
WATER METER	6,318						
Construction Fees Total:	357,092	7,142	12.5%				
PROJECT WOULD ALSO BE REQUIRED TO FILE A PAYMENT BOND AND							
A PERFORMANCE BOND OF \$1.3 MILLION EACH							
				Total Project Costs	2,867,494	57,350	100%

Palo Alto

**2006-07 South Bay Area Cost of Development Survey
Sample Project 2 - Single Family Tract Development**

Cost Components:	Project Cost	Per Unit	%	Cost Components:	Project Cost	Per Unit	%
Entitlement Fees				<i>Model C - 15 units</i>			
Deposit - PC Zone Change*	6,000			Permit Automation Fee	2		
Deposit - Tentative Map *	5,691			Building Permit Fee	3653		
Deposit - EIR or Neg Declaration *	-			Plan Check - Building	2922		
Final Map	2,716			Plan Check - Zoning	1096		
				Plan Check - Fire	1644		
<i>* 100% of costs billed to applicant, including contract & staff costs, in addition to deposit</i>				Plan Check - Public Works	438		
				Microfilm (3.00/page, 30 pages)	60		
				Recycle (C&D) program	225		
Entitlement Fees Total:	14,407	288	0.7%	PME	576		
				SMIP	39		
Construction Fees				<i>Subtotal, Model C</i>	159,825	10,655	
<i>Model A - 20 units</i>							
Permit Automation Fee	2			<i>Garage</i>			
Building Permit Fee	2,634			Permit Automation Fee	2		
Plan Check - Building	2,107			Plan Check - Building	437		
Plan Check - Zoning	790			Plan Check - Zoning	164		
Plan Check - Fire	1,185			Plan Check - Fire	246		
Plan Check - Public Works	316			Plan Check - Public Works	66		
Microfilm (3.00/page, 30 pages)	60			Electric	97		
Recycle (C&D) program	225			SMIP	2		
PME	456			<i>Subtotal, Garage</i>	50,700	1,014	
SMIP	26						
<i>Subtotal, Model A</i>	156,020	7,801		Construction Fees Total:	504,950	10,099	24.0%
<i>Model B - 15 units</i>							
Permit Automation Fee	2			Impact / Capacity Fees			
Building Permit Fee	3,143			Parks	1,431,000		
Plan Check - Building	2,515			Libraries	40,150		
Plan Check - Zoning	943			Community Centers	115,100		
Plan Check - Fire	1,414						
Plan Check - Public Works	377			Impact / Capacity Fees Total:	1,586,250	31,725	75.3%
Microfilm (3.00/page, 30 pages)	60						
Recycle (C&D) program	225			Development Taxes			
PME	516						
SMIP	32			Development Taxes Total:	-		0.0%
<i>Subtotal, Model B</i>	138,405	9,227					
BMR Note: See the full note on Palo Alto Project 3, page 32							
Parkland Dedication Note: See the full note on Palo Alto Project 3, Page 32							
				Total Project Costs	2,105,607	42,112	100%

San Jose

**2006-07 South Bay Area Cost of Development Survey
Sample Project 2 - Single Family Tract Development**

Cost Components:	Project Cost	Per Unit	%	Cost Components:	Project Cost	Per Unit	%
Entitlement Fees				Costruction Fees (Cont'd)			
Zoning (PDC) - Res	10,400			Model C - 15 units			
Mitigation Monitoring Fee Res	405			Bldg Prmt - NR	18,690		
Environmental Clearance - Res	2,395			Elect Prmt - NR	5,981		
Public Noticing	152			Mech Prmt - NR	2,990		
Noticing (Up to 4 Sheets)	152			Plbg Prmt - NR	5,981		
Newspaper Noticing	680			Bldg PC - NR	2,348		
NOD County Clerk Recording Charge	50			Record Ret/Dup	3,364		
PD Permit - Res	6,540			Plot Plan Review	683		
Public Noticing	152			Permit Issuance - NR	1,650		
NOD County Clerk Recording Charge	50			Grading Permit	2,159		
Permit Recordation	13			Erosion / Sediment Control	2,600		
T-Map/ VT Amend - Res	6,555			Tract Map	3,744		
Public Noticing	152			Construction E&I	117,965		
Newspaper Noticing	55			Water Meter / Engineering & Inspection	24,764		
Planning Permits Review (PDC, PD, PT)	6,420			Fire - Arch Plan Review & Inspection	2,868		
Traffic Report Review Fee	1,684			Construction Fees Total:	288,016	5,760	18.6%
General Plan Update Fee	1,648						
Entitlement Fees Total:	37,503	750	2.4%	Impact / Capacity Fees			
				Parkland Dedication In-Lieu Fees	792,500		
Construction Fees				Water Area and Frontage Fee	14,000		
Model A - 20 units				Major Water Facilities Fee	27,250		
Bldg Prmt - NR	24,920			Storm and Sanitary Sewer Fees	74,850		
Elect Prmt - NR	7,120			D.O.T. Street Tree Fees	10,200		
Mech Prmt - NR	3,560			CDDD Solid Waste Deposit A - 8,400			
Plbg Prmt - NR	7,120			CDDD Solid Waste Deposit B - 7,500			
Bldg PC - NR	2,275			CDDD Solid Waste Deposit C - 8,700			
Record Ret/Dup	4,272			Impact / Capacity Fee Total:	918,800	18,376	59.4%
Plot Plan Review	910						
Permit Issuance - NR	2,200			Development Taxes			
Model B - 15 units				Bldg & Struct Tax A+B+C	111,304		
Bldg Prmt - NR	18,690			Const Tax Dist X A+B+C	7,500		
Elect Prmt - NR	5,340			CRMP Tax Residential A+B+C	174,906		
Mech Prmt - NR	2,670			Res. Const. Tax A+B+C	9,000		
Plbg Prmt - NR	5,340			SMIPA - Residential A+B+C	723		
Bldg PC - NR	2,275						
Record Ret/Dup	3,204			Development Taxes Total:	303,433	6,069	19.6%
Plot Plan Review	683						
Permit Issuance - NR	1,650			Total Project Costs	1,547,752	30,955	100%

