SAN FRANCISCO
PLANNING DEPARTMENT

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

Executive Summary
Planning Code Text Change
HEARING DATE: SEPTEMBER 10, 2015

Project Name:	**Establishing a New Citywide Transportation Sustainability Fee**
Case Number:	2015-009096PCA [Board File No. 150790]
Initiated by:	Mayor Lee, Supervisor Wiener, Supervisor Breed, and Supervisor Christensen / Substituted July 28, 2015
Staff Contact:	Lisa Chen, Planner, Citywide Division lisa.chen@sfgov.org, 415-575-9124
Reviewed by:	Adam Varat, Senior Planner, Citywide Division adam.varat@sfgov.org, 415-558-6405
Recommendation:	**Recommend Approval**

PLANNING CODE AMENDMENT

The proposed Ordinance would amend the Planning Code by: establishing a new citywide Transportation Sustainability Fee (TSF) and suspending application of the existing Transit Impact Development Fee (TIDF), with some exceptions, as long as the TSF remains operative; amending Section 401 to add definitions reflecting these changes; amending Section 406 to clarify affordable housing and homeless shelter exemptions from the Transportation Sustainability Fee; amending conforming amendments to the Area Plan fees in Planning Code, Article 4; affirming the Planning Department's determination under the California Environmental Quality Act; and, making findings, including general findings, findings of public necessity, convenience and welfare, and findings of consistency with the General Plan and the eight priority policies of Planning Code Section 101.1.

Overview: The Transportation Sustainability Program (TSP)

San Francisco is a popular place to work, live and visit, placing strains on the City's existing transportation network. The City is projected to grow substantially over the next 25 years – by 2040, up to 100,000 new households and 190,000 new jobs are expected in San Francisco.[1] Without enhancements to our transportation network, this growth will result in more than 600,000 cars on our streets – or more than all the cars traveling each day on the Bay and Golden Gate bridges combined. If we don't invest in transportation improvements citywide, we can expect unprecedented gridlock on our streets, and crowding on our buses and trains.

The City is addressing the need to enhance and expand the system in a comprehensive way, including making multiple public investments in key projects such as:

[1] Association of Bay Area Governments (ABAG), *Projections 2013.*

- Transit capital and operational investments (Central Subway, Muni Forward, Bus Rapid Transit Projects, etc.)
- Bicycle infrastructure (protected lanes, parking, etc.)
- Pedestrian safety (Vision Zero, Walk First, etc.)

The Transportation Sustainability Program ("TSP") is an initiative aimed at improving and expanding the transportation system to help accommodate new growth, and creating a policy framework for private development to contribute to minimizing its impact on the transportation system, including helping to pay for the system's enhancement and expansion. The TSP is a joint effort by the Mayor's Office, the San Francisco Planning Department, the San Francisco County Transportation Authority and the San Francisco Municipal Transportation Agency (SFMTA), comprised of the following three components:

1. **Invest: Fund Transportation Improvements to Support Growth.** The proposed Transportation Sustainability Fee ("TSF") would be assessed on new development, including residential development, to help fund improvements to transit capacity and reliability as well as bicycle and pedestrian improvements.

2. **Align: Modernize Environmental Review.** This component of the TSP will change how the City analyzes impacts of new development on the transportation system under the California Environmental Quality Act (CEQA). This reform has been prompted by California State Bill 743, which requires that the existing Level of Service (LOS) transportation review standard be replaced with a more meaningful metric such as Vehicles Miles Traveled (VMT). The Governor's Office of Planning and Research (OPR) and the Secretary of Natural Resources are currently working to develop the new transportation review guidelines, and are expected to release new CEQA guidelines in 2016.

3. **Shift: Encourage Sustainable Travel.** This component of the TSP will help manage demand on the transportation network through a Transportation Demand Management (TDM) Program, making sure new developments are designed to make it easier for new residents, visitors, and workers to get around more easily without a car. The City will create a consolidated menu of TDM options to help developers design projects that encourage more environmentally-friendly travel modes such as transit, walking, and biking. Public outreach on the TDM program is expected to begin in Fall or Winter 2015.

These three components are discrete policy initiatives that are programmatically linked through the TSP. The focus of this Planning Code amendment is on the first component of the program, the Transportation Sustainability Fee (TSF), which was introduced at the Board of Supervisors by Mayor Lee and co-sponsoring Supervisors Wiener, Breed, and Christensen on July 21st, 2015 [BOS File No. 150790]. The changes to CEQA are being led at the state level, while the TDM component will be considered separately at future hearings.

The TSF is a proposed citywide development impact fee intended to help offset the impact of new development on the City's transportation system. In 2013, Mayor Edwin Lee convened a Transportation Task Force to investigate what San Francisco needs to do to fix our transportation

network and prepare it for the future. The Task Force found that in order to meet current need and future demand, the City needs to invest $10 billion in transportation infrastructure through 2030, including $6.3 billion in new revenue. In November 2014, San Francisco voters passed Proposition A, approving a $500 million one-time investment in transportation infrastructure. They also passed Proposition B, which is projected to contribute about $300 million for transportation over the next 15 years. These funds are dedicated to improving the City's existing transportation infrastructure and do not materially address the need to expand the system's capacity, which will be required to accommodate new growth.

The TSF would provide additional revenue to help fill the City's transportation funding gap. The TSF would replace the current Transit Impact Development Fee (TIDF; Planning Code Section 411), which is a citywide impact fee on nonresidential development, and would expand applicability to include both larger market-rate residential and nonresidential uses. Developments would pay the proposed fee, contributing a portion of their fair share to help pay for transportation system expansion and efficiency measures to serve the demand created by new residents and workers.

On May 15, 2012, Mayor Lee, along with co-sponsoring Supervisors Wiener and Olague, introduced a previous ordinance to establish a Transportation Sustainability Fee [BOS File no. 120524], which was proposed to replace the TIDF and expand applicability to residential and nonprofit uses. At that time, the fee was contemplated as both a mitigation fee under CEQA and a development impact fee, and a draft nexus study and economic feasibility study were developed.

The TSF was reintroduced by Mayor Lee and co-sponsoring Supervisors Wiener, Breed, and Christensen on July 21, 2015. As part of the new proposal, the City and the San Francisco County Transportation Authority have reconfigured the program and are now proposing the TSF as a development impact fee only. This proposal includes an updated nexus study and economic feasibility study (Exhibits D and E, respectively), as well as an expenditure plan that would allocate funds towards categories of projects intended to offset impacts of new development on the City's transportation network, including transit capital maintenance, transit expansion and reliability, and pedestrian and bicycle projects.[2]

In the course of developing the TSF proposal, staff conducted extensive outreach to affected stakeholders to solicit feedback on the fee. Public outreach included but was not limited to the following groups: Citizen Advisory Committees (SFMTA, SFCTA, Eastern Neighborhoods, Market & Octavia); SFCTA Board; Housing Action Coalition; Chamber of Commerce; Residential Builders Association; BART; Hospital Council; SFMTA Board Policy and Governance Committee and Full Board, San Francisco Bicycle Coalition; WalkSF; residential and commercial real estate developers; participants in the Muni Equity Strategy Working Group – including Chinatown Community Development Center, Transit Riders, Senior & Disability Action, Council of Community Housing Organizations; SPUR; BOMA; San Francisco Labor Council; the Small Business Commission, and others. A full schedule of outreach meetings and public hearings is

[2] The Complete Streets nexus was established by the Citywide Nexus Study available at: http://www.sf-planning.org/ftp/files/plans-and-programs/plan-implementation/20140403_SFCityWideNexusAnalysis_March2014.pdf

attached (Exhibit F). Staff considered the feedback received during this process when drafting the proposed legislation.

The Way It Is Now:

The Transit Impact Development Fee, or TIDF (Section 411), is an impact fee levied on most non-residential development citywide and serves as the City's primary mechanism to offset the impacts of new development on the transportation system. Revenue generated by the fee is directed to the SFMTA and used to fund Muni transit capital and preventive maintenance. First enacted in the Downtown area by local ordinance in 1981, the fee has been amended in 2004, 2010, and 2012 to expand both the geographic scope and the types of development subject to the fee, in recognition that a broad range of uses have impacts on the City's transit system. The TIDF rates are applied to seven non-residential economic activity categories as follows:

Table 1. Transit Impact Development Fee (TIDF)
(2015 Rates)

Use	***Fee [$/GSF]***
Management, Information, and Professional Services	$13.87
Retail/Entertainment	$14.59
Cultural/Institution/Education	$14.59
Medical	$14.59
Visitor services	$13.87
Museum	$12.12
PDR	$7.46

The TIDF does not apply to residential uses, and currently there is no citywide transportation impact fee on residential uses. However, in many plan areas, both residential and nonresidential projects pay an area plan impact fee that allocates a portion of revenues to transportation within the specific Area Plans. Many of these area plans also allocate a portion of funds to complete streets projects (such as pedestrian safety and bicycle projects); however, there is currently no citywide impact fee dedicated to complete streets projects.

The TIDF also exempts properties owned and operated by non-profits (through a Charitable Exemption process per Section 411.8) and by the city, state, and federal governments. Projects that fall within a redevelopment plan or an area covered by an existing development agreement are also exempt, to the extent that application of the fee would violate the terms of that plan or agreement.

Required payment of the TIDF is triggered by an application for any of the following:

- New construction of 800 square feet or greater;
- Additions of greater than 800 square feet to an existing building; and,
- Changes of use greater than 800 square feet from an economic activity category with a lower fee rate to a category with a higher fee rate.

A prior use credit is available for existing uses on the project site, as long as such uses were an approved and active use within five years prior to the date of the development application.

Finally, the existing TIDF includes a Policy Credit program (Section 411.3(d)(2)) that may reduce or eliminate the fee burden for some projects if they reduce onsite parking supply or if they qualify as a small business (defined as a business that is less than 5,000 square feet; formula retail uses are ineligible). Credits are available first-come, first-served on an annual basis, until the annual limit is reached (equal to 3% of the total anticipated TIDF revenue for the current fiscal year).

The Way It Would Be:

Proposed TSF Fee Rates

If adopted, the TSF would replace the current TIDF for as long as the TSF remains in effect. It would apply to commercial developments, large market-rate residential developments, and large non-profit universities (those that are required to submit a full Institutional Master Plan per Section 304.5). Under the TSF, there would be no change in the status quo for the vast majority of nonprofits, who would continue to be eligible for a Charitable Exemption. The TSF would consolidate land use categories into residential, non-residential, and PDR, consistent with other Planning Code impact fees. Table 2 shows the proposed fee TSF rates and how they compare to the current TIDF rates.

Table 2. TIDF vs. TSF Proposed Fee Schedule

Use	***Existing: Transit Impact Development Fee (TIDF)*** *[$/GSF]*	***Proposed: Transportation Sustainability Fee (TSF)*** *[$/GSF]*
Residential	n/a	$7.74
Nonresidential	$13.87 - $14.59	$18.04
PDR	$7.46	$7.61

These proposed fee amounts were informed by two reports: the San Francisco Transportation Sustainability Fee Nexus Study ("TSF Nexus Study") and the San Francisco Transportation Sustainability Fee Economic Feasibility Study ("TSF Economic Feasibility Study"). The TSF Nexus Study describes the total cost to the City of providing transit service to the new population, based on the increased transportation demand from new development. The TSF Economic Feasibility Study evaluated the potential impact of a range of fee levels on new development, to determine how high fees could be set without making projects too costly to

build. See the following sections for further discussion of how the proposed fee amounts were established.

The legislation would require the City to update the TSF Economic Feasibility Study every five years, or sooner if requested by the Mayor or the Board of Supervisors. This update will analyze the impact of the TSF on the feasibility of development throughout the city.

TSF Nexus Study

The proposed fee rates are based on two technical documents – the TSF Nexus Study and the TSF Economic Feasibility Study. The TSF Nexus Study, developed by Urban Economics, is intended to meet the requirements of the California Mitigation Fee Act. (California Government Code Section 66000 et seq). This statute establishes requirements and principles for local jurisdictions to impose certain fees as a condition of development approval. One of the requirements is that the local jurisdiction establish a reasonable relationship or "nexus" between the impacts of new development and the use of the proposed fee.

The TSF Nexus Study identified a range of transportation projects that will be needed to serve new growth and established that the total cost to the City of providing these services through 2040 is as follows:

Table 3: Maximum Justified TSF[1] per Building Square Foot (2015 dollars)

Use	*Transit*[2]	*Complete streets*[3]	*Total*
Residential	$22.59	$8.34	$30.93
Nonresidential (excluding PDR)	$80.68	$6.74	$87.42
Production, Distribution, Repair (PDR)	$22.59	$3.48	$26.07

1. The TSF Nexus Study describes the maximum amount of development impact fees that can be charged for transit and complete streets projects, inclusive of citywide fees (e.g. TIDF, TSF) and any area plan impact fees that include a transit or complete streets component.
2. Includes transit capital maintenance and transit capital facilities.
3. Nexus established in the San Francisco Citywide Nexus Study (2014). Includes bicycle facilities plus pedestrian and other streetscape infrastructure.

The nexus study methodology involved estimating the demand for new infrastructure, based on a consistent set of development estimates for 2010 and land use projections for 2040. These estimates are converted to trip generation estimates and used to evaluate the impact of development on the transportation system, and subsequently, the cost of new infrastructure needed to address this demand. Further information on the land use and trip generation assumptions used to establish the maximum justified TSF rates can be found in Appendix A of the TSF Nexus Study. [3]

[3] Residential trip generation calculations are based on housing unit sizes from the Eastern Neighborhoods Nexus Study (2008). Nonresidential trip generation calculations are based on trip generation rates from the TIDF Nexus Study (2011)

The nexus study determines the legally justified maximum rate that can be charged to new development. In order to understand the implications of the fee on new development, the City also commissioned a TSF Economic Feasibility Study to help determine the ultimate fee rates.

TSF Economic Feasibility Study

The concurrent TSF Economic Feasibility Study, conducted by Seifel Consulting, helped inform what fee levels would maximize transportation revenues, without stifling development or causing housing and commercial real estate costs to increase substantially. The study evaluated the potential impact of the proposed TSF on new residential and non-residential developments citywide, by modeling the financial feasibility of ten development prototypes (seven residential, three nonresidential) under several fee scenarios, representing fee rates ranging from 100% to 250% of levels initially proposed in the 2012 TSF proposed ordinance. This translates to a range of $6.19 - $15.48/GSF for residential uses and $14.43 - $36.08/GSF for nonresidential uses.

The economic feasibility study found that the current market could support $7.74/GSF for residential uses and $18.04/GSF for non-residential uses citywide, or roughly 125% of the levels proposed in 2012 (accounting for cost inflation). These fees would amount to an increase of roughly 1 to 2% of construction costs for residential developments, and less than 1% of construction costs for nonresidential projects, depending on project and construction type. The study found that this would not have a major impact on overall project feasibility or resulting housing costs in neighborhoods where most new development is occurring.

The study also found that raising the TSF above these proposed amounts could inhibit development feasibility in some areas of the city and for some project types. New development in certain neighborhoods in the City – such as the western neighborhoods and outer Mission – have lower than average price levels and rents and may not be financially feasible given the current high cost of construction relative to potential revenues. While the TSF itself will not cause these developments to be infeasible, it may further distance these areas from development feasibility. As the City wants to ensure that new housing and other development can occur in these areas, the study recommended setting fees no higher than what was ultimately proposed in the TSF ordinance. As part of the TSF proposal, the City will renew the economic feasibility analysis every five years – or sooner if requested by the Mayor or the Board of Supervisors – to ensure that the fee levels are appropriate.

The following Table 4 illustrates the proposed TSF rates compared to the maximum justified nexus amounts identified in the TSF Nexus Study, taking into consideration the contribution of area plan fees which may include expenditures that fall under the transit and complete streets nexus categories.

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and employment density factors that are consistent with the Planning Department's land use allocation tool, with the exception of office development. Office trip generation calculations utilize the TIDF trip generation rate and an employment density factor that blends the citywide factor with the recent figure identified in the Central SoMa draft EIR analysis, which found that the area has higher employment densities than the city average (see Table A-3 of the TSF Nexus Study for more information).

Table 4. Proposed Fees compared to Transit and Complete Streets Nexus

Use	***Proposed TSF*** *($/GSF)*	***Transit:*** *Total fees as a % of maximum justified nexus*[1]	***Complete streets:*** *Total fees as a % of maximum justified nexus*[1]
Residential	**$7.74**	**33% - 34%** *(in area plans: 33% - 34%)*	**3% - 99%** *(in area plans: 30% - 99%)*
Non-residential	**$18.04**	**21% - 32%** *(in area plans: 22% – 32%)*	**8% - 89%** *(in area plans: 18% – 89%)*
PDR	**$7.61**	**32% - 33%** *(in area plans: 32% - 33%)*	**7%** *(in area plans: 7%)*

1. "Total fees as a % of maximum justified nexus" includes portions of area plan impact fees that are dedicated to transit and complete streets projects, with the exception of the Transit Center District Plan area. That area plan fee (the Transit Center Transportation & Street Improvement Fee) has a separate nexus designated for specific projects meant to address the substantial impacts on transit associated with areas developed to such a high level of density.

TSF Applicability and Exemptions

The proposed TSF would apply to any development project that results in:

- More than 20 new dwelling units
- New group facilities, or additions of 800 gross square feet or more to an existing group housing facility
- New construction or additions of non-residential or PDR uses greater than 800 gross square feet
- Changes/replacement of use from a category with a lower fee rate to a category with a higher fee rate

The following table summarizes how these fee triggers compare to the current TIDF.

Table 5: Fee Triggers, TIDF vs. Proposed TSF

Development Type	*TIDF Fee Trigger*	*Proposed TSF Fee Trigger*
Non-residential and PDR	New construction of 800 sf or greater Additions of 800 sf or greater	New construction of 800 sf or greater Additions of 800 sf or greater
Residential	n/a (not assessed on residential)	Any development (new construction or additions) that results in more than 20 new units New group housing facilities or additions of 800 sf or more to an existing facility
Changes of use	All changes of use of 800 sf or greater	All changes of use, except for small businesses (see below)

Under the proposed TSF, the following types of development would be **exempt** from paying the fee. Many of these exemptions are intended to ensure that the TSF is aligned with other citywide policy goals (e.g. increasing production of affordable housing).

- Affordable housing: income-restricted housing units up to 80% of AMI, consistent with other Planning Code impact fees; income-restricted middle-income units up to 150% of AMI if they are located in a building where all of the units are income-restricted. Inclusionary housing units as required under Section 415 would still be subject to the fee.
- HOPE SF projects, including market-rate and affordable units, and non-residential square footage.
- Small businesses (< 5,000 square feet) applying for a change of use from PDR to Non-Residential, except formula retail.
- Non-profit institutions (same as existing TIDF), except for large non-profit universities that are required to submit a full Institutional Master Plan (Section 304.5).
    - Non-profit hospitals would continue to be exempt. However, the ordinance proposes that the Board of Supervisors may vote to apply the TSF to hospitals when California's Seismic Safety Law requirements are exhausted (currently estimated for 2030).
- Projects that fall within a redevelopment plan or area covered by a development agreement, to the extent that application of the fee would violate the terms of that plan or agreement (same as existing TIDF).
- City-, state-, and federally-owned projects (same as existing TIDF).

The proposed TSF would eliminate the current TIDF requirement for prior uses to be active within the last five years in order to receive a fee credit, which would increase the number of projects that would be eligible to receive a credit for prior uses on site. This change would streamline administration of the fee and is consistent with the way other area plan fees are assessed in the Planning Code.

The proposal would also eliminate the policy credits program currently in the TIDF, which is a first-come, first-served program to reduce or eliminate fees for small businesses and projects that reduce onsite parking. The TSF proposes a small business exemption that would, in effect, expand the existing policy credit system and apply it to all qualifying small businesses, obviating the need for a credit. The TSF would not provide any reduction or credit for projects that reduce onsite parking. The existing policy credit system does not serve as an adequate incentive for developers to reduce their parking supply, as the available credits are very limited in scope and are typically expended early in the year. However, parking reduction is being contemplated as one of the tools that may be included in a future Transportation Demand Management program, which is another component of the TSP.

Relationship to Area Plan Fees

Developments in many plan areas – where much of the city's growth is concentrated – currently pay area plan impact fees that require a specific portion of revenues to be allocated to transit and/or complete streets projects. Under the TSF proposal, residential projects in some area plans may be eligible for a reduction of their area plan fee, which can help offset some of the cost of the TSF. Non-residential developments would not receive such a fee reduction, and would continue to pay both the full citywide transportation fee (the proposed TSF) and the full area plan impact fee, as they do under the existing TIDF.

The area plan fee reduction for residential uses would be equal to the transit component of the area plan infrastructure fee, up to the full amount of the TSF. (For example, the Market & Octavia Community Improvements Fee on residential uses requires 22% of fee revenues to be allocated to transit projects, so the fee reduction would be $10.92/GSF (2015 rates) multiplied by 22%, which equals $2.40/GSF.) Residential projects (as well as non-residential projects) would continue to pay the complete streets portion of the area plan in full, and would not receive any fee reduction for this amount.

Taking into consideration the area plan fee reduction, the net new residential fee under the proposed TSF would be as follows:

Table 6: Residential Fee Increases in Area Plans Under Proposed TSF (2015 fee rates)

Plan area	*Area plan residential fee reduction ($/GSF)*	*Net new residential fee (Proposed TSF Rate, Less area plan fee reduction) ($/GSF)*
Outside of Area Plans	$0.00	$7.74
Eastern Neighborhoods		
Tier 1	$0.97	$6.77
Tier 2	$1.46	$6.28
Tier 3	$1.94	$5.80
Balboa Park	$1.17	$6.57
Market & Octavia	$2.40	$5.34
Van Ness & Market SUD	$4.00	$3.74
Visitacion Valley[1]	$0.00	$7.74
Rincon Hill[1]	$0.00	$7.74
Transit Center District Plan (TCDP)[2]		
Tier 1 (FAR below 1:9)	$0.00	$7.74
Tier 2 (FAR 1:9 to 1:18)	$0.00	$7.74
Tier 3 (FAR above 1:18)	$0.00	$7.74

1. The area plan fees for Visitacion Valley and Rincon Hill do not include a component for transit, so there would be no area plan fee reduction.
2. Transit Center District Plan is not eligible for an area plan fee reduction. The Transit Center Transportation and Street Improvement Fee is designated to address the substantial impacts on transit associated with development to such a high degree of density.

Grandfathering of Projects in the Development Pipeline

The proposed legislation includes a grandfathering provision for projects that are currently under review by the City, in recognition of the fact that such projects may not have anticipated the cost of the TSF when making past financial decisions about their development projects. The grandfathering proposal is as follows:

- **Projects that have received a planning entitlement:** these projects would not be subject to the TSF, but would be subject to the TIDF and pay the existing TIDF rates.

- **Projects that have submitted a development application, but have not received an entitlement:**
  - Residential projects would pay 50 percent of the new TSF rate.
  - Non-residential and PDR projects would be subject to the TIDF, and would pay the full amount of the existing TIDF rate.

Projects would continue to be subject to any other existing applicable impact fees, such as Area Plan impact fees.

TSF Expenditure Plan

The TSF is projected to generate a total of approximately $1.2 billion in over 30 years. If the fee is not adopted, the TIDF would generate about $24 million a year on average for transit capital and maintenance projects. The TSF is expected to generate an additional $14 million a year in revenue – resulting in over $400 million in net new revenue over 30 years. It will expand eligible expenditures to include transit service expansion and reliability improvements, bicycle/pedestrian projects, and program administration, in addition to the transit capital maintenance projects that are currently funded by the TIDF. Table 7 indicates how much revenue the TSF is projected to raise annually and over 30 years, and what the predicted cost is of the proposed fee exemptions and grandfathering.

Table 7: Projected TSF Revenues (2015$)

Category	*Annual revenue*	*30-year revenue total*
TSF	$45,700,000	$1,370,000,000
Less: TIDF (existing)	($24,000,000)	($719,400,000)
Less: Exemptions & Grandfathering[1]	($7,700,000)	($230,000,000)
Net new revenue under proposed TSF	**$14,000,000**	**$420,600,000**
Total TSF	**$38,000,000**	**$1,170,000,000**

1. Includes projected revenue loss due to exemptions for affordable housing, small residential (≤ 20 units), small businesses, and non-profits, plus grandfathering for projects in development pipeline.
2. Figures are rounded to nearest $1000.

Tables 8 and 9 show how the TSF expenditure program would be allocated among project types. TSF revenue would help fund projects that fall within these categories, such as (but not limited to): the expansion of the Muni fleet, reliability and travel time improvements projects, upgrades to Muni maintenance facilities, improvements to regional transit (such as retrofitting BART train

cars to provide more space for passengers and bikes), and improvements to bike and pedestrian infrastructure.

Table 8. TSF Expenditure Program (Proposed Table 411A.6A)
(except Rincon Hill and Visitacion Valley)

Project type	*% expenditure*
Transit Capital Maintenance (Replaces current TIDF expenditures)	61%
Transit Service Expansion and Reliability Improvements - SF	32%
Transit Service Expansion and Reliability Improvements - Regional	2%
Complete Streets (Bicycle and Pedestrian Improvements)	3%
Program Administration	2%

Table 9. TSF Expenditure Program (Proposed Table 411A.6B)
(in Rincon Hill and Visitacion Valley[1])

Project type	*% expenditure*
Transit Capital Maintenance (Replaces current TIDF expenditures)	61%
Transit Service Expansion and Reliability Improvements - SF	35%
Transit Service Expansion and Reliability Improvements - Regional	2%
Complete Streets (Bicycle and Pedestrian Improvements)	0%
Program Administration	2%

1. The TSF expenditure plan in Rincon Hill and Visitacion Valley area plans does not allocate funds to complete streets, as these area plan fees do not include any transit expenditures and already allocate a high proportion of funds to complete streets improvements.

Fee revenues would be collected by the Planning Department and then routed to the SFMTA to be allocated through an interagency process that will be outlined in a Memorandum of Understanding, currently being developed. The SFMTA and the Mayor's Office, as part of the regular budgeting process, will develop a five-year spending plan and a two-year expenditure budget for each category. As part of this process, SFMTA and the Mayor's office will confer with the County Transportation Authority. Every two years the Controller's Office will produce a report identifying the fees collected and actual expenditures by project in each category, which will be reviewed at the City's Capital Planning Committee.

In order to respond to community feedback that projects should prioritize areas where significant growth is anticipated to occur, language was added in the substitute ordinance (introduced July 28, 2015) specifying that the expenditure plan shall give priority to transportation projects identified in area plans.

Other amendments to the Planning Code

The fee proposal also includes technical clean up language to clarify definitions, ensure accurate application of the fee, and provide cross-references where necessary. These changes include modifications to impact fee definitions (Section 401) and fee waivers and exemptions applicable to affordable housing (Section 406(b)), as well as conforming language in the area plan impact fees (Sections 418, 420, 421, 422, 423, 424, and 424.7).

