LOCAL LAND-USE REGULATION AND PROPOSITION 13:

SOME FINDINGS FROM A RECENT SURVEY*

by

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INTRODUCTION

The recent rapid escalation in housing prices has received widespread attention from the popular media as a serious problem confronting first-time California homebuyers. Between 1970 and 1977, for example, the median price of a new single-family dwelling in the San Francisco Bay Area rose from $36,500 to $81,300, representing an increase of 123 percent, compared with the national average housing price increase of 80 percent over the same time period. In addition, rates of price increase in the housing sector have far outdistanced the rate of inflation for other goods and services. Likewise, personal income of Bay Area residents rose only 80 percent during this period.

While these trends in housing prices have not been intimately assessed as to their impacts on housing and community welfare, it seems clear that the soaring price of housing witnessed in recent years has acted to exacerbate an entire range of shelter problems faced by some components of the urban population in California. Problems of housing affordability once limited to low and lower-middle income residents have grown to afflict many first-time middle-class homebuyers. The once commonly used standard of housing affordability, that a household should spend 25 percent of household income for housing, is no longer even remotely relevant; in fact, a median-income family in 1975 typically spent a full 42 percent of household income on shelter alone.

An alleged cause of housing price inflation is that set of government policies, framed at the local level, intended to contain, manage, or otherwise shape community development so as to achieve certain social and/or institutional goals. As Frieden has pointed out, "Environmental and growth controls have laid heavy cost burdens on California homebuyers. They have been contributors to the exceptional inflation of house prices there. . . Contrary to widespread belief, environmental regulation of homebuilding is not simply a minor cost of doing business; it is a way of blocking developments and disrupting housing markets."[1] Objectives of land-use regulation have often centered on environmental protection (as Frieden points out), internalization of land-use externalities, maximization of municipal fiscal resources, or exclusion of "undesirable" elements of the population such as the elderly, the disabled, the poor and minorities. The policy instruments commonly employed to effectuate these goals vary widely in nature and scope, consisting of development fees together with an amalgam of zoning tools, moratoria, public service provision limits, and public land acquisitions.

While local land-use regulation and growth controls serve to increase both builder costs and additionally through constraint on housing supply response influence housing value, sponsors of Proposition 13, by promising a decrease in costs of homeownership associated with property tax payments, argued their initiative would serve to make homeownership available to those previously excluded from the housing market. Proponents of the tax limitation argued that the Proposition 13 motivated increase in demand would spur new construction. On the other hand, potential differential net capitalization effects of the property tax plus state bail-out suggests the opposite outcome, housing prices exhibiting the greatest increase in those communities imposing the highest property tax rates prior to the tax limitation. Proposition 13 may have made existing homeowners better off, but works against those attempting to enter the housing market.

Since the passage of Proposition 13, fears concerning the impact of the new tax limitation on local government land-use regulation, particularly levels of fees imposed on new development, and their subsequent impact on housing prices, have also generated intense discussion. Prior to Proposition 13, costs associated with local government provision of services were financed primarily from property tax revenues. Communities desiring additional public services could tax themselves at higher rates whereas localities expanding services in the wake of new development obtained added property tax revenues from new residents. The Jarvis-Gann initiative essentially cut this link between costs of service provision and local property tax revenues. According to Proposition 13, municipal property tax revenues were limited to 1 percent of assessed valuation, and rise in assessed valuation was standardized to 2 percent annually, providing the home was not resold. Even after distribution of state surplus funds, the situation faced by local governments subsequent to Proposition 13 was one of revenue short-fall, accompanied by a high degree of uncertainty with regard to future funding sources. Given the requirement for balanced local budgets, local decision-makers were faced with the choice of cutting municipal expenditures, utilizing alternative revenue sources as allowed under the new tax limitation, or both. In the aftermath of the tax limitation local governments could no longer afford to ignore the substantial local costs imposed by new residential development. Given this context, local development fees and exactions were reviewed with regard to revenue potential and became an obvious target of policy change.

The statewide tax limitation coupled with local restrictive land-use policy imply potentially significant increases in California housing prices with adverse distributional consequences. Yet, most previous studies of local public finance and urban housing markets have excluded local controls from consideration, or limited the treatment of regulatory impacts to one or two specific controls such as zoning or setback requirements. Similarly, approximately one year after the passage of Proposition 13, no major study has revealed the extent of local regulatory response, nor the nature of new policies governing urban growth.

