HAUSRATH
ECONOMICS
GROUP

MEMORANDUM

Date: March 21, 2012

To: E. J. Ivaldi and Maywan Krach, Placer County Planning Department
Allison Carlos, Placer County Executive Office

From: Sally Nielsen

Subject: **Final *Orchard at Penryn Fiscal Impact Analysis***

The memorandum summarizes the results of a fiscal impact analysis of the Orchard at Penryn project ("the project") proposed for development on the west side of Penryn Road, south of Taylor Road, and north of Interstate 80 in unincorporated Placer County. The project site is within the *Horseshoe Bar / Penryn Community Plan Area*. Hausrath Economics Group (HEG) prepared this fiscal impact analysis using service cost and local public revenue factors derived from analysis of the *Placer County 2010/2011 Final Adopted Budget,* project-specific characteristics, and other estimating assumptions as needed.

The fiscal impact analysis evaluates the relationship between the costs to the County to provide local public services to residents and employment associated with the project and the revenues to the County that would be generated by project development, household population, and associated economic activity. The analysis evaluates the adequacy of the most significant County discretionary revenue sources generated by proposed development and associated population, employment, and business activity to cover County costs to serve the proposed project. The range of costs evaluated includes costs to provide countywide services (those costs provided throughout the county, including to residents and business located in the cities) and the costs to provide municipal-type services in the unincorporated area.

Many aspects of the analysis are based on average cost and revenue factors from the 2010/2011 Placer County Budget that reflect average levels of County service and current local government revenue sources and state/local fiscal relationships. As such, the analysis provides a generalized indication of the cost/revenue balance for the proposed project. Annual costs and revenues are compared for the first year of full development and occupancy and at every five-year interval through year 20.

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ATTACHMENT S

Project Description

The entire project site covers about 15 acres and was formerly a fruit orchard. The Orchard at Penryn project proposes development 150 units of multi-family housing in clusters of buildings consisting of three or six units. Development would include a 3,900 square foot building housing a leasing office, recreation center, indoor fitness center, and internet café. Outdoor recreation facilities would include a tot-lot play area, outdoor pool and spa, and open turf areas for passive recreation. The site plan also shows parking for 375 vehicles and commonly held open space where rock outcroppings and oak woodland habitat would be preserved. **Table 1** summarizes the components of the project that are analyzed in the fiscal impact analysis.

TABLE 1
Land Use Components Relevant to Fiscal Impact Analysis:
Orchard at Penryn

Residential Development	
Two bedroom carriage units (1,150 sq. ft.)	50
Two bedroom townhouse units (1,275 sq. ft.)	50
Three bedroom townhouse units (1,400 sq. ft.)	50
Total units	**150**
Recreation Center	
Leasing office	
Indoor fitness center/clubhouse	
Internet café	
Total square footage	**3,900**

NOTE: The proposed project also includes parking for 375 vehicles (250 in garage units and 125 parking stalls between buildings and along the project site roadway), an outdoor pool and spa, tot lot play area, passive recreation areas, and open space with rock outcroppings.
SOURCE: *Orchard at Penryn Draft Environmental Impact Report*, July, 2011.

The Orchard at Penryn is proposed to return contaminated soil to productive use through remediation and subsequent development of market-rate rental housing. Project characteristics are oriented to appeal to households consisting of young workers and working families with children. There would be 100 two-bedroom units and 50 three-bedroom townhouse units. Market rate rents would range from $1,375 per month for two-bedroom carriage units to $1,565 per month for somewhat larger two-bedroom townhouse units to $1,700 per month for the largest three-bedroom townhouse units. HEG evaluated the proposed rents in light of market area trends for comparable properties and determined that they were reasonable for the purposes of this fiscal impact analysis.[1] The project applicant expects to reach stabilized occupancy of 95 percent within one year of project completion, at a lease-up rate of about 20 units per month.

Population, Employment, Household Income, and Assessed Value

Table 2 summarizes key estimates for the project that are used in the fiscal impact analysis. The County service population represented by the proposed development consists of the residents living in the proposed housing as well as the on-site permanent employment associated with the operations and management of the multi-family residential development. The resident service population estimates assume a 95 percent occupancy rate for the residential rental units which accounts for the vacancy associated with normal turnover of units. Counts for the permanent on-site employment were provided by the project applicant, Penryn Development, LLC. HEG converted the income stream represented by the proposed rents to a market value for residential investment property using an operating expense ratio derived from the recent experience of the project applicant managing comparable apartment properties in Roseville and a capitalization rate reflecting recent trends and factors specific to the Sacramento-area housing market.[2] This market value estimate is the assessed value for the purposes of the fiscal impact analysis estimate of property tax revenue.