Project 3 Detail by Agency

MULTI-FAMILY TOWNHOUSE DEVELOPMENT (96 Units)

Acreage	6			<p>Project Requires Planned Development Zoning, Planned Development Permit, and Tentative Map, All High Complexity</p> <p>Project Generates 72 Peak Hour Trips</p> <p>Significant Grading Work (5,000CY), Type 1 Erosion/Sediment Control</p> <p>Existing Public Street Frontage, Need \$400,000 of Frontage Improvements (half street reconstruction)</p> <p>Construction of New Private Streets, \$600,000 in Private Improvements</p> <p>No Public Landscaping</p> <p>No Traffic Signal Work</p> <p>San Jose Assumptions:</p> <p>Blossom Valley Park Fee Rate of \$10,600/Unit. Range is \$3,150 (Alviso) to \$13,250 (Willow Glen)</p>
Lots/Units	96 Units in 16 Buildings			
# of Models - 3	Model A	Model B	Model C	
# of each Model	28	34	34	
Square Footage	1,250	1,500	1,750	
Square Footage each Model	35,000	51,000	59,500	
Total Square Footage	145,500			
Stories	2	2	2	
Bedrooms	2	3	3	
Restrooms	2	2	2.5	
Garage Sq. Ft.	500	500	500	
Construction Type	Type V N			
Sprinklers	No			
Conditioned (HVAC)	Yes			

Gilroy

**2006-07 South Bay Area Cost of Development Survey
Sample Project 3 - Multi-Family (Townhouse) Development**

Cost Components:	Project Cost	Per Unit	%	Cost Components:	Project Cost	Per Unit	%
Entitlement Fees				Impact / Capacity Fees			
TENTATIVE MAP	9,195			STORM DEVELOPMENT	6,348		
PLANNED UNIT DEVELOPMENT	5,155			TRAFFIC IMPACT	893,856		
ARCH & SITE	3,260			SEWER DEVELOPMENT	637,632		
LEGAL NOTICE PUBLICATIONS	220			WATER DEVELOPMENT	180,960		
INITIAL STUDY REVIEW (*)	4,620			PUBLIC FACILITY IMPACT	1,719,360		
ZONING CHANGE APPLICATION	4,235						
NOD County Clerk Recording Charge	50						
(*) DOES NOT INCLUDE COST OF PREPARATION OF INITIAL STUDY OR EIR							
Entitlement Fees Total:	26,735	278	0.7%	Impact / Capacity Fees Total:	3,438,156	35,814	86.2%
Construction Fees				Development Taxes			
ENGINEERING APPLICATION FEES:				State of California SMIP Fees	113		
PLAN CHECK AND INSPECTION	94,668						
FINAL MAP, R/O/W REVIEWS, GRADING	16,394						
CONSTRUCTION WATER	1,009						
BUILDING FEES FOR 20 MODEL "A" UNITS:				Development Taxes Total:	113	1.18	0.0%
PERMITS, PLAN CHECK, SMIP	67,519						
ELECTRICAL PERMITS	5,110						
FIRE INSPECTIONS AND PLAN CHECKS	14,840						
MECHANICAL PERMITS	5,110						
PLUMBING PERMITS	5,110						
WATER METER	11,794						
BUILDING FEES FOR 34 MODEL "B" UNITS:				Note: Gilroy Unified School District Impact Fees:			
PERMITS, PLAN CHECK, SMIP	91,750			Residential of any type - \$2.63/sq. ft.			
ELECTRICAL PERMITS	7,225			Commercial and industrial - \$0.42/sq.ft.			
FIRE INSPECTIONS AND PLAN CHECKS	14,840			rates are applied to sq.ft. of net new construction			
MECHANICAL PERMITS	7,225						
PLUMBING PERMITS	7,225						
WATER METER	14,322						
BUILDING FEES FOR 34 MODEL "C" UNITS:				PROJECT WOULD ALSO BE REQUIRED TO FILE A PAYMENT BOND AND			
PERMITS, PLAN CHECK, SMIP	101,846			A PERFORMANCE BOND OF \$1.3 MILLION EACH			
ELECTRICAL PERMITS	8,245						
FIRE INSPECTIONS AND PLAN CHECKS	18,020			Any building 5,000 sq.ft. or over requires sprinklers in Gilroy			
MECHANICAL PERMITS	8,245						
PLUMBING PERMITS	8,245						
WATER METER	14,322						
Construction Fees Total:	523,064	5,449	13.1%	Total Project Costs	3,988,068	41,542	100%