This working paper presents some initial findings of a larger study which will attempt to analyze the impacts of land-use regulations and growth controls on property values. The information reported here is derived from a 1979 Survey of Local Land-Use Policy in the San Francisco Bay Area, conducted by the Center for Real Estate and Urban Economics at the University of California at Berkeley. Our purpose here is to abstract from the wider survey preliminary answers to three basic questions: (1) what was the magnitude of development charges imposed by local governments on housing development prior to the 1978 tax limitation, (2) how have these charges changed subsequent to Proposition 13, and (3) to what extent can these changes be interpreted as a local response to Proposition 13?

Preliminary survey results reveal a wide variation in the structure and composition of local land-use regulation across a representative cross-section of San Francisco Bay Area communities. This finding is in contradistinction to other studies which have presented a highly generalized, aggregative view of Bay Area land-use policy.[2] The present survey also establishes an equally wide divergence in regulatory response to Proposition 13 tax limitation. This variance suggests the necessity of a disaggregated approach to any analysis of the bases for local land-use regulation, or assessment of expected changes in local practices in the wake of a major policy change such as Proposition 13.

THE SURVEY

The range of local land-use policy instruments open to local government decision-makers is extensive and includes both explicit policy tools as well as other regulatory policies indirectly affecting community housing outcomes. Among explicit policy tools are: local development fees and exactions, growth management plans, zoning constraints, moratoria on sewer connections and water hook-ups, open space allocations, environmental impact requirements, and land banking, where government holds land for development at some future date. Indirect local policies affecting land-use and housing supply include limitations on service infrastructure capacity so as to constrain residential growth, and municipal delays in the approval of subdivision maps which impose heavy financing or "carrying" costs on builders.

During the summer of 1979, local officials of the 93 incorporated jurisdictions in the nine-county Bay Area region were surveyed with respect to the nature of local land-use regulation, including the response of local governments to Proposition 13. Questions in the survey refer to: (1) development fees and builder exactions, which add directly to developer's costs and ultimately to the price of housing; (2) explicit policy tools such as zoning constraints, moratoria, and the like, which define the general environment in which residential development occurs; and (3) community attitudes toward local growth and development.

In order to maintain consistency in comparisons across jurisdictions, a standard single-family three bedroom, two bath tract home was used in the calculation of pertinent development and planning fees. Survey results apply to the 64 responding jurisdictions, which can be considered a representative sample of Bay Area communities.

Fees and exactions as defined here include all development and planning fees imposed on construction of the standard single-family dwelling unit.[3] Examples of such fees are illustrated in Table 1.

Survey results show that the regional mean fee level as of 1976 was $1121.39 per standard single-family home. In 1979, mean fee levels in nominal terms had risen $785.63 to $1907.02 per home, or an increase of approximately 70 percent. Figure 1 indicates the distribution of fees in 1976 and 1979, stated in nominal dollars. In Figure 2, the fee disbributions are reproduced in constant 1976 dollars. Table 2 shows the actual fees and their percentage change as imposed by each jurisdiction in the sample, computed in both nominal and constant dollars. Note that the national consumer price index was used in the deflation calculation. Whereas in 1976 only four communities, or six percent of those jurisdictions in the sample imposed fees of $2100.00 or more on the construction of the standard home, 22 communities or approximately 33 percent imposed fees at or above this level in 1979. Changes in fee levels reflect both changes in the magnitude of existing exactions as well as imposition of wholly new categories of charges.

Examples of Proposition 13-induced fee changes include San Jose, where a new commercial, residential, and mobile home park tax of 2.75 percent of home value, or $1196.25 for the standard three bedroom, two bath home was enacted on June 28, 1978 in the immediate aftermath