ISSUES AND CONSIDERATIONS

TSF Public Outreach and Comment

City staff conducted outreach on the TSF to key stakeholders who would be impacted by the fee, including: Citizen Advisory Committees (SFMTA, SFCTA, Eastern Neighborhoods, Market & Octavia); SFCTA Board; Housing Action Coalition, Chamber of Commerce, Residential Builders Association, BART, Hospital Council, SFMTA Board Policy and Governance Committee and Full Board, San Francisco Bicycle Coalition, Walk SF, residential and commercial real estate developers, participants in the Muni Equity Strategy Working Group – including Chinatown Community Development Center, Transit Riders, Senior & Disability Action, Council of Community Housing Organizations; SPUR; BOMA; San Francisco Labor Council; the Small Business Commission, and others. The proposed legislation incorporates the feedback staff received as part of the stakeholder engagement process. A full schedule of outreach meetings and public hearings is attached (Exhibit F).

The SFMTA Board of Directors unanimously resolved to support adoption of the TSF without modifications at their September 1st meeting, as did the Small Business Commission at their August 24th meeting. Most stakeholders, including residential developers, expressed support for the legislation and acknowledged that new development needs to contribute to fund transportation improvements. Stakeholders raised several issues during the public outreach, as follows:

Small Businesses

The Small Business Commission had questions about the applicability of the fee, particularly as it relates to the 5,000 square foot threshold. Similarly, the Chamber of Commerce had questions about the applicability of the fee to changes of use as well as to formula retail. Staff met with representatives from the Chamber of Commerce and presented at two Small Business Commission meetings at the end of August to address these concerns. At the August 24th hearing, the Small Business Commission voted unanimously to issue a resolution in support of the Transportation Sustainability Fee, without modifications.

Area Plan CACs

Members of the Market/Octavia and Eastern Neighborhoods Community Advisory Committees (CACs) expressed general support of the overall fee concept. They also indicated a desire to ensure that funding would be allocated to projects within the respective area plans. To address

this concern, the proposed legislation states that when allocating revenues, priority should be given to specific projects identified in the different area plans. The Chair and Vice Chair of the Market and Octavia CAC submitted a letter of support for the proposed legislation (attached).

Development Community

Staff from residential and commercial development firms acknowledged that new development may further strain our transportation system, and they were generally supportive of the proposed TSF amounts. However, some developers noted that the grandfathering rates for residential uses were set too high (initially proposed at 75% of the TSF rate, versus 50% in the current proposal) which could make some projects currently in the development pipeline infeasible. Further, some residential builders noted that the fee might disproportionately burden smaller residential projects, which led to the development of the fee exemption for projects 20 units and smaller.

Transportation & Other Advocates

Finally, some advocates have expressed concerns with respect to the fee not being high enough, the grandfathering provisions being too expansive, and the middle-income exemption being too lenient (targeting households that earn up to 150% of AMI). They also requested that the fee be assessed on space dedicated to accessory parking, which is not currently considered as part of gross square footage for the purpose of calculating Planning Code impact fees. As described above, the fee amounts were set based on the findings of the TSF Economic Feasibility Study, with the goal of maximizing transportation revenues while maintaining economic feasibility in a range of neighborhoods around the city. See the "Basis for Recommendation" section below for further discussion of these findings.

Potential Modifications to the Ordinance

As part of the continued public outreach process that occurred in August (coinciding with the recess at the Board of Supervisors), technical code issues were identified that require modifications to the ordinance as substituted on July 28, 2015. These issues are minor and non-substantive in nature, and they are expected to be addressed in an additional substitute version of the ordinance. Any such changes will be identified in a subsequent memo to the Planning Commission.

REQUIRED COMMISSION ACTION

The proposed Ordinance is before the Commission so that it may recommend adoption, rejection, or adoption with modifications to the Board of Supervisors.

RECOMMENDATION

The Department recommends that the Commission recommend ***approval*** of the proposed Ordinance and adopt the attached Draft Resolution to that effect.

BASIS FOR RECOMMENDATION

The proposed TSF is projected to generate approximately $1.2 billion in revenue for transportation and complete streets projects to accommodate the City's expected growth, which represents over $400 million net new revenue above current TIDF and Area Plan impact fees. This revenue would help address funding needs identified by the TSF Nexus Study and the Mayor's Transportation Task Force, and would support the City's Transit First Policy by funding more transit vehicles, faster and more reliable transit, and safer streets for all users. During the development of the TSF, outreach was conducted with key stakeholders to inform them about the fee and solicit feedback, much of which has been incorporated in the proposed ordinance.

Combined with the other two components of the Transportation Sustainability Program, the TSF would ensure that new developments are doing their part to contribute to improve the transportation system, as well as minimize their impacts by encouraging more sustainable modes of travel. If adopted, the TSF would be the first citywide transportation fee on residential uses, ensuring that market-rate residential developers throughout the city are paying to improve the transportation system to serve new growth. The fee would also represent the first citywide fee to fund complete streets improvements, which will be allocated to projects that improve safety and comfort for pedestrians and bicyclists. The proposal would also increase the amount that nonresidential developments are expected to pay, generating additional revenue for transportation. The economic feasibility study found that these fees would not have a significant impact on development feasibility or housing costs across the city.

Fee amounts were set with the goal of maximizing transportation revenues, without inhibiting development feasibility. The study found that fee amounts above those proposed in the TSF ordinance could negatively impact development feasibility for some project types and in some areas of the city. Further, the study noted that if the real estate market were to experience a downturn such that future revenue growth is insufficient to cover construction and other development costs, new development will be more sensitive to higher impact fees. For these reasons, the study recommended that the TSF be established at no more than 125% of the initial fee levels, which is consistent with the fee amounts proposed in the TSF ordinance.

Similarly, the TSF grandfathering proposal for residential projects was developed to ensure that the fee does not cause projects currently in the pipeline to become infeasible. Members of the development community acknowledged the need for additional transportation funding, but indicated that payment of 75% of the fee (the amount initially proposed during the outreach process) would be difficult for projects already in the development pipeline that haven't budgeted for this cost in their pro formas. However, they indicated that most residential projects could likely support a 50% fee amount.

Although stakeholders have voiced feedback that the income criteria for the proposed middle-income exemption is too high, staff from the Mayor's Office of Housing and Community Development (MOHCD) have confirmed that the 150% AMI threshold is appropriate and consistent with the agency's eligibility criteria for the Middle Income Rental Housing Program.[4]

Finally, in response to stakeholder comments, staff have investigated whether impact fees could be assessed on space devoted to accessory parking. They found that charging such uses cannot be justified by the TSF Nexus Study, as the study did not include an analysis of whether the amount of accessory parking has a corresponding impact on increased demand for transportation services. However, as mentioned above, parking reduction may be one of the tools considered as part of the Transportation Demand Management program currently under development by the City.

ENVIRONMENTAL REVIEW

The proposal to create a new Planning Code Section 411A; amend Planning Code Sections 411 (Transit Impact Development Fee), 401 (Definitions), and 406 (Waiver, Reduction, or Adjustment of Development Project Requirements); and to make other conforming amendments to the Area Plan Fees in Planning Code Article 4 is exempt from environmental review under Section 15378(b)(4) of the CEQA Guidelines.

RECOMMENDATION:	**Recommendation of Approval**

Attachments:

Exhibit A:	Draft Planning Commission Resolution
Exhibit B:	Board of Supervisors File No. 150790
Exhibit C:	CEQA Findings
Exhibit D:	San Francisco Transportation Sustainability Fee (TSF) Nexus Study
Exhibit E:	San Francisco Transportation Sustainability Fee Economic Feasibility Study
Exhibit F:	TSF Stakeholder Outreach List
Exhibit G:	Public Comments

[4] More information on the Middle Income Rental Housing Program is available at: http://sf-moh.org/index.aspx?page=1411.

SAN FRANCISCO
PLANNING DEPARTMENT

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

Planning Commission Draft Resolution

HEARING DATE SEPTEMBER 10, 2015

Project Name:	**Establishing a New Transportation Sustainability Fee**
Case Number:	2015-009096PCA [Board File No. 150790]
Initiated by:	Mayor Lee and Supervisor Wiener, Supervisor Breed, and Supervisor Christensen / Substituted July 28, 2015
Staff Contact:	Lisa Chen, Planner, Citywide Division lisa.chen@sfgov.org, 415-575-9124
Reviewed by:	Adam Varat, Senior Planner, Citywide Division adam.varat@sfgov.org, 415-558-6405
Recommendation:	**Recommend Approval**

RECOMMENDING THAT THE BOARD OF SUPERVISORS ADOPT A PROPOSED ORDINANCE AMENDING THE PLANNING CODE BY ESTABLISHING A NEW CITYWIDE TRANSPORTATION SUSTAINABILITY FEE AND SUSPENDING APPLICATION OF THE EXISTING TRANSIT IMPACT DEVELOPMENT FEE, WITH SOME EXCEPTIONS, AS LONG AS THE TRANSPORTATION SUSTAINABILITY FEE REMAINS OPERATIVE; AMENDING SECTION 401 TO ADD DEFINITIONS REFLECTING THESE CHANGES; AMENDING SECTION 406 TO CLARIFY AFFORDABLE HOUSING AND HOMELESS SHELTER EXEMPTIONS FROM THE TRANSPORTATION SUSTAINABILITY FEE; MAKING CONFORMING AMENDMENTS TO THE AREA PLAN FEES IN ARTICLE 4 OF THE PLANNING CODE; AFFIRMING THE PLANNING DEPARTMENT'S DETERMINATION UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, AND MAKING FINDINGS, INCLUDING GENERAL FINDINGS, FINDINGS OF PUBLIC NECESSITY, CONVENIENCE AND WELFARE, AND FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN AND THE EIGHT PRIORITY POLICIES OF PLANNING CODE SECTION 101.1.

WHEREAS, on July 28, 2015 Mayor Lee and Supervisors Wiener, Breed, and Christensen introduced a proposed Ordinance under Board of Supervisors (hereinafter "Board") File Number 150790, which would amend the Planning Code to establish a new Transportation Sustainability Fee (hereinafter TSF) and suspend application of the current Transit Impact Development Fee (TIDF), with some exceptions, for as long as the TSF is in effect; and

WHEREAS, San Francisco is a popular place to work, live and visit, placing strain on the City's existing transportation network; and

WHEREAS, Since 1981, the City has imposed a Transit Impact Development Fee ("TIDF") on new development in the City, first limited to office space in the downtown core, and expanded to most non-residential uses citywide in 2004; and

WHEREAS, Starting in 2009, the City and the San Francisco County Transportation Authority have worked to develop a comprehensive citywide transportation fee and supporting nexus study (the "TSF Nexus Study"), published in 2015; and

WHEREAS, The TSF Nexus Study concluded that all new land uses in San Francisco will generate an increased demand for transportation infrastructure and services, and recommended that the TSF apply to both residential and non-residential development project in the City; and

WHEREAS, This fee would help offset impacts of both residential and non-residential development projects on the City's transportation network, including impacts on transportation infrastructure that support pedestrian and bicycle travel; and

WHEREAS, The TSF rates take into consideration the recommendations of a TSF Economic Feasibility Study that analyzed the impact of the TSF on the feasibility of development projects throughout the City; and

WHEREAS, The TSF Expenditure Plan will help enable the San Francisco Municipal Transportation Agency ("SFMTA") and other regional transportation agencies serving San Francisco to meet the demand generated by new development and thus maintain their existing level of service; and

WHEREAS, The TSF will require sponsors of development projects in the City to pay a fee that is reasonably related to the financial burden such projects impose on the City's transportation network; and

WHEREAS, Every five years, or sooner if requested by the Mayor or the Board of Supervisors, the SFMTA will update the TSF Economic Feasibility Study, analyzing the impact of the TSF on the feasibility of development, throughout the City; and

WHEREAS, The Planning Department determined that the proposed legislation is not a project under the California Environmental Quality Act, as a "government funding mechanism or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment." (CEQA Guidelines Section 15378(b)(4)); and

WHEREAS, The Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance on September 10, 2015; and

WHEREAS, the Planning Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of Department staff and other interested parties; and

WHEREAS, all pertinent documents may be found in the files of the Department, as the custodian of records, at 1650 Mission Street, Suite 400, San Francisco; and

WHEREAS, the Planning Commission has reviewed the proposed Ordinance; now, therefore, be it

MOVED, that the Planning Commission hereby recommends that the Board of Supervisors **approve** the proposed ordinance.

FINDINGS

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

1. Substantial investments in infrastructure are needed to address the predicted demands on the transportation system and street network generated by new growth.

2. The TSF is an efficient and equitable method of providing funds to address the transportation demands imposed on the City by new development projects, and is projected to generate approximately $1.2 billion in revenue over the next 30 years, of which approximately $420 million would be new revenue.

3. The TSF rates were set to maximize revenues for transportation and complete streets without making developments too costly to build, and were based on the findings of the TSF Nexus Study and TSF Economic Feasibility Study.

4. **General Plan Compliance.** The proposed amendments to the Planning Code are not addressed in the General Plan; the Commission finds that the proposed Ordinance is not inconsistent with the Objectives and Policies of the General Plan.

5. **Planning Code Section 101 Findings.** The proposed amendments to the Planning Code are consistent with the eight Priority Policies set forth in Section 101.1(b) of the Planning Code in that:

    1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced;

        The proposed Ordinance would not have a negative impact on neighborhood serving retail uses and will not impact opportunities for resident employment in and ownership of neighborhood-serving retail.

    2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods;

        The proposed Ordinance would not have a negative effect on housing or neighborhood character.

    3. That the City's supply of affordable housing be preserved and enhanced;

        The proposed Ordinance would not have an adverse effect on the City's supply of affordable housing.

    4. That commuter traffic not impede MUNI transit service or overburden our streets or

neighborhood parking;

The proposed Ordinance would not result in commuter traffic impeding MUNI transit service or overburdening the streets or neighborhood parking, and would raise revenues to enhance transit service and improve streets to meet growing demand.

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced;

   The proposed Ordinance would not cause displacement of the industrial or service sectors due to office development, and future opportunities for resident employment or ownership in these sectors would not be impaired.

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake;

   The proposed Ordinance would not have an impact on City's preparedness against injury and loss of life in an earthquake.

7. That the landmarks and historic buildings be preserved;

   The proposed Ordinance would not have an impact on the City's Landmarks and historic buildings.

8. That our parks and open space and their access to sunlight and vistas be protected from development;

   The proposed Ordinance would not have an impact on the City's parks and open space and their access to sunlight and vistas.

8. **Planning Code Section 302 Findings.** The Planning Commission finds from the facts presented that the public necessity, convenience and general welfare require the proposed amendments to the Planning Code as set forth in Section 302.

NOW THEREFORE BE IT RESOLVED that the Commission hereby recommends that the Board ADOPT the proposed Ordinance as described in this Resolution.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on September 10, 2015.

Jonas P. Ionin
Commission Secretary

AYES:

NOES:

ABSENT:

ADOPTED:

SUBSTITUTED
7/28/2015

FILE NO. 150790 ORDINANCE NO.

[Planning Code - Establishing a New Citywide Transportation Sustainability Fee]

Ordinance amending the Planning Code by establishing a new citywide Transportation Sustainability Fee and suspending application of the existing Transit Impact Development Fee, with some exceptions, as long as the Transportation Sustainability Fee remains operative; amending Section 401 to add definitions reflecting these changes; amending Section 406 to clarify affordable housing and homeless shelter exemptions from the Transportation Sustainability Fee; making conforming amendments to the Area Plan fees in Planning Code, Article 4; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings, including general findings, findings of public necessity, convenience, and welfare, and findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
Additions to Codes are in *single-underline italics Times New Roman font*.
Deletions to Codes are in ~~*strikethrough italics Times New Roman font*~~.
Board amendment additions are in double-underlined Arial font.
Board amendment deletions are in ~~strikethrough Arial font~~.
Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Findings. The Board of Supervisors of the City and County of San Francisco hereby finds and determines that:

(a) The Planning Department has determined that the actions contemplated in this ordinance comply with the California Environmental Quality Act (California Public Resources Code Section 21000 et seq.). Said determination is on file with the Clerk of the Board of

Supervisors in File No. ___ and is incorporated herein by reference. The Board affirms this determination.

(b) On _____, the Planning Commission, in Resolution No. _____, adopted findings that the actions contemplated in this ordinance are consistent, on balance, with the City's General Plan and eight priority policies of Planning Code Section 101.1. The Board adopts these findings as its own. A copy of said Resolution is on file with the Clerk of the Board of Supervisors in File No. _____, and is incorporated herein by reference.

(c) On _____, the Planning Commission, in Resolution No. _____, approved this legislation, recommended it for adoption by the Board of Supervisors, and adopted findings that it will serve the public necessity, convenience and welfare. Pursuant to Planning Code Section 302, the Board adopts these findings as its own. A copy of said Resolution is on file with the Clerk of the Board of Supervisors in File No. _____, and is incorporated by reference herein.

Section 2. The Planning Code is hereby amended by adding Sections 411A, 411A.1, 411A.2, 411A.3, 411A.4, 411A.5, 411A.6, 411A.7, and 411A.8, to read as follows:

SEC. 411A. TRANSPORTATION SUSTAINABILITY FEE.

Sections 411A.1 through 411A.8 (hereafter referred to collectively as "Section 411A") set forth the requirements and procedures for the Transportation Sustainability Fee ("TSF").

SEC. 411A.1. FINDINGS.

(a) In 1981, San Francisco ("the City") enacted Ordinance No. 224-81, imposing a Transit Impact Development Fee ("TIDF") on new office development in the downtown area. The TIDF was based on studies showing that the development of new office uses places a burden on the City's transit

system, especially in the downtown area of San Francisco during commute hours, known as "peak periods."

(b) The City later amended the TIDF, and made it applicable to non-residential Development Projects citywide, recognizing that development has transportation impacts across the City's transportation network.

(c) Starting in 2009, the City and the San Francisco County Transportation Authority worked to develop the concept of a comprehensive citywide transportation fee and supporting nexus study (the "TSF Nexus Study"). The fee would offset impacts of Development Projects, both residential and non-residential, on the City's transportation network, including impacts on transportation infrastructure that support pedestrian and bicycle travel. The Nexus Study is on file with the Clerk of the Board of Supervisors in File No. , and is incorporated herein by reference.

(d) The TSF Nexus Study concluded that all new land uses in San Francisco will generate an increased demand for transportation infrastructure and services, and recommended that the TSF apply to both residential and non-residential Development Projects in the City.

(e) In accordance with the TSF Nexus Study, Section 411A imposes a citywide transportation fee, the TSF, which will allow the San Francisco Municipal Transportation Agency ("SFMTA") and other regional transportation agencies serving San Francisco to meet the demand generated by new development and thus maintain their existing level of service. Section 411A will require sponsors of Development Projects in the City to pay a fee that is reasonably related to the financial burden such projects impose on the City. This financial burden is measured by the cost that will be incurred by SFMTA and other transportation agencies serving San Francisco to meet the demand for transit capital maintenance, transit capital facilities and fleet, and pedestrian and bicycle infrastructure (also referred to as "complete streets" infrastructure) created by new development throughout the City.

(f) The TSF Nexus Study justifies charging fee rates higher than those Section 411A imposes. The rates imposed herein take into consideration the recommendations of a TSF Economic Feasibility Study that the City prepared in conjunction with TSF. The TSF Economic Feasibility Study took into account the impact of the TSF on the feasibility of development, throughout the City. The TSF Economic Feasibility Study is on file with the Clerk of the Board of Supervisors in File No. , and is incorporated herein by reference.

(g) The fee rates charged herein are no higher than necessary to cover the reasonable costs of providing transportation infrastructure and service to the population associated with the new Development Projects, such as residents, visitors, employees and customers. The TSF will provide revenue that is significantly below the costs that SFMTA and other transit providers will incur to mitigate the transportation infrastructure and service needs resulting from the Development Projects.

(h) The TSF is an efficient and equitable method of providing funds to mitigate the transportation demands imposed on the City by new Development Projects.

(i) Based on the above findings and the TSF Nexus Study, the City determines that the TSF satisfies the requirements of California Government Code Section 66001 et seq. ("the Mitigation Fee Act"), as follows:

(1) The purpose of the TSF is to help meet the demands imposed on the City's transportation system by new Development Projects.

(2) Funds from collection of the TSF will be used to meet the demand for transit capital maintenance, transit capital facilities and fleet, and pedestrian and bicycle infrastructure generated by new development in the City.

(3) There is a reasonable relationship between the proposed uses of the TSF and the impacts of Development Projects subject to the TSF on the transportation system in the City.

(4) There is a reasonable relationship between the types of Development Projects on which the TSF will be imposed and the need to fund transportation system improvements.

(5) There is a reasonable relationship between the amount of the TSF to be imposed on Development Projects and the impact on transit resulting from such projects.

SEC. 411A.2. DEFINITIONS.

See Section 401 of this Article 4 for definitions of terms applicable to this Section 411A. In addition, the following abbreviations are used throughout Section 411A: TIDF (Transit Impact Development Fee); TSF (Transportation Sustainability Fee).

SEC. 411A.3. APPLICATION OF TSF.

(a) Except as provided in Subsection (b), the TSF shall apply to any Development Project in the City that results in:

(1) More than twenty new dwelling units;

(2) New group housing facilities, or additions of 800 gross square feet or more to an existing group housing facility;

(3) New construction of a Non-Residential or PDR use in excess of 800 gross square feet, or additions of 800 square feet or more to an existing Non-Residential or PDR use; or

(4) Change or Replacement of Use, such that the rate charged for the new use is higher than the rate charged for the existing use, regardless of whether the existing use previously paid the TSF or TIDF.

(b) Exemptions: Notwithstanding Subsection (a), the TSF shall not apply to the following:

(1) City projects. Development Projects on property owned by the City, except for that portion of a Development Project that may be developed by a private sponsor and not intended to be occupied by the City or other agency or entity exempted under Section 411A, in which case the TSF shall apply only to such non-exempted portion. Development Projects on property owned by a private

person or entity and leased to the City shall be subject to the fee, unless such Development Project is otherwise exempted under Section 411A.

(2) Redevelopment Projects. Development Projects in a Redevelopment Plan Area or in an area covered by a Development Agreement in existence at the time a building or site permit is issued for the Development Project, to the extent payment of the TSF would be inconsistent with such Redevelopment Plan or Development Agreement.

(3) Projects of the United States. Development Projects located on property owned by the United States or any of its agencies to be used exclusively for governmental purposes.

(4) Projects of the State of California. Development Projects located on property owned by the State of California or any of its agencies to be used exclusively for governmental purposes.

(5) Affordable Housing Projects. Affordable housing, pursuant to the provisions of Planning Code Section 406(b), other than that required by Planning Code Sections 415 or 419 et seq., or any units that trigger a Density Bonus under California Government Code Sections 65915-65918,

(6) Small Businesses. Expansion of any existing Non-Residential or PDR use, whether through a Change of Use or an expansion to an existing structure, provided that: (A) the gross square footage of both the existing and the resulting use is not greater than 5,000 gross square feet, and (B) the resulting use is not a Formula Retail use, as defined in Section 303.1 of this Code. This exemption shall not apply to new construction or Replacement of Use.

(7) Charitable Exemptions.

(A) The TSF shall not apply to any portion of a project located on a property or portion of a property that will be exempt from real property taxation or possessory interest taxation under California Constitution, Article XIII, Section 4, as implemented by California Revenue and Taxation Code Section 214. However, any Post-Secondary Educational Institution that requires an

Institutional Master Plan under Section 304.5 of the Planning Code shall not be eligible for this charitable exemption.

(B) It is anticipated that by January 1, 2030, the hospital seismic retrofitting process mandated by Article 8 (commencing with Section 15097.100) of Chapter 1, Division 12.5 of the California Health and Safety Code will have been completed, although the State Legislature may extend the deadline. It is the intention of the Board of Supervisors to consider, when that process is completed, whether hospitals that require an Institutional Master Plan under Section 304.5 of the Planning Code should be subject to the TSF.

(C) Any project receiving a Charitable Exemption shall maintain its tax exempt status, as applicable, for at least 10 years after the issuance of its Certificate of Final Completion. If the property or portion thereof loses its tax exempt status within the 10-year period, then the property owner shall be required to pay the TSF that was previously exempted. Such payment shall be required within 90 days of the property losing its tax exempt status.

(D) If a property owner fails to pay the TSF within the 90-day period, a notice for request of payment shall be served by the Development Fee Collection Unit at DBI under Section 107A.13 of the San Francisco Building Code. Thereafter, upon nonpayment, a lien proceeding shall be instituted under Section 408 of this Article and Section 107A.13.15 of the San Francisco Building Code.

(E) The Zoning Administrator shall approve and order the recordation of a Notice in the Official Records of the Recorder of the City and County of San Francisco for the subject property prior to the issuance of a building or site permit. This Notice shall state the amount of the TSF exempted per this subsection (b)(7). It shall also state the requirements and provisions of subsections (b)(7)(A) and (b)(7)(C) above.

(c) Relationship between the TSF and Area Plan Fees Devoted to Transit. Except as provided in subsection (d), all Development Projects subject to the TSF shall pay the full TSF. Where

Development Projects are subject to both the TSF and an Area Plan Impact Fee, a portion of which is dedicated to transit improvements, the Development Projects shall pay the fees as follows:

(1) Non-Residential portions of developments shall pay both the TSF and the Area Plan Impact Fee.

(2) Residential portions of developments shall pay the TSF. The transit component of an Area Plan Impact Fee applicable to the Residential portion of such development may be reduced by the amount of TSF due, up to the full amount, as set forth in Sections 421.3, 422.3, 423.3 and 424 of this Code.

(3) The Planning Department shall maintain a master fee schedule that clearly identifies, for each Area Plan Impact Fee: the transit portion of the Area Plan Impact Fee, the amount of such Area Plan Impact Fee that may be reduced in accordance with subsection (c)(2), above, and the resulting net Area Plan Impact Fee after taking the TSF reduction into account.

(d) Application of the TSF to Projects in the Approval Process at the Effective Date of Section 411A. The TSF shall apply to Development Projects that are in the approval process at the effective date of Section 411A, except as modified below:

(1) Projects that have a Development Application approved before the effective date of this Section shall not pay the TSF, but shall be subject to the TIDF at the rate applicable per Planning Code Sections 411.3(e) and 409, as well as any other applicable fees.

(2) Projects that have filed a Development Application or environmental review application before the effective date of this Section, but have not received approval of any such application, shall pay the TSF as follows:

(A) Residential Uses subject to the TSF shall pay 50% of the applicable residential TSF rate, as well as any other applicable fees.

(B) The Non-residential portion of any project shall pay the applicable TIDF rate per Planning Code Sections 411.3(e) and 409, as well as any other applicable fees.

(e) Effect of TSF on TIDF and Development Subject to TIDF.

(1) The provisions of this Section 411A are intended to supersede the provisions of Section 411 et seq. as to new development in the City as of the effective date of Section 411A, except as stated below. The provisions of Section 411 et seq. are hereby suspended, with the following exceptions:

(A) Section 411 et seq. shall remain operative and effective with respect to any Redevelopment Plan, Development Agreement, Interagency Cooperation Agreement, or any other agreement entered into by the City that is valid and effective on the effective date of Section 411A, and that by its terms would preclude the application of Section 411A, and instead allow for the application of Section 411 et seq.

(B) Section 411 et seq. shall remain operative and effective with respect to Development Projects that are in the approval process as of the effective date of Section 411A, and for which the TIDF is imposed as set forth in Section 411A.3(d).

(C) Section 411 et seq. shall remain operative and effective with respect to imposition and collection of the TIDF for any new development for which a Development Application was approved prior to the effective date of Section 411A, and for which TIDF has not been paid.