San Jose

**2006-07 South Bay Area Cost of Development Survey
Sample Project 3 - Multi-Family (Townhouse) Development**

Cost Components:	Project Cost	Per Unit	%	Cost Components:	Project Cost	Per Unit	%
Entitlement Fees				Costruction Fees (Cont'd)			
Zoning (PDC) - Res	14,356			Buildings 15-16 3B units 3C units			
Mitigation Monitoring Fee Res	405			Bldg Prmt - NR	9,612		
Environmental Clearance - Res	2,395			Elect Prmt - NR	4,984		
Public Noticing	152			Mech Prmt - NR	2,848		
Noticing (Up to 4 Sheets)	152			Plbg Prmt - NR	2,848		
Newspaper Noticing	680			Record Ret/Dup	2,029		
NOD County Clerk Recording Charge	50			Bldg/Plmb/Mech/Elect Permit Issue - NR	220		
PD Permit - Res	9,208			Grading Permit	1,501		
Public Noticing	152			Erosion / Sediment Control	2,600		
T-Map/ VT Amend - Res	9,039			Tract Map	1,976		
Public Noticing	152			Construction E&I	96,180		
Newspaper Noticing	55			Water Meter / Engineering & Inspection	37,427		
Planning Permits Review (PDC, PD, PT)	10,929			FE-Arch Plan Review & Inspection	19,587		
Traffic Report Review Fee	2,374			Fire Sprinkler Permit	7,296		
General Plan Update Fee	2,333			Fire Alarm (Sprinkler Monitoring) Permit	5,664		
Entitlement Fees Total:	52,432	546	2.6%	Construction Fees Total:	389,473	4,057	19.4%
Construction Fees				Impact / Capacity Fees			
Bldg PC - NR	18,655			Parkland Dedication In-Lieu Fees	1,003,200		
Elect PC - NR	8,827			Water Area and Frontage Fee	12,000		
Mech PC - NR	8,827			Major Water Facilities Fee	21,600		
Plbg PC - NR	8,827			Storm and Sanitary Sewer Fees	75,360		
Buildings 1-7 4A units 2B units				D.O.T. Street Tree Fees	4,080		
Bldg Prmt - NR	29,904			CDDD Solid Waste Deposit A - 15,400			
Elect Prmt - NR	13,706			CDDD Solid Waste Deposit B - 18,200			
Mech Prmt - NR	9,968			CDDD Solid Waste Deposit C - 5,100			
Plbg Prmt - NR	9,968			Impact / Capacity Fee Total:	1,116,240	11,628	55.5%
Record Ret/Dup	6,355			Development Taxes			
Bldg/Plmb/Mech/Elect Permit Issue - NR	770			Bldg & Struct Tax A+B+C	169,358		
Buildings 8-14 2B units 4C units				Const Tax Dist X A+B+C	7,920		
Bldg Prmt - NR	33,642			CRMP Tax Residential A+B+C	266,133		
Elect Prmt - NR	17,444			Res. Const. Tax A+B+C	9,504		
Mech Prmt - NR	9,968			SMIPA - Residential A+B+C	1,100		
Plbg Prmt - NR	9,968			Development Taxes Total:	454,015	4,729	22.6%
Record Ret/Dup	7,102			Total Project Costs	2,012,160	20,960	100%
Bldg/Plmb/Mech/Elect Permit Issue - NR	770						

Project 4 Detail by Agency

COMMERCIAL TENANT IMPROVEMENT (RETAIL)

Acreage	3.5	ADA Upgrades to Site and Restrooms Move Electrical Outlets Sewage Fees Based on Retail Use
Lots	1	
Use	Retail	
Square Footage	Improvements on 10,000 of 50,000 sq ft Bldg	
Stories	1	
Restrooms	Improve 2 of 10 restrooms	
Parking	250 Spaces	
Construction Type	Type III 1hr	
Streets	Public	
Sprinklers	Yes	
Conditioned (HVAC)	Modify	

Project 5 Detail by Agency

INDUSTRIAL RESEARCH AND DEVELOPMENT BUILDING

Construction Assumptions:

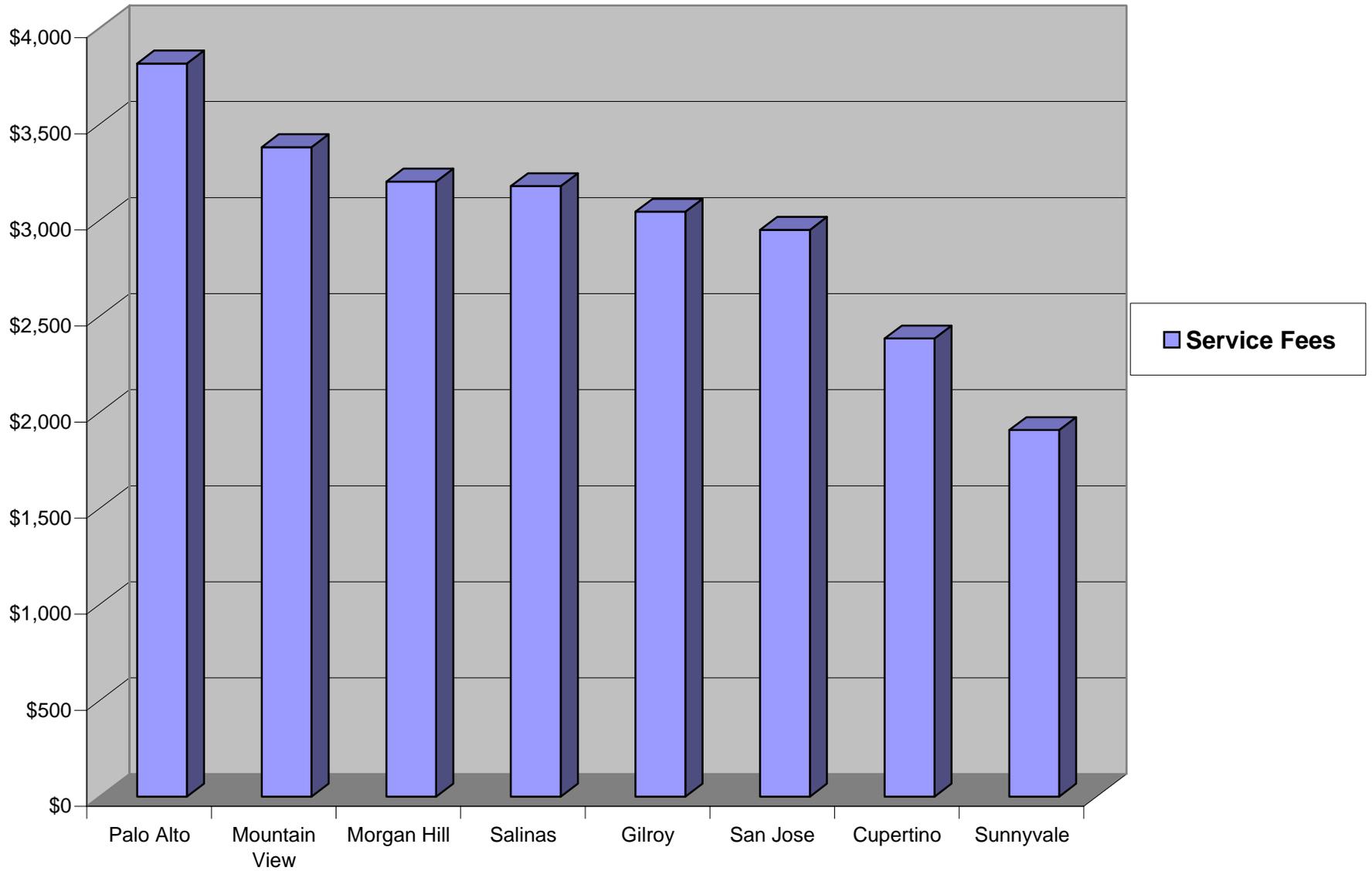
Acreage	4.5
Lots	1
Use	R & D
Square Footage	100,000
Stories	3
Restrooms	10
Parking	300 Spaces
Construction Type	Type III 1hr
Streets	Public
Sprinklers	Yes
Conditioned (HVAC)	Yes

Planning and Public Works Assumptions:

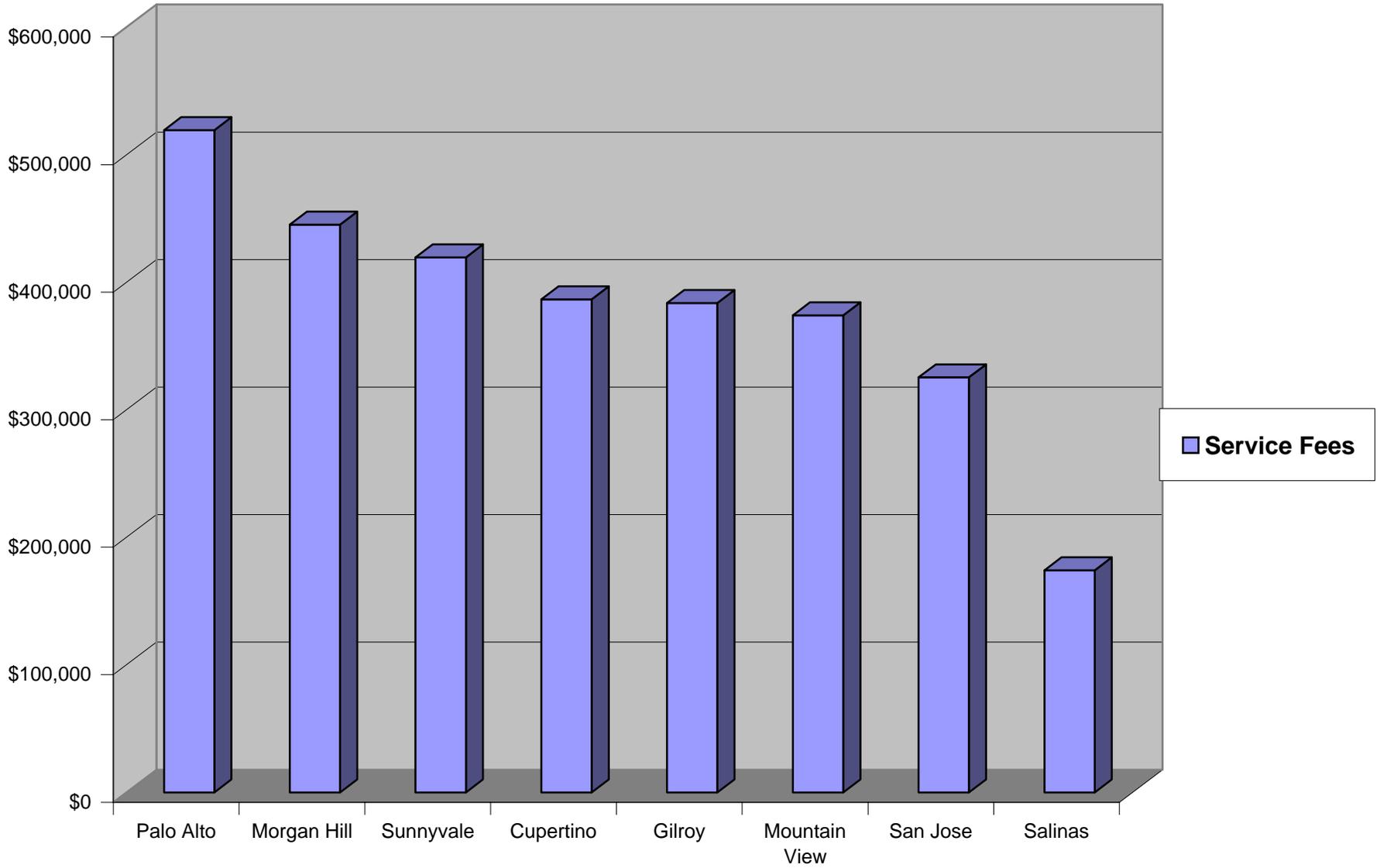
Project Requires Site Development Permit, Medium Complexity
Project Generates 128 Peak Hour Trips
Minor Grading work (1000CY), Type 2 Erosion/Sediment Control
Existing Public Street Frontage, Need \$200,000 of Frontage
Improvements (repair & upgrades)
No Public Landscaping
No Traffic Signal Work
Sewage Fees Based on R&D Use