TABLE 1

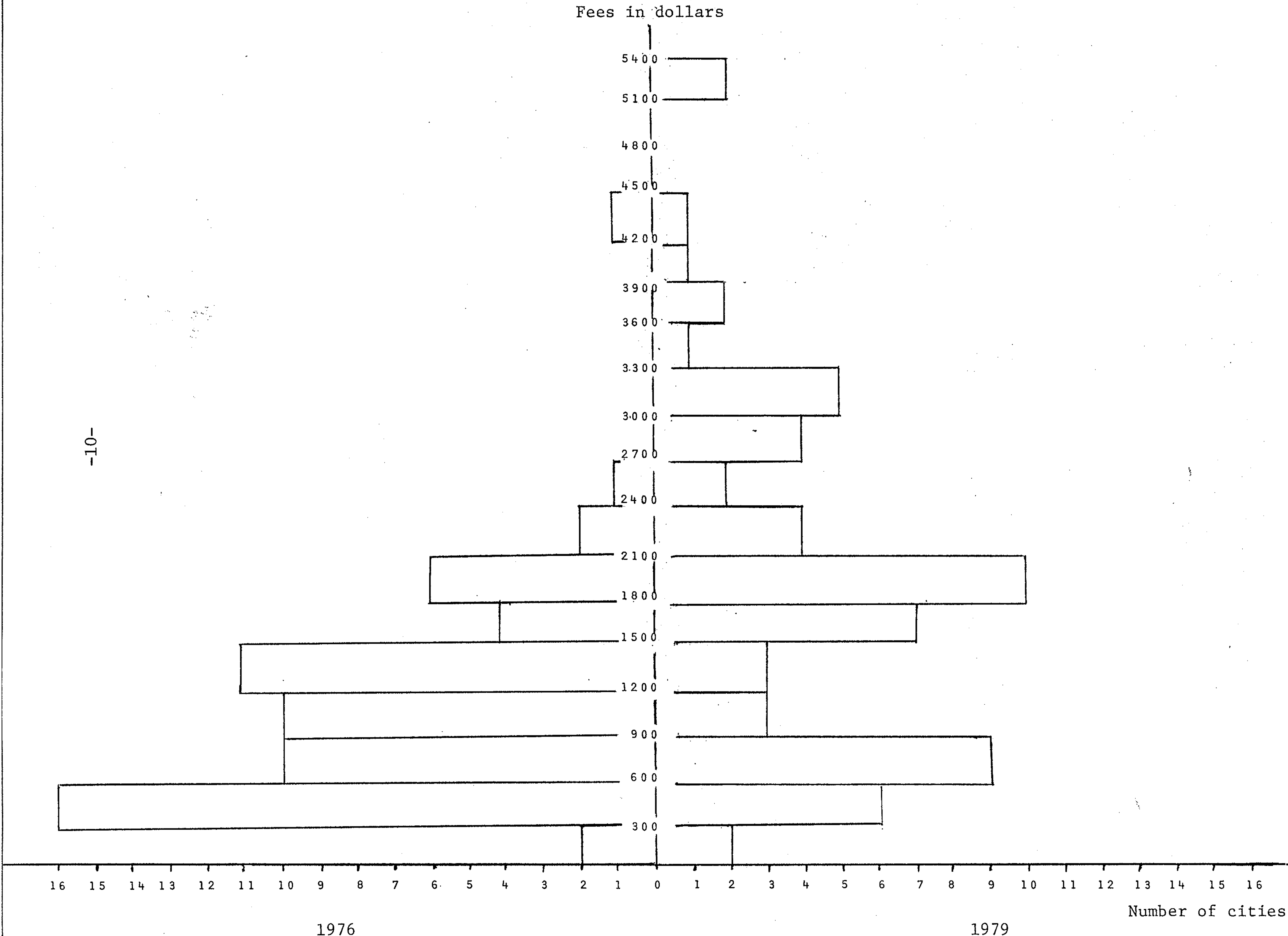
TYPES OF DEVELOPMENT FEES AND EXACTIONS

Type	Description	Range of fee, 1979 (in current dollars)
School impact fees	Standard fee applied per dwelling unit or sometimes based on the number of bedrooms. Used to generate revenue for new school facilities necessitated by new residential growth.	\$250.00-\$1600.00
Sewer connection or facilities fee	Fee to cover costs of sewer hook-up or connection. Often also raises revenue for improvements in city or special district sewage facilities.	\$100.00-\$1600.00
Water connection or facilities fee	Fee to cover cost of water hook-up or connection, also used by many cities and special districts to raise revenue for facility improvements.	\$ 0.00-\$2000.00
Park fees (including parks and recreation fees, recreation fees, recreation tax, park dedication, park in-lieu fee)	Fees to help finance city parks and recreation system. Helps pay for new recreation facilities provided to new residential developments. In many cities, developer has choice of either paying fee or dedicating land for recreation.	\$ 50.00-\$1800.00
Capital improvements fees (includes impact fees, bedroom tax)	Fees to raise revenue to pay for capital improvements such as new police or fire stations made necessary by new developments.	\$ 25.00-\$1200.00