(2) Notwithstanding subsection (e)(1) above, if the City Attorney certifies in writing to the Clerk of the Board of Supervisors that a court has determined that the provisions of Section 411A are invalid or unenforceable in whole or substantial part, the provisions of Section 411 shall no longer be suspended and shall become operative as of the effective date of the court ruling. In that event, the City Attorney shall cause to be printed appropriate notations in the Planning Code indicating that the provisions of Section 411A are suspended, and the provisions of Section 411 are no longer suspended.

(3) The City Attorney's certification referenced in subsection (e)(2) above shall be superseded if the City Attorney thereafter certifies in writing to the Clerk of the Board of Supervisors that the provisions of Section 411A are valid and enforceable in whole or in substantial part because

the court decision referenced in subsection (e)(2) has been reversed, overturned, invalidated, or otherwise rendered inoperative with respect to Section 411A. In that event, the provisions of Section 411A shall no longer be suspended and shall become operative as of the date the court decision no longer governs, and the provisions of Section 411 shall be suspended except as specified in Section 411A. Further, the City Attorney shall cause to be printed appropriate notations in the Planning Code indicating the same.

SEC. 411A.4. CALCULATION OF TSF.

(a) Calculation. The TSF shall be calculated on the basis of the number of gross square feet of the Development Project, multiplied by the TSF rate in effect at the issuance of the First Construction Document for each of the applicable land use categories within the Development Project, as provided in the Fee Schedule set forth in Section 411A.5, except as provided in subsection (b) below. An accessory use shall be charged at the same rate as the underlying use to which it is accessory. In reviewing whether a Development Project is subject to the TSF, the project shall be considered in its entirety. A project sponsor shall not seek multiple applications for building permits to evade paying the TSF for a single Development Project.

(b) Change or Replacement of Use. When calculating the TSF for a development project in which there is a Change of Use such that the rate charged for the new land use category is higher than the rate charged for the category of the existing legal land use, the TSF per square foot rate shall be the difference between the rate charged for the new and the existing use.

SEC. 411A.5. TSF SCHEDULE.

Development Projects subject to the TSF shall pay the following fees, as adjusted annually in accordance with Planning Code Section 409(b).

Table 411A.5. TSF Schedule

Land Use Categories	***TSF Per Gross Square Foot of Development Project***
Residential	*$ 7.74*
Non-Residential	*$ 18.04*
Production, Distribution and Repair	*$ 7.61*

SEC. 411A.6. TSF EXPENDITURE PROGRAM

As set forth in the TSF Nexus Study, on file with the Clerk of the Board of Supervisors File No. _____, TSF funds may only be used to reduce the burden imposed by Development Projects on the City's transportation system. Expenditures shall be allocated as follows, giving priority to specific projects identified in the different Area Plans:

Table 411A.6A. TSF Expenditure Program

Transit Capital Maintenance	
Subtotal	*61%*
Transit Service Expansion & Reliability Improvements – San Francisco	
Subtotal	*32%*
Transit Service Expansion & Reliability Improvements – Regional Transit Providers	
Subtotal	*2%*
Complete Streets (Bicycle and Pedestrian) Improvements	
Subtotal	*3%*
Program Administration	*2%*

Total	*100.0%*

Within the Rincon Hill Community Improvements Program Area, per Planning Code Section 418 and the Visitacion Valley Fee Area, per Planning Code Section 420, expenditures shall be allocated as follows:

Table 411A.6B. TSF Expenditure Program in Rincon Hill and Visitacion Valley

Transit Capital Maintenance	
Subtotal	*61%*
Transit Service Expansion & Reliability Improvements – San Francisco	
Subtotal	*35%*
Transit Service Expansion & Reliability Improvements – Regional Transit Providers	
Subtotal	*2%*
Complete Streets (Bicycle and Pedestrian) Improvements	
Subtotal	*0%*
Program Administration	*2%*
Total	*100.0%*

SEC. 411A.7. TSF FUND

Money received from collection of the TSF, including earnings from investments of the TSF, shall be held in trust by the Treasurer of the City and County of San Francisco under California Government Code Section 66006 of the Mitigation Fee Act. It shall be distributed according to the fiscal and budgetary provisions of the San Francisco Charter and the Mitigation Fee Act, subject to the following conditions and limitations. As reasonably necessary to mitigate the impacts of new development on the City's public transportation system, TSF funds may be used to fund transit capital

maintenance projects, transit capital facilities and fleet, and complete streets (pedestrian and bicycle) infrastructure. These expenditures may include, but are not limited to: capital costs associated with establishing new transit routes, expanding transit routes, and increasing service on existing transit routes, including, but not limited to, procurement of related items such as rolling stock, and design and construction of bus shelters, stations, tracks, and overhead wires; capital or maintenance costs required to add revenue service hours or enhanced capacity to existing routes; capital costs of pedestrian and bicycle facilities, including, but not limited to, sidewalk paving and widening, pedestrian and bicycle signalization of crosswalks or intersection, bicycle lanes within street right-of-way, physical protection of bicycle facilities from motorized traffic, bike sharing, bicycle parking, and traffic calming. Proceeds from the TSF may also be used to administer, enforce, or defend Section 411A.

SEC. 411A.8. FIVE YEAR REVIEW OF ECONOMIC FEASIBILITY STUDY.

Every five years, or sooner if requested by the Mayor or the Board of Supervisors, the SFMTA shall update the TSF Economic Feasibility Study. This update shall analyze the impact of the TSF on the feasibility of development, throughout the City. This update shall be in addition to the five-year evaluation of all development fees mandated by Section 410 of this Code.

Section 3. The Planning Code is hereby amended by amending Section 411, to read as follows:

SEC. 411. TRANSIT IMPACT DEVELOPMENT FEE.

(a) Sections 411.1 through 411.9, hereafter referred to as Section 411.1 *et seq.*, set forth the requirements and procedures for the TIDF. The effective date of these requirements shall be the date the requirements were originally effective or were subsequently modified, whichever applies.

(b) Partial Suspension of Section 411 et seq. In accordance with Planning Code Section 411A.3(e), the provisions of Section 411A are intended, with certain exceptions, to supersede the provisions of Section 411 et seq., as to new development in the City as of the effective date of Section 411A. Accordingly, Section 411A.3(e) suspends, with certain exceptions, the operation of Section 411 et seq., and states the circumstances under which such suspension shall be lifted.

Section 4. The Planning Code is hereby amended by revising Section 401, to read as follows:

SEC. 401. DEFINITIONS.

* * * *

"Area Plan Impact Fee" shall mean a development impact fee collected by the City to mitigate impacts of new development in the Area Plans of the San Francisco General Plan, under Article 4 of the Planning Code.

* * * *

"Development Application" shall mean any application for a building permit, site permit, Conditional Use, Variance, Large Project Authorization, or any application pursuant to Planning Code Sections 309, 309.1, or 322.

* * * *

"Hope SF Project Area" shall mean an area owned by or previously owned by the San Francisco Housing Authority that is currently undergoing, or planned to undergo redevelopment, whereby existing affordable dwelling units will be replaced, new affordable housing units will be constructed, and market-rate units may be constructed as a means to cross-subsidize newly needed infrastructure and affordable units. Hope SF Project Area shall include the Hunters View project, which is located within the Hunters View Special Use District, the Potrero Terrace and Annex Project, which includes Assessor's Block 4367, Lots 004 and 004A; Block 4220A, Lot 001, Block 4222, Lot 001;

and Block 4223, Lot 001; and the Sunnydale / Velasco Project, which includes Assessor's Block 6310, Lot 001; Block 6311, Lot 001; Block 6312, Lot 001; Block 6313, Lot 001; Block 6314, Lot 001; and Block 6315, Lot 001.

Section 5. The Planning Code is hereby amended by revising Section 406, to read as follows:

SEC. 406. WAIVER, REDUCTION, OR ADJUSTMENT OF DEVELOPMENT PROJECT REQUIREMENTS.

(a) Waiver or Reduction Based on Absence of Reasonable Relationship.

(1) The sponsor of any development project subject to a development fee or development impact requirement imposed by this Article may appeal to the Board of Supervisors for a reduction, adjustment, or waiver of the requirement based upon the absence of any reasonable relationship or nexus between the impact of development and either the amount of the fee charged or the on-site requirement.

(2) Any appeal authorized by this Section shall be made in writing and filed with the Clerk of the Board no later than 15 days after the date the Department or Commission takes final action on the project approval that assesses the requirement. The appeal shall set forth in detail the factual and legal basis for the claim of waiver, reduction, or adjustment.

(3) The Board of Supervisors shall consider the appeal at a public hearing within 60 days after the filing of the appeal. The appellant shall bear the burden of presenting substantial evidence to support the appeal, including comparable technical information to support appellant's position. The decision of the Board shall be by a simple majority vote and shall be final.

(4) If a reduction, adjustment, or waiver is granted, any change in use within the project shall invalidate the waiver, adjustment, or reduction of the fee or inclusionary

requirement. If the Board grants a reduction, adjustment or waiver, the Clerk of the Board shall promptly transmit the nature and extent of the reduction, adjustment or waiver to the Development Fee Collection Unit at DBI and the Unit shall modify the Project Development Fee Report to reflect the change.

(b) Waiver or Reduction, Based on Housing Affordability.

(1) An affordable housing unit shall receive a waiver from the Rincon Hill Community Infrastructure Impact Fee, the Market and Octavia Community Improvements Impact Fee, the Eastern Neighborhoods Infrastructure Impact Fee, the Balboa Park Impact Fee, ~~*and*~~ the Visitacion Valley Community Facilities and Infrastructure Impact Fee, *and the Transportation Sustainability Fee*, if the affordable housing unit *is located within a HOPE SF Project Area, or if the affordable housing unit*:

(A) is *i)* affordable to a household at or below 80% of the Area Median Income (as published by HUD), including units that qualify as replacement Section 8 units under the HOPE SF program, *or ii) affordable to a household at or below 150% of the Area Median Income (as published by HUD), if located within a building where all residential units are income restricted, except as provided in subsection (b)(3), below*;

(B) is subsidized by MOH, the San Francisco Housing Authority, and/or the San Francisco Redevelopment Agency; and

(C) is subsidized in a manner which maintains its affordability for a term no less than 55 years, whether it is a rental or ownership opportunity. Project sponsors must demonstrate to the Planning Department staff that a governmental agency will be enforcing the term of affordability and reviewing performance and service plans as necessary.

(2) Projects that meet the requirements of this subsection are eligible for a 100 percent fee reduction until an alternative fee schedule is published by the Department.

(3) Projects that are located within a HOPE SF Project Area are eligible for a 100 percent fee reduction, applicable both to the affordable housing units and the market-rate units within such projects.

(~~3~~4) This waiver clause shall not be applied to units built as part of a developer's efforts to meet the requirements of the Inclusionary Affordable Housing Program, ~~and~~ Section*s* 415 *or 419* of this Code. *or any units that trigger a Density Bonus under California Government Code Sections 65915-65918.*

(c) Waiver for Homeless Shelters. A Homeless Shelter, as defined in Section 102 of this Code, is not required to pay the Rincon Hill Community Infrastructure Impact Fee, the Transit Center District Impact Fees, the Market and Octavia Community Improvements Impact Fee, the Eastern Neighborhoods Infrastructure Impact Fee, the Balboa Park Impact Fee, ~~and~~ the Visitacion Valley Community Facilities and Infrastructure Impact Fee. *and the Transportation Sustainability Fee.*

(d) Waiver Based on Duplication of Fees. The City shall make every effort not to assess duplicative fees on new development. In general, project sponsors are only eligible for fee waivers under this Subsection if a contribution to another fee program would result in a duplication of charges for a particular type of community infrastructure. The Department shall publish a schedule annually of all known opportunities for waivers and reductions under this clause, including the specific rate. Requirements under Section 135 and 138 of this Code do not qualify for a waiver or reduction. Should future fees pose a duplicative charge, such as a Citywide open space or childcare fee, the same methodology shall apply and the Department shall update the schedule of waivers or reductions accordingly.

Section 6. The Planning Code is hereby amended by revising Sections 418.3, 420.3 and 424.7.2, to read as follows:

SEC. 418. RINCON HILL COMMUNITY IMPROVEMENTS FUND AND SOMA COMMUNITY STABILIZATION FUND.

* * * *

SEC. 418.3. APPLICATION.

* * * *

(c) Fee Calculation for the Rincon Hill Community Infrastructure Impact Fee. For development projects for which the Rincon Hill Community Infrastructure Impact Fee is applicable:

(1) Any net addition of gross square feet shall pay per the Fee Schedule in Table 418.3A, and

(2) Any replacement of gross square feet or change of use shall pay per the Fee Schedule in Table 418.3B.

*(3) **No Reduction of Residential Fee**. The transit component of this fee applicable to the Residential portion of a Development Project shall not be reduced by the amount of TSF due for the same Residential portion, pursuant to Planning Code Section 411A.3(b).*

* * * *

SEC. 420. VISITATION VALLEY COMMUNITY FACILITIES AND INFRASTRUCTURE FEE AND FUND.

* * * *

SEC. 420.3 APPLICATION OF VISITACION VALLEY COMMUNITY IMPROVEMENTS FACILITIES AND INFRASTRUCTURE FEE

* * * *

***(e) No Reduction of Residential Fee**. The transit component of this fee applicable to the Residential portion of a Development Project shall not be reduced by the amount of TSF due for the same Residential portion, pursuant to Planning Code Section 411A.3(b).*

*** * * ***

SEC. 424.7. TRANSIT CENTER DISTRICT TRANSPORTATION AND STREET IMPROVEMENT IMPACT FEE AND FUND.

* * * *

SEC. 424.7.2. APPLICATION OF TRANSIT CENTER DISTRICT TRANSPORTATION AND STREET IMPROVEMENT IMPACT FEE.

* * * *

(c) **Fee Calculation for the Transit Center District Transportation and Street Improvement Impact Fee**. For development projects for which the Transit Center District Transportation and Street Improvement Impact Fee is applicable the corresponding fee for net addition of gross square feet is listed in Table 424.7A. Where development project includes more than one land use, the overall proportion of each use relative to other uses on the lot shall be used to calculate the applicable fees regardless of the physical distribution or location of each use on the lot. If necessary, the Director shall issue a Guidance Statement clarifying the methodology of calculating fees.

(1) **Transit Delay Mitigation Fee**. The fee listed in Column A shall be assessed on all applicable gross square footage for the entire development project.

(2) **Base Fee**. The fee listed in Column B shall be assessed on all applicable gross square footage for the entire development project.

(3) **Projects Exceeding FAR of 9:1**. For development projects that result in the Floor Area Ratio on the lot exceeding 9:1, the fee listed in Column C shall be assessed on all applicable gross square footage on the lot above an FAR of 9:1.

(4) **Projects Exceeding FAR of 18:1**. For development projects that result in the Floor Area Ratio on the lot exceeding 18:1, the fee listed in Column D shall be assessed on all applicable gross square footage on the lot above an FAR of 18:1.

(5) For projects that are eligible to apply TDR units to exceed an FAR of 9:1 pursuant to Section 123(e)(1), the fee otherwise applicable to such square footage according to subsections (3) and (4) above shall be waived.

*(6) **No Reduction of Residential Fee**. The transit component of this fee applicable to the Residential portion of a Development Project shall not be reduced by the amount of TSF due for the same Residential portion, pursuant to Planning Code Section 411A.3(b).*

* * * *

Section 7. The Planning Code is hereby amended by revising Sections 421.3, 422.3, 423.3, 423.5 and 424.3, and deleting Section 421.7, to read as follows:

SEC. 421. MARKET AND OCTAVIA COMMUNITY IMPROVEMENTS FUND.

* * * *

SEC. 421.3. APPLICATION OF COMMUNITY IMPROVEMENTS IMPACT FEE.

* * * *

(c) Fee Calculation for the Market and Octavia Community Improvement Impact Fee. For development projects for which the Market and Octavia Community Improvements Impact Fee is applicable:

(1) Any net addition of gross square feet shall pay per the Fee Schedule in Table 421.3A, and

(2) Any replacement of gross square feet or change of use shall pay per the Fee Schedule in Table 421.3B.

(3) Reduction of Residential Fee. The transit component of this fee applicable to the Residential portion of a Development Project shall be reduced, up to the full amount, by the amount of TSF due for the same Residential portion, pursuant to Planning Code Section 411A.3(b).

* * * *

~~***SEC. 421.7. TRANSPORTATION STUDIES AND FUTURE FEES.***~~

~~*(a) Purpose. Studies conducted by the City including the Transit Impact Development Fee nexus study, the ongoing Eastern Neighborhoods studies, and others indicate that new residential development and the creation of new non-residential or residential parking facilities negatively impact the City's transportation infrastructure and services. The purpose of this Section is to authorize a nexus study establishing the impact of new residential development and new parking facilities, in nature and amount, on the City's transportation infrastructure and parking facilities and, if justified, to impose impact fees on residential development and projects containing parking facilities.*~~

~~*(b) Timing. No later than October 15, 2008, the City shall initiate a study as described below. The agencies described in subsection (c) shall develop a comprehensive scope and timeline of this study which will enable the Board of Supervisors to pursue policy recommendations through the legislative process as soon as twelve months after the study's initiation.*~~

~~*(c) Process. The study shall be coordinated by the Municipal Transportation Agency (MTA) and the City Attorney's Office. The study shall build on existing Nexus Study work including recently published nexus studies for parks and recreation, childcare facilities, the existing Transit Development Impact Fee Nexus Study, and all relevant area plan nexus analysis. The MTA shall coordinate with all relevant government agencies including the San Francisco County Transportation Authority, the Planning Department, the Mayor's Office of Housing, the Controller's Office, the City Attorney's Office and the City Administrator by creating a task force that meets regularly to discuss the study and resultant policy and program recommendations. The MTA shall hire consultants as deemed appropriate to complete the technical analysis.*~~

~~*(d) Scope. The study shall determine the impact, in nature and amount, of new residential development and new parking facilities, including new individual parking spaces, on transportation infrastructure and services within the City and County of San Francisco. The study shall not consider or develop specific transportation infrastructure improvement recommendations. The study shall make*~~

~~*policy and/or program a recommendations to the Board of Supervisors on the most appropriate mechanisms for funding new transportation infrastructure and services including but not limited to new residential transit impact fees and new parking impact fees.*~~

~~*(e) Springing Condition Projects Subject to Future Fees. Based on the findings of the above-referenced is study the City anticipates that the Board may adopt new impact fees to offset the impact of new parking facilities and residential development on San Francisco's transportation network. As the Market and Octavia Plan Area is one of the first transit oriented neighborhood plans in the City and County of San Francisco the City should strive for a successful coordination of transit oriented development with adequate transportation infrastructure and services. All residential and non-residential development projects in the Market and Octavia Plan Area that receive Planning Department or Commission approval on or after the effective date of this Section shall be subject to any future Citywide or Plan-specific parking impact fees or residential transit impact fees that are established before the project receives a first certificate of occupancy. The Planning Department and Planning Commission shall make payment of any future residential transit impact fee or parking impact fee a condition of approval of all projects in the Market and Octavia Plan Area that receive Planning Department or Commission approval on or after the effective date of this Section, with the following maximum amounts;*~~

~~*(1) Parking Impact fee no more than $5.00 per square foot of floor area dedicated to parking.*~~

~~*(2) Transit Impact fee no more than $9.00 per square foot of residential and non-residential floor area.*~~

* * * *

SEC. 422. BALBOA PARK COMMUNITY IMPROVEMENTS FUND.

* * * *

SEC. 422.3. APPLICATION OF COMMUNITY IMPROVEMENT IMPACT FEE.

* * * *

(c) Fee Calculation for the Balboa Park Impact Fee. For development projects for which the Balboa Park Impact Fee is applicable:

(1) Any net addition of gross square feet shall pay per the Fee Schedule in Table 422.3A, and

(2) Any replacement of gross square feet or change of use shall pay per the Fee Schedule in Table 422.3B.

(3) Reduction of Residential Fee. The transit component of this fee applicable to the Residential portion of a Development Project shall be reduced, up to the full amount, by the amount of TSF due for the same Residential portion, pursuant to Planning Code Section 411A.3(b).

* * * *

SEC. 423. EASTERN NEIGHBORHOODS IMPACT FEES AND PUBLIC BENEFITS FUND.

* * * *

SEC. 423.3. APPLICATION OF EASTERN NEIGHBORHOODS INFRASTRUCTURE IMPACT FEE.

* * * *

(c) Fee Calculation for the Eastern Neighborhoods Infrastructure Impact Fee. For development projects for which the Eastern Neighborhoods Infrastructure Impact Fee is applicable:

(1) Any net addition of gross square feet shall pay per the Fee Schedule in Table 423.3A. and

(2) Any replacement of gross square feet or change of use shall pay per the Fee Schedule in Table 423.3B.

(3) Reduction of Residential Fee. The transit component of this fee applicable to the Residential portion of a Development Project shall be reduced, up to the full amount, by the amount of TSF due for the same Residential portion, pursuant to Planning Code Section 411A.3(b).

* * * *

SEC. 423.5. THE EASTERN NEIGHBORHOODS COMMUNITY IMPROVEMENTS FUND.

* * * *

Table 423.5
BREAKDOWN OF USE OF EASTERN NEIGHBORHOODS COMMUNITY IMPROVEMENTS FEE/FUND BY IMPROVEMENT TYPE*

Improvement Type	*Dollars Received From Residential Development*	*Dollars Received From Non-Residential/Commercial Development*
Complete Streets: Pedestrian and Streetscape Improvements, Bicycle Facilities	31%	34%
Transit	10%	53%
Recreation and Open Space	47.5%	6%
Childcare	6.5%	2%
Program Administration	5%	5%

* Does not apply to Designated Affordable Housing Zones, which are addressed in Table 423.5A

Table 423.5A
BREAKDOWN OF USE OF EASTERN NEIGHBORHOODS PUBLIC BENEFIT FEE/FUND BY IMPROVEMENT TYPE FOR DESIGNATED AFFORDABLE HOUSING ZONES

Improvement Type	*Dollars Received From Residential Development*	*Dollars Received From Non-Residential/Commercial Development*
Affordable Housing preservation and development	75%	n/a
Complete Streets: Pedestrian and Streetscape Improvements, Bicycle Facilities	*4%*	*36%*
~~*Open Space and Recreation*~~	~~*10%*~~	~~*6%*~~
Transit	6%	*53*~~*85*~~%
Recreation and Open Space	*10%*	*6%*
~~*Pedestrian and Streetscape Improvements*~~	~~*4%*~~	~~*4%*~~
Program administration	5%	5%

* * * *

SEC. 424. VAN NESS AND MARKET AFFORDABLE HOUSING AND NEIGHBORHOOD INFRASTRUCTURE FEE AND PROGRAM.

* * * *

SEC. 424.3. APPLICATION OF VAN NESS AND MARKET AFFORDABLE HOUSING AND NEIGHBORHOOD INFRASTRUCTURE FEE AND PROGRAM.

* * * *

(b) Amount of Fee.

(i) All uses in any development project within the Van Ness and Market Downtown Residential Special Use District shall pay $30.00 per net additional gross square foot of floor

area in any portion of building area exceeding the base development site FAR of 6:1 up to a base development site FAR of 9:1.

(ii) All uses in any Development Project within the Van Ness and Market Downtown Residential Special Use District shall pay $15.00 per net additional gross square foot of floor area in any portion of building area exceeding the base development site FAR of 9:1.

(iii) Reduction of Residential Fee. The transit component of this fee applicable to the Residential portion of a development project shall be reduced, up to the full amount, by the amount of TSF due for the same Residential portion, pursuant to Planning Code Section 411A.3(b).

* * * *

Section 8. The Planning Code is hereby amended by revising Sections 421.1, 422.1, 423.1, and 424.1, to read as follows:

SEC. 421.1. PURPOSE AND FINDINGS SUPPORTING THE MARKET AND OCTAVIA COMMUNITY IMPROVEMENTS FUND.

* * * *

(b) Findings. The Board of Supervisors has reviewed the San Francisco Citywide Nexus Analysis prepared by AECOM dated March 2014 ("Nexus Analysis"), ~~*and*~~ the San Francisco Infrastructure Level of Service Analysis prepared by AECOM dated March 2014, *and the Transportation Sustainability Fee Nexus Study (TSF Nexus Study), dated May, 2015,* ~~*both*~~ on file with the Clerk of the Board in File*s* No*s*. *150149 and* _____, and, under Section 401A, adopts the findings and conclusions of those studies and the general and specific findings in that Section, specifically including the Recreation and Open Space Findings, Pedestrian and Streetscape Findings, Childcare Findings, ~~*and*~~ Bicycle Infrastructure Findings, *and Transit*

Findings, and incorporates those by reference herein to support the imposition of the fees under this Section.

~~*The Board takes legislative notice of the findings supporting these fees in former Planning Code Section 421.1 (formerly Section 326 et seq.) and the materials associated with Ordinance No. 72-08 in Board File No. 071157. To the extent that the Board previously adopted fees in this Area Plan that are not covered in the analysis of the 4 infrastructure areas analyzed in the Nexus Analysis, including but not limited to fees related to transit, the Board continues to rely on its prior analysis and the findings it made in support of those fees.*~~

* * * *

SEC. 422.1. PURPOSE AND FINDINGS IN SUPPORT OF BALBOA PARK COMMUNITY IMPROVEMENTS FUND.

*** * * ***

(b) Findings. The Board of Supervisors has reviewed the San Francisco Citywide Nexus Analysis prepared by AECOM dated March 2014 ("Nexus Analysis"), ~~*and*~~ the San Francisco Infrastructure Level of Service Analysis prepared by AECOM dated March 2014, *and the Transportation Sustainability Fee Nexus Study (TSF Nexus Study), dated May, 2015,* ~~*both*~~ on file with the Clerk of the Board in File*s* No*s*. *150149 and* _____, and, under Section 401A, adopts the findings and conclusions of those studies and the general and specific findings in that Section, specifically including the Recreation and Open Space Findings, Pedestrian and Streetscape Findings, Childcare Findings, ~~*and*~~ Bicycle Infrastructure Findings *and Transit Findings*, and incorporates those by reference herein to support the imposition of the fees under this Section.

~~*The Board takes legislative notice of the findings supporting these fees in former Planning Code Section 422.1 (formerly Section 331 et seq.) and the materials associated with Ordinance No. 61-09 in*~~

~~*Board File No. 090181 and the Balboa Park Community Improvements Program, on file with the Clerk of the Board in File No. 090179. To the extent that the Board previously adopted fees in this Area Plan that are not covered in the analysis of the four infrastructure areas analyzed in the Nexus Analysis, including but not limited to fees related to transit, the Board continues to rely on its prior analysis and the findings it made in support of those fees.*~~

* * * *

SEC. 423.1. PURPOSE AND FINDINGS SUPPORTING EASTERN NEIGHBORHOODS IMPACT FEES AND COMMUNITY IMPROVEMENTS FUND.

* * * *

(b) Findings. The Board of Supervisors has reviewed the San Francisco Citywide Nexus Analysis prepared by AECOM dated March 2014 ("Nexus Analysis"), ~~*and*~~ the San Francisco Infrastructure Level of Service Analysis prepared by AECOM dated March 2014, *and the Transportation Sustainability Fee Nexus Study (TSF Nexus Study), dated May, 2015,* ~~*both*~~ on file with the Clerk of the Board in File*s* No*s*. *150149 and _____*, and, under Section 401A, adopts the findings and conclusions of those studies and the general and specific findings in that Section, specifically including the Recreation and Open Space Findings, Pedestrian and Streetscape Findings, Childcare Findings, ~~*and*~~ Bicycle Infrastructure Findings*, and Transit Findings*, and incorporates those by reference herein to support the imposition of the fees under this Section.