Service Fee Comparison Charts

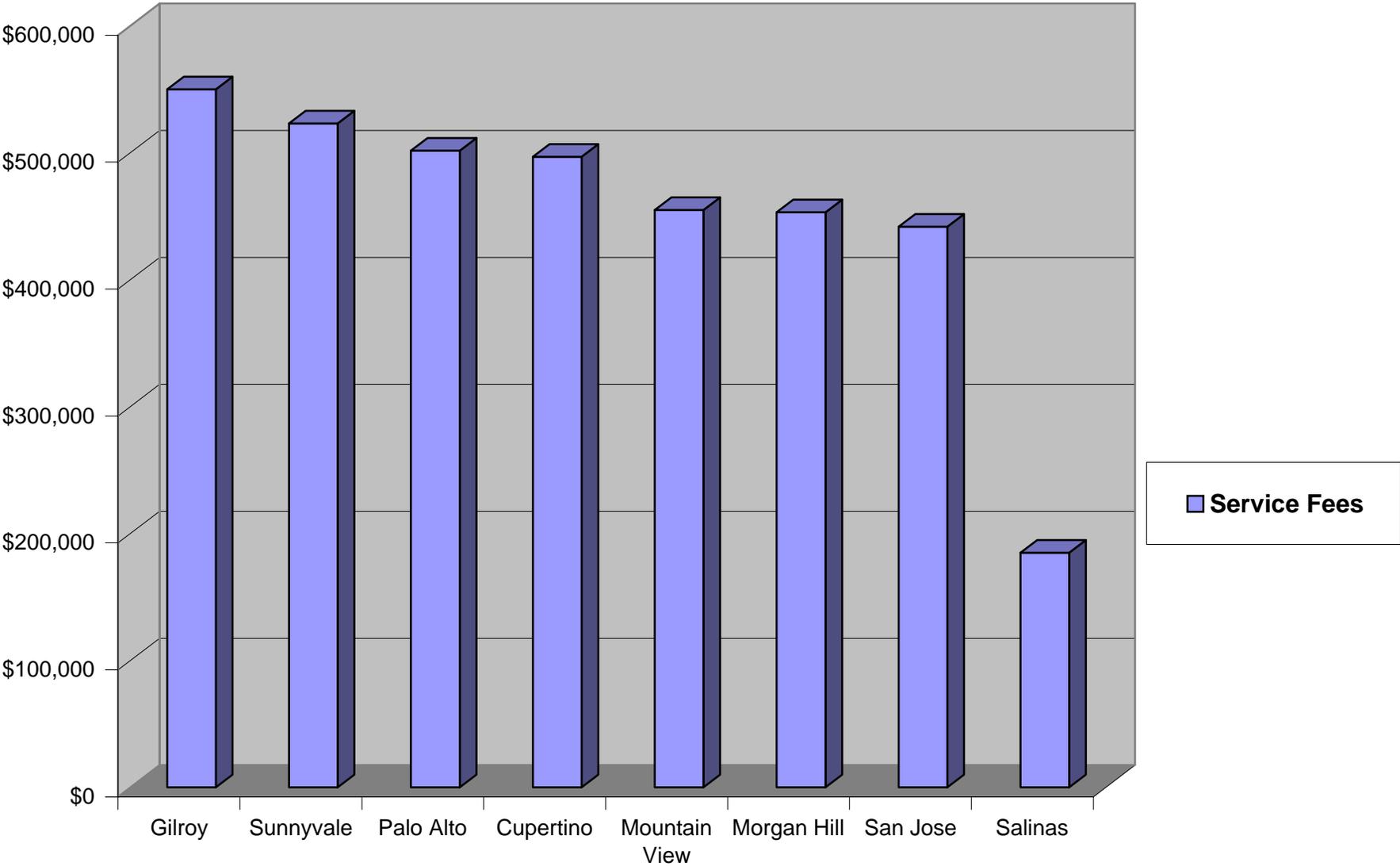
Project 1 - Residential Addition / Alteration (Valuation \$120,000)