TABLE 1 (continued)

Type	Description	Range of fee, 1979 (in current dollars)
Construction taxes (includes residential unit tax, building and structure tax, property development tax)	Taxes applied to new residential units, usually standard fee per unit or percentage of value.	\$100.00-\$2100.00
Storm drainage or drainage fee	Fees to help finance storm drain system.	\$ 60.00-\$ 860.00
Tentative subdivision map fee	Fee for filing and review of subdivision plans by local engineers and planners.	\$ 2.50-\$ 150.00
Final map fee	Same as above	\$ 0.00-\$ 150.00 + hourly processing charges
Environmental impact report	Fee to cover preparation of environmental impact report required under CEQA.	Usually full cost of EIR consultant plus filing fee and review fee.
Miscellaneous fees (includes growth management program application fees, design reviews, bridge fees, and various processing fees)	Source of general revenue or used to support the particular needs of individual localities.	Varies widely.

FIGURE 1



Fees in dollars
5400
5100
4800
4500
4200
3900
3600
3300
3000
2700
2400
2100
1800
1500
1200
900
600
300
16 15 14 13 12 11 10 9 8 7 6 5 4 3 2 1 0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16
Number of cities
1976
1979

FIGURE 2

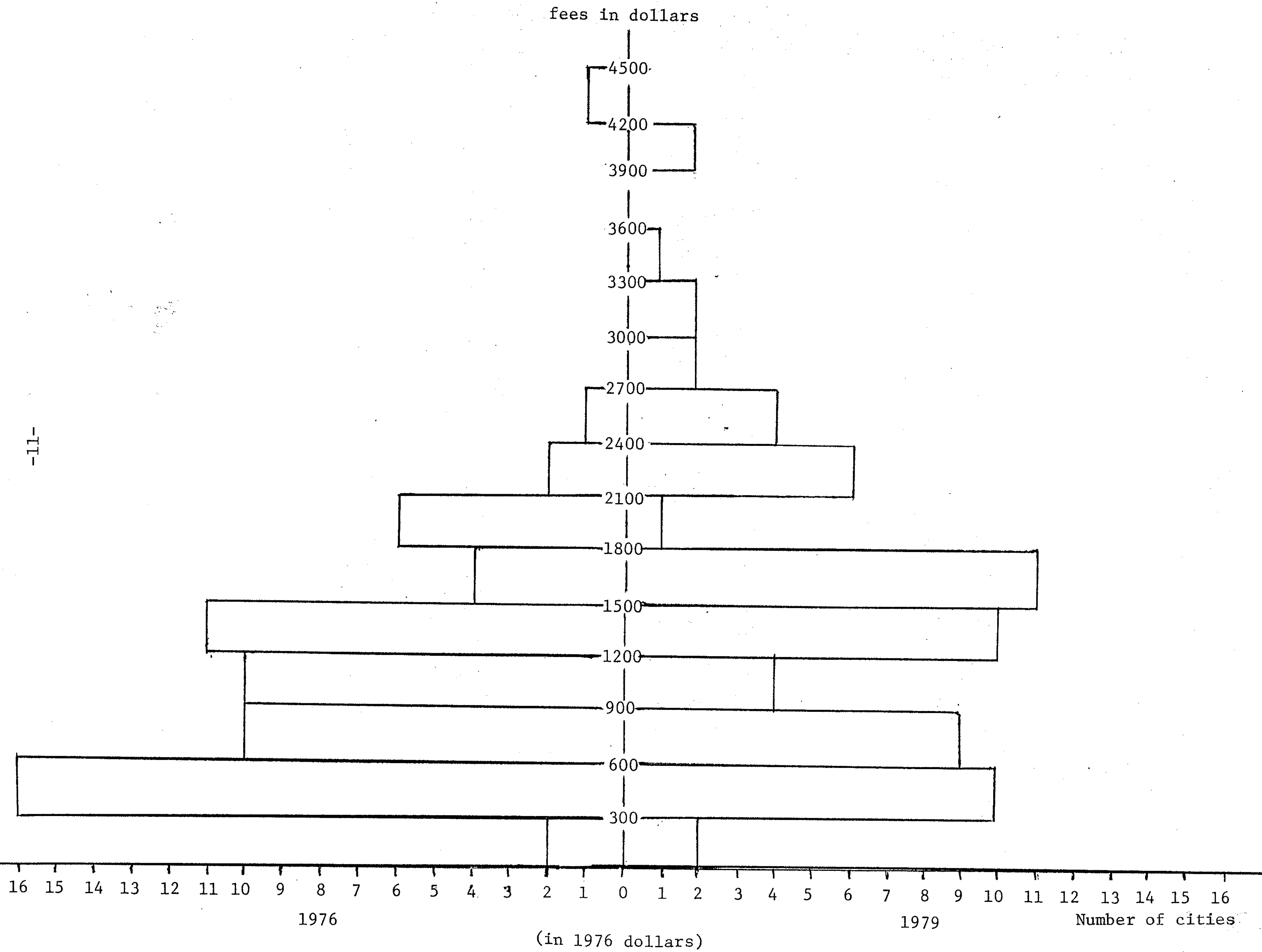

fees in dollars
4500
4200
3900
3600
3300
3000
2700
2400
2100
1800
1500
1200
900
600
300