~~*The Board takes legislative notice of the findings supporting these fees in former Planning Code Section 423.1 (formerly Section 327 et seq.) and the materials associated with Ordinance No. 298-08 in Board File No. 081153. To the extent that the Board previously adopted fees in this Area Plan that are not covered in the analysis of the four infrastructure areas analyzed in the Nexus Analysis, including*~~

~~*but not limited to fees related to transit, the Board continues to rely on its prior analysis and the findings it made in support of those fees.*~~

* * * *

SEC. 424.1. FINDINGS SUPPORTING THE VAN NESS AND MARKET AFFORDABLE HOUSING AND NEIGHBORHOOD INFRASTRUCTURE FEE AND PROGRAM.

* * * *

(b) **Neighborhood Infrastructure**. The Van Ness & Market Residential SUD enables the creation of a very dense residential neighborhood in an area built for back-office and industrial uses. Projects that seek the FAR bonus above the maximum cap would introduce a very high localized density in an area generally devoid of necessary public infrastructure and amenities, as described in the Market and Octavia Area Plan. While envisioned in the Plan, such projects would create localized levels of demand for open space, streetscape improvements, and public transit above and beyond the levels both existing in the area today and funded by the Market and Octavia Community Improvements Fee. Such projects also entail construction of relatively taller or bulkier structures in a concentrated area, increasing the need for offsetting open space for relief from the physical presence of larger buildings. Additionally, the FAR bonus provisions herein are intended to provide an economic incentive for project sponsors to provide public infrastructure and amenities that improve the quality of life in the area. The bonus allowance is calibrated based on the cost of responding to the intensified demand for public infrastructure generated by increased densities available through the FAR density bonus program.

The Board of Supervisors has reviewed the San Francisco Citywide Nexus Analysis prepared by AECOM dated March 2014 ("Nexus Analysis"), ~~*and*~~ the San Francisco

Infrastructure Level of Service Analysis prepared by AECOM dated March 2014, *and the Transportation Sustainability Fee Nexus Study (TSF Nexus Study), dated May, 2015,* ~~*both*~~ on file with the Clerk of the Board in File*s* No*s*. *150149 and* _____, and, under Section 401A, adopts the findings and conclusions of those studies and the general and specific findings in that Section, specifically including the Recreation and Open Space Findings, Pedestrian and Streetscape Findings, Childcare Findings, ~~*and*~~ Bicycle Infrastructure Findings*, and Transit Findings,* and incorporates those by reference herein to support the imposition of the fees under this Section.

~~*The Board references the findings supporting these fees in former Planning Code Section 424 et seq. (formerly Section 249.33) and the materials associated with Ordinance No. 72-08 in Board File No. 071157. To the extent that the Board previously adopted fees in this Area Plan that are not covered in the analysis of the 4 infrastructure areas analyzed in the Nexus Analysis, including but not limited to fees related to transit, the Board continues to rely on its prior analysis and the findings it made in support of those fees.*~~

* * * *

Section 9. The Planning Code is hereby amended by revising Section 401A(b), to read as follows:

SEC. 401A. FINDINGS.

* * * *

(b) Specific Findings: The Board of Supervisors has reviewed the San Francisco Citywide Nexus Analysis prepared by AECOM dated March 2014 ("Nexus Analysis"), ~~*and*~~ the San Francisco Infrastructure Level of Service Analysis prepared by AECOM dated March 2014, *and the Transportation Sustainability Fee Nexus Study (TSF Nexus Study), dated May, 2015*, ~~*both*~~ on file with the Clerk of the Board in File*s* No. *150149 and* _____, and adopts the

findings and conclusions of those studies, specifically the sections of those studies establishing levels of service for and a nexus between new development and ~~*four*~~ *five* infrastructure categories: Recreation and Open Space. Childcare, Streetscape and Pedestrian Infrastructure, ~~*and*~~ Bicycle Infrastructure*, and Transit Infrastructure*. The Board of Supervisors finds that, as required by California Government Code Section 66001, for each infrastructure category analyzed, the Nexus Analysis and Infrastructure Level of Service Analysis: identify the purpose of the fee; identify the use or uses to which the fees are to be put; determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed; determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed; and determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the facility attributable to the development. Specifically, as discussed in more detail in and supported by the Nexus Analysis and Infrastructure Level of Service Analysis the Board adopts the following findings:

* * * *

(5) Transit Findings: See Section 411A.

(~~5~~6) Additional Findings. The Board finds that the Nexus ~~*Analysis*~~ *Analyses* establish~~*es*~~ the fees are less than the cost of mitigation and do not include the costs of remedying any existing deficiencies. The City may fund the cost of remedying existing deficiencies through other public and private funds. The Board also finds that the Nexus ~~*Study*~~ *Analyses* establish~~*es*~~ that the fees do not duplicate other City requirements or fees. Moreover, the Board finds that ~~*this*~~ *these* fee*s* ~~*is*~~ *are* only one part of the City's broader funding strategy to address these issues. Residential and non-residential impact fees are only one of many revenue sources necessary to address the City's infrastructure needs.

Section 10. Effective Date. This ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the Mayor's veto of the ordinance.

Section 11. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal Code that are explicitly shown in this ordinance as additions, deletions, Board amendment additions, and Board amendment deletions in accordance with the "Note" that appears under the official title of the ordinance.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: _____
ANDREA RUIZ-ESQUIDE
Deputy City Attorney

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BOARD of SUPERVISORS

City Hall
Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

July 29, 2015

File No. 150790

Sarah Jones
Environmental Review Officer
Planning Department
1650 Mission Street, 4th Floor
San Francisco, CA 94103

Dear Ms. Jones:

On July 28, 2015, Mayor Lee introduced the following legislation:

File No. 150790

Ordinance amending the Planning Code by establishing a new citywide Transportation Sustainability Fee and suspending application of the existing Transit Impact Development Fee, with some exceptions, as long as the Transportation Sustainability Fee remains operative; amending Section 401 to add definitions reflecting these changes; amending Section 406 to clarify affordable housing and homeless shelter exemptions from the Transportation Sustainability Fee; making conforming amendments to the Area Plan fees in Planning Code, Article 4; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings, including general findings, findings of public necessity, convenience and welfare, and findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

By: Andrea Ausberry, Assistant Clerk
Land Use & Transportation Committee

Attachment

c: Joy Navarrete, Environmental Planning
Jeanie Poling, Environmental Planning

* Not defined as a project under CEQA Guidelines Section 15378(b)(4) - "the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment."

Wade Wietgefe, Senior Planner

SAN FRANCISCO TRANSPORTATION SUSTAINABILITY FEE (TSF) NEXUS STUDY

FINAL REPORT

Prepared For:

San Francisco Municipal Transportation Agency

Prepared By:

Robert D. Spencer, Urban Economics

May 2015

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EXECUTIVE SUMMARY

In the City and County of San Francisco (the City) the only current citywide transportation impact fee is the Transit Impact Development Fee (TIDF). The fee is currently imposed on most nonresidential development in San Francisco and not on residential development. The TIDF funds costs associated with increased transit service provided by the San Francisco Municipal Transportation Agency (SFMTA) to accommodate development impacts, including capital facilities, fleet expansion, and capital maintenance.

The only other current City transportation impact fees are separate fees imposed in specific plan areas (e.g. Eastern Neighborhoods infrastructure impact fee). These fees apply to both residential and most non-residential development within plan areas. Nonresidential development projects currently pay these area plan fees in addition to the TIDF.

This report presents the technical analysis ("nexus study") necessary for the City to update the TIDF and support adoption of the proposed Transportation Sustainability Fee (TSF) that would replace the TIDF. The TSF would replace and expand the TIDF's applicability to include residential development projects. The use of TSF revenues would expand to include bicycle facilities and pedestrian and other streetscape infrastructure in addition to existing uses of the TIDF for public transit.

By adopting and implementing the TSF the City would achieve the following three objectives:

1. Replace the existing TIDF and expand its application to residential development and certain major institutions.
2. Expand the use of this citywide transportation impact fee to include bicycle facilities and pedestrian and other streetscape infrastructure to address transportation impacts from new development.
3. Establish a maximum justified transportation impact fee for all development whether or not subject to an area plan transportation fee in addition to the citywide TSF.

Growth Projections

Current projections indicate that over the next 30 years the number of housing units in the City will increase by 27 percent and employment by 35

percent.[1] Increased population and employment citywide from new development will generate increased auto and transit trips as well as increased bicycle and pedestrian activity.

The City's transportation system is already highly congested under current conditions, as a result of both limited roadway capacity for vehicles and limited transit vehicle capacity for transit passengers. Congestion occurs particularly during morning and afternoon commute hours in the same eastern areas of the City that are also expected to experience the most development. Pedestrian activity will also increase in congested areas. Increased travel from new development will directly affect the performance of the City's transportation system.

Table E.1 provides a summary of the growth projections used in the nexus study. "Non-TSF Development" primarily refers to major projects not subject to the TSF because of separate development or other contractual agreements or whose impacts are regulated by other agencies. "TSF Development" is an estimate of development that would be subject to the TSF.

Table E.1: Growth Projections (2010-2040)

	Non-TSF Develop-ment[1]	TSF Develop-ment	Total
Residential	***Housing Units***		
Housing Units	47,000	54,400	101,400
Percent	*46%*	*54%*	*100%*
Nonresidential	***Employment (Jobs)***		
Nonresidential (excluding PDR)	27,700	159,600	187,300
Production, Distribution, Repair (PDR)	(700)	10,300	9,600
Total	27,000	169,900	196,900
Percent	*14%*	*86%*	100%

Note: Growth projections for 2010 and 2040 households (occupied housing units) and total employment (jobs) are within one percent of citywide totals estimated by the Association of Bay Area Governments (ABAG). See Tables A.1 and A.2 in Appendix A for details.

[1] Includes major projects not subject to the TSF because of separate development or other contractual agreements or whose impacts are regulated by other agencies, plus an estimate of constructed, entitled, or approved projects from 2010 through 2014 that would be too far along in the development process to have a new fee applied to them.
Sources: Table 2.4.

[1] See Table 2.1 in Chapter 2.

As a dense and built-out urban environment, the City does not have the option of physically expanding its roadways to accommodate more automobiles. Instead, the City's *Transit First* policy directs investments to transit, bike, and pedestrian modes of travel to improve transportation services within the City and shift travel away from the use of single-occupant autos. The policy thus benefits all travel modes: when commuters choose to travel by transit, bicycle, or walking they benefit from improvements to these facilities; when they choose to drive, they benefit from the reduction in automobile congestion that would exist without these improvements.

The TSF would address the impacts of development on the transportation system while supporting implementation of the *Transit First* policy. The TSF would accomplish these objectives by funding increased transit capacity to relieve transit congestion and by expanding bicycle and pedestrian facilities. The TSF would have three components: (1) transit capital maintenance, (2) transit capital facilities (including fleet expansion), and (3) complete streets (bicycle, pedestrian, and other streetscape infrastructure). These three components are described in the following sections.

SFMTA Transit Capital Maintenance Component

The transit capital maintenance component of the TSF is based on the same methodology used to calculate the maximum justified rates for the current TIDF. If adopted the TSF would replace the TIDF with revenues continuing to support SFMTA service expansion. The relationship between development and the transit capital maintenance component is summarized below:

- **Need for transit capital maintenance:** The impact of development on the need for additional transit capital maintenance is based on maintaining the existing transit level of service (transit LOS) as growth occurs. The existing transit LOS is the current ratio of the supply of transit services (measured by transit revenue service hours) to the level of transportation demand (measured by number of auto plus transit trips). As development generates new trips the SFMTA must increase the supply of transit services, and in particular capital maintenance expenditures, to maintain the existing transit LOS.
- **Use of TSF transit capital maintenance revenue:** The benefit to development from the use of fee revenues is based on improving transit vehicle maintenance to increases the availability of vehicles that provide transit service. SFMTA's transit vehicles include motor coaches (buses), trolley coaches (electric buses), light rail vehicles, historic streetcars, and cable cars. Improved vehicle maintenance directly increases revenue service hours by reducing the amount of time that a vehicle is out of service.

- **Proportional cost:** The TSF varies in direct proportion to the amount of trip generation of each development project.

Transit Capital Facilities Component

The transit capital facilities component of the TSF is based on a list of currently planned capital projects and programs needed to accommodate increased transit demand from new development. Examples include transit fleet expansion, improvements to increase SFMTA transit speed and reliability, and improvements to regional transit operators such as BART and Caltrain. The relationship between development and the transit capital facilities component of the TSF is summarized below:

- **Need for expanded transit capital facilities:** The impact of development on the need for expanded transit facilities is caused by increased transit and auto trips. The fair share cost of planned transit facilities is allocated to TSF development based on trip generation from TSF development as a percent of total trip generation served by the planned facility (including existing development and development not subject to the TSF).

  For example, if a bus rapid transit project will improve service for both existing and new development then the cost allocated to the fee is the share of total trips in 2040 associated with TSF development. Alternately, if a fleet expansion project only serves growth then the cost allocated is the TSF development share of trips from growth only (TSF plus non-TSF development).

- **Use of TSF transit capital facilities component revenue:** The benefit to development from the use of fee revenues is based on funding new or expanded transit capital facilities to support increased transit services including improved vehicle availability.

- **Proportional cost:** The TSF varies in direct proportion to the amount of trip generation of each development project.

Complete Streets Component

The complete streets component of the TSF would fund the enhancement and expansion of bicycle facilities as well as pedestrian and other streetscape infrastructure to accommodate growth. This component of the TSF is equivalent to maintaining the existing amount of sidewalk space per pedestrian in San Francisco. The relationship between development and the complete streets component of the TSF is summarized below:

- **Need for pedestrian infrastructure:** The impact of development on the need for enhanced and expanded pedestrian and other streetscape infrastructure is based on achieving the pedestrian level of service (pedestrian LOS) recommended in the *San Francisco Citywide Nexus Analysis* completed in March 2014.[2] The pedestrian LOS is based on sidewalk space per capita. As growth occurs more investment is needed in pedestrian and other streetscape infrastructure to offset the congestion caused by more pedestrian trips.
- **Use of TSF complete streets revenue:** The benefit to development from the use of fee revenues is based on enhancing and expanding pedestrian and other streetscape infrastructure. Revenues may also be used for bicycle capital facilities.
- **Proportional cost:** The TSF varies in direct proportion to the amount of service population of each development project.

TSF Summary

Table E.2 provides a summary of the maximum justified TSF for each fee component describe above. The two transit components are summed because they apply to the same type of facility and to enable comparison with area plan transportation fees. Area plan fees have one fee component for transit and a separate one for complete streets (bicycle facilities and pedestrian and other streetscape infrastructure) based on legislation currently before the Board of Supervisors. The transit fee levels in Table E.2 are the maximum justified amounts that the City may charge new development for impacts on transit facilities and services, and likewise for complete streets. The City may choose to impose any amount up to the maximum justified amount for either or both of the two components.

[2] San Francisco Planning Department, *San Francisco Citywide Nexus Analysis*, March 2014.

Table E.2: Maximum Justified TSF per Building Square Foot (2015 dollars)

	Transit[1]	Complete Streets[2]	Total
Residential	$22.59	$8.34	$30.93
Nonresidential (excluding PDR)	$80.68	$6.74	$87.42
Production, Distribution, Repair (PDR)	$22.59	$3.48	$26.07

[1] Includes transit capital maintenance and transit capital facilities.

[2] Includes bicycle facilities plus pedestrian and other streetscape infrastructure.

Source: Table 6.1.

TSF Implementation

The TSF is part of a larger effort, the proposed Transit Sustainability Program (TSP). In addition to the TSF, the TSP includes (1) a transportation demand management (TDM) program for new development projects, and (2) revision to the City's significance standard and threshold regarding evaluation of transportation impacts under the California Environmental Quality Act (CEQA) consistent with the new requirements of State Senate Bill 743.

The TSF nexus study and the expenditure of TSF revenues are designed to avoid any overlap with other TSP requirements or in any way double charge development projects for the same impact. Based on the current proposal, the TDM component of the TSP is focused on reducing vehicle miles travelled from new development whereas the TSF is focused on accommodating increased transit, bicycle, and pedestrian trips from new development. The TDM component would include a wide range of measures to encourage travel by transit, bicycle, and pedestrian modes and thus increase the need for the expanded facilities and services funded by the TSF.

Transportation fees within plan areas, e.g. Eastern Neighborhoods, may overlap with the TSF depending on the types of impacts addressed by the particular plan area fee and the types of facilities and services funded. Unless additional analysis is conducted to distinguish the TSF from a particular plan area fee, the TSF nexus study provides the maximum justified amount that may be imposed on development subject to both the TSF and a plan area fee for the same type of facility (transit or complete streets).

1. INTRODUCTION

This chapter provides a background and overview, presents the purpose of the report, and defines several key concepts and methods.[3]

Background

In the City and County of San Francisco (the City) the only current citywide transportation impact fee is the Transit Impact Development Fee (TIDF).[4] The City first adopted the TIDF in 1981 and imposed it only on downtown office development only to fund increased transit services required to serve that development. In 2004 the City substantially revised and expanded the TIDF to apply to most nonresidential development citywide. The TIDF funds costs associated with increased transit service (including capital facilities, fleet expansion, and capital maintenance costs) incurred by the San Francisco Municipal Transportation Agency (SFMTA) to accommodate development impacts.

The only other transportation impact fees currently being imposed by the City are separate fees imposed in specific plan areas (e.g. Eastern Neighborhoods infrastructure impact fee) that apply generally to most development within plan areas, including residential and nonresidential development. For nonresidential development projects these fees are imposed in addition to the TIDF.

As further explained in Chapter 2, roughly one-quarter of the City's projected development over this 30-year planning horizon will be exempt from the existing TIDF or the proposed TSF. In most cases, this development is subject to an adopted development agreement that requires implementation of a substantial array of transportation mitigation measures and other requirements identified during the environmental review and planning entitlement process for each project. For example, the City has entered into development agreements establishing transportation mitigation and improvement requirements with the Candlestick Point – Hunters Point Shipyard Phase II and the Treasure Island – Yerba Buena Island development projects.

[3] This report has been prepared at the direction of the San Francisco City Attorney's Office and the San Francisco Municipal Transportation Agency (SFMTA) in close coordination with the San Francisco County Transportation Authority (SFCTA) and the San Francisco Planning Department.

[4] *San Francisco Planning Code*, Section 411.

At this time, based on current law, the remaining three-quarters of the City's projected development will be subject to either (1) the citywide TIDF on nonresidential development outside plan areas, (2) one of several transportation development impact fees within adopted plan areas[5] plus the TIDF, or (3) no transportation impact fee in the case of residential development outside plan areas (because the TIDF is only imposed on nonresidential development).

Purpose of Report

This report presents the technical analysis ("nexus study") needed to support the City's adoption of a citywide development impact fee for the following transportation services and facilities:

- Transit capital maintenance
- Transit capital facilities
- Complete streets (bicycle facilities plus pedestrian and other streetscape infrastructure).

The nexus study draws substantially from prior efforts. The nexus for the transit capital maintenance component is based on the current TIDF nexus analysis last adopted in 2012.[6] The nexus for the complete streets component is based on the *San Francisco Citywide Nexus Analysis* prepared by the San Francisco Planning Department in March 2014. The transit capital facilities component is a new nexus analysis that relies substantially on recent capital planning studies completed by SFMTA.

By adopting and implementing the Transportation Sustainability Fee (TSF) the City would be able to achieve the following three objectives:

1. Replace the existing TIDF with an impact fee that extends to residential development and certain major institutions.
2. Expand the use of this citywide transportation impact fee to cover bicycle facilities plus pedestrian and other streetscape infrastructure, in addition to impacts on transit service.
3. Establish a maximum justified transportation fee for all development whether or not subject to an area plan transportation fee in addition to the citywide TSF.

[5] Adopted Area Plans are part of the San Francisco General Plan. Several of these Area Plans resulted in the creation of new development impact fees.

[6] Cambridge Systematics (with Urban Economics), *San Francisco Transit Impact Development Fee Update*, February 2011 (adopted in 2012).

The TSF would be part of a larger effort, the Transportation Sustainability Program (TSP). In addition to the TSF, the TSP would include, if adopted, (1) a transportation demand management (TDM) program for new development projects, and (2) revision to the City's policies regarding evaluation of transportation impacts under the California Environmental Quality Act (CEQA).

This report describes the nexus analysis and documents the findings required by the Mitigation Fee Act (the Act)[7] for the City's adoption of the TSF. The purpose of the TSF would be to fund transportation system improvements that accommodate citywide development impacts caused by increased demand for auto, transit, bike, and pedestrian travel generated by new development.

The key findings required by the Act and documented by this report include:

- **Impact of development:** Reasonable relationship between new development and the need for expanded citywide transportation services.
- **Use of fee revenue:** Reasonable relationship between new development and the benefits received from additional citywide transportation services provided by expanded transit capital maintenance, fleet and facilities, plus complete streets infrastructure to be funded with fee revenues.
- **Proportional cost:** Reasonable relationship between the impact of a development project and the total cost (maximum justified fee) attributed to the project.

Together these three key findings define the "nexus" between a development project, the fee paid, and the benefits received. The nexus study also documents the use of fee revenues as required by the Act by describing the types and estimated costs of expenditures to be funded by the fee.

Citywide Approach To Nexus

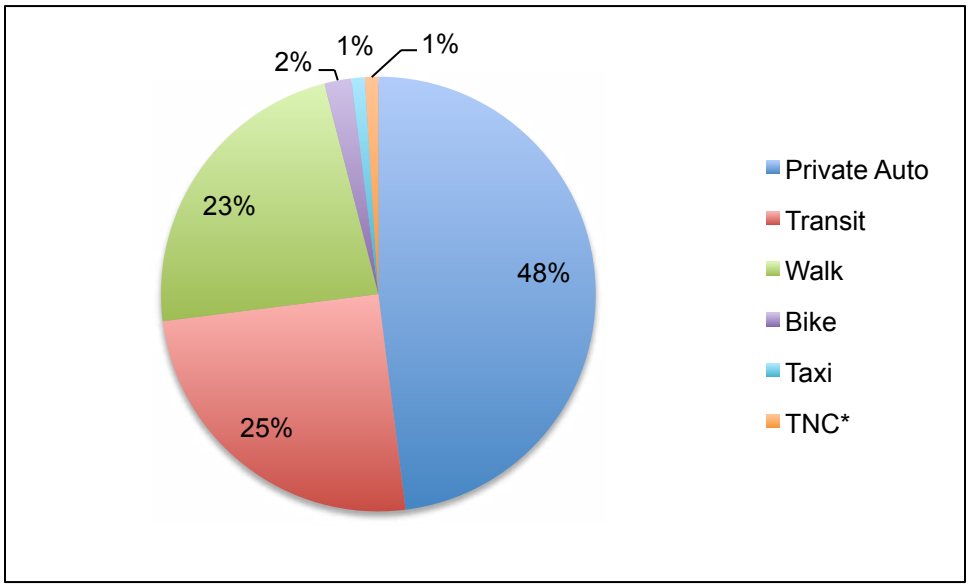
This section explains the citywide approach to the nexus for the TSF including the responsibilities of SFMTA and the San Francisco County Transportation Authority (SFCTA) for managing the citywide transportation system, and the role of the proposed TSF in addressing the impact of development on the system.

[7] The Mitigation Fee Act is contained in Section 66000 and subsequent sections of the California Government Code.

Citywide Transportation System

San Francisco has a mature, built-out transportation network providing rights-of-way (streets, sidewalks, bike paths, and separate light rail corridors) for all modes of travel. On a typical weekday, this network accommodates about 3.2 million trips to, from, or within the City.[8] The current share by mode is shown in **Figure 1.1**. Mode is the type of transportation used to complete a trip such as private auto, transit, walking, or bicycling.

Figure 1-1: San Francisco Travel Mode Share (2014)



[1] Transportation network companies such as Lyft, Uber, etc.

Source: Corey, Canapary & Galanis, memorandum to SFMTA regarding comparison between 2012, 2013, and 2014 SFMTA modeshare studies, Dec. 12, 2014.

The SFMTA is responsible for all modes of surface transportation within the City including public transit, bicycling, pedestrian planning, accessibility, parking and traffic management, and taxi regulation. The transportation system is the citywide network of public facilities[9] that support transportation services for all modes of travel (auto, transit, bicycle, and pedestrian). The

[8] The data cited refers to "trips", not "trip ends", as explained in the *Trip Generation* section of Chapter 2.

[9] Private parking lots, shuttles, ride hailing companies, and garages and a few private streets are the only non-public components of the City's transportation facilities.

SFMTA seeks to provide mobility for its customers through whatever mode they choose.

The Municipal Railway (Muni) is San Francisco's extensive local transit system and is the largest SFMTA operating division. San Francisco is the nation's second most densely populated major city, and Muni is one of the most heavily ridden transit systems on a per capita basis. The system has over 700,000 boardings on an average weekday. Muni focuses on serving downtown employment centers during the morning and afternoon peak periods and also provides cross-town and neighborhood service. With 73 bus routes and rail lines nearly all city residents are within two blocks of a Muni stop. With nearly 1,000 vehicles the Muni fleet is unique and includes historic streetcars, biodiesel and electric hybrid buses, electric trolley coaches, light rail vehicles, paratransit cabs and vans, and cable cars.

The SFCTA serves as the county congestion management agency for San Francisco, providing funding and coordinating planning efforts with State and regional transportation agencies. The congestion management agency role includes strengthening local land use policies with respect to transportation impacts and mitigations.

The City is a major regional destination for employment, shopping, tourism, and recreation. As a result, connections with other parts of the Bay Area are also critical components of the City's transportation system. Due to constraints from water bodies and topography, regional gateways for road vehicles are limited to the Golden Gate Bridge to the north, the Bay Bridge to the east, and two highways (Interstate 280 and Hwy. 101) extending south. Caltrans owns and operates the freeways and funds maintenance of the local highway network within San Francisco, including Hwy. 101 (Van Ness Avenue and Lombard Street), Hwy. 280, Hwy. 1, and Route 35 (Skyline Boulevard).

There is also a transit rail tunnel under the Bay operated by Bay Area Rapid Transit (BART) and terminals to accommodate ferry travel. The primary regional transit operators that serve the City include:

- Alameda-Contra Costa Transit District ("AC Transit" serving Alameda and Contra Costa counties)
- Bay Area Rapid Transit District ("BART" serving Alameda, Contra Costa, and San Mateo counties)
- Golden Gate Bridge, Highway and Transportation District ("Golden Gate Bus" and "Golden Gate Ferry" serving Marin and Sonoma counties)
- Peninsula Corridor Joint Powers Board ("Caltrain" serving San Mateo and Santa Clara counties)

- San Mateo County Transit District ("SamTrans").
- San Francisco Bay Area Water Emergency Transportation Authority ("WETA" or "San Francisco Bay Ferry" serving Alameda, Marin, and San Mateo counties)

Addressing Development Impacts on the Citywide Transportation System

Current projections indicate that over the next 30 years, the number of housing units in the City will increase by 27 percent and employment will increase by 35 percent.[10] Increased population and employment citywide from new development will generate increased auto and transit trips as well increased bicycle and pedestrian travel.