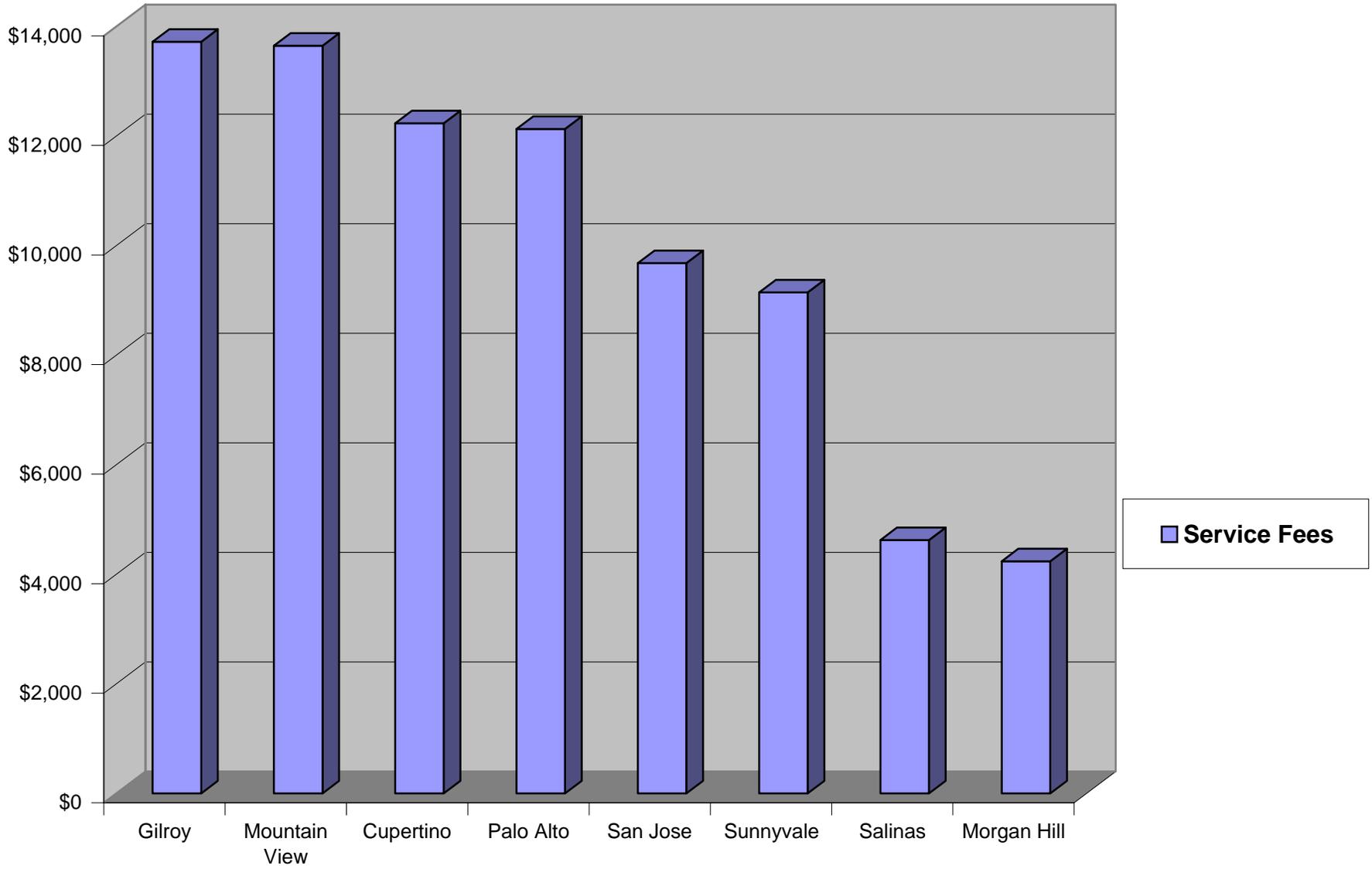
Project 2 - Single Family Residential Development



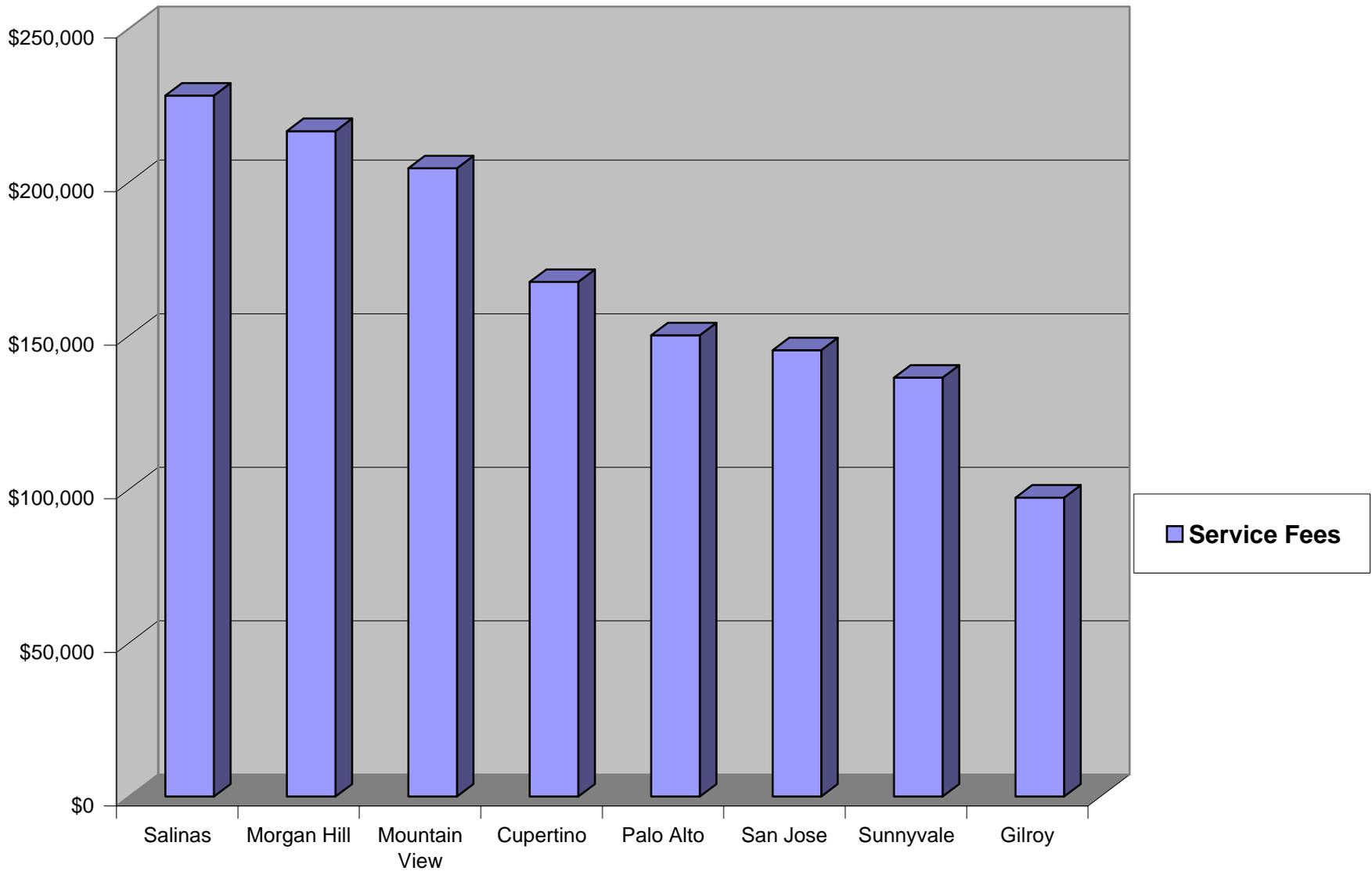
Project 3 - Multi-Family Residential Development