16 15 14 13 12 11 10 9 8 7 6 5 4 3 2 1 0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16
1976
1979
Number of cities
(in 1976 dollars)

TABLE 2

LOCAL DEVELOPMENT FEES AND EXACTIONS

City	1976 in Nominal Dollars	1979 in Nominal Dollars	Percentage Change in Nominal $	1979 in 1976 dollars	Percentage Change in 1976 Dollars
Albany	505.00	737.50	46.0	586.77	16.2
Antioch	1108.00	1510.00	36.3	1201.38	8.4
Belmont	2342.00	3199.55	36.6	2545.57	8.7
Benicia	502.63	3002.63	497.4	2388.93	375.3
Brentwood	570.25	1695.25	197.3	1348.76	136.5
Burlingame	200.50	225.75	12.6	179.61	-10.4
Calistoga	1605.00	1605.00	---	1276.96	-20.4
Campbell	537.88	537.88	---	427.94	-20.4
Clayton	1288.55	3672.50	185.0	2921.89	126.8
Concord	1218.37	2588.50	112.5	2059.45	69.0
Corte Madera	1554.50	1914.50	23.2	1523.20	-2.0
Cupertino	401.88	638.13	58.8	507.70	26.3
Daly City	605.38	1069.73	76.7	851.09	40.6
Dixon	652.88	4277.63	555.2	3403.34	421.3
El Cerrito	545.63	736.26	34.9	588.78	7.9
Fairfield	858.38	2716.26	216.4	2161.09	151.8
Foster City	675.25	1502.50	122.5	1195.41	77.0
Fremont	2070.00	3597.76	73.8	2862.43	38.3
Gilroy	892.60	1242.60	39.2	988.63	10.8
Hayward	1168.63	1200.63	2.7	955.24	-18.3
Healdsburg	681.08	822.06	20.7	654.04	-4.0
Lafayette	1494.00	1974.00	32.1	1570.54	5.1
Larkspur	1840.00	2876.25	56.3	2288.38	24.4
Livermore	4294.00	5245.25	22.2	4173.19	-2.8
Los Altos	1110.75	1976.88	80.0	1572.83	41.6
Los Gatos	437.50	460.50	5.3	366.38	-16.3
Martinez	973.75	1650.00	69.4	1312.76	34.8