Assuming a stabilized occupancy rate of 95 percent, there would be about 143 occupied units (or households), housing a resident population of 380 people. According to a staffing plan provided by the project applicant, the Orchard at Penryn would employ about four people on-site: two involved in leasing and property management and two responsible for property maintenance. The project would also support additional employment by contracting out for landscaping and pool maintenance.

Household incomes, projected from the assumed rental rates using an industry standard assumption about the average share of household income devoted to rent (30 percent of household income), would range from $55,000 to $68,000. For comparison, the median household income in Placer County for all households is about $74,000 according to the 2010 Census, and the median household income for renter households is $44,000.

The assessed value for property tax purposes of multi-family residential income property such as the proposed Orchard at Penryn project would be based on comparable sales of similar property. For this fiscal impact analysis, market value is estimated using estimating factors that are reasonable for the local market. The estimated market value is $30,000,000 or about $200,000 per unit and $155 per square foot of building area.

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[1] Market sources investigated included: RealFacts, Market Overview, Sacramento-Arden Arcade-Roseville, California Metropolitan Statistical Area, Fourth Quarter 2011; City of Rocklin Apartment Survey 2011, prepared by the City of Rocklin Community Development Department; and internet listings.

[2] Sources included RealFacts Market Overview, cited above; confidential apartment income and expense reports provided by Penryn Development LLC; and Loopnet Sales Comparables Placer County, CA: http://www.loopnet.com/xNet/MainSite/Listing/Search/SearchResults.aspx#/Placer-County,CA/Multiple-Types/Sold/c!AQIAAAERABMAAgEUAb0F

TABLE 2
Population, Employment, Household Income, and Assessed Value Estimates
Orchard at Penryn Fiscal Impact Analysis

Resident Population	**Households**	**Population/a/**
Two bedroom units	95	222
Three bedroom units	48	158
Total	**143**	**380**
Employment		
On-site management	2	
On-site maintenance	2	
Total	**4**	
Residential Rent and Household Income	**Monthly Rent**	**Household Income/b/**
Two bedroom carriage units	$1,375	$55,000
Two bedroom townhouse units	$1,565	$62,600
Three bedroom townhouse units	$1,700	$68,000
Estimating Assessed Value based on Residential Rental Income		
Gross potential rent, annual (gross income)/c/	$2,784,000	
Net operating income, % of gross income/d/	65%	
Net operating income	$1,809,600	
Capitalization rate/e/	6%	
Implied market value of income property	**$30,160,000**	

/a/ Household size assumptions provided by the project applicant: 2.33 per household for two-bedroom units and 3.33 per household for three-bedroom units.
/b/ Assumes residential rent consumes 30 percent of household income, on average.
/c/ Gross income before consideration of vacancy.
/d/ Based on recent experience of the project applicant managing comparable apartment properties in Roseville. Does not include expenses for debt service or capital improvements.
/e/ The capitalization rate (or "cap rate") is a means of estimating the market value of income property. For residential rental income property, the cap rate is annual net operating income divided by market sales price. In this case, an assumed cap rate (based on recent transactions in the Sacramento Market Area) is used to estimate market value for the proposed project, based on proposed rents and estimated net operating income.

Detail may not add to totals due to independent rounding.

SOURCE: Penryn Development LLC and Hausrath Economics Group.

Fiscal Impact Analysis Results for Placer County

Table 3 presents the conclusions of the fiscal impact analysis of the proposed Orchard at Penryn project for each of four Placer County funds: General Fund, Public Safety Fund, Library Fund, and Road Fund. The table shows revenues and expenditures and net revenue or cost for each fund and for the combined funds. In the County's annual budget, the General Fund typically

TABLE 3
Fiscal Impact by Fund in Selected Years, 1 – 20 (2010 dollars)
Orchard at Penryn