The City's transportation system is already highly congested, including significant transit crowding, under current conditions. Congestion occurs particularly during morning and afternoon commute hours in the same eastern areas of the City that are also expected to experience the most development. Pedestrian activity will also increase in congested areas. This increased travel activity will directly affect the performance of the City's transportation system and constrain the City's ability to achieve its transportation system goals.[11]

As a dense and built-out urban environment, the City does not have the option of physically expanding its roadways to accommodate more automobiles. Instead, the City's *Transit First* policy directs investments to transit, bike, and pedestrian modes of travel to improve transportation services within the City and shift travel away from the use of single-occupant autos.[12] These investments include increased transit capacity to relieve crowding on key lines as well as complete streets and bicycle facilities to support increased walk and bike trips. Increased bicycling has the effect of reducing both auto congestion and transit overcrowding. The policy thus benefits all travel modes. Those choosing to travel by transit, bicycle, or walking benefit from improvements to the facilities associated with these modes. Those choosing to drive benefit from the congestion reduction caused by the increased use of these modes associated with these improvements.

[10] See Table 2.1 in Chapter 2.

[11] San Francisco County Transportation Authority, *San Francisco Transportation Plan 2040*, December 2013, pp. 13-17.

[12] City and County of San Francisco, *1996 Charter* (as amended through November 2013), Section 8A.115.

The City employs various land use regulatory tools to reduce development impacts on its transportation system. These tools include (1) design standards adopted by ordinance requiring on site and adjacent transportation improvements, (2) the environmental review process resulting in mitigations for transportation impacts, (3) agreements with developers to implement transportation improvements or form transportation management associations as a condition of project approval, and (4) development impact fee programs that identify and fund plan area or citywide transportation improvements. As mentioned under the *Purpose of Report* section, the TSF would update the City's citywide transportation development impact fee program by including residential development, expanding the use of funds to include bicycle and pedestrian modes, and providing a maximum justified amount for all development projects whether or not subject to a separate area plan fee.

Citywide Impacts and Use of Fee Revenues

The TSF is intended to address the citywide impact on the City's transportation system of development subject to the fee. Every development project has citywide impacts because most trips extend across significant portions of the City's transportation network.[13] Furthermore, all new development projects benefit from the expenditure of TSF revenues citywide for the same reason that the SFMTA and SFCTA must plan for transportation improvements from a citywide perspective: the interconnectedness of the transportation network. Finally, most transit trips link to pedestrian trips so the need for complete streets improvements is linked to transit activity.

For example, just as most trips extend across the network, a major transportation improvement such as an upgraded transit line or separated bicycle lane benefits a wide variety of travelers due to transfers within the Muni system and the myriad origins and destinations. Furthermore, these improvements must address potential impacts to the system that extend across the network, for example the effect of a transit line upgrade on service to lines connecting to different parts of the City.

Report Organization

The nexus study is organized as follows:

[13] San Francisco County Transportation Authority, *San Francisco Transportation Plan 2040*, December 2013, pp. 11-19.

- Chapter 2 explains how transportation impacts from new development are measured.
- Chapter 3 provides the nexus analysis for the transit capital maintenance component of the TSF.
- Chapter 4 provides the nexus analysis for the transit capital facilities component of the TSF.
- Chapter 5 provides the nexus analysis for the complete streets component of the TSF.
- Chapter 6 summarizes the maximum justified TSF and explains its relationship to area plan fees and the Transportation Sustainability Program (TSP).
- Appendices provide additional tables to support the quantitative information provided in individual chapters.

2. GROWTH IN DEMAND FOR TRANSPORTATION SERVICES

This chapter describes existing conditions, development projections, and other assumptions used to estimate demand on the City's transportation system.

2010 Development Estimates and 2040 Projections

The TSF nexus study is based on citywide development estimates for 2010 and a consistent set of development projections for 2040. These 30-year projections are based on the most recent estimates available when the nexus study was produced. Projections were prepared by the Association of Bay Area Governments (ABAG) for the nine-county San Francisco Bay region in association with the Metropolitan Transportation Commission (MTC). These ABAG/MTC development projections, known as the "Jobs Housing Connections" scenario, were approved in 2013 and are used for the most recent regional land use and transportation plan (*Plan Bay Area*).

The ABAG/MTC development projections anticipate that the City will continue to attract growth and investment as a primary employment center for the region. The number of housing units is projected to grow by 27 percent while employment is projected to grow by 35 percent. Employment growth will be supported by both increased commuting from outside the City and the addition of over 100,000 housing units in the City. Both employment and housing growth will depend on increased commuting into and out of the City supported by increased transit services.

The San Francisco Planning Department prepared estimates of existing and projected development for use in the TSF nexus study based on the ABAG/MTC projections for San Francisco. The Planning Department routinely prepares land use forecasts to aid in policy deliberation and decision-making on the City's land use future, as well as to form the basis for testing transportation impacts of new policies, projects, and plans.

The Planning Department maintains a land use allocation tool to provide land use inputs to SF-CHAMP. SF-CHAMP is the travel model operated by the San Francisco County Transportation Authority (SFCTA) to generate detailed forecasts of travel demand for transportation planning and policy purposes, including developing countywide and neighborhood transportation plans and providing input to micro-simulation modeling for corridor and project-level evaluations. The primary purpose of the land use tool is to allocate ABAG's citywide forecasts to housing and employment categories for each of the travel demand model's structure of 981 traffic analysis zones

(TAZs).[14] The Planning Department's land use allocation tool constrains the sum of its projections by TAZ within plus or minus one percent of the ABAG/MTC citywide totals for population, households, and employment.

The Planning Department land use allocation tool converts the ABAG/MTC employment by industry sector to the land use categories used by the Planning Department and SF-CHAMP. The Planning Department's economic activity categories are:

- Residential
- Management, Information, and Professional Services
- Retail/Entertainment
- Production, Distribution, Repair
- Cultural/Institution/Education
- Medical and Health Services
- Visitor Services.

Table 2.1 summarizes the 2010 to 2040 growth estimates for San Francisco used as a basis for the nexus study. See **Tables A.1 and A.2** in Appendix A for a comparison of these projections to *Plan Bay Area* estimates.

TSF and Non-TSF Development

Only a portion of the growth summarized in Table 2.1 would be subject to the TSF. Components of non-TSF development included in the growth projections are described below:

- Major private development projects that have already received primary entitlements from the City and/or entered into development or other contractual agreements with the City.[15] These entitlements and agreements contractually define developers' commitments to transportation infrastructure improvements to mitigate transportation impacts. These projects would not be subject to the TSF but nonetheless fund substantial improvements to the City's transportation system to mitigate project impacts.

[14] TAZs are small geographic areas (e.g., city blocks) used by SF-CHAMP to aggregate trips within the geographic area for analysis by the model.

[15] State and local laws provide the City with authority to enter into development agreements (or disposition and development agreements, in the case of a Redevelopment Plan) with private parties, to establish the terms for exactions including impact fees in connection with the development of the particular project. Unless authorized by the terms of the development agreement, the City may not ordinarily impose additional fees on future development with areas covered by these agreements.

Table 2.1: San Francisco Growth 2010-2040

	2010	2040	2010 – 2040 Growth	
			Amount	Percent
Housing				
Housing Units	376,200	477,400	101,200	27%
Households	345,900	447,000	101,100	29%
Vacancy Rate	8.1%	6.4%		
Employment (Jobs)				
Management, Information and Professional Services	295,100	414,800	119,700	41%
Retail/Entertainment	97,700	123,200	25,500	26%
Production, Distribution, Repair	59,900	69,500	9,600	16%
Cultural/Institution/Education	59,800	80,400	20,600	34%
Medical and Health Services	36,500	52,200	15,700	43%
Visitor Services	21,000	26,800	5,800	28%
Total Employment	570,000	766,900	196,900	35%
Jobs per Household	1.65	1.72		
Sources: Tables A.1 and A.2.				

- Local, state and federal public development projects that are regulated by the respective public agency and not subject to the TSF.
- Pipeline development that includes both nonresidential and residential projects constructed from 2010 through 2014 because the TSF would not be adopted until 2015 and could not apply to prior development. Pipeline development also includes residential projects that have already received their first construction document and therefore would not be subject to a new fee program adopted in 2015. At the time of adoption of the TSF these projects would be too far along in the development process with permit conditions that would not provide for imposition of the TSF. Entitled or approved non-residential projects as of 2015 are excluded from pipeline development (and included in TSF development) because these projects would be subject to the TSF as an update to and replacement of the TIDF.

Major private and public development projects included in non-TSF development and not subject to the TSF are listed in **Table 2.2** (the first two of the three categories described above).

All other development would be subject to the TSF, including certain major projects plus development within areas of the City that have an adopted area plan. Major projects and area plans included as part of TSF development are shown in **Table 2.3**. The relationship between existing area plan transportation fees and the TSF is discussed in Chapter 6.

Table 2.2: Major Private and Public Development Projects Included in Non-TSF Development

Project	Why TSF Is Not Applicable
California Pacific Medical Center (CPMC)	Development agreement provides for transportation improvements and financial contributions to address impacts and prevents application of TSF to project.
Candlestick Point – Hunters Point Shipyard Phases I and II	Redevelopment plan provides for transportation improvements to address impacts and prevents application of TSF to project.
Parkmerced and Treasure Island – Yerba Buena Island (residential only)	Disposition and development agreement requires payment of TIDF but project not subject to new impact fees. Nonresidential development would pay TSF as update to the current TIDF. Residential development would not pay the TSF because the current TIDF does not apply to residential development.
Presidio	Development regulated by a federal agency (Presidio Trust).
San Francisco State University	Developer is a state agency exempt from the current TIDF and has a separate mitigation agreement for transportation impacts.
Transbay Redevelopment Project Area (Zone 1)	Exempt from the current TIDF based on S.F. Planning Code.
University of California – San Francisco Master Plan	Developer is a state agency exempt from the current TIDF.
Source: San Francisco Planning Department.	

Table 2.3: Major Projects and Plans Included in TSF Development

Project	Why TSF Is Applicable
Mission Bay	Redevelopment plans included a 10-year moratorium on application of new impact fees and exactions in the project area that expired in 2011 (so the TSF would apply).
Parkmerced and Treasure Island – Yerba Buena Island (residential only)	Disposition and development agreement requires payment of TIDF but project not subject to new impact fees. Nonresidential development would pay TSF as update to the current TIDF. Residential development would not pay the TSF because the current TIDF does not apply to residential development.
Other major development projects currently under review (e.g. Mission Rock, Warriors, Pier 70)	No development agreements have been approved for these projects at the time of the nexus study. Future updates to the TSF would address the impact of any approved agreements that exempt these projects.
Development within area plans, including: • Balboa Park • Eastern Neighborhoods • Market & Octavia • Rincon Hill • Transit Center Development Plan (TCDP) • Van Ness & Market Downtown Residential Special Use District • Visitacion Valley[1]	Area plan transit and complete streets fees generally do not address citywide impacts of development that would be addressed by the TSF. See Chapter 6 for more detail regarding relation of area plan fees to the TSF. Note: Transbay Redevelopment Project Area (Zone 1) parcels within the TCDP would not be subject to the TSF (see Table 2.2).

[1] The Schlage Lock development project in Visitacion Valley recently entered into a development agreement with the City that commits the project to pay the TSF if adopted.

Source: San Francisco Planning Department.

Development projections for 2010 to 2040 allocated to TSF and non-TSF development are shown in **Table 2.4**.

Table 2.4: TSF and Non-TSF Development (2010-2040)
Housing Units and Employment

Economic Activity Category	Total	Non-TSF Development			TSF Development
		Major Projects[1]	Pipeline Development[2]	Subtotal	
Formula	*a*	*b*	*c*	*d = b + c*	*e = a - d*
Residential	***Housing Units***				
Housing Units	101,400	29,900	17,100	47,000	54,400
Percent	*100%*	*29%*	*17%*	*46%*	*54%*
Nonresidential	***Employment (Jobs)***				
Management, Information & Professional Services	119,700	14,200	-	14,200	105,500
Retail/Entertainment	25,500	2,100	1,000	3,100	22,400
Cultural/Institution/ Education	20,600	2,600	1,400	4,000	16,600
Medical & Health Services	15,700	6,600	(100)	6,500	9,200
Visitor Services	5,800	300	(400)	(100)	5,900
Nonresidential (ex. PDR)	187,300	25,800	1,900	27,700	159,600
Production, Distribution, Repair (PDR)	9,600	400	(1,100)	(700)	10,300
Total Nonresidential	196,900	26,200	800	27,000	169,900
Percent	*100%*	*13%*	*<1%*	*14%*	*86%*

[1] Major projects represent development that would not be subject to the TSF because of separate development or other contractual agreements to mitigate transportation impacts or whose impacts are regulated by other agencies. See Table 2.2.

[2] Pipeline development is in addition to major projects and represents an estimate of all projects constructed from 2010 through 2014, plus residential projects that have already received their first construction document and therefore would not be subject to a new fee program adopted in 2015. Entitled or approved nonresidential projects are included in TSF development because they would pay the TSF as an update to and replacement of the TIDF after 2014.

Sources: San Francisco Planning Department, Land Use Allocation Model Output, December 2013; Table 2.1.

Measuring Transportation System Impact

The TSF uses two measures of the impact of development on the transportation system: trip generation and service population. The assumptions and methods for converting the growth projections discussed above to each of these two measures of impact are explained in the following sections.

Trip Generation

The transit capital maintenance and transit capital facilities components of the TSF use trip generation to measure development impact on the need for transit service. Trips occur between origins and destinations such as from home to work, or from work to shopping, or from shopping back to home. Trip generation is related to travel demand, or the desire for mobility by residents and workers to access homes, jobs, shopping, recreation, and other activities.[16]

The impact of development on the need for expanded transit services and facilities is caused by increases in both transit and auto trips. Increased transit trips resulting from new development require increased transit services and facilities to reduce impacts on currently overcrowded transit lines, or prevent lines from becoming overcrowded. Increased auto trips from development require increased transit services and facilities to offset increased roadway congestion that increases travel times for transit service. In sum, increased transit and auto trip generation directly increases crowding on transit vehicles.

Trip generation estimates for the purposes of this nexus study do not include pedestrian and bicycle trips. Any increase in these trips from development benefits the transit system by reducing demand for transit services and thereby reducing crowding.

To calculate total trip generation, housing and employment projections are converted to building space, and a trip generation rate applied per 1,000 square feet of building space. Trip generation rates refer to "trip ends" with each trip having two trip ends and the impact assigned equally to the land use at each end of the trip. Assumptions used to convert housing and employment projections to building space, and to convert building space to trip generation, are based on citywide averages developed by the Planning Department and commonly applied in studies of development impacts in San Francisco.

Table 2.5 converts the projections in Table 2.4 to building space for TSF and non-TSF development, the basis on which the TSF will be applied to development projects. As shown in Table 2.5 TSF development includes about 54 percent of total residential growth and 87 percent of total nonresidential growth in building space.

[16] For the purposes of the nexus study trip generation represents the movement by one person on a typical weekday from one activity to another, and are measured as person trips, not vehicle trips (an auto or transit vehicle may carry more than one person).

Table 2.5: TSF and Non-TSF Development (2010-2040)
Building Square Feet

Economic Activity Category	Sq. Ft. per Unit or per Employee	Non-TSF Development		TSF Development		Total	
		Housing Units or Employ-ment	Building Space (1,000 sq. ft.)	Housing Units or Employ-ment	Building Space (1,000 sq. ft.)	Housing Units or Employ-ment	Building Space (1,000 sq. ft.)
Formula	*a*	*b*	*c = a * b*	*d*	*e = a * d*	*f = b + d*	*g = c + e*
Residential	1,156	47,000	54,300	54,400	62,900	101,400	117,200
Percent			*46%*		*54%*		*100%*
Nonresidential							
Management, Information & Professional Services	260	14,200	3,700	105,500	27,400	119,700	31,100
Retail/ Entertainment	368	3,100	1,100	22,400	8,200	25,500	9,300
Cultural/Institu-tion/Education	350	4,000	1,400	16,600	5,800	20,600	7,200
Medical & Health Services	350	6,500	2,300	9,200	3,200	15,700	5,500
Visitor Services	787	(100)	(100)	5,900	4,600	5,800	4,500
Nonresiden-tial (ex. PDR)	308	27,700	8,400	159,600	49,200	187,300	57,600
Production, Distribution, Repair (PDR)	597	(700)	(400)	10,300	6,100	9,600	5,700
Total Non-residential		27,000	8,000	169,900	55,300	196,900	63,300
Percent			*13%*		*87%*		*100%*
Total			**62,300**		**118,200**		**180,500**
Percent			***35%***		***65%***		***100%***
Sources: Tables 2.4 and A.4.							

For the nexus study, the employment density factor and trip generation rate for the management, information, and professional services economic activity category is updated to represent a weighted average of assumptions used for citywide development, and assumptions recently developed for the Central SoMa area plan environmental review. The latter represents higher employment densities associated with the type of technology-based companies likely to locate in that area.

Table 2.6 converts the building space estimates in Table 2.5 to estimates of total trip generation for TSF and non-TSF development. To be consistent with existing area plan impact fee nexus studies and the recently completed

San Francisco Citywide Nexus Analysis,[17] five of the six nonresidential economic activity categories are merged into a single category "Nonresidential (excluding PDR)". The Production, Distribution, and Repair (PDR) category is maintained as a separate category. A weighted average trip generation rate for the five merged categories is calculated based on the trip generation rate for each category and the 2010-2040 growth amount by category.

Table 2.6: TSF and Non-TSF Trip Generation (2010-2040)

Economic Activity Category	Motorized Trip Generation Rate (trips per 1,000 sq. ft.)	Non-TSF Development		TSF Development		Total	
		Building Space (1,000 sq. ft.)	Trip Generation	Building Space (1,000 sq. ft.)	Trip Generation	Building Space (1,000 sq. ft.)	Trip Generation
Residential	7	54,300	380,000	62,900	440,000	117,200	820,000
Nonresidential (ex. PDR)	25	8,400	210,000	49,200	1,230,000	57,600	1,440,000
Production, Distribution, Repair (PDR)	7	(400)	(3,000)	6,100	43,000	5,700	40,000
Total Trip Generation			587,000		1,713,000		2,300,000
Sources: Tables 2.5, A.4, and A.6.							

More detail on housing unit size, employment density factors, and trip generation rates is shown in Appendix A, **Tables A.3 and A.4**. See **Tables A.5 and A.6** in that appendix for more detail on the estimates of total trip generation used in the nexus study.

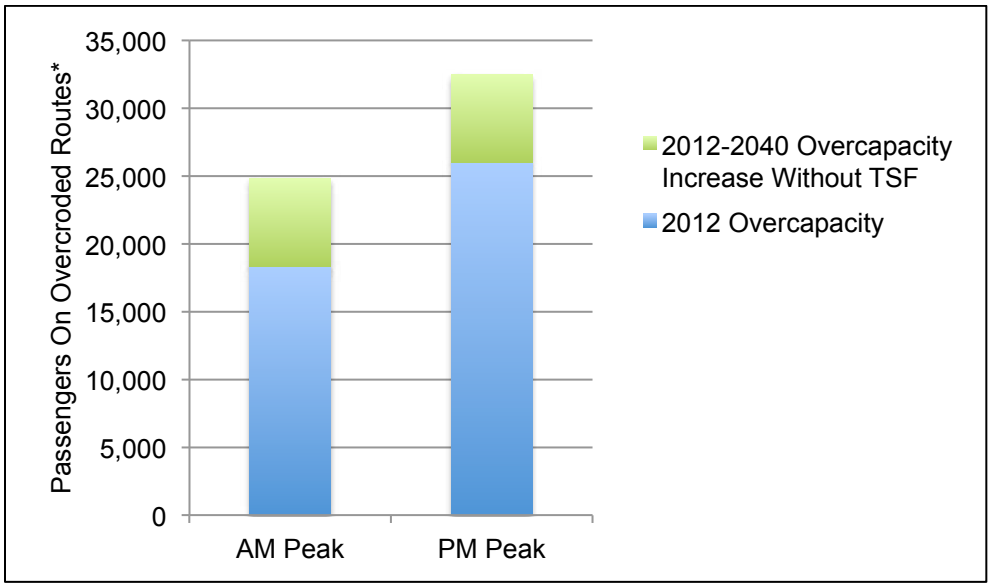
Trip generation from new development will cause the need for higher levels of transit service and increased transit facility capacity. Without the transit services and facilities to be fully or partially funded by the TSF, transit service in San Francisco is projected to become increasingly overcrowded. Increased overcrowding will diminish performance of the City's transportation system and constrain the City's ability to achieve its transportation system goals.[18] SFMTA staff conducted an analysis of overcrowding using SF-CHAMP model output for existing and 2040 conditions. The 2040 projections include transit capital projects to be completed without funding from the TSF such as the Central Subway. As shown in **Figure 2.1**, the number of passengers on

[17] San Francisco Planning Department, *San Francisco Citywide Nexus Analysis*, March 2014.

[18] San Francisco County Transportation Authority, *San Francisco Transportation Plan 2040*, December 2013, pp. 13-17.

overcrowded routes will increase from 2010 to 2040 by approximately 6,500 passengers during the morning and afternoon peak periods. When transit reaches capacity, motorists that would have taken transit are unable to shift and opt to drive, exacerbating congestion.

Figure 2-1: Transit Passengers On Overcapacity Routes Without TSF



Note: "Overcapacity" is greater than 85 percent occupancy with passengers measured at maximum load point on each route.

Source: San Francisco Municipal Transportation Agency, personal communication summarizing analysis of SF-CHAMP model output, MLP Loads & % Contribution.xls, August 29, 2015.

Service Population

The complete streets component of the TSF uses service population to measure the impact of new development on the need for complete streets (improved pedestrian and other streetscape infrastructure). Service population includes both residents and those who work in the City ("employees" measured by the number of jobs). Thus a resident who works in the City is counted both as a resident and an employee to fully reflect the level of demand for complete streets infrastructure. One employee (whether or not a resident) is counted at 50 percent compared to one resident to reflect the lower level of demand for complete streets infrastructure associated with the workday compared to the morning, evening, and weekend demand of a resident. Tourists and visitors are reflected in the growth in employment in the City's business establishments that serve tourists and visitors. This service population approach to measuring the

impact of development on the need for complete streets infrastructure is typical for impact fee nexus studies and is consistent with the *San Francisco Citywide Nexus Analysis*.[19]

Assumptions used in the nexus study that convert population and employment to building space are shown in Table A.4.

[19] San Francisco Planning Department, *San Francisco Citywide Nexus Analysis*, March 2014.

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3. TRANSIT CAPITAL MAINTENANCE

The SFMTA transit capital maintenance component of the TSF is based on the same methodology used to calculate the maximum justified rates for the current TIDF. If adopted, the TSF would replace the TIDF. The relationship between development and the transit capital maintenance component of the TSF is summarized below and explained more fully in the sections that follow:

- **Need for transit capital maintenance:** The impact of development on the need for additional transit capital maintenance is based on maintaining the existing transit level of service (transit LOS) as growth occurs. The existing transit LOS is the current ratio of the supply of transit services (measured by transit revenue service hours) to the level of transportation demand (measured by number of auto plus transit trips).[20] As development generates new trips the SFMTA must increase the supply of transit services, and in particular capital maintenance expenditures, to maintain the existing transit LOS.
- **Use of TSF transit capital maintenance revenue:** The benefit to development from the use of fee revenues is based on improving SFMTA transit vehicle maintenance to increase the availability of vehicles that provide transit service. SFMTA's transit vehicles include motor coaches (buses), trolley coaches (electric buses), light rail vehicles, historic streetcars, and cable cars. Improved vehicle maintenance directly increases revenue service hours by reducing the amount of time that a vehicle is out of service.
- **Proportional cost:** The TSF varies in direct proportion to the amount of trip generation of each development project.

Need For Transit Capital Maintenance

The TSF accommodates the impact of development by funding additional SFMTA transit capital maintenance to maintain the existing SFMTA transit LOS. Transit LOS is based on the existing number of revenue service hours per trip. The latest available financial data from the National Transit Database used to calculate the transit capital maintenance component is for

[20] As discussed in Chapter 2 (*Measuring Transportation System Impact* section), "trips" include both transit and auto trips because an increase in the former generates additional demand for transit, and an increase in the latter generates additional transit delays due to increased auto congestion causing a need for additional transit service.

2013 so the transit LOS calculation is based on 2013 estimates as well. As shown in **Table 3.1**, SFMTA delivers 1.31 revenue service hours for every 1,000 auto and transit trips.

Table 3.1: SFMTA Transit Capital Maintenance Service Standard

	Formula	**Amount**
Annual Revenue Service Hours	*a*	3,458,000
Days per Year	*b*	365
Average Daily Revenue Service Hours	*c = a / b*	9,474
2013 Average Daily Trips (ADT)[1]	*d*	7,235,000
Revenue Service Hours per 1,000 ADT	*e = c * d / 1,000*	1.31

[1] Auto and transit trip ends only within San Francisco. Excludes bicycle and pedestrian trip ends.

Sources: U.S. Department of Transportation, Federal Transit Administration, National Transit Database, RY 2013 Data Tables (http://www.ntdprogram.gov/ntdprogram/pubs/dt/2013/excel/DataTables.htm); Table A.5.

The net cost per revenue service hour is shown in **Table 3.2**. Non-vehicle maintenance costs and general administrative costs are deducted because these costs are not directly related to providing expanded transit service. Fare box revenue is also deducted because transit system users from development projects would pay fares to offset costs. Other SFMTA funding is not deducted because it is not restricted to uses that increase service. Unlike the TIDF nexus analysis, capital expenditures and funding are not included in the transit capital maintenance component of the TSF. The transit capital impacts of development are addressed separately in the transit capital facilities component of the TSF (see next chapter).

Use of Fee Revenues

Based on the nexus approach, SFMTA may use fee revenues from the TSF transit capital maintenance component for any operating cost that directly support increased transit service. SFMTA anticipates using fee revenues solely for direct preventative capital maintenance costs that increase transit service. Fee revenues may not fund capital facilities costs to avoid overlap with the transit capital facilities component of the TSF, nor costs in the two categories excluded from the level of service calculation in Table 3.2 (non-vehicle maintenance costs and general administration).

Table 3.2: Net Annual Cost per Revenue Service Hour

	Formula	**Amount**	
Total Operating Costs	*a*		$ 668,000,000
Excluded Operating Costs			
Non-Vehicle Maintenance	*b*	$ (66,000,000)	
General Administration	*c*	(111,000,000)	
Farebox Revenue	*d*	(220,100,000)	
Subtotal	*e = b + c + d*		(397,100,000)
Net Annual Costs	*f = a + e*		$ 270,900,000
Average Daily Revenue Service Hours	*g*		9,474
Net Annual Cost per Daily Revenue Service Hour	*h = f / g*		$28,594

Sources: U.S. Department of Transportation, Federal Transit Administration, National Transit Database, RY 2013 Data Tables (http://www.ntdprogram.gov/ntdprogram/pubs/dt/2013/excel/DataTables.htm); Table 3.1.

Maximum Justified Fee

The maximum justified fee for the transit capital maintenance component is based on the net annual cost per revenue service hour converted to a cost per trip. The cost per trip takes into account that the fee is paid once when a development project receives a building permit, but transit service must be provided for years following to serve that development project. The net annual cost per trip is multiplied by a net present value factor representing the funding needed over a 45-year period to provide the additional transit service. These calculations are shown in **Table 3.3**, with supporting calculations shown in **Tables B.1 and B.2** in Appendix B.