TABLE 2--Continued

City	1976 in Nominal Dollars	1979 in Nominal Dollars	Percentage Change in Nominal $	1979 in 1976 Dollars	Percentage Change in 1976 Dollars
Menlo Park	651.00	1335.00	105.7	1062.14	63.2
Millbrae	811.01	1021.50	26.0	812.72	.2
Mill Valley	2070.00	2650.00	28.0	2108.38	1.9
Milpitas	1604.36	1870.11	16.6	1487.89	-7.3
Monte Sereno	412.50	565.00	37.0	449.52	9.0
Morgan Hill	1159.13	1712.00	47.7	1362.09	17.5
Mountain View	474.63	531.63	12.0	422.97	-10.9
Napa	1811.64	2169.20	19.7	1725.85	-4.7
Newark	2095.00	3185.75	52.1	2534.63	21.0
Novato	1350.63	2068.38	53.1	1645.63	21.8
Pacifica	1547.75	2245.75	45.1	1786.75	15.4
Palo Alto	n.a.	3784.13	n.a.	3010.71	n.a.
Petaluma	1055.00	1947.96	84.6	1549.82	46.9
Pinole	1284.89	2080.51	61.9	1655.28	28.8
Pittsburg	565.00	835.00	47.8	664.34	17.6
Pleasant Hill	1337.66	2207.66	65.0	1756.44	31.3
Pleasanton	2490.38	3133.13	25.8	2492.76	.1
Redwood City	170.51	202.00	18.5	160.71	-5.7
Richmond	748.25	1057.50	41.3	841.36	12.4
Rohnert Park	1473.49	2163.14	46.8	1721.02	16.8
San Anselmo	1378.13	1870.25	35.7	1488.00	8.0
San Carlos	528.25	605.00	14.5	481.35	-8.9
San Jose	920.00	2926.50	218.1	2328.36	153.1
San Leandro	706.00	828.63	17.4	659.27	-6.6
San Mateo	493.63	702.26	42.3	558.73	13.2
San Pablo	647.75	883.75	36.4	703.12	8.5
San Rafael	2296.50	2871.38	25.0	2284.51	-.5
Santa Clara	368.75	776.25	110.5	617.60	67.5

TABLE 2--Continued

City	1976 in Nominal Dollars	1979 in Nominal Dollars	Percentage Change in Nominal $	1979 in 1976 Dollars	Percentage Change in 1976 Dollars
Santa Rosa	1103.13	1812.13	64.3	1441.76	30.7
Saratoga	1496.88	2209.26	47.6	1757.72	17.4
Sonoma	750.50	1851.50	146.7	1473.08	96.3
South San Francisco	393.50	598.75	52.2	476.37	21.1
Suisun City	1476.00	4071.00	175.8	3238.94	119.4
Sunnyvale	473.13	798.68	68.8	635.44	34.3
Vacaville	1943.85	3061.30	57.5	2435.61	25.3
Vallejo	1390.00	5145.00	270.1	4093.43	194.5
Walnut Creek	1035.00	1597.00	54.3	1270.59	22.8

n.a. = not available.

of Proposition 13. In Vallejo, Proposition 13-attributable fee increases include the school impact fee, which increased from $440.00 to $1500.00, the real property development tax which rose from $275.00 to $500.00, and the park and recreation fee which increased from $275.00 to $690.00, per standard three bedroom house. Dixon imposed large increases in their capital improvements fee, which climbed from $4.00 per $1000.00 of property valuation prior to Proposition 13, to $16.00 per $1000.00 of property valuation in its aftermath, in other words, the fee rose from $300.00 to $1200.00 for the standard home valued at $75,000.00. In addition, Dixon's per unit park development fee increased from about $250.00 to $990.00.

On the other hand, fee changes occurred for a variety of reasons apart from local response to Proposition 13. Local attitudes toward growth, quality of local amenities, and increasing sophistication of local governments with respect to ascertaining the fiscal impacts of development, in the wake of unprecedented demand for housing, were also cited by localities as the force behind fee hikes. Over half the survey respondents indicated that they took revenues and costs of new residential development into account when deciding whether or not to approve housing projects. Dixon, for example, initiated a $600.00 school impact fee in 1977. This exaction was imposed to accumulate revenue for school construction, and has not changed since. Benicia imposed an impact fee of $400.00 per unit in 1977 and a park fee of $300.00 per unit in early 1975. Neither was in any way related to

Proposition 13. Between 1976 and early 1978, Vacaville enacted a capital improvements fee of $530.00, increased the recreation fee from $400.00 to $650.00, and increased the school impact fee from $600.00 to $650.00. These fees have not changed significantly since Proposition 13, although they may in the near future.