	Annual in Year 1	Annual in Year 5	Annual in Year 10	Annual in Year 15	Annual in Year 20
General Fund					
Revenues	$101,400	$134,400	$97,800	$134,400	$97,800
Expenditures	($333,400)	($333,400)	($333,400)	($333,400)	($333,400)
Net Revenue	($232,000)	($199,000)	($235,600)	($199,000)	($235,600)
Net Rev. / (Cost)	-70%	-60%	-71%	-60%	-71%
Public Safety Fund					
Revenues	$27,800	$27,800	$27,800	$27,800	$27,800
Expenditures	($27,900)	($27,900)	($27,900)	($27,900)	($27,900)
Net Revenue	($100)	($100)	($100)	($100)	($100)
Net Rev. / (Cost)	0%	0%	0%	0%	0%
Library Fund					
Revenues	$3,600	$3,600	$3,400	$3,600	$3,400
Expenditures	($7,800)	($7,800)	($7,800)	($7,800)	($7,800)
Net Revenue	($4,200)	($4,200)	($4,300)	($4,200)	($4,300)
Net Rev. / (Cost)	-53%	-53%	-56%	-53%	-56%
Road Fund					
Revenues	$2,400	$2,400	$2,400	$2,400	$2,400
Expenditures	–	–	–	–	–
Net Revenue	$$2,400	$2,400	$2,400	$2,400	$2,400
Net Rev. / (Cost)	100%	100%	100%	100%	100%
Combined Funds, if Net Deficit					
Revenues	$132,900	$165,900	$129,100	$165,900	$129,100
Expenditures	($369,100)	($369,100)	($369,100)	($369,100)	($369,100)
Net Revenue	($236,200)	($203,200)	($240,000)	($203,200)	($240,000)
Net Rev. / (Cost)	-64%	-55%	-65%	-55%	-65%

NOTE: For the purposes of the Combined Funds analysis, only those funds showing an annual deficit of costs over revenue are combined with the General Fund. This reflects current Placer County budget practice; transfers from the General Fund offset operating deficits in other County funds, such as the Public Safety Fund. On the other hand, annual "surplus" revenue in any particular fund is retained in that fund and is not transferred to the General Fund. See **Appendix A** for more information on fiscal impact estimating factors and assumptions.

Detail may not add to total due to independent rounding.

Sources: Placer County and Hausrath Economics Group.

funds the unreimbursed costs of most programs and departments. According to current County budget practice, transfers from the General Fund offset operating deficits in other County funds, such as the Public Safety Fund. On the other hand, annual "surplus" revenue in any particular other fund is retained in that fund and is not transferred to the General Fund. Thus, the Combined Funds summary does not include the small "surplus" revenue indicated in this analysis for the Road Fund. The Combined Funds result is the best indicator of overall net fiscal impact on County discretionary spending.

Table 3 shows *annual* results for representative years after development and full occupancy: Years 1, 5, 10, 15, and 20. Because of the small scale of the project, there are no significant fiscal issues associated with the phasing of development. The relationship of Net Revenue to Expenditures is expressed as a percentage and indicates the extent to which the net fiscal impact results are positive or negative, with respect to existing service levels in the County (as measured by current expenditures per capita).[3]

Overall for these four funds under current levels of service, the fiscal impact analysis results indicate that the proposed Orchard at Penryn project would have a negative fiscal impact on Placer County, because costs are two-to-three times projected annual revenue. This is the expected outcome for fiscal analysis of a small, solely residential project that does not propose housing oriented to the higher end of the housing market. Property tax revenue per capita (the primary source of county discretionary revenue associated with new development) is relatively low as a result. Costs are the same in all years and revenue varies according to changes in assessed value and associated property tax revenue and according to assumptions about re-sale of the residential investment property. Resale triggers reassessment at full market value and also generates real property transfer tax revenue.

Starting in Year 1, annual General Fund revenue covers 30 – 40 percent of General Fund cost. General Fund revenue declines over time in real terms assuming inflation greater than the two percent per year allowed annual increase in assessed value and no re-sale of the property. For this analysis, the property is assumed to be sold in years 5 and 15. This triggers reassessment, generating more property tax revenue. In addition, the real property transfer tax would be assessed on the value of the real estate transaction. That real property transfer tax revenue would cover about 10 percent of annual General Fund cost associated with the proposed project. The Public Safety Fund, not counting the General Fund contribution to that fund, is essentially in balance, while the Library Fund shows property tax revenue covering almost one-half of library costs. With Road Fund costs accounted for in the General Fund (General Fund contribution to the Road Fund), the fiscal analysis shows a small net surplus in the Road Fund category.

