



September 27, 2023

Chair Ken Broadway
And Board Members
South Placer Regional Transportation Authority
299 Nevada Street
Auburn, CA 95603

RE: ITEM G. REGIONAL TRANSPORTATION AND AIR QUALITY MITIGATION FEE NEXUS STUDY ASSUMPTIONS AND FEE DEFERRAL PROGRAM PROPOSAL

Dear Chair Broadway,

On behalf of the North State Building Industry Association and our nearly 530 member companies in homebuilding, residential development and associated industries, I write to express our conditional support of and also our concerns with this item.

First, I'd like to express our appreciation to Executive Director Matt Click and the SPRTA team for their open communication and engagement with BIA staff and members throughout this process. This has been a difficult but collaborative process, and it is largely thanks to that cooperation that we have been able to come as close as we have on this item.

In fact, while the fee increases themselves are substantial and will be difficult for new homeowners to bear, we are not opposing the revised rates as provided in your staff report. We do, however, have concerns with the methodology of the nexus study and two requests regarding the implementation of these higher rates. We would note that a 2023 National Association of Home Builders study of "priced-out estimates" shows that for every \$1000 added to the cost of a new home, 508 local households can no longer afford that new home, and that our own study from 2021 shows that homebuyers in the Sacramento region are already paying \$7500-10,000 more per new home in transportation fees alone compared to California's Central Valley or Inland Empire.

As the SPRTA staff knows, we are concerned with the nexus methodology, particularly the use of a volume to capacity ratio used to assign deficient transportation improvements to future development. Under this technique, future development is allocated costs in excess to the demand placed upon the transportation improvement. The need for new or expanded transportation improvements have been created by existing development yet the nexus study is largely dependent on new growth for relief. While this is a major concern, and something we may dispute future nexus studies

over, we have chosen, in this case, not to challenge this particular nexus over the question.

We also continue to advocate strongly for a fourth fee tier, as provided as an alternative in the staff report. Larger homes are already more expensive and in most cases are better able to absorb the cost of higher fees. That is why we prefer more fee tiers to fewer, so that homebuilders are better able to build houses that are affordable by design and there is less costs to recoup in the marketplace. This makes it easier to build the diverse housing stock contemplated in each participating jurisdiction's housing element and ultimately easier for the jurisdictions themselves to achieve their RHNA goals.

Finally, we believe this fee increase is inexorably linked to the successful passage of a regional transportation sales tax increase. Without both, the majority of the projects planned to be funded by these fees will not come to fruition and a revised nexus will need to be prepared. For that reason, we are requesting that, if this fee schedule is adopted, that it not go into effect until after the successful passage of a transportation sales tax measure to fund these facilities in November. Otherwise, if the measure fails, new homeowners will be paying these significantly higher rates for benefits they will not receive. Instead, a completely different transportation plan would need to be devised, and we don't yet know what the cost that different plan would be.

Again, we appreciate the strong working relationship with PCTPA and SPRTA. We look forward to a continued partnership as we work together to build a strong future in the South Placer region.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Short". The signature is fluid and cursive, with a long, sweeping underline that extends to the left.

Jeff Short
Legislative Director
North State BIA