Survey results also show an increased effort by approximately one-third of the respondents to attract new commercial development and thereby augment sales tax revenues in the aftermath of Proposition 13. Virtually no cases of rezoning or imposition of moratoria were attributed to the property tax limitation. Yet, approximately half the surveyed jurisidictions enacted some sort of moratoria on residential development or growth management program since 1970, and over 90 percent of these measures continued in effect or have been enacted since 1976 with quite a few imposed since Proposition 13. Of the responding communities which use cost-revenue analysis in decisions concerning new residential development, over 60 percent indicated that consideration of this factor has become a much more crucial element in the approval process since the enactment of Proposition 13. Note also that approximately one-fourth of the survey respondents indicated diminished zoning and housing code enforcement as directly related to Proposition 13-induced staff cutbacks.

Taken together, these survey results paint a general picture of greater reliance on local fees and regulation in the wake of Proposition 13. On the basis of this information, it might appear that the tax limitation has exacerbated existing trends toward exclusionism on the part of local governments within metropolitan areas. The aggregative nature of these results, however, conceals many important considerations in local deployment of land-use regulations.

In the following section sample localities were grouped with regard to fee level and local regulatory response to Proposition 13. Note that this classification scheme is presented neither for the purpose of defining categories of communities, nor is the characterization intended to be definitive. Rather, the classifications are utilized to illustrate the importance of a disaggregative approach to the assessment of local regulatory shifts stemming from Proposition 13.

CHARACTERIZATION OF LOCAL GOVERNMENT RESPONSE

Group I: *Burlingame*. The city of Burlingame, located in San Mateo County, is illustrative of a class of communities within the Bay Area not typified by the general trend of fee increases. These communities are characterized by low development fees, and little changes in fee levels subsequent to Proposition 13. In these communities, no moratoria affecting residential development have been imposed nor growth management plans enacted. Attitudes of city council representatives toward growth are generally neutral and carrying costs imposed by these municipalities on developers are low. The jurisdictions are additionally characterized by virtually no remaining developable land, nor land yet suitable for redevelopment. For example, of the approximately 12,000 housing units in Burlingame, only approximately 20 percent have been built since 1960. Fee revenue generated by new residential development thus has negligible impact on these cities' decision-making with regard to expenditures on urban services, as would revenues arising from an increase in fee levels. Further, the often perceived dangers of changing community composition due to large population influx are of little consequence here. In Burlingame, the city council has become more aware of the fiscal benefits of commerical as opposed to residential development in the aftermath of Proposition 13 and has blocked a major planned rezoning of commercial to residential development in the city's bay-front district.

Group II: *Benicia*. Another class of communities can be characterized as similar to Benicia, California, located at the northern end of the San Francisco Bay. These communities contain a high proportion of land available for residential development. Over the decade of the seventies, a high regional demand for housing has translated into increased development pressure for these outlying localities. Despite these pressures, these communities have imposed no moratoria or growth management plans and city council members have consistently favored growth.

However, development fees have risen dramatically. For example, in Benicia fees have risen from a total of approximately $500.00 per single-family dwelling unit in 1976 to more than $3000.00 per unit in 1979--a 500 percent increase. In Vallejo, a second community in Group II, fees have risen from $1390.00 to $5145.00. Not only have existing fees risen, but new developer exactions have been instituted such as a new school impact fee in Benicia of $1600.00 per unit. This fee was levied two weeks before the Proposition 13 vote, attesting to community concern over diminished ability to finance services with the advent of Proposition 13. Apart from fee increases resulting from Proposition 13, the rise in development fees is typically attributed by local planners to the fact that these growing communities have not yet acquired a level of capital infrastructure (public facilities and equipment) sufficient to support projected population growth. Thus fee increases have been viewed as necessary for the community to cover the high marginal costs of new residential growth.

Group III: *Mill Valley.* A further group of cities, similar to Mill Valley, an affluent bedroom suburb located in Marin County, have maintained long-standing, restrictive policies concerning growth. While jurisdictions in this group imposed moderately high development and planning fees in 1976, they exhibited only moderate fee changes in the wake of Proposition 13. Residential construction in communities of this type has been curtailed by other less direct means, including moratoria, large-lot zoning, municipal delays and infrastructure capacity limitations. In fact, the Marin Municipal Water District, which covers practically all the jurisdictions in Marin County, had a water connection moratoria in effect from June, 1973 to March, 1978. In addition, powerful environmental groups have successfully pressured for large chunks of potentially developable land to be designated as open space, sharply limiting the supply of land available for residential development. Municipal policies and citizen lobbies have thus effectively promoted no-growth and exclusion; due to the virtual prohibition of growth, changes in development fee levels offer little in potential revenue.