Project 4 - Commercial Tenant Improvement



Project 5 - Industrial R&D Building



APPENDIX

OPTIONAL PROJECT 6

**2006-07 South Bay Area Cost of Development Survey
Project Sample 6 - Residential High Rise Project (Optional)**

Project Specifications

Construction Assumptions:

Acreage	1.42
Lots	1
Use	Residential
Square Footage	584,837
Stories	22
Residential Units	330
Use	Commercial
Square Footage	8,000
Parking*	208,996 sq ft
Construction Type	Type I FR
Streets	Public
Sprinklers	Yes
Conditioned (HVAC)	Yes

*5-level parking garage has 3 levels below grade, 1 level at grade and 1 level above grade

Planning and Public Works Assumptions:

Project Requires Site Development Permit, High Complexity (No Zoning Change)
 Project Generates 318 Peak Hour Trips
 Major Grading work (62,000CY),
 Type 2 Erosion/Sediment Control
 Landscaping - 16 Street Trees and Irrigation
 No Traffic Signal Work
 Sewage Fees Based on Residential Use
Street Frontage and Parking Improvements:
 Remove Curb and Gutter (745 LF)
 Remove Driveway (400 SF)
 Remove Sidewalk (7,600 SF)
 Sawcut (745 LF)
 6" Curb and Gutter (A2) (745 LF)
 AC Paving Overlay (1,490 SF)
 New Sidewalk (7,400 SF)
 Wheelchair Ramp (2 EA)
 New Driveways (R6) (810 SF)

Sanitary Sewer

8" Sewer Pipe (25 LF)
 10" Sewer Pipe (27 LF)
 Connect to Existing Manhole (1 EA)
 New Manhole over Existing Sewer System (1 EA)

Storm Drain

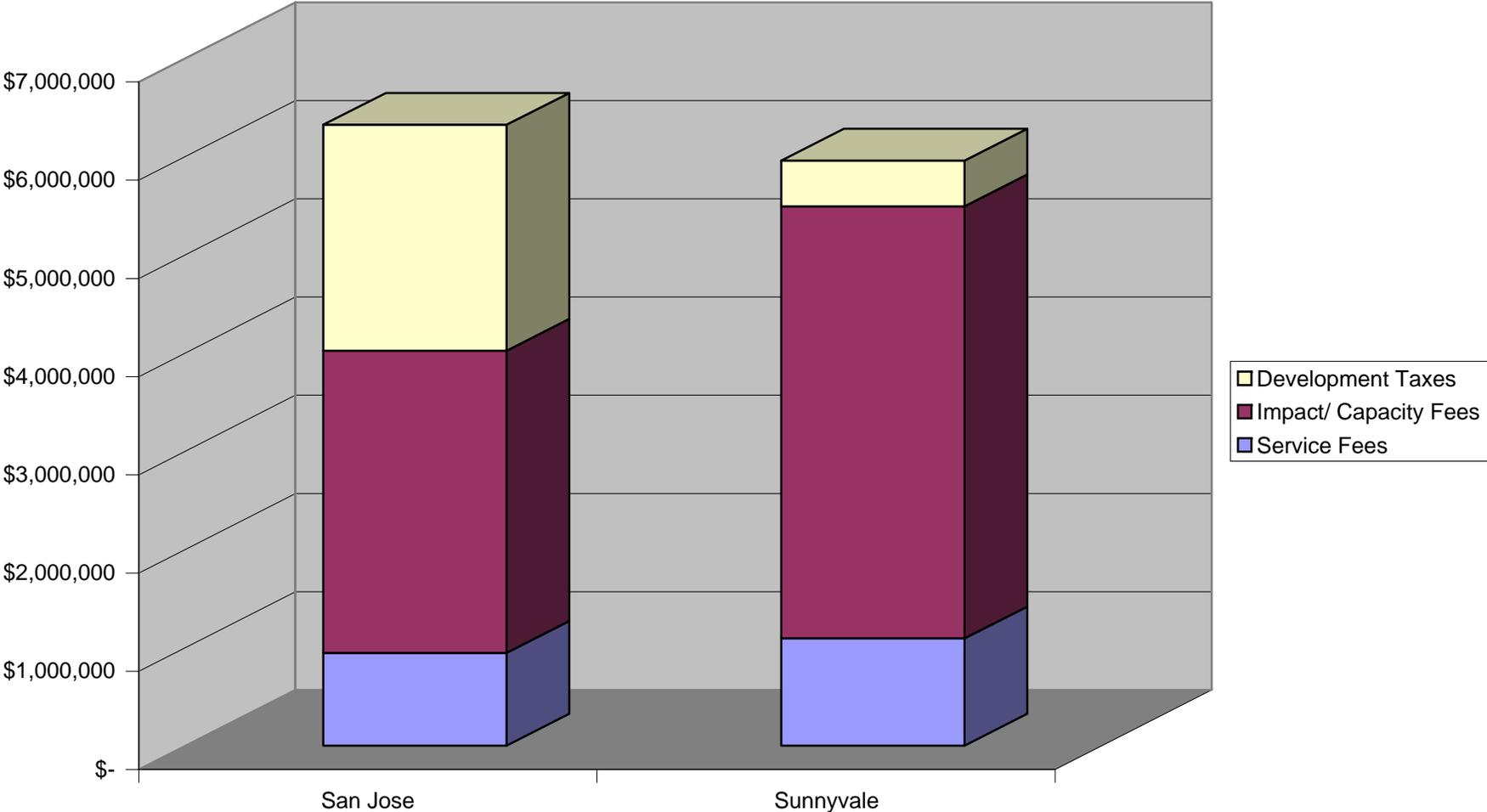
12" Storm Pipe (34 LF)
 Connect to Existing Manhole (1 EA)