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[3] As a general rule, HEG defines a fiscally neutral project, i.e., revenues about equal to expenditures, as falling within the range of ± 10 percent of net revenues relative to expenditures. This range reflects the general level of precision we feel is appropriate given the assumptions and methodology of the fiscal impact analysis and of long-term forecasting in general.

County Costs to Serve New Development

The cost estimates in the fiscal impact analysis are based on analysis of Placer County's 2010/2011 Final Adopted Budget. Budgeted spending for each County department is compared to budgeted revenue. To calculate the *net cost* funded by the discretionary revenue sources associated with new development, the analysis deducts dedicated revenue such as charges for services, license and permit fees, and state and federal grants, as well as other miscellaneous revenue sources not directly associated with new development and associated population and employment. Costs are allocated to either a countywide service population (services provided throughout Placer County) or to a less-than-countywide service population (municipal-type services provided specifically to the unincorporated area (building inspection and public works administration) and in some cases also to selected cities and towns, e.g., sheriff patrol and library services. **Appendix Table A.1** presents the per capita cost factors used in this fiscal impact analysis. The list below indicates the range of County services covered in the fiscal impact analysis.

General Fund

- Administrative & Legislative (Administrative Services, Board of Supervisors, County Executive Office, Assessor, Auditor-Controller, County Counsel, Personnel, Facility Services, Public Works Administration, Treasurer/Tax Collector, Economic Development)
- County Clerk/Recorder/Registrar of Voters
- Community Development (Administration, Planning, Building Inspection)
- Emergency Services
- Environmental Health
- Community Health, Clinics, and Animal Services
- Human Services
- Education & Recreation
- Child Support, Grand Jury, Indigent Defense, Court Operations
- Contribution to Public Safety
- Contribution to Road Fund

Public Safety Fund

- Detention and Correction
- District Attorney
- Police Protection – Sheriff Patrol and Investigation
- Sheriff Administration and Support

Library Fund

- Library Services

Public Ways & Facilities (Road) Fund

- Engineering and Transportation Planning
- Road Maintenance

County Revenue Associated with New Development

The fiscal impact analysis focuses on the discretionary revenue to Placer County that would be generated by proposed new development and the households, population, and economic activity accommodated by that new development. **Table 4** provides the detail on revenue by source for the proposed Orchard at Penryn project.

General Fund property tax is the most significant source of local revenue, accounting for about 50 percent of total discretionary revenue. The project is located in a Tax Rate Area (TRA) where the County General Fund receives 29.8 percent of the one percent property tax, before the shift of about one third of the revenue to the state for education (ERAF). The net General Fund property tax share after ERAF in this TRA is 19.9 percent, about the average throughout unincorporated Placer County (19.7 percent in the 2010/2011 tax year). Property tax revenue to the County Library Fund is based on an allocation of 1.5 percent of the total before ERAF and 1.2 percent after the shift of 19 percent to ERAF. See **Appendix Table A.2** for detailed assumptions.

TABLE 4
Detailed Revenue Estimates (2010 dollars)
Orchard at Penryn Fiscal Impact Analysis

	Annual in Year 1	Annual in Year 5	Annual in Year 10	Annual in Year 15	Annual in Year 20
General Fund Property Tax	$59,700	$59,700	$56,900	$59,700	$56,900
Library Fund Property Tax	3,600	3,600	3,400	3,600	3,400
Property Transfer Tax	-	33,000	-	33,000	-
Property Tax in lieu of Vehicle License Fee	16,100	16,100	15,400	16,100	15,400
Vehicle License Fee (Other)	5,700	5,700	5,700	5,700	5,700
General Fund Sales Tax	11,900	11,900	11,900	11,900	11,900
Other Property Taxes and Penalties	8,000	8,000	8,000	8,000	8,000
Transient Occupancy Tax/a/	—	—	—	—	—
Public Safety Fund Sales Tax	27,800	27,800	27,800	27,800	27,800
Road Fund Local Sales Tax for Transportation	2,400	2,400	2,400	2,400	2,400
Total/b/	**$135,300**	**$168,300**	**$131,500**	**$168,300**	**$131,500**

Note: See **Appendix A** for detailed assumptions.
/a/ Calculated on a per employee basis in the fiscal impact model (see **Appendix Table A.1**). The result for a project with only four employees is insignificant and is therefore not included in the analysis.
/b/ The total includes the Road Fund Local Sales Tax for Transportation and therefore is greater than the total Combined Funds revenue shown in Table 3.