Table 3.3: Transit Capital Maintenance Cost Per Trip

	Formula	**Amount**
Net Annual Cost per Revenue Service Hour	*a*	$28,594
Revenue Service Hours per 1,000 Average Daily Trips	*b*	1.3100
Net Annual Cost per Average Daily Trip[1]	*c = a * b / 1,000*	$ 37.46
Net Present Value Factor	*d*	58.78
Total Cost per Trip	*e = c * d*	$ 2,202

[1] Auto and transit trips only. Excludes bicycle and pedestrian trips.

[2] Net present value factor represents the multiplier for $1.00 in annual costs to be fully funded over a 45-year period, given interest earnings and inflation.

Sources: Tables 3.1, 3.2, and B.2.

The maximum justified transit capital maintenance component of the TSF is based on the cost per trip shown in Table 3.3 multiplied by the trip generation rates for each economic activity category. The maximum justified fee is shown in **Table 3.4**. The variance in the fee by economic activity category based on trip generation, and the scaling of the fee based on the size of the development project, supports a reasonable relationship between the amount of the fee and the share of transit capital maintenance attributable to each development project.

Table 3.4: SFMTA Transit Capital Maintenance Component Maximum Justified Fee (2015 dollars)

Economic Activity Category	**Cost per Trip**	**Trip Generation Rate** (per 1,000 sq. ft.)	**Maximum Justified Transit Capital Maintenance Fee** (per sq. ft.)
Formula	*a*	*b*	*c = a * b / 1,000*
Residential	$2,202	7	$15.41
Nonresidential (excluding PDR)	$2,202	25	$55.05
Production, Distribution, Repair (PDR)	$2,202	7	$15.41

Sources: Tables 3.3 and A.4.

4. TRANSIT CAPITAL FACILITIES

The transit capital facilities component of the TSF is based on a list of currently planned capital projects and programs needed to accommodate increased transit demand from development.[21] The relationship between development and the transit capital facilities component of the TSF is summarized below and explained more fully in the sections that follow:

- **Need for expanded transit capital facilities:** The impact of development on the need for expanded transit facilities is caused by increased transit and auto trips as discussed in Chapter 2 in the *Trip Generation* section. The fair share cost of planned transit facilities allocated to TSF development to accommodate this demand is based on trip generation from TSF development as a percent of total trip generation served by the planned facility (including existing development and non-TSF development, depending on the specific facility).[22]
- **Use of TSF transit capital facilities component revenue:** The benefit to development from the use of fee revenues is based on funding new or expanded transit capital facilities to support increased transit services including improved vehicle availability.
- **Proportional cost:** The TSF varies in direct proportion to the amount of trip generation of each development project.

Need For Transit Capital Facilities

The impact of increased trip generation from development on the need for expanded transit capital facilities is accommodated by a list of major proposed projects and programs drawn from the SFMTA's most recent long-range plans. Only projects and programs that are not fully funded with programmed funding are included in the TSF list of transit capital facilities. The total cost of each project or program is allocated to TSF development based on one of the following two fair share cost allocation methods:

Method 1: If the project or program includes replacement and expansion of an existing transit facility then the total cost is allocated to trips

[21] Bicycle facilities are included in the transit capital facilities component nexus because bicycle infrastructure improvements shift demand away from transit thereby relieving transit overcrowding. However, TSF spending on bicycle infrastructure will occur solely from the complete streets component of the TSF. See text later in this chapter for more explanation.

[22] See Chapter 2 for definitions of TSF and non-TSF development.

generated by existing and new (2010-2040) development because all development is associated with the need for the project or program. Existing development is based on 2010 land use and new development includes both non-TSF and TSF development.

Method 2: If the project or program only provides expanded transit capacity needed to serve demand from new development then the total cost is allocated only to trips generated by new development, both non-TSF and TSF development, because only new development is associated with the need for the project or program.

As shown in **Table 4.1**, method 1 results in an allocation of 18 percent of the total cost to TSF development. Method 2 results in an allocation of 75 percent of total cost to TSF development.

Table 4.1: Trip Generation Shares

Development	Trip Generation	Method 1 2040 Total	Method 2 2010-2040
2010 Development	7,222,000	75.8%	NA
2010-2040 Development			
Non-TSF Development	587,000	6.2%	25.5%
TSF Development	1,713,000	18.0%	74.5%
Subtotal 2010-2040	2,300,000	24.2%	100.0%
2040 Development	9,522,000	100.0%	NA
Sources: Tables 2.6 and A.6.			

The planned projects and programs used to calculate the transit capital facilities component of the TSF are shown in **Table 4.2**, with notes and sources provided in **Table 4.3**. All costs reflect 2015 dollars. The planned projects and programs are shown in three major facility categories:

- Transit service expansion and reliability improvements
- Improvements supporting regional transit operators
- Bicycle infrastructure improvements (see explanation for inclusion of bicycle improvements following the tables).

Table 4.2: Transit Capital Facilities Fair Share Cost Allocation ($ 1,000)

Expenditure Category / Project or Program	Total Cost	Allocation Method[1]	Non-TSF Cost Share			Potential TSF Cost Share
			Existing Development (2010)	Non-TSF Development (2010-2040)	Non-TSF Cost Share Subtotal	
Formula	*a*		*b = a * x*	*c = a * y*	*d = b + c*	*d = a * z*
			where x, y, z = fair share cost allocation (Table 4.1)			
SFMTA Transit Service Expansion and Reliability Improvements						
Transit Fleet Expansion	$630,500	2	NA	$160,800	$160,800	**$469,700**
Transit Facilities	449,500	1	$340,700	27,900	368,600	**80,900**
Muni Forward Rapid Network	53,700	2	NA	13,700	13,700	**40,000**
Geary Bus Rapid Transit	323,500	1	245,200	20,100	265,300	**58,200**
M-Ocean View / 19th Ave.	520,000	1	394,200	32,200	426,400	**93,600**
Subtotal	$1,977,200		$980,100	$254,700	$1,234,800	**$742,400**
Improvements Supporting Regional Transit Operators						
BART Fleet Expansion	145,200	2	NA	$37,000	$37,000	**$108,200**
BART Train Control	100,000	2	NA	25,500	25,500	**74,500**
Caltrain Electrification	1,332,100	1	1,009,700	82,600	1,092,300	**239,800**
Transbay Transit Center (Phase 2)	2,376,900	1	1,801,700	147,400	1,949,100	**427,800**
Subtotal	$3,954,200		$2,811,400	$292,500	$3,103,900	**$850,300**
Bicycle Infrastructure Improvements						
Bicycle Programs (expansion)	548,500	2	NA	$139,900	$139,900	**$408,600**
Total	$6,479,900		$3,791,500	$687,100	$4,478,600	**$2,001,300**

[1] Method 1 allocates costs based on total trip generation in 2040 (existing and new development). Method 2 allocates costs based only on trip generation from new development (2010-2040).

Sources: Tables C.2, C.3, C.4, C.5, C.6, 4.1, and 4.3.

Table 4.3: Transit Capital Facilities (Notes & Sources)

Project or Program	Fair Share Cost Allocation & Funding Notes	Sources
SFMTA Transit Service Expansion and Reliability Improvements		
Transit Fleet Expansion	All costs associated with additional capacity needed to serve 2010-2040 growth as identified in recent (2014) fleet and facility planning studies[1] Excludes cost of replacement vehicle capacity, Central Subway vehicles (funded), and Geary BRT vehicles (see Geary BRT project).	See Tables C.1 and C.2
Transit Facilities	Allocate costs to all 2040 development because the needs include rehabilitation and replacement of existing facilities. A more detailed analysis by facility would likely result in a higher allocation share to 2010-2040 development.	See Table C.3
Muni Forward Rapid Network	All costs associated with additional capacity needed to serve 2010-2040 growth. Total Rapid Network investment estimated at $231 mil. of which about 77 percent ($178 mil.) is funded and associated with near-term projects that address existing deficiencies and provide additional capacity. TSF funding limited to funding 23 percent of Rapid Network total cost ($53 mil. and currently unfunded) as a conservative estimate of costs associated with additional capacity needed to serve growth.	See Table C.4
Geary Bus Rapid Transit	Allocate to all 2040 development because project would replace and increase capacity of existing service. Includes vehicles.	See Table C.5
M-Ocean View / 19th Ave.	Allocate to all 2040 development because project would replace and increase capacity of existing service. Total cost represents most likely cost for "Longer Subway/Bridge" option.	San Francisco County Transportation Authority, *19th Avenue Transit Study*, March 2014, Table 4.8. p. 66.

Table 4.3: Transit Capital Facilities (Notes & Sources) (continued)

Project or Program	Fair Share Cost Allocation & Funding Notes	Sources
Improvements Supporting Regional Transit Operators		
BART Fleet Expansion	All costs associated with additional capacity needed to serve 2010-2040 growth. Total cost of 44 additional cars to accommodate additional peak hour trips, based on SF-CHAMP model run indicating 4,554 passengers that would exceed current capacity, and 105 passengers per car at 100 percent capacity. Assume $3.3 million cost per car based on latest public report though BART staff now anticipating cost of $5.5 million per car.	San Francisco Bay Area Rapid Transit District (BART), *Building A Better BART: Investing In The Future Of The Bay Area's Rapid Transit System* (draft), July 2014, p. 13; San Francisco Municipal Transportation Agency (personal communication regarding SF-CHAMP model output, transitCrowding_Peak_BART_Transbay_v2.xlsx, Nov. 21, 2014).
BART Train Control	All costs associated with additional capacity needed to serve 2010-2040 growth. The $100 mil. cost is 50 percent of the $200 mil. capacity expansion component of the Train Control Modernization Program (TCMP). The capacity expansion component is driven by growth in transbay trips serving downtown San Francisco so half of the cost is allocated to San Francisco growth (the other half is associated with development at the other end of each trip). The total replacement and upgrade project cost of the TCMP is $915 million.	BART, "Funding Priorities and Financial Outlook", BART board workshop presentation, Jan. 29-30, 2015, and "Capital Funding Priorities", presentation to San Francisco Capital Planning Committee, Feb. 9, 2015.
Caltrain Electrifica-tion	Allocate to all 2040 development because project would replace and increase capacity of existing service. Based on $1,456 mil. in year-of-expenditure dollars, discounted 9.3% to 2015 based on scheduled project completion by FY 2019-20. Excludes Advanced Signal System / Positive Train Control (funded).	San Francisco County Transportation Authority, *2014 Prop. K Strategic Plan,* Appendix D, Sep. 12, 2014;
Transbay Transit Center (Phase 2) – Downtown Extension	Allocate to all 2040 development because project would replace and increase capacity of existing service. Based on $2,598 mil. in year-of-expenditure dollars, discounted 9.3% to 2015 based on project completion by FY 2019-20 subject to funding availability.	San Francisco County Transportation Authority, *2014 Prop. K Strategic Plan,* Appendix D, Sep. 12, 2014;
Bicycle Infrastructure Improvements		
Bicycle Programs (expansion)	All costs associated with expanding service to shift trips and increase transit capacity to serve 2010-2040 growth.	See Table C.6

[1] The fair share cost allocation to TSF development is slightly conservative because fleet expansion costs are based on a 2015-2040 growth whereas the cost allocation is based on 2010-2040 growth.

Bicycle improvements are included because bicycle infrastructure improvements shift demand away from autos and transit thereby relieving auto congestion, improving transit travel times, and reducing transit overcrowding.[23] However, TSF spending on bicycle infrastructure will occur solely from the complete streets component of the TSF (see Chapter 5). This approach is consistent with the bicycle, pedestrian, and streetscape infrastructure components of the area plan fees based on current legislation pending before the Board of Supervisors.

Table 4.2 calculates the potential TSF cost share (shown in the last column of the table) by deducting the shares allocated to existing development and non-TSF development.

The potential TSF cost share shown in Table 4.2 must be adjusted to calculate the maximum justified funding that could be provided by the TSF. Maximum justified TSF funding is based on applying any currently programmed funding available after funding of the non-TSF cost share. Programmed funding is funding that has been programmed through prior legislative action and includes funding from:

- Proposition K funding from the San Francisco County Transportation Authority
- Transportation 2030 general obligation bond recently approved in San Francisco
- Metropolitan Transportation Commission transit core capacity challenge grant program for SFMTA projects that targets federal, state, and regional funds to high-priority transit capital projects
- Caltrain funding for the Caltrain electrification project
- Transbay Transit Center funding from various sources

[23] The San Francisco County Transportation Authority (SFCTA) modeled the impact of building out the Class 1 bicycle facilities to 100 miles and estimated that daily bike trips would increase by about 20,000, or about 20 percent including shifts from auto and transit modes (personal communication, Sep. 26, 2014); Dill, Jennifer and Theresa Carr (2003), "Bicycle Commuting and Facilities in Major U.S. Cities: If You Build Tem, Commuters Will Use Them – Another Look", TRB 2003 Annual Meeting CD-ROM; Nelson, Arthur and David Allen (1997), "If You Build Them, Commuters Will Use Them; Cross-Sectional Analysis of Commuters and Bicycle Facilities", Transportation Research Record 1578; San Francisco Department of Parking and Traffic, "Polk Street Lane Removal/Bike Lane Trial Evaluation", Report to San Francisco Board of Supervisors, May 16, 2001.

- Developer funding through development or other contractual agreements.

Programmed funding is first allocated to the non-TSF cost share. Any funding remaining after allocation to the non-TSF cost share is then deducted from the TSF cost share. **Table 4.4** shows the maximum justified TSF funding for the transit capital facilities component based on this approach. All funding reflects 2015 dollars. Detail regarding programmed funding is shown in Appendix **Table C.7**.

The SFMTA has access to other revenue sources to address any funding gaps for the projects and programs listed in Table 4.4, after deducting programmed funding and TSF revenue. These alternative sources ensure that the projects and programs listed in Table 4.4 are financially feasible. These alternative funding sources are listed in **Table 4.5**

Use of Fee Revenues

The SFMTA or SFCTA may use revenue from the TSF transit capital facilities component for any capital project that expands transit service in or to/from San Francisco, or directly supports the expansion of that service such as vehicle maintenance facilities. Eligible costs that may be funded include capital expenses such as project management, design, engineering, environmental review, land acquisition, equipment, and construction.

As explained previously, the transit capital facilities component of the TSF will not be used to support bicycle infrastructure improvements. Instead, spending on bicycle infrastructure will occur from the complete streets component of the TSF.

The TSF may fund projects or programs that replace and expand existing transit facilities as long as method 1 is used to allocate expansion-related costs to the TSF (across existing and new development) (see *Need for Transit Capital Facilities* section, above). The TSF may also fund projects or programs that solely support transit service expansion. In this case method 2 would be used to allocate costs to the TSF development (new development only).

Table 4.4: Transit Capital Facilities Maximum Justified TSF Funding Share ($ 1,000)

Expenditure Category / Project or Program	Total Programmed Funding	Non-TSF Cost Share	Net Programmed Funding Available For TSF Cost Share	Potential TSF Cost Share	Maximum Justified TSF Funding
Formula	*a*	*b*	*c = a - b*[1]	*d*	*e = d - c*
SFMTA Transit Service Expansion and Reliability Improvements					
Transit Fleet Expansion	$406,000	$160,800	$245,200	$469,700	$224,500
Transit Facilities	150,800	368,600	-	80,900	80,900
Muni Forward Rapid Network	2,000	13,700	-	40,000	40,000
Geary Bus Rapid Transit	46,100	265,300	-	58,200	58,200
M-Ocean View / 19th Ave.	71,800	426,400	-	93,600	93,600
Subtotal	$676,700	$1,234,800	$245,200	$742,400	$497,200
Improvements Supporting Regional Transit Operators					
BART Fleet Expansion	$-	$37,000	$-	$108,200	$108,200
BART Train Control	2,800	25,500	-	74,500	74,500
Caltrain Electrification	108,900	1,092,300	-	239,800	239,800
Transbay Transit Center (Phase 2)	463,900	1,949,100	-	427,800	427,800
Subtotal	$575,600	$3,103,900	$-	$850,300	$850,300
Bicycle Infrastructure Improvements					
Bicycle Programs Expansion	$13,000	$139,900	$-	$408,600	$408,600
Total	$1,265,300	$4,478,600	$245,200	$2,001,300	**$1,756,100**

[1] Unless negative, then $0.
Sources: Tables 4.2 and C.7.

Table 4.5: Transit Capital Facilities Funding Sources

Federal Grant Programs

- Federal Transit Administration
  - Section 5307 – Urbanized Area Formula Program
  - Section 5309(b)1 – New Starts, Small Starts and Very Small Starts Programs
- Federal Highway Administration
  - Highway Safety Improvement Program
  - Surface Transportation Program
  - Congestion Mitigation and Air Quality Improvement Program
  - TIGER Discretionary Grants

State Funding Programs

- Active Transportation Program
- Cap and Trade
- Prop1B – Transportation Bond Program
- Prop1A – High-Speed Rail Bond Program
- Regional Transportation Improvement Program
- State Transit Assistance for capital projects
- State Highway Operation and Protection Program

Regional and Local Funding Programs

- Climate Initiatives Program
- Cost Sharing With Other Counties on Joint Projects
- Lifeline Transportation Program
- OneBayArea Grant Program
- Prop AA (San Francisco vehicle registration fee)
- Regional Measure 2 (bridge tolls)
- Transit Performance Initiative Program
- Transportation Fund for Clean Air (Bay Area Air Quality Management District)
- SFMTA revenue bonds
- General Obligation Bonds
- General Fund Allocation for Capital Projects

Maximum Justified Fee

The fee schedule for the TSF transit capital facilities component is based on the maximum justified cost per trip and is shown in **Table 4.6** The cost per trip is based on the maximum justified funding and the total number of trips generated by TSF development.

Table 4.6: Transit Capital Facilities Cost per Trip

	Amount
Maximum Justified TSF Funding	$1,756,100,000
Total Trip Generation	1,713,000
Cost per Trip	$1,025
Source: Tables 4.4 and 2.6	

The maximum justified fee for each economic activity category is based on the cost per trip shown in Table 4.6 multiplied by the trip generation rates for each category. The maximum justified fee schedule is shown in **Table 4.7**. The variance in the fee by economic activity category based on trip generation, and the scaling of the fee based on the size of the development project, supports a reasonable relationship between the amount of the fee and the share of transit capital facilities attributable to each development project.

Table 4.7: Transit Capital Facilities Component Maximum Justified Fee (2015 dollars)

Economic Activity Category	**Cost per Trip**	**Trip Generation Rate** (per 1,000 sq. ft.)	**Maximum Justified Transit Capital Facilities Fee** (per sq. ft.)
Formula	*a*	*b*	*c = a * b / 1,000*
Residential	$1,025	7	$7.18
Nonresidential (excluding PDR)	$1,025	25	$25.63
Production, Distribution, Repair (PDR)	$1,025	7	$7.18
Sources: Seifel Consulting, Inc., *San Francisco Eastern Neighborhoods Nexus Study*, prepared for the City of San Francisco Planning Department, May 2008; Tables 2, 3, and Appendix D Table D.2; Tables 4.6 and A.4.			

5. COMPLETE STREETS

The complete streets component of the TSF would fund the enhancement and expansion of pedestrian and other streetscape infrastructure to accommodate growth. This component of the TSF is intended to maintain the existing level of service currently provided for pedestrians in San Francisco. The relationship between development and the complete streets component of the TSF is summarized below and explained more fully in the sections that follow:

- **Need for pedestrian infrastructure:** The impact of development on the need for enhanced and expanded pedestrian infrastructure is based on achieving the pedestrian level of service (pedestrian LOS) recommended in the *San Francisco Citywide Nexus Analysis*.[24] The pedestrian LOS is based on sidewalk space per capita.
- **Use of TSF complete streets revenue:** The benefit to development from the use of fee revenues is based on enhancing and expanding pedestrian and other streetscape infrastructure. Revenues may also be used for bicycle capital facilities for reasons explained in the section *Use of Fee Revenues*.
- **Proportional cost:** The TSF varies in direct proportion to the amount of service population of each development project.

Need For Pedestrian Infrastructure

The need for pedestrian infrastructure is directly related to the number of pedestrians in the City. As discussed in detail in Chapter 2 in the *Service Population* section, pedestrians include both residents and employees with employees also reflecting demand from visitors who use the City's business establishments. The combined service population of residents and employees for pedestrian infrastructure as calculated by the *Citywide Nexus Analysis* is based on residents plus employees weighted at 50 percent.[25] Employees are weighted lower than residents because of the lower demand for pedestrian infrastructure relative to residents (less time at work as an employee compared to time at home or doing other activities as a resident).

[24] San Francisco Planning Department, *San Francisco Citywide Nexus Analysis*, March 2014, pp. 25-30.

[25] San Francisco Planning Department, *San Francisco Infrastructure Level of Service Analysis*, March 2014, p. 44.

The *Citywide Nexus Analysis* calculated the pedestrian LOS based on the amount of existing sidewalk space and the future service population. Thus the study assumes a pedestrian LOS of 88 square feet per capita in the future compared to 103 square feet per capita currently. To compensate for this conservative assumption, the pedestrian LOS assumes a cost per square foot that incorporates improvements to existing sidewalks with the addition of elements such as curb ramps, bulb-outs, and pedestrian signals.[26]

The unit cost of pedestrian infrastructure calculated by the *Citywide Nexus Analysis* and updated to 2015 dollars is $47.18 per square foot. This cost reflects a conservative set of assumptions for pedestrian infrastructure and reflects a range of improvement levels across the City.[27] This unit cost specifically excludes elements of pedestrian infrastructure that may be required under Section 138.1 of the San Francisco Planning Code related to urban design standards. Under this section of the code the City may require certain development projects to improve pedestrian infrastructure directly adjacent to the project. By excluding these cost elements there is no overlap between the TSF complete streets component and compliance with Section 138.1 of the Planning Code.[28]

Based on the inputs described above, the cost per capita by economic activity category representing the cost of pedestrian infrastructure to serve new development is shown in **Table 5.1**.

[26] Ibid, Table 18, p. 45.

[27] San Francisco Planning Department, *San Francisco Citywide Nexus Analysis*, March 2014, Table 17, p. 29.

[28] AECOM, memorandum to San Francisco Planning Department regarding San Francisco Infrastructure Nexus Analysis – Streetscape Cost, March 20, 2014, pp. 10-11.

Table 5.1: Pedestrian Infrastructure Level of Service

Economic Activity Category	Level of Service (sq. ft. per capita)	Cost per Sq. Ft.[1]	Service Population Weight[2]	Cost per Capita
Formula	*a*	*b*	*c*	*d = a * b * c*
Residential	88	$47.18	100%	$4,152
Nonresidential (ex. PDR)	88	$47.18	50%	$2,076
Production, Distribution, Repair (PDR)	88	$47.18	50%	$2,076

[1] Cost based on $43.00 ($ 2013) from *Citywide Nexus Analysis*, increased by 4.5% for 2014 and 5.0% for 2015 to reflect annual infrastructure construction cost inflation estimates prepared by the City and applied to all city development impact fees.

[2] Employment service population weighted at 50 percent of residential service population to reflect relative demand for pedestrian infrastructure.

Source: San Francisco Planning Department, *San Francisco Citywide Nexus Analysis*, March 2014, Table 17, p. 29.

Use of Fee Revenues

The primary purpose of the TSF complete streets components is to fund capital improvements to the City's pedestrian and other streetscape infrastructure. As discussed in the Better Streets Plan (BSP),[29] the City aims to improve the pedestrian environment for all of San Francisco's residents and employees. Acceptable uses of revenue from the TSF complete streets component include (but are not limited to) sidewalk paving, lighting installation, pedestrian signalization of crosswalks or intersections, street tree planting, bulb-out construction, street furnishing, landscaping, traffic calming, and other streetscape improvements cited in the BSP. Current planned expenditures of TSF revenue drawn from the *SFMTA 20-Year Capital Plan* are shown in **Table 5.2**. The table also shows programmed funding for these programs with Proposition K being the only current source.

[29] San Francisco Public Works Code, Section 2.4.13.

Table 5.2: TSF Pedestrian Infrastructure Programs

Pedestrian Infrastructure Program	Amount
Pedestrian Strategy Corridor Program	$363,000,000
Striping and Signage Program	8,800,000
Total	$371,800,000
Programmed Funding: Proposition K[1]	(55,600,000)
Funding Need	$316,200,000

[1] Prop. K funding based on (1) determining Prop. K expenditure line items that would be eligible for funding TSF expenditure plan projects (100% of Prop. K expenditure lines 38 and 40), (2) discounting remaining programmed funds from FY 2016 through FY 2034 to 2014$ for those line items, (3) determining the share available for SFMTA projects (vs. other departments and agencies), and (4) allocating the discounted share to the TSF project.

Sources: San Francisco Municipal Transportation Agency, *SFMTA 20-Year Capital Plan*, Oct. 15, 2013, pp. B-20; San Francisco County Transportation Authority, *2014 Prop. K Strategic Plan,* Sep. 12, 2014; SFCTA staff (for discount factors).

For all area plan fees except the Transit Center District fee, legislation pending before the Board of Supervisors would distinguish between a fee component for transit and a fee component for bicycle, pedestrian and other streetscape infrastructure. To provide consistency with the proposed area plan fee programs, revenue from the TSF complete streets component may also be used for bicycle facilities. The use of the TSF for bicycle facilities is already justified under the transit capital facilities component (see prior chapter). Thus, as long as the maximum justified fees for each component are not exceeded, bicycle facilities may be funded by either component.

Maximum Justified Fee

The maximum justified fee for the complete streets component is based on the cost and building square feet per capita by economic activity category. The maximum justified fee is shown in **Table 5.3**. The variance in the fee by economic activity category based on building space per capita, and the scaling of the fee based on the size of the development project, supports a reasonable relationship between the amount of the fee and the share of complete streets infrastructure attributable to each development project.

Table 5.3: Complete Streets Component Maximum Justified Fee (2015 dollars)

Economic Activity Category	Cost per Capita	Sq. Ft. per Capita	Maximum Justified Fee (per sq. ft.)
Formula	*a*	*b*	*c = a / b*
Residential	$4,152	498	$8.34
Nonresidential (excluding PDR)	$2,076	308	$6.74
Production, Distribution, Repair (PDR)	$2,076	597	$3.48
Sources: Tables 5.1 and A.4.			

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6. TRANSPORTATION SUSTAINABILITY FEE

The maximum justified transportation sustainability fee is the sum of the three component fees presented in Chapters 3, 4, and 5. The maximum justified TSF is shown in **Table 6.1** per square foot of building space. The two transit components are subtotaled to show the total maximum justified TSF for transit facilities and services. The total fee on a development project for transit facilities and services should not exceed this amount without a nexus study justifying the higher amount. Likewise, the total fee on a development project for pedestrian and other streetscape infrastructure should not exceed the complete streets component without a nexus study justifying the higher amount.

Table 6.1: Maximum Justified TSF (2015 dollars)

Economic Activity Category	Maximum Justified TSF per Square Foot				
	Transit Components				
	Transit Capital Maintenance	Transit Capital Facilities	Subtotal	Complete Streets Component	Total TSF
Residential	$15.41	$7.18	$22.59	$8.34	$30.93
Nonresidential (excluding PDR)	$55.05	$25.63	$80.68	$6.74	$87.42
Production, Distribution, Repair (PDR)	$15.41	$7.18	$22.59	$3.48	$26.07
Sources: Tables 3.4, 4.7, and 5.3.					