San Jose Assumptions:

Downtown Park Fee Rate of \$10,500/Unit.
 Range is \$4,700 (Alviso) to \$15,700 (Willow Glen)
 Located in San Jose Muni Water Area

Cost Component	San Jose	Sunnyvale
Entitlement Fees	101,332	5,669
Construction Fees	843,069	1,085,555
Impact/Capacity Fees	3,075,420	4,399,610
Development Taxes	2,302,041	465,410
Total Cost	\$ 6,321,862	\$ 5,956,244

Project 6 - Residential High Rise (Optional)



San Jose

**2006-07 South Bay Area Cost of Development Survey
Project Sample 6 (Optional) - Residential High Rise Building**

Cost Components:	Project Cost	%	Cost Components:	Project Cost	%
Entitlement Fees			Impact / Capacity Fees		
Site Dev Permit (H/HA) - Nres	75,514		Parkland Dedication In-Lieu Fees	2,953,500	
Permit recordation	13		CDDD Total	20,000	
Re-use of EIR	2,395		Water Area and Frontage Fee	41,720	
Public Noticing	152		Major Water Facilities Fee	60,200	
Postcard Noticing	80				
Newspaper Noticing	680				
Geometric Plan Review	450				
Fire Prevention	555				
General Plan Update Fee	1,001				
Planning Permits Review (H permit)	10,578				
Traffic Report Review Fee	9,914				
Entitlement Fees Total:	101,332	1.6%	Impact / Capacity Fees Total:	3,075,420	48.6%
Construction Fees			Development Taxes		
Grading Permit	3,074		Bldg & Struct Total	760,361	
Erosion / Sediment Control	884		Const Tax Dist X	1,200,174	
Revocable Encroachment for Shoring	5,164		SMIPA - Total	15,246	
Construction E&I	45,124		Storm and Sanitary Sewer Fees	326,259	
Bldg Prmt - AO/NR	294,412				
Elect Prmt - AO/NR	120,239				
Mech Prmt - AO/NR	60,965				
Bldg PC - AO/NR	65,247				
Plbg Prmt - AO/NR	61,410				
Record Ret/Dup	2,000				
Elect PC - AO/NR	9,919				
Mech PC - AO/NR	9,919				
Plbg PC - AO/NR	10,465				
Permit Issuance - Bldg/Plumb/Mech/Elect	110				
Water Meter / Engineering & Inspection	6,000				
FE-Arch Plan Review & Inspection	98,569				
Fire Sprinkler Permit	38,155				
Fire Alarm Permit	11,413				
Construction Fees Total:	843,069	13.3%	Development Taxes Total:	2,302,041	36.4%
			Total Project Costs	6,321,862	100%

2006-07 South Bay Area Cost of Development Survey

ACKNOWLEDGEMENTS

Compiling this cost of development survey has proved to be challenging and time-consuming task for the agencies that participate. The Survey was distributed to 13 south bay cities and the County of Santa Clara on October 14, 2005. The cities included Campbell, Cupertino, East Palo Alto, Fremont, Gilroy, Los Gatos, Milpitas, Morgan Hill, Mountain View, Newark, Palo Alto, Salinas, San Jose, Santa Clara, Saratoga, and Sunnyvale. Responses deemed to be complete enough for inclusion were received from the eight cities represented in this survey. It should be acknowledged that, while requests from neighboring agencies for fee information is relatively common, the amount of work required to cost this survey's 5 sample projects and complete the supplemental questionnaire was considerable. In addition, follow up inquiries for clarification came during a very busy time of year for public agencies. For these reason the authors of this survey would like to thank the following individuals for their attention, assistance and going "above and beyond" to make this survey possible:

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- Page Benway
City of San Jose