Detail may not add to total due to independent rounding.

Sources: Placer County and Hausrath Economics Group.

As noted above, the proposed project would not generate real property transfer tax revenue on an annual basis. Multi-family residential property is generally held for investment purposes for a longer time period than is typical for single family owner-occupied housing. The assumption in this analysis is that the property would change hands in year 5 and again in year 15. The real property transfer tax associated with that transaction represents about a 25 percent increase in annual revenue attributable to the proposed project.

Property tax in lieu of vehicle license fee is another important source of annual discretionary General Fund revenue, allocated to local governments by the state. It accounts for about 10 percent of total revenue generated by the proposed project. Reflecting current state law and revenue apportionment practices, property tax in lieu of vehicle license fee is estimated as a function of the increase in assessed value represented by the proposed project. See **Appendix Table A.3** for estimating assumptions.

General Fund sales tax is another important revenue source, representing about 10 percent of project-generated revenue to Placer County. In the case of the proposed project, the estimate of General Fund sales tax accounts for the taxable retail spending of Orchard at Penryn households in *unincorporated* Placer County. The sales tax associated with the spending of only four on-site employees is insignificant and is therefore not included in the analysis. See **Appendix Table A.4** for detailed assumptions.

Other revenue sources are estimated using per capita factors from the 2010/2011 budget analysis. See **Appendix Table A.1** for the estimating factors and assumptions.

Property tax revenue for other taxing entities

Development of the Orchard at Penryn project would generate property tax revenue to other taxing agencies besides the Placer County. Local schools (Loomis Elementary School, Placer High School, and Sierra College, in addition to the County Office of Education) would claim about 57 percent of the property tax revenue generated by development of these parcels. The Newcastle, Rocklin, Gold Hill Cemetery District and the South Placer Municipal Utility District would each receive about 1.5 percent of the property tax revenue, the Placer County Water Agency and the County Resource Conservation District would each receive less than one percent of the property tax revenue. **Table 5** presents estimates of property tax revenue for the special district providing local fire protection services: Penryn Fire Protection District. With development and occupancy of the proposed project, the fire district would expect about $20,000 per year in property tax revenue, on average. **Appendix Table A.2** provides background information on the estimates.

TABLE 5
Property Tax Revenue, Penryn Fire Protection District (2010 dollars)
Orchard at Penryn Fiscal Impact Analysis

	Annual in Year 1	Annual in Year 5	Annual in Year 10	Annual in Year 15	Annual in Year 20
Penryn Fire Protection District	$20,600	$20,600	$19,600	$20,600	$19,600

Note: After the shift of property tax revenue to ERAF, the fire district receives just under seven five percent (6.85 percent) of the property tax generated by assessed value in this Tax Rate Area.

Source: Placer County Auditor-Controller, Penryn Development LLC, and Hausrath Economics Group.

Additional considerations

- **General Fund sales tax** revenue requires numerous assumptions (see **Appendix Table A.4**). One of the most important is the percentage of taxable spending that would occur in unincorporated Placer County, since the County only collects the full one percent local general fund sales tax on those transactions that occur in the unincorporated area. The estimate used in this analysis generally reflects the range and distribution of retail inventory amongst various locations in the market area and assumes that substantial retail spending would occur in South Placer cities. Even so, the potential for General Fund sales tax is limited by household budgets. If, at the outside, 100 percent of Orchard at Penryn households' taxable retail spending were captured in the unincorporated area, this would add another $12,000 per year to the revenue associated with the proposed project—covering about four percent of annual costs. Some business-to-business sales that would occur as a result of management and maintenance of this multi-family residential property might also generate General Fund sales tax. These transactions are not estimated in this analysis but would add to the County's discretionary revenue to offset Orchard at Penryn service costs.