Group IV: *Milpitas*. Milpitas, located in northeastern Santa Clara County, typifies a group of middle-income communities which encourage residential growth. Large scale residential development is a relatively new phenomenon in most of these communities. This is evident in Milpitas, where approximately 80 percent of the dwelling units located there were constructed since 1960, whereas less than two percent existed prior to 1940. The communities in this group are characterized by abundant supplies of developable land, the absence of growth management plans, and a low level of municipally-induced carrying costs. Further, this set of localities levies lower than average development and planning fees, which have in general exhibited only minor change in the aftermath of Proposition 13. Despite the fact that residential development is a fiscal loss in these cities, Milpitas looks at residential development as a necessary tool for attracting commercial development and accompanying sales tax revenues. In Milpitas, new capital infrastructure required for remaining residential development was completed prior to the property tax limitation. This factor in conjunction with the city's positive view of growth serve to explain the minimal level of fee change subsequent to Proposition 13.

Conclusion

Prior to Proposition 13, Bay Area communities imposed a wide spectrum of development fees on residential construction. In 1976, the distribution of fees across communities was relatively broad, and there were various types of charges in force, ranging from trivial fees to exactions totaling several thousand dollars per standard home. In addition to development charges, many localities influenced local housing outcomes by enacting growth management practices such as phased development zoning, public service limitations, open space preservation, and a variety of zoning mechanisms designed to shape local growth. Attitudes towards growth in Bay Area communities were decidedly mixed, with some cities seeking to halt the influx of newcomers, while others encouraged growth and gave developers wide lattitude with respect to the character of new housing. Still other communities had little room for new housing, and thus had little impetus for regulation.

Dramatic alterations in local development fee schedules occurred in a majority of Bay Area jurisdictions between 1976 and 1979. Three-fourths of the cities surveyed indicated that their fee increase in some way reflected a direct response to the tax limitation occasioned by Proposition 13. Nonetheless, many fee hikes can be attributed to reasons unrelated to Proposition 13.

In general, development fees and exactions alone can add up to ten percent of the cost of a new standard unit. Together with other local regulatory practices which impact housing costs in an important but difficult to assess manner, the impact of local regulation on housing prices is pervasive and requires more extensive research than the issue has thus far been accorded.

Typically, local land-use regulation is discussed in the public finance and housing literature in terms of broad generalizations concerning the accelerating movement toward exclusion in the suburbs. An overview of results presented herein would support such discussions but is nonetheless misleading. Disaggregating survey findings across city types reveals a variety of important undercurrents. The evidence presented in this paper underscores the necessity of examining the structure of local land-use regulation or reaction to major policy change such as (Proposition 13) in the context of local community ecology, past development trends, and further planning constraints in operation at the local level. The failure to address these factors over a large cross-section of communities serves to obfuscate diversity in local regulation in addition to obscuring an understanding of regulatory determinants.

FOOTNOTES

[1]B. Frieden, "New Regulation Comes to Suburbia," *The Public Interest* 55 (1979): 16.

[2]Ibid., pp. 15-27.

[3]These planning and development fees do not include various fees, usually levied by city building departments, which are fairly uniform across jurisdictions. These excluded fees include building permit and plan checking fees which a large proportion of communities levy in compliance with the *Uniform Building Code*. Also, electrical, plumbing, and mechanical permit fees have not been included since they are fairly standard and usually run less than $125.00 for all three. The State Strong-Motion Instrumentation Program fee has been omitted since it is fairly insignificant, less than $10.00 for a standard suburban home and is constant over the sample. Municipal inspection fees, which normally run 3-5% of total improvement costs, have been excluded since they are fairly uniform. Also note that in recent years, especially since the passage of Proposition 13, hourly processing charges ranging from about $15-35 an hour have been adopted by many cities in the various departments that handle the processing of new residential developments. These hourly processing fees can be insignificant or may add a sizeable amount to development costs, but they vary too much with individual circumstances to be approximated for purposes of this study.

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