Relationship Between TSF and Area Plan Fees

As listed in Chapter 2, Table 2.3, the City has area plans that have their own separate transportation development impact fees. Pending approval of legislation currently before the Board of Supervisors[30], these fees would be separated between transit and complete streets components. The complete streets component would include bicycle, pedestrian, and other streetscape infrastructure. The TSF is proposed to have a similar structure (separate transit and complete streets components) to mirror the proposed area plan fee structure. This structure is also consistent with the *Citywide Nexus Analysis* referenced in Chapters 2 and 5 of this report.

[30] Pending legislation is regarding adoption of the *Citywide Nexus Analysis* referenced in Chapters 2 and 5 and would amend Article 4 of the Planning Code.

As explained in Chapter 1, the current TIDF is a citywide fee on nonresidential development only. Nonresidential development within a plan area currently pays the TIDF in addition to any area plan transit fee component. If adopted, the TSF would replace the TIDF and be applied to both residential and nonresidential development.

Area plan transportation fees were developed to fund improvements within their respective plan areas to address local impacts from new development. By contrast the TSF is designed to fund citywide projects and programs to address citywide development impacts. Regardless of the separation or overlap between area plan fees and the TSF, the TSF should be adopted at a level such that the combined area plan and TSF amounts are less than the maximum justified TSF amounts shown in Table 6.1. This approach would ensure that new development is not overpaying for transportation impacts and that new development fully benefits from the expenditure of fee revenues. Specifically, within each plan areas the TSF should be adopted at less than the maximum justified amount such that:

- The combined amount of the adopted area plan and TSF transit fee components remains less than the maximum justified TSF transit fee component (transit capital maintenance plus transit capital facilities).
- The combined amount of the adopted area plan and TSF complete streets components remains less than the maximum justified TSF complete streets component.

See Appendix D, **Tables D.1 and D.2** for a list of current transportation fees within plan areas and a comparison with the maximum justified TSF amount. The maximum justified TSF is greater than the current fee (including the TIDF) across all economic activity categories, area plans, and for both the transit and complete streets fee components. In most cases the maximum justified TSF is more than 50 percent greater than the current fee. Thus there is substantial flexibility for the City to determine the appropriate TSF amount to adopt and implement.

Relationship Between TSF and TSP

The TSF will be part of a larger effort, the proposed Transit Sustainability Program (TSP). In addition to the TSF, the TSP includes (1) a transportation demand management (TDM) program for new development projects, and (2) revision to the City's policies regarding evaluation of transportation impacts under the California Environmental Quality Act (CEQA) consistent with State Guidelines adopted pursuant to Senate Bill 743.

The TSF nexus study and the expenditure of TSF revenues are designed to avoid any overlap with other TSP requirements or in any way double charge development projects for the same impact. Based on the current proposal,

the TDM component of the TSP includes a wide range of measures including measures to encourage travel by transit, bicycle, and pedestrian modes. These measures do not overlap with the TSF because:

- TDM measures related to transit service are focused on transit pass subsidies for residents and employees of development projects to encourage transit use. The TSF is focused on offsetting the impact of increased transit use on transit capital maintenance and transit capital facilities costs. Furthermore, farebox revenue supported by transit pass subsidies only covers about one-third of total operating costs ($220 mil. in annual revenue versus $668 mil. of annual costs) and these revenues are excluded from calculation of the TSF transit capital maintenance component (see Table 3.2).
- TDM measures related to bicycle and pedestrian improvements are focused on on-site improvements such as bike parking and frontage improvements for pedestrians. The TSF is focused on citywide capital investments in bicycle facilities and pedestrian infrastructure.

TSF Updates

The TSF should be updated using the following two methods:

1. **Annual updates:** The calculations in this nexus study are based on 2015 dollars. The adopted TSF should be updated annually for cost inflation in a similar manner as the City currently does for all other development impact fees to ensure that fee revenue remains constant with inflation to fund development impacts.
2. **Five-year updates:** The Mitigation Fee Act and the Planning Code require every five years that any local agency implementing a development impact fee make findings similar to those made at the time of the initial fee adoption.[31] For these five year updates the City should:
    a. Update the transit capital maintenance fee component based on the latest available data from the National Transit Database and corresponding land use data for the City.
    b. Update the transit capital facilities fee component based on the latest available list of major transit capital projects that benefit new development, along with updates to project costs and programmed funding.

[31] California Government Code Section 66001(d).

c. Update the complete streets component based on a review of the pedestrian level of service and current cost estimates for pedestrian and other streetscape infrastructure.

These periodic reviews and adjustments to the TSF will ensure that the program continues to adequately address the impacts of development on the City's transportation system.

APPENDICES

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A. LAND USE PROJECTIONS & TRIP GENERATION ESTIMATES

The Transit Sustainability Fee is based on a consistent set of development estimates for 2010 and land use projections for 2040. These estimates and projections are converted to trip generation estimates and used to evaluate the impact of development on the transportation system. This appendix describes these estimates and projections including key assumptions and methodologies used to develop them.

Consistency With Regional Projections

In preparing the land use allocations for 2010 and 2040, the Planning Department controlled citywide totals to the most recent estimates available from the Association of Bay Area Governments (ABAG) for the nine-county San Francisco Bay region developed in association with the Metropolitan Transportation Commission (MTC). Citywide totals were controlled to be within plus or minus two percent of the 2010 and 2040 ABAG totals for population, housing, and employment. Comparisons of the Planning Department's citywide totals with the ABAG totals are shown in **Tables A.1 and A.2**.

Table A-1: San Francisco Development 2010

	Nexus Study	ABAG	Difference, Nexus Study vs. ABAG Amount	Percent
Housing				
Housing Units	376,000	376,900	(900)	(0.2%)
Households	345,900	345,800	100	0.0%
Vacancy Rate	8.0%	8.3%	NA	NA
Employment (Jobs)				
Management, Information and Professional Services	295,100	NA	NA	NA
Retail/Entertainment	97,700	NA	NA	NA
Production, Distribution, Repair	59,900	NA	NA	NA
Cultural/Institution/Education	59,800	NA	NA	NA
Medical and Health Services	36,500	NA	NA	NA
Visitor Services	21,000	NA	NA	NA
Total Employment	570,000	568,700	1,300	0.2%
Jobs per Household	1.65	1.64		

Note: "NA" indicates that San Francisco Planning uses different employment categories than ABAG so comparisons are not applicable.

Sources: San Francisco Planning Department, Land Use Allocation Model Output, December 2013; Association of Bay Area Governments and the Metropolitan Transportation Commission, *Plan Bay Area, Final Forecast of Jobs, Population and Housing,* Table 14, p. 42, July 2013.

Table A-2: San Francisco Development 2040

	S.F. Planning Dept. 2040	ABAG 2040	Difference, Nexus Study vs. ABAG Amount	Percent
Housing				
Housing Units	477,400	469,400	8,000	1.7%
Households	447,000	447,400	(400)	(0.1%)
Vacancy Rate	6.4%	4.7%	NA	NA
Employment (Jobs)				
Management, Information and Professional Services	414,800	NA	NA	NA
Retail/Entertainment	123,200	NA	NA	NA
Production, Distribution, Repair	69,500	NA	NA	NA
Cultural/Institution/Education	80,400	NA	NA	NA
Medical and Health Services	52,200	NA	NA	NA
Visitor Services	26,800	NA	NA	NA
Total Employment	766,900	759,500	7,400	1.0%
Jobs per Household	1.72	1.70		

Note: "NA" indicates that San Francisco Planning uses different employment categories than ABAG so comparisons are not applicable.

Sources: San Francisco Planning Department, Land Use Allocation Model Output, December 2013; Association of Bay Area Governments and the Metropolitan Transportation Commission, Plan Bay Area, Final Forecast of Jobs, Population and Housing, Table 14, p. 42, July 2013.

Housing Unit Size, Employment Density, and Trip Generation Rates

Housing unit size (average square feet per housing unit) and employment density factors (square fee per employee) are used to convert projections of housing units and employment to projections of building space. Average housing unit size is based on the Eastern Neighborhoods Nexus Study completed in 2008.[32] Employment density factors are consistent with those used in the Planning Department's land use allocation tool with one exception (see next paragraph). Trip generation rates are based on the most recent update of the TIDF completed in 2011.[33]

[32] Seifel Consulting, Inc., *San Francisco Eastern Neighborhoods Nexus Study*, prepared for the City of San Francisco Planning Department, May 2008

[33] Cambridge Systematics with Urban Economics, *Transit Impact Development Fee Update*, prepared for the San Francisco Municipal Transportation Agency, February 2011.

The employment density factor and trip generation rate for the Management, Information, and Professional Services (MIPS) economic activity category were adjusted to incorporate recent information from the Central SoMa environmental review as explained in Chapter 2. See **Table A.3** for the MIPS adjustment.

See **Table A.4** for the factors and rates used for all economic activity categories. See **Tables A.5 and A.6** for trip generation estimates used for the nexus analysis for the TSF transit capital maintenance and TSF transit capital facilities components, respectively.

Table A-3: Management, Information & Professional Services Employment Density and Trip Generation Rate

	Formula	**Central SoMa**	**All Other City-wide**	**Total**
Management, Information & Professional Services Employment	*a*	45,000	74,700	119,700
Sq. Ft. per Employee[1]	*b*	200	276	247
Occupied Building Space (1,000 sq. ft.)	*c = a * b / 1,000*	9,000	20,600	29,600
Vacancy Rate	*d*	5.0%	5.0%	5.0%
Total Building Space (1,000 sq. ft.)	*e = c / (1 – d)*	9,500	21,700	31,200
Trip rate (per 1,000 sq. ft.)[2]	***f***	**18**	**13**	**15**
Trips	*g = e * f*	171,000	282,100	453,100
Trip Rate (per employee)	*h = g / a*	3.80	3.78	3.79

[1] "Central SoMa" and "All Other Citywide" employment density (sq. ft. per employee) provided by San Francisco Planning Department. "Total" density is the weighted average.

[2] "All Other Citywide" trip rate is from S.F. Planning Department. "Central SoMa" trip rate is calculated based on the inverse of the ratio of All Other Citywide to Central SoMa employment density. "Total" trip rate is the weighted average of the Central SoMa and All Other Citywide trip rates.

Sources: San Francisco Planning Department, Land Use Allocation Model Output, December 2013; Cambridge Systematics with Urban Economics, *Transit Impact Development Fee Update*, prepared for the San Francisco Municipal Transportation Agency, February 2011.

Table A-4: Service Population, Building Space, and Trip Generation Rates

	Service Population & Building Space			Trip Generation per Housing Unit or 1,000 Square Feet[1]
	Square Feet per Resident or Employee	Residents per Unit or Vacancy Rate (for employment)	Gross Square Feet per Housing Unit or Employee	
Housing				
Housing Units	498	2.32	1,156	7
Employment				
Management, Information & Professional Services	247	5.0%	260	15
Retail/Entertainment	350	5.0%	368	65
Cultural/Institution/ Education	350	0.0%	350	23
Medical and Health Services	350	0.0%	350	22
Visitor Services	787	0.0%	787	13
Nonresidential (ex. PDR)[2]			308	25
Production, Distribution, Repair (PDR)	567	5.0%	597	7

[1] Average daily motorized (transit and auto) trips.

[2] Weighted average based on 2010-2040 growth.

Sources: San Francisco Planning Department, *San Francisco Citywide Nexus Analysis*, March 2014 (for housing density and size); San Francisco Planning Department, Land Use Allocation Model Output, December 2013 (for employment densities and vacancy rates); Cambridge Systematics with Urban Economics, *Transit Impact Development Fee Update*, prepared for the San Francisco Municipal Transportation Agency, February 2011 (for trip generation rates); Table A.3.

Table A-5: Trip Generation 2013

Economic Activity Category	**2010 Development** (housing units or employment)	**Sq. Ft. per Unit or Employee**	**2010 Development** (1,000 sq. ft.)	**2010-2013 Development** (1,000 sq. ft.)	**2013 Development** (1,000 sq. ft.)	**Trip Generation Rate** (average daily trips per 1,000 sq. ft.)	**2013 Trip Generation** (average daily trips)
Formula	*a*	*b*	*c = a * b*	*d*	*e = c + d*	*f*	*g = e * f*
Residential	376,000	1,156	434,700	2,700	437,400	7	3,062,000
Nonresidential (ex. PDR)	510,100	308	157,100	(200)	156,900	25	3,923,000
Production, Distribution, Repair (PDR)	59,900	597	35,800	(100)	35,700	7	250,000
						Total Trip Generation	7,235,000

Sources: San Francisco Planning Department, Land Use Allocation Model Output, December 2013; Tables A.1 and A.4.

Table A-6: Trip Generation 2010 and 2040

Economic Activity Category	**Trip Generation Rate** (trips per 1,000 sq. ft.)	**2010 Development**		**2010-2040 Development**		**2040 Development**	
		Building Space (1,000 sq. ft.)	**Trip Generation**	**Building Space** (1,000 sq. ft.)	**Trip Generation**	**Building Space** (1,000 sq. ft.)	**Trip Generation**
Residential	7	434,700	3,043,000	117,200	820,000	551,900	3,863,000
Nonresidential (ex. PDR)[1]	25	157,100	3,928,000	57,600	1,440,000	214,700	5,368,000
Production, Distribution, Repair (PDR)	7	35,800	251,000	5,700	40,000	41,500	291,000
Total Trip Generation			7,222,000		2,300,000		9,522,000

[1] Trip generation rate based on weighted average of building square feet for 2010-2040 development by economic activity category and rounded to whole number.

Sources: Tables 2.5, A.4, and A.5.

B. TRANSIT CAPITAL MAINTENANCE

The following two tables provide support for the calculations presented in Chapter 3 for the transit capital maintenance component of the TSF. **Table B.1** provides the source for the inflation and interest rates that are inputs to the model for the net present value factor shown in Table 3.3. **Table B.2** provides a truncated version of the model used to calculate the net present value factor.

Table B-1: Inflation and Interest Rates

Cost Inflation[1]			Interest Earned[2]		
Calendar Year	**Index**	**Annual Rate**	**Fiscal Year Ending**	**Index**	**Annual Rate**
2014	252.0	2.86%	2014	105.7	0.73%
2013	245.0	2.21%	2013	105.0	0.95%
2012	239.7	2.70%	2012	104.0	1.32%
2011	233.4	2.59%	2011	102.6	1.24%
2010	227.5	1.38%	2010	101.4	1.38%
2009	224.4		2009	100.0	
Five-Year Compounded Annual Average		2.35%	Five-Year Compounded Annual Average		1.12%

[1] San Francisco Bay Area Consumer Price Index (index 1982-84 = 100).

[2] Average annual interest earning on City and County of San Francisco pooled fund balances (index 2008 = 100).

Sources: Association of Bay Area Governments (http://www.abag.ca.gov/planning/research/cpi.html); S.F. Treasurer's Office (http://sftreasurer.org/reports-plans).

Table B-2: Net Present Value Factor

	Year	1	2	3	…	43	44	45
Beginning Fund Balance[1]	a	58.78	58.44	58.07	…	7.97	5.40	2.75
Interest Earnings[2]	b = a * 1.12%	0.66	0.65	0.65	…	0.09	0.06	0.03
Expenditures[3]	c = c (prior yr) * 2.35%	(1.00)	(1.02)	(1.05)	…	(2.65)	(2.72)	(2.78)
Ending Fund Balance	d = a + b – c	58.44	58.07	57.67	…	5.40	2.75	0.00
Net Present Value Factor[1]		**58.78**						

Note: This table models the amount necessary to collect in Year 1 such that $1.00 in expenditures can be sustained for 45 years given inflation and interest earnings.

[1] Beginning fund balance in Year 1 is solved for to calculate the net present value factor. The Year 1 value is set such that the Year 45 ending fund balance equals $0.00. In all other years the beginning fund balance equals the ending fund balance from the prior year.

[2] Assumes interest earned on beginning fund balance and all expenditures made at end of year.

[3] Expenditures at beginning of Year 1 equal $1.00 and are inflated assuming all costs represent end of year (inflated) values.

Source: Table B.1 (for interest and inflation rates).

C. TRANSIT CAPITAL FACILITIES

This appendix provides the supporting documentation for the transit capital projects and programs included in the transit capital facilities component of the TSF presented in Chapter 4. All cost and funding data reflect 2015 dollars.

- **Tables C.1 and C.2** provide supporting data from the transit fleet plan expansion project. Calculated costs reflect net fleet expansion costs to serve new development (2015-2040).
- **Table C.3** provides supporting data for the transit fleet maintenance facilities projects. The facility plan (see table sources) represents a significant re-positioning, upgrade, and expansion of SFMTA's facilities to serve both existing and new development.
- **Table C.4** provides supporting data for the transit reliability improvements. The projects in the upper part of the table are to be implemented in the near term (e.g. by 2017) and are fully funded largely through the City's 2014 general obligation bond. These projects address existing deficiencies and provide for some system capacity expansion to serve new development. The projects in the lower part of the table are unfunded and solely associated with increasing capacity to serve new development. These projects are allocated to TSF transit capital facilities (Table 4.2).
- **Table C.5** provides supporting data for the Geary Bus Rapid Transit project. This project replaces and upgrades an existing transit line so it serves existing development and provides for capacity expansion to serve growth.
- **Table C.6** provides supporting data for the bicycle facilities program. These projects represent a significant expansion of the bicycle program. These projects only serve development by shifting trips out of autos (thereby relieving vehicle congestion and improving transit service) and shifting trips out of transit (thereby relieving transit overcrowding).
- **Tables C.7 and C.8** provide supporting data for the programmed funding available for transit capital facilities shown in Tables 4.2 and 4.4. Estimates reflect funding for 2015-2040 in 2015 dollars.

Table C-1: Transit Fleet Plan

	Existing (2015)	Fleet Expansion/ Contraction	Planned (2040)
Motor Coach (40')	337	(55)	282
Motor Coach (60')[1]	159	157	316
Trolley Coach (40')	240	(50)	190
Trolley Coach (60')	93	17	110
Light Rail Vehicle	147	113	260
Total	976	182	1,158

Note: "TFMP" source was relied upon for all data except where updated by "Vision" source (only update was 2040 estimate of 316 60' motor coach vehicles instead of 324 vehicles).

Note: 30' motor coach and 40' contingency coach vehicles are excluded because their fleet size is not projected to change.

Sources: San Francisco Municipal Transportation Agency, *2014 SFMTA Transit Fleet Management Plan* (TFMP), March 2014, Appendix B; Parson Brinkerhoff, *Addendum to SFMTA's Real Estate and Facilities Vision for the 21st Century / Vision Refinement for Coach Facilities* (Vision), Jun. 24, 2014, Table 1, p. 2.

Table C-2: Transit Fleet Plan Expansion Costs

	Fleet Expansion	Cost per Vehicle	Total Cost
Motor Coach (40')	(55)	$880,000	$(48,400,000)
Motor Coach (60')	157	$1,350,000	$212,000,000
Trolley Coach (40')	(50)	$1,580,000	$(79,000,000)
Trolley Coach (60')	17	$1,970,000	$33,500,000
Light Rail Vehicle	113	$6,000,000	$678,000,000
Net Fleet Expansion	182		$796,100,000
Adjustments			
Geary Bus Rapid Transit Vehicles[1]	(16)	$1,350,000	$(21,600,000)
Central Subway Light Rail Vehicles[2]	(24)	$6,000,000	$(144,000,000)
Net Fleet Expansion Cost After Adjustments	**142**		**$630,500,000**

Note: 30' motor coach and 40' contingency coach vehicles are excluded because their fleet size is not projected to change.

[1] Geary BRT vehicles included in Geary BRT project in TSF capital facilities list (Table 4.2).

[2] Central Subway is not solely designed to accommodate growth and vehicles are fully funded.

Sources: San Francisco Municipal Transportation Agency (personal communication regarding costs per vehicle, Vehicle Demand Summary for Expenditure Plan.xlsx, Nov. 21, 2014); Table C.1.

Table C-3: Transit Fleet Maintenance Facilities

Facility Name	Amount
Motor and Trolley Coach Facilities	
Burke	Detail By Facility Not Available
Central Body Repair & Paint (Muni Metro East-MME)	
Facility Expansion or New Facility (to be identified)	
Flynn	
Islais Creek	
Kirkland	
Marin	
Potrero	
Presidio	
Woods	
Subtotal	$433,000,000
Other Fleet Facilities[1]	
Cameron Beach	11,048,000
Green	4,348,000
Green Annex	1,094,000
Total	**$449,490,000**

[1] Other fleet facilities include facilities for light rail vehicles, historic rail fleet, and cable cars. Excludes Scott facility because it is only used for non-revenue generating vehicles.

Sources: Parsons Brinckerhoff, *Real Estate and Facilities Vision for the 21st Century*, prepared for the San Francisco Municipal Transportation Agency, Feb. 5, 2013, Table 3, p. 51; Parsons Brinckerhoff, *Vision Refinement for Coach Facilities* (draft), prepared for the San Francisco Municipal Transportation Agency, Jun. 24, 2014, Table 5, p. 14.

Table C-4: Muni Forward Rapid Network Improvements

Project Name	Amount
Sample Near Term Projects To Address Existing Deficiencies & Provide Additional Capacity (funded)[1]	
5 Fulton: Outer Route Fast Track Transit Enhancements	$2,800,000
71 Haight-Noriega: Haight Street Fast Track Transit & Streetscape Enhancements	1,500,000
9 San Bruno: Potrero Ave Fast Track Transit & Streetscape Enhancements	7,133,000
Columbus Street Fast Track Transit Enhancements	700,000
Irving Street Fact Track Transit Enhancements	2,000,000
Mission and Silver Fast Track Transit Enhancements	400,000
5 Fulton: McAllister Street Fast Track Transit Enhancements	800,000
10 Townsend: Sansome Contraflow Signals	1,000,000
28 19th Avenue: 19th Ave Transit and Pedestrian Enhancements	16,500,000
30 Stockton: Eastern Segment Transit Enhancements	3,400,000
5 Fulton: Mid-Route Transit Enhancements	22,700,000
71 Haight-Noriega: Haight Street Transit and Streetscape Enhancements	6,600,000
8X Bayshore Express: Geneva Ave Transit Enhancements	8,250,000
9 San Bruno: 11th St and Bayshore Blvd Transit and Pedestrian Enhancements	4,400,000
N Judah: Transit Enhancements	14,600,000
8X Bayshore Express: Mid-Route Transit Enhancements	3,750,000
14 Mission: Downtown Mission Transit and Streetscape Enhancements	19,600,000
14 Mission: Inner Mission Transit and Streetscape Enhancements	1,500,000
14 Mission: Outer Mission Transit and Streetscape Enhancements	3,850,000
22 Fillmore: 16th Street Transit and Streetscape Enhancements - Phase 1	34,745,000
J Church: Transit Enhancements	10,800,000
L Taraval: Transit and Streetscape Enhancements	10,500,000
Total	**$177,528,000**
Share	**77%**
Sample Longer Term Projects To Provide Additional Capacity (unfunded)	
1 California Travel Time Reduction Project	$8,920,000
22 Fillmore Segment 2 (on Fillmore) Travel Time Reduction Project	6,620,000
28 19th Avenue Segment 2 (in Marina) Travel Time Reduction Project	1,900,000
30 Stockton Segment 1 (west of Van Ness) Travel Time Reduction Project	23,120,000
5 Fulton TEP Travel Time Reduction Project: Segment 2 from Arguello to 25th Ave.	1,260,000
K v TEP Travel Time Reduction Project	4,720,000
M Ocean View Segment 1 (West Portal to 19th Av) Travel Time Reduction Project[1]	500,000
M Ocean View Segment 1 (West Portal to 19th Av) Travel Time Reduction Project[1]	3,000,000
M Ocean View Segment 2 (East of 19th Av) Travel Time Reduction Project[2]	3,620,000
Subtotal	**$53,660,000**
Share	**23%**
Total	**$231,188,000**

[1] These projects are fully funded with the largest source being the 2014 general obligation transportation bond.

[2] The TSF transit capita facilities list also includes an M-Ocean View/19th Ave. project (see Table 4.2). There is no overlap between the Rapid Network projects listed here and that project because the later excludes the segments shown here.

Source: San Francisco Municipal Transportation Agency; "Muni Forward Rapid Network Capital Projects - Implementation Summary" (1-page summary), May 12, 2014.

Table C-5: Geary Bus Rapid Transit

Project Element	Amount
Dedicated colorized bus lanes	$84,696,000
Station/stop bus operation improvements	53,818,000
Station/stop passenger amenities	60,283,000
Bus vehicle changes	22,655,000
Traffic signals	40,124,000
Other street improvements	34,779,000
Pedestrian improvements	22,296,000
Other changes at key areas	4,854,000
Total	**$323,505,000**

Source: San Francisco Municipal Transportation Agency, *Attachment 3: Geary Cost Estimate By Element and Phase* (SFMTA Board Presentation), Nov. 13, 2014.

Table C-6: Bicycle Facilities Program Expansion

Program Element	Amount
Bicycle Network Expansion	$64,825,000
Bicycle Network Long Term Improvements	370,400,000
Bicycle Plan Network Short Term Projects	23,000,000
Location-Specific Bicycle Hotspot Improvements	13,500,000
Bicycle Sharing	54,000,000
Secure Bicycle Parking	10,800,000
Short Term Bicycle Parking	12,000,000
Total	$548,525,000

Source: San Francisco Municipal Transportation Agency, *SFMTA 20-Year Capital Plan*, Oct. 15, 2013, pp. B-3 to B-5.

Table C-7: Transit Capital Projects & Programs – Programmed Funding ($ 1,000)

Expenditure Plan Category / Project or Program	Prop. K[1]		GO Bond	MTC Core Capacity	Caltrain Project Funding	TTC Project Funding	Developer Funding	Total Programmed Funding
	Expenditure Line	Amount						
Transit Service Expansion and Reliability Improvements								
Transit Fleet Expansion	15	$-	$-	$400,000	$-	$-	$6,000	$406,000
Transit Facilities Vision	20M	13,800	70,000	67,000				150,800
Muni Forward Rapid Network	1	2,000						2,000
Geary Bus Rapid Transit	1	46,100						46,100
M-Ocean View / 19th Ave.	1	-					71,800	71,800
Subtotal		$61,900	$70,000	$467,000	$-	$-	$77,800	$676,700
Improvements Supporting Regional Transit Operators								
BART Car Expansion	17B	-	$-	$-	$-	$-	$-	$-
BART Train Control	22B	2,800						2,800
Caltrain Electrification	6	3,900			$105,000			108,900
Transbay Transit Center (Phase 2)	5	83,300				380,600		463,900
Subtotal		$90,000	$-	$-	$105,000	$380,600		$575,600
Bicycle Infrastructure Improvements								
Bicycle Programs Expansion	39	$13,000	$-	$-	$-	$-		$13,000
Total		**$164,900**	**$70,000**	**$467,000**	**$105,000**	**$380,600**	**$77,800**	**$1,265,300**

[1] Prop. K funding based on (1) determining Prop. K expenditure line items that would be eligible for funding TSF expenditure plan projects, (2) discounting remaining programmed funds from FY 2016 through FY 2034 to 2015 dollars for those line items, (3) determining the share available for SFMTA projects (vs. other departments and agencies), and (4) allocating the discounted share to the TSF project.