- Costs reflect the conditions of the 2010/2011 County budget. In addition to the general caveat about on-going changes to the state/local fiscal relationship, there are potential future County costs that are not captured in 2010/11 levels of service. The most uncertainty surrounds County Public Safety costs. In addition to the public safety realignment being implemented with the 2011/12 budget, Placer County is poised to open the South Placer Adult Correctional Facility (SPACF) in 2013. The cost implications of these changes are under intensive review by County staff. Costs and offsetting revenue sources are not yet settled. Preliminary analysis indicates that there could be additional net County operating costs, not funded by dedicated revenue sources, that would require shifts in discretionary revenue or new discretionary revenue sources. Allocated over the future countywide service population, preliminary per capita cost estimates range from $28 per resident to $40 per resident. Applied to the Orchard at Penryn project, these additional cost factors imply an additional $10,000—$15,000 per year in local public safety costs.

- Fiscal impact analysis is only one of many tools for evaluating the costs and benefits of proposed development. Complete communities encompass a mix of uses with various fiscal impact profiles. It is the sum total of those uses that ultimately determines the fiscal health of the County.

APPENDIX A

BACKGROUND INFORMATION FOR THE **ORCHARD AT PENRYN** FISCAL IMPACT ANALYSIS

TABLE A.1

PLACER COUNTY COST AND REVENUE FACTORS BY FUND (2010 dollars): Orchard at Penryn Fiscal Impact Analysis

Per Capita Net Costs by Fund

	Per Resident	Per Employee
General Fund/a/		
Countywide Services	$403.23	$81.20
Unincorporated Area/Municipal Services	475.33	128.37
Total	**$878.56**	**$209.57**
Public Safety Fund		
Countywide Services	$27.57	$8.55
Unincorporated Area/Municipal Services	45.88	14.22
Total	**$73.45**	**$22.77**
Library Fund/a/		
Library Services (municipal)	20.50	-
Total	**$20.50**	**$0.00**
Public Ways & Facilities (Road) Fund/b/		
Countywide Services	na	na
Unincorporated Area/Municipal Services	na	na
Total		
Total All Funds	**$972.51**	**$232.34**

Per Capita Revenue by Fund

	Per Resident	Per Employee
General Fund		
Other Property Tax and Penalties/c/	$21.13	$5.07
Transient Occupancy Tax - Western Slope/d/	-	4.63
Vehicle License Fee (social services, health, and welfare)/e/	14.92	-
Total	**$36.05**	**$9.70**
Public Safety Fund		
Public Safety Sales Tax/f/	**$73.31**	**$0.00**
Library Fund/a/	**$0.00**	**$0.00**
Public Ways & Facilities (Road) Fund		
Transportation Sales Tax/g/	**$6.22**	**$0.00**

NOTE: This table presents all of the cost factors used in the Orchard at Penryn fiscal impact analysis and all of the factors for revenue estimates generated on a per capita basis. The factors are based on analysis of the Placer County 2010/2011 Final Adopted Budget. The analysis also estimates secured and unsecured property tax revenue, property tax in lieu of vehicle license fee, and General Fund sales tax revenue. Those revenues are calculated based on project-specific factors. (See Tables A.2, A.3, and A.4). Other revenue sources (licenses, permits, and franchises; fines, forfeits, and penalties (except property tax penalties); revenue from use of money and property; charges for services; tax defaulted land sales, timber tax, race horse tax, aircraft tax; miscellaneous revenue; most contributions from other funds; and all intergovernmental revenue sources (except the property tax in lieu of vehicle license fee, vehicle license fee, homeowners property tax relief, and Proposition 172 Public Safety revenue) are not calculated in the fiscal impact analysis. These revenue sources are either not directly affected by growth and new development or directly offset County costs.

/a/ The Placer County Library service area includes all parts of the county with the exception of the cities of Lincoln and Roseville. The Placer County fiscal impact analysis does not estimate any per capita revenue sources for the library fund. Costs equivalent to the revenue derived from library fines and fees, for example, are deducted from Library costs before the per capita cost factor is calculated. The cost factor represents net costs funded by the Library Fund share of the property tax.

/b/ There is no net Road Fund cost after accounting for charges for services, permit fees, state and federal funding, and General Fund transfers. Those costs are counted as a General Fund cost in the fiscal impact model.

/c/ Property tax on utility properties and all property tax penalties.

/d/ By Board of Supervisor's resolution, the revenue from the Western Slope Transient Occupancy Tax of 8 percent of the room rate is allocated 50 percent ot the General Fund and 50 percent to the Gold Country Tourism and Promotions Fund. The per capita revenue factor reflects the 50 percent General Fund share of 2010-2011 Western Slope TOT revenue. This amount of revenue is assumed to increase proportional to overall economic activity, using employment as a proxy. The balance of the Western Slope Transient Occupancy Tax revenue accrues to the Gold Country Tourism and Promotion Fund which is not modeled in this fiscal impact analysis.

/e/ The remaining vehicle license fee intergovernmental revenue allocated to counties for social services, health, and welfare programs. For the fiscal impact model, per capita revenue factors are based on countywide population.

/f/ County public safety fund sales tax revenue derived from sales throughout Placer County and modeled as a function of countywide population. Public Safety sales tax revenue is estimated based on a countywide per-resident factor, but is allocated against costs based on the current year budget allocation of Public Safety Fund costs: 65 percent allocated to countywide costs and 35% allocated to less-than-countywide costs.

/g/ Revenue from the 0.25 percent local sales tax for county transportation.

SOURCES: Placer County Final Adopted Budget 2010/2011 and Hausrath Economics Group.

TABLE A.2

LOCAL PROPERTY TAX REVENUE ASSUMPTIONS

Assessed Value, based on projected rents, net operating income, and capitalization rate

$30,160,000

SOURCE: Hausrath Economics Group based on projected rent roll provided by Penryn Development LLC and other estimating factors.

Correspondence between Assessor's Parcel Number and Tax Rate Area

Assessor's Parcel Number	Tax Rate Area	Acres
043-060-052	078-160	4.7
043-060-053	078-160	9.9
		14.6

SOURCE: Placer County Assessor

Distribution of One Percent Property Tax Increment by Taxing Agency and Tax Rate Area

Taxing Agency	078-160
County Funds	
County General	**29.81%**
County Library	**1.49%**
Special Districts	
Penryn Fire Protection District	**8.03%**
Newcastle-Rocklin-Gold Hill Cemetery District	1.53%
South Placer Municipal Utility District	1.53%
Placer Co. Resource Conservation District	0.08%
Placer County Water Agency	0.25%
Schools - Placer County Office of Education	
Loomis Elementary School	26.17%
Placer High School	18.92%
Sierra College	7.70%
County Education Tax	2.77%
County Equalization Aid - General Services	0.87%
Regional Occupational Program Tax - Placer High /Western Placer Unified	0.83%
Total	**100.00%**

NOTE: Distribution factors calculated prior to shift to Education Revenue Augmentation Fund (ERAF).
SOURCE: Placer County Auditor-Controller's Office, Tax Year 2010/2011.

Property Tax Factors by Fund

Funds Estimated	Property Tax Gross Share	ERAF Reduction Factor	Property Tax Net Share
County General	29.81%	-33.20%	19.92%
County Library	1.49%	-19.05%	1.21%
Penryn Fire Protection District	8.04%	-14.70%	6.86%

The property tax shares do not vary by TRA.
SOURCE: Placer County Auditor-Controller's Office

TABLE A.3

OTHER LOCAL REVENUE ASSUMPTIONS

Estimating Property Tax in lieu of Vehicle License Fee

2010-2011 Property Tax in lieu of Vehicle License Fee Revenue to Placer County	$28,976,582	
2010-2011 Assessed Value in Placer County (secured and unsecured	$53,933,668,577	
Property tax in lieu of VLF per $1,000 Assessed Value	$0.54	
	Assessed Value (rounded)	**Property tax in lieu of VLF**
Orchard at Penryn Estimate	$30,000,000	$16,100

TABLE A.4

GENERAL FUND SALES TAX FROM HOUSEHOLD SPENDING

		2 - BR carriage units	2 - BR townhouse units	3 - BR townhouse units	Total	Source/Comment
Orchard at Penryn Households						
Number of households		48	48	48	**143**	Assuming five percent stabilized vacancy rate
Household income (annual)		$55,000	$62,600	$68,000	**$61,900**	Assuming 30 percent of income devoted to rental payments
Taxable retail spending % of HH income	**27%**					Bureau of Labor Statistics, Consumer Expenditure Survey 2009/2010, Western Region
Taxable retail spending per HH (annual)		$14,850	$16,902	$18,360	**$16,704**	
Total taxable retail spending (annual)		$705,375	$802,845	$872,100	**$2,380,320**	
Share in unincorporated Placer County	**50%**	$352,688	$401,423	$436,050	**$1,190,160**	HEG estimate
Placer County General Fund Sales Tax at 1%		**$3,527**	**$4,014**	**$4,361**	**$11,902**	