Sources: **Prop. K:** San Francisco County Transportation Authority, *2014 Prop. K Strategic Plan*, Appendices D (for Transbay Transit Center funding) and Appendix F (for all other projects), Sep. 12, 2014; SFCTA staff, personal communication (for discount factors). **GO Bond:** San Francisco Municipal Transportation Agency, *Transportation 2030: 2014 Transportation and Road Improvement General Obligation Bond Report*, Jun. 18, 2014 (appendix). **MTC Core Capacity:** Metropolitan Transportation Commission, Resolution No. 4123, Dec. 18, 2013. **Caltrain and TTC Project Funding**: See Prop. K source, based on allocated plus programmed funding discounted 9.3 percent to 2015 dollars net of Prop. K contribution (shown in separate column). **Developer Funding:** San Francisco Planning Department.

Table C-8: Transit Capital Projects & Program Funding Notes

Expenditure Category / Sample Project or Program	Funding Notes
Transit Reliability Improvements	
Transit Fleet Expansion	**Prop. K:** No funding for this line item after FY 2015. **MTC Core Capacity:** $400 mil. from Cap and Trade based on proposed legislation (AB 574 (Lowenthal) proposed in 2013). **TTC Project Funding:** Excludes TCDP impact fee funding of $2 mil. for two 40' coaches so that TSF maximum justified fee is inclusive of TCDP impact fee (see discussion of area plan fees in Chapter 6). **Developer Funding:** Parkmerced providing $6 mil. for one light rail vehicle through development agreement.
Transit Facilities	**Prop. K:** Allocate 100% of line item. **GO Bond:** Allocate 100% of "Muni Facilities" category. **MTC Core Capacity:** $67 mil. from Cap and Trade based on proposed legislation (AB 574 (Lowenthal) proposed in 2013).
Muni Forward Rapid Network	**Prop. K:** Allocate $2 mil. from line item. **GO Bond:** No funds allocated because all funding for higher priority projects (see Table C.4).
Geary Bus Rapid Transit	**Prop. K:** Allocates 100% of line item except for Rapid Network allocation.
M-Ocean View / 19th Ave.	**Prop. K:** Allocate 0% of line item. **GO Bond:** Does not allocate any available funding for Corridor Improvement Program ($28M) that is limited to design and engineering studies. **Developer Funding:** Parkmerced providing $70 mil. and San Francisco State University providing $1.83 mil. through development agreements.
Improvements Supporting Regional Transit Operators	
BART Fleet Expansion	**Prop. K:** Allocate 0% of line item because line item is only for car replacement. No funding assumed from MTC Core Capacity because funding needed to offset cost increases ($5.3 mil. per car versus MTC Core Capacity estimate of $3.3 mil. per car).
BART Train Control	**Prop. K:** Allocate 100% of line item. No funding assumed from MTC Core Capacity because funding needed to offset cost increases (total project now estimated at $915 mil. of which $200 mil. is associated with increasing system capacity versus MTC Core Capacity estimate of $700 mil.).
Caltrain Electrification	**Prop. K:** Allocate 100% of line item. **Caltrain Project Funding:** Includes all allocated and programmed funds discounted 9.3 percent to 2015 dollars. Excludes all planned funding.
Transbay Transit Center (Phase 2)	**Prop. K:** Allocate 100% of line item. **TTC Project Funding:** Includes all allocated and programmed funds discounted 9.3 percent to 2015 dollars. Excludes all planned funding.
Bicycle Infrastructure Improvements	
Bicycle Program Expansion	**Prop. K:** Allocate 75% of line item based on prior and near term allocations (remainder for other departments and transit agencies and for non-capital projects).
Sources: See Table C.7.	

D. AREA PLAN FEES

Table D.1 provides a schedule of current transportation fees. Each area plan fee is allocated to transit and complete streets components based on Citywide Nexus Study legislation (see Article 4 of the San Francisco Planning Code), currently pending adoption at the Board of Supervisors as of publication of this report. The current TIDF is added to the area plan transit component because the TIDF is imposed citywide on all development projects. The TIDF currently only applies to nonresidential projects and not to residential projects. Based on the proposed legislation, the complete streets component of the area plan fees funds bicycle facilities plus pedestrian and other streetscape infrastructure. There is no current citywide fee for pedestrian infrastructure and bicycle facilities.

Table D.2 compares the total current fee with the maximum justified transportation fee documented in this TSF nexus study (see Table 6.1 in Chapter 6). The table separately compares the transit and complete streets fee components. The existing TIDF is replaced by the TSF and the TSF is applied to all residential and nonresidential development. As shown in the table the maximum justified TSF is greater than the current fee across all economic activity categories, area plans, and for both fee components. In most cases the maximum justified TSF is more than 50 percent greater than the current fee.

Table D-1: Existing Transportation Fees (fee per sq. ft.)

Area Plan / Economic Activity Category	Incre-mental Fee (TCDP Only)	Total Area Plan Fee[1]	Transit				Complete Streets	
			Share	Area Transit Fee	City-wide TIDF[2]	Total	Share	Total
Formula		*a*	*b*	*c = a * b*	*d*	*e = c + d*	*f*	*g = a * f*
Balboa Park								
Residential		9.71	12%	1.17	-	1.17	38%	3.69
Nonresidential (excluding PDR)		1.82	12%	0.22	14.14	14.36	38%	0.69
Production, Distribution, Repair (PDR)		-	0%	-	7.46	7.46	0%	-
Market & Octavia								
Residential		10.92	22%	2.40	-	2.40	44%	4.80
Nonresidential (excluding PDR)		4.13	20%	0.83	14.14	14.97	61%	2.52
Production, Distribution, Repair (PDR)		-	0%	-	7.46	7.46	0%	-
Rincon Hill								
Residential		10.44	0%	-	-	-	79%	8.25
Nonresidential (excluding PDR)		-	0%	-	14.14	14.14	0%	-
Production, Distribution, Repair (PDR)		-	0%	-	7.46	7.46	0%	-
Van Ness and Market Downtown Residential Special Use District								
Residential		18.20	22%	4.00	-	4.00	44%	8.01
Nonresidential (excluding PDR)		18.20	45%	8.19	14.14	22.33	30%	5.46
Production, Distribution, Repair (PDR)		-	0%	-	7.46	7.46	0%	-
Visitacion Valley								
Residential		5.56	0%	-	-	-	45%	2.50
Nonresidential (excluding PDR)		-	0%	-	14.14	14.14	45%	-
Production, Distribution, Repair (PDR)		-	0%	-	7.46	7.46	0%	-
Eastern Neighborhoods – General – Tier 1								
Residential		9.71	10%	0.97	-	0.97	31%	3.01
Nonresidential (excluding PDR)		7.28	53%	3.86	14.14	18.00	34%	2.48
Production, Distribution, Repair (PDR)		-	0%	-	7.46	7.46	0%	-
Eastern Neighborhoods – General – Tier 2								
Residential		14.56	10%	1.46	-	1.46	31%	4.51
Nonresidential (excluding PDR)		12.14	53%	6.43	14.14	20.57	34%	4.13
Production, Distribution, Repair (PDR)		-	0%	-	7.46	7.46	0%	-
Eastern Neighborhoods – General – Tier 3								
Residential		19.42	10%	1.94	-	1.94	31%	6.02
Nonresidential (excluding PDR)		16.99	53%	9.00	14.14	23.14	34%	5.78
Production, Distribution, Repair (PDR)		-	0%	-	7.46	7.46	0%	-

Table D.1: Existing Transportation Fees (fee per sq. ft.) (continued)

Area Plan / Economic Activity Category	Incre-mental Fee (TCDP Only)	Total Area Plan Fee[1]	Transit				Complete Streets	
			Share	Area Transit Fee	City-wide TIDF[2]	Total	Share	Total
Formula		*a*	*B*	*c = a * b*	*d*	*e = c + d*	*f*	*g = a * f*
Eastern Neighborhoods - Affordable Housing Zones - Tier 1								
Residential		9.71	6%	0.58	-	0.58	4%	0.39
Nonresidential (excluding PDR)		7.28	85%	6.19	14.15	20.34	4%	0.29
Production, Distribution, Repair (PDR)		-	0%	-	7.46	7.46	0%	-
Eastern Neighborhoods - Affordable Housing Zones - Tier 2								
Residential		14.56	6%	0.87	-	0.87	4%	0.58
Nonresidential (excluding PDR)		12.14	85%	10.32	14.15	24.47	4%	0.49
Production, Distribution, Repair (PDR)		-	0%	-	7.46	7.46	0%	-
Eastern Neighborhoods - Affordable Housing Zones - Tier 3								
Residential		19.42	6%	1.17	-	1.17	4%	0.78
Nonresidential (excluding PDR)		16.99	85%	14.44	14.15	28.59	4%	0.68
Production, Distribution, Repair (PDR)		-	0%	-	7.46	7.46	0%	-
Transit Center District Plan - FAR Up To 9:1								
Residential	4.39	4.39	NA[3]	4.39	-	4.39	NA[3]	NA[3]
Office, Retail, Institutional	4.39	4.39	NA[3]	4.39	14.14	18.53	NA[3]	NA[3]
Hotel	4.39	4.39	NA[3]	4.39	14.14	18.53	NA[3]	NA[3]
Industrial	4.39	4.39	NA[3]	4.39	7.46	11.85	NA[3]	NA[3]
Transit Center District Plan - FAR 9:1 to 18:1								
Residential	6.58	7.68	NA[3]	7.68	-	7.68	NA[3]	NA[3]
Office, Retail, Institutional	21.40	15.09	NA[3]	15.09	14.14	29.23	NA[3]	NA[3]
Hotel	8.78	8.78	NA[3]	8.78	14.14	22.92	NA[3]	NA[3]
Industrial	4.39	4.39	NA[3]	4.39	7.46	11.85	NA[3]	NA[3]
Transit Center District Plan - FAR Above 18:1								
Residential	3.29	9.97	NA[3]	9.97	-	9.97	NA[3]	NA[3]
Office, Retail, Institutional	10.97	25.71	NA[3]	25.71	14.14	39.85	NA[3]	NA[3]
Hotel	3.29	11.51	NA[3]	11.51	14.14	25.65	NA[3]	NA[3]
Industrial	4.39	4.39	NA[3]	4.39	7.46	11.85	NA[3]	NA[3]

[1] For TCDP, average fee for projects with 9:1 to 18:1 FAR based on maximum possible amount (18:1 FAR), or 100% of base fee plus 50% of incremental fee. Average fee for projects with greater than 18:1 FAR based on 181 Fremont project, or 70% of three incremental fees summed. No incremental fee for production, distribution, repair (PDR) category.

[2] Current Transportation Impact Development Fee (applied citywide). The weighted average rate is used for nonresidential (ex. PDR) and Office, Retail, Institutional (for the TCDP).

[3] TCDP does not allocated fee to transit versus complete streets components.

Sources: San Francisco Planning Department, *San Francisco Citywide Development Impact Fee Register* (rates effective Jan. 1, 2015).

Table D-2: Existing Vs. Maximum Justified Transportation Fees (fee per sq. ft.)

Area Plan / Economic Activity Category	Transit				Complete Streets			
	Cur-rent	Max. Justi-fied	Differ-ence (amt.)	Differ-ence (%)	Cur-rent	Max. Justi-fied	Differ-ence (amt.)	Differ-ence (%)
Balboa Park								
Residential	1.17	22.59	(21.42)	(95%)	3.69	8.34	(4.65)	(56%)
Nonresidential (excluding PDR)	14.37	80.68	(66.31)	(82%)	0.69	6.74	(6.05)	(90%)
Production, Distribution, Repair (PDR)	7.46	22.59	(15.13)	(67%)	-	3.48	(3.48)	(100%)
Market & Octavia								
Residential	2.40	22.59	(20.19)	(89%)	4.80	8.34	(3.54)	(42%)
Nonresidential (excluding PDR)	14.98	80.68	(65.70)	(81%)	2.52	6.74	(4.22)	(63%)
Production, Distribution, Repair (PDR)	7.46	22.59	(15.13)	(67%)	-	3.48	(3.48)	(100%)
Rincon Hill								
Residential	-	22.59	(22.59)	(100%)	8.25	8.34	(0.09)	(1%)
Nonresidential (excluding PDR)	14.15	80.68	(66.53)	(82%)	-	6.74	(6.74)	(100%)
Production, Distribution, Repair (PDR)	7.46	22.59	(15.13)	(67%)	-	3.48	(3.48)	(100%)
Van Ness and Market Downtown Residential Special Use District								
Residential	4.00	22.59	(18.59)	(82%)	8.01	8.34	(0.33)	(4%)
Nonresidential (excluding PDR)	22.34	80.68	(58.34)	(72%)	5.46	6.74	(1.28)	(19%)
Production, Distribution, Repair (PDR)	7.46	22.59	(15.13)	(67%)	-	3.48	(3.48)	(100%)
Visitacion Valley								
Residential	-	22.59	(22.59)	(100%)	2.50	8.34	(5.84)	(70%)
Nonresidential (excluding PDR)	14.15	80.68	(66.53)	(82%)	-	6.74	(6.74)	(100%)
Production, Distribution, Repair (PDR)	7.46	22.59	(15.13)	(67%)	-	3.48	(3.48)	(100%)
Eastern Neighborhoods - General - Tier 1								
Residential	0.97	22.59	(21.62)	(96%)	3.01	8.34	(5.33)	(64%)
Nonresidential (excluding PDR)	18.01	80.68	(62.67)	(78%)	2.48	6.74	(4.26)	(63%)
Production, Distribution, Repair (PDR)	7.46	22.59	(15.13)	(67%)	-	3.48	(3.48)	(100%)
Eastern Neighborhoods - General - Tier 2								
Residential	1.46	22.59	(21.13)	(94%)	4.51	8.34	(3.83)	(46%)
Nonresidential (excluding PDR)	20.58	80.68	60.10)	(74%)	4.13	6.74	(2.61)	(39%)
Production, Distribution, Repair (PDR)	7.46	22.59	(15.13)	(67%)	-	3.48	(3.48)	(100%)
Eastern Neighborhoods - General - Tier 3								
Residential	1.94	22.59	(20.65)	(91%)	6.02	8.34	(2.32)	(28%)
Nonresidential (excluding PDR)	23.15	80.68	(57.53)	(71%)	5.78	6.74	(0.96)	(14%)
Production, Distribution, Repair (PDR)	7.46	22.59	(15.13)	(67%)	-	3.48	(3.48)	(100%)

Table D.2: Existing Vs. Maximum Justified Transportation Fees (fee per sq. ft.) (continued)

Area Plan / Economic Activity Category	Transit				Complete Streets			
	Current	Max. Justified	Difference (amt.)	Difference (%)	Current	Max. Justified	Difference (amt.)	Difference (%)
Eastern Neighborhoods - Affordable Housing Zones - Tier 1								
Residential	0.58	22.59	(22.01)	(97%)	0.39	8.34	(7.95)	(95%)
Nonresidential (excluding PDR)	20.34	80.68	(60.34)	(75%)	0.29	6.74	(6.45)	(96%)
Production, Distribution, Repair (PDR)	7.46	22.59	(15.13)	(67%)	-	3.48	(3.48)	(100%)
Eastern Neighborhoods - Affordable Housing Zones - Tier 2								
Residential	0.87	22.59	(21.72)	(96%)	0.58	8.34	(7.76)	(93%)
Nonresidential (excluding PDR)	24.47	80.68	(56.21)	(70%)	0.49	6.74	(6.25)	(93%)
Production, Distribution, Repair (PDR)	7.46	22.59	15.13)	(67%)	-	3.48	(3.48)	(100%)
Eastern Neighborhoods - Affordable Housing Zones - Tier 3								
Residential	1.17	22.59	(21.42)	(95%)	0.78	8.34	(7.56)	(91%)
Nonresidential (excluding PDR)	28.59	80.68	(52.09)	(65%)	0.68	6.74	(6.06)	(90%)
Production, Distribution, Repair (PDR)	7.46	22.59	(15.13)	(67%)	-	3.48	(3.48)	(100%)
Transit Center District Plan - FAR Up To 9:1								
Residential	4.39	30.93	(26.54)	(86%)	TCDP does not allocate fee to transit and complete streets components so total TCDP fee compared with total TSF maximum justified under "Transit".			
Office	18.54	87.42	(68.88)	(79%)				
Hotel	18.54	87.42	(68.88)	(79%)				
Industrial	11.85	26.07	(14.22)	(55%)				
Transit Center District Plan - FAR 9:1 to 18:1								
Residential	7.68	30.93	(23.25)	(75%)				
Office	29.24	87.42	(58.18)	(67%)				
Hotel	22.93	87.42	(64.49)	(74%)				
Industrial	11.85	26.07	(14.22)	(55%)				
Transit Center District Plan - FAR Above 18:1								
Residential	9.97	30.93	(20.96)	(68%)				
Office	39.86	87.42	(47.56)	(54%)				
Hotel	25.66	87.42	(61.76)	(71%)				
Industrial	11.85	26.07	(14.22)	(55%)				
Sources: Tables 6.1 and D.1.								

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SAN FRANCISCO

Transportation Sustainability Fee: Economic Feasibility Study

Prepared for

San Francisco Planning Department

Prepared by

Seifel Consulting

Seifel CONSULTING INC.

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I. Introduction

The Association of Bay Area Governments (ABAG) estimates that the City of San Francisco will add 190,000 jobs and 100,000 households by 2040.[1] Much of this growth is already occurring – projects aimed at creating housing for upwards of 60,000 new residents are currently under construction or are being reviewed. More housing and more jobs means more travelers using the City's roads and transit lines, further straining the City's already-congested and overtaxed transportation system. To offset the impact of new development, San Francisco needs to invest in updated infrastructure, including transportation system improvements. In 2013, Mayor Edwin M. Lee convened a Transportation Task Force to investigate what San Francisco can do to update its transportation network and to prepare it for future travelers. The Task Force found that in order to meet current need and future demand, the City would need to invest $10 billion in transportation infrastructure through 2030, which will require $6.3 billion in new revenues.[2]

The Transportation Sustainability Program (TSP) is an initiative to improve and expand San Francisco's transportation system. This economic feasibility study presents findings of an economic evaluation of the potential impact of the proposed TSP on new development in San Francisco. The Transportation Sustainability Fee (TSF), the TSP component examined in this study, is a proposed citywide impact fee that will help fund new transit, bicycle and pedestrian improvement projects as well as capital maintenance. The TSF would provide additional revenue to help fill the City's transportation funding gap and ensure that new developments pay their fair share for impacts on the City's transportation system. Another TSP component examined in this study is the reform of the California Environmental Quality Act (CEQA) review process, which has the potential to enhance the City's ability to deliver new development in a more reliable, timely and cost efficient manner.

San Francisco is currently experiencing a surge in residential and commercial real estate construction and absorption, after a significant recessionary period that ended in 2012. Increased demand from both business expansion and new residents, combined with the relatively slow pace of development that has occurred for more than a decade, has contributed to rapidly escalating sales prices and rental rates. Recognizing the need for new development (particularly housing development) to meet the needs of a growing population and to ensure that prices do not continue to escalate to unsustainable levels, the goal of this study is to evaluate and inform the development of the TSP to ensure that the program will not impair development feasibility overall.

This report presents the following information:

I. **Introduction**– describes the purpose of the study and its organization.
II. **Summary of Findings**– summarizes the results of the economic feasibility analysis.
III. **Description of Proposed Transportation Sustainability Program**– provides an overview of the TSP and its three interrelated components: the Transportation Sustainability Fee (TSF), which will replace the current Transit Impact Development Fee (TIDF), California Environmental Quality Act (CEQA)/ Level of Service (LOS) reform, and Citywide Transportation Demand Management (TDM).

[1] Association of Bay Area Governments, *Projections 2013.*
[2] For more information on the Mayor's 2030 Transportation Task Force, please visit: http://transportation2030.sfplanning.org

IV. **Study Goals and Methodology**– presents the key goals for the study, along with a summary of the analysis methodology, including the selection of ten prototypical developments (prototypes) for evaluation.

V. **Cost and Time Savings from CEQA / Level of Service Reform**– describes the potential cost and time savings for environmental review that may occur with the TSP and analyzes what savings may occur for the ten development prototypes with TSP.

VI. **Results From Analysis of Base Case TSF Levels**– presents the financial results, assuming the TSF would be established at the fee rates listed in the 2012 Draft TSF Ordinance (after adjusting for inflation, to 2015 dollars) and assuming the proposed consolidation of non-residential fee categories, as described in the 2015 San Francisco Transportation Sustainability Fee Nexus Study. (For purposes of this study, these fee rates are referred to as "Base Case TSF.")

VII. **Sensitivity Analysis of Alternative TSF Levels**– compares the financial results, assuming alternative TSF levels at 125 percent (%), 150% and 250% of the Base Case TSF (2012 Draft TSF Ordinance levels inflated to 2015 Dollars).

VIII. Conclusion

II. Summary of Findings

This economic feasibility study evaluates the potential impact of the proposed Transportation Sustainability Program (TSP) on ten prototypical development types (prototypes) commonly found in San Francisco. This evaluation is done by analyzing how the proposed Transportation Sustainability Fee (TSF) would increase development costs and affect overall development feasibility, as measured by changes in residual land value.[3] This study also examines the potential economic benefits from streamlining the City's environmental review process as a result of California Environmental Quality Act (CEQA)/ Level of Service (LOS) reform.

A. Impact of Base Case TSF on New Development

The Transportation Sustainability Fee (TSF) is a proposed citywide impact fee on both residential and non-residential development that will replace the current Transit Impact Development Fee (TIDF), which currently applies to most non-residential development. This study first evaluates the economic impact of imposing transportation impact fees at rates based on the 2012 Draft TSF Ordinance, also referred to as the "Base Case TSF" scenario.[4] (See Section III.A for a more detailed description of the proposed TSF.)

For non-residential development, the Base Case TSF rates are roughly equivalent to the current TIDF rates. For residential development, the Base Case TSF would represent an additional cost burden of $6.19 per gross square foot (/GSF), although this may be partially offset by fee credits and/or environmental review time and cost savings. (Residential developments within certain plan areas, such as Eastern Neighborhoods or Market and Octavia, may be eligible for a fee reduction– referred to as a fee credit in this report– equal to the transit portion of the applicable area plan impact fee.) While the potential financial impact of the TSF on development projects varies according to factors such as use, location and certain key costs, the study found that:

- Non-residential development would experience the least financial impact from TSP, as the Base Case TSF is about the same as the existing TIDF for most land uses.
- The residential cost burden due to the imposition of the Base Case TSF is equivalent to an average increase in direct construction costs of about 1–2% depending on the type of construction. In neighborhoods where the bulk of development is occurring, this level of increase would not have a major impact on overall project feasibility or resulting housing costs.
- The impact of the additional fee on residential uses is partially mitigated in situations where a project is eligible for a prior-use credit, area plan fee credit or predevelopment time and cost savings due to CEQA/LOS Reform (as described in the next section).

[3] Residual land value is the difference between what a developer expects to receive in revenues, less all costs associated with developing the buildings. Land residual models are useful when comparing the impact of different policy options on land values because they can test and compare the economic impact under a variety of site-specific conditions and development assumptions.

[4] The Base Case TSF levels are defined as the fee rates in the 2012 Draft TSF Ordinance (Board File No. 120524), adjusted for inflation to 2015 dollars, with the proposed consolidation of non-residential fee categories as described in the 2015 draft San Francisco Transportation Sustainability Fee Nexus Study (2015 TSF Nexus Study). The 2012 Draft TSF Ordinance can be found here:
http://www.sfbos.org/ftp/uploadedfiles/bdsupvrs/committees/materials/lu120524tdr.pdf

- In neighborhoods where current market rent and/or sales prices are not high enough to warrant development investment, the TSF will further inhibit the ability of new development to become financially feasible. However, the TSF itself will not cause these developments to be infeasible.

B. Impact of CEQA/LOS Reform on New Development

Another component of the TSP is reform of the California Environmental Quality Act (CEQA) review process called for under Senate Bill (SB) 743, specifically the elimination of the transportation Level of Service (LOS) analysis requirement in Transit Priority Areas (which encompass most of the developable area of San Francisco). In analyzing this change, the study found that:

- If a project is currently required to undertake a transportation Level of Service (LOS) analysis, the TSP will provide modest economic benefits if the level of environmental review remains the same. In these cases, the elimination of LOS analysis could reduce consultant costs by $25,000 to $95,000 and result in a time savings of 5 months during the entitlement period, which would potentially decrease predevelopment carrying costs. This scenario applies to four of the ten prototypes evaluated in this study. For two of these prototypes, the combination of consultant cost savings and predevelopment savings could fully offset the impact of the Base Case TSF.
- Projects that would be eligible for a lesser level of environmental review as the result of CEQA/LOS reform would achieve the greatest economic benefit. For instance, one of the prototypes studied might be eligible for a Community Plan Exemption (CPE) under the TSP, as compared to a Focused Environmental Impact Report (FEIR) under current conditions. This could potentially result in direct cost savings of about $560,000 in environmental consultant/Planning Department fees and predevelopment time savings of 5 months, which could fully offset the impact of the Base Case TSF.
- The time and cost savings described above, combined with greater predevelopment predictability, could help offset the financial impact of the TSF for a subset of new development.
- For developments that do not currently need a transportation study (which is typically the case for smaller developments), no direct predevelopment cost or time savings would likely occur as a result of CEQA/LOS reform. However, these projects may experience indirect benefits, as CEQA/LOS reform would minimize the time spent on environmental review and reduce backlogs for City staff, potentially shortening the predevelopment process for all projects.

The study recognizes that predevelopment savings may or may not occur, due to environmental analysis of other topics or issues that may arise during the entitlement process, and thus the study analyzes the financial impact on RLV with and without predevelopment savings.

C. Transportation Sustainability Fee Sensitivity Analysis

Given the study findings that the TSF (at Base Case TSF levels) would not have a major impact on overall project feasibility and potential predevelopment savings from CEQA/LOS reform could help offset this financial impact, this report examines the impact of higher TSF levels that could provide increased funding for new transit, bicycle and pedestrian improvement projects. A sensitivity analysis was performed to test the effect of higher TSF levels– 125%, 150% and 250% of the Base Case TSF– which

are all well within the maximum justified fee amounts identified in the 2015 draft San Francisco Transportation Sustainability Fee Nexus Study (2015 TSF Nexus Study), as shown below:[5]

Alternative TSF Scenarios for Sensitivity Analysis (2015 Dollars)					
Use	***Base Case TSF ($/GSF)***	***125% TSF ($/GSF)***	***150% TSF ($/GSF)***	***250% TSF ($/GSF)***	***Maximum Justified Fee (not modeled)[6]***
Residential	$6.19	$7.74	$9.29	$15.48	$30.95
Non-residential	$14.43	$18.04	$21.65	$36.08	$87.52
PDR[7]	$7.61	n/a	n/a	n/a	$26.09

The sensitivity analysis results indicate that:

- The financial impact of fees at 125% of the Base Case TSF on new development is similar to the results found at Base Case TSF. Overall development costs would increase by about $1.60/GSF (to $7.74/GSF) for residential and by about $3.60/GSF (to $18.04/GSF) for non-residential development, without consideration of fee credits or predevelopment savings. This level of increase would not have a major impact on overall project feasibility or resulting housing costs in neighborhoods where most of new development is occurring.
- At 150% of the Base Case TSF, the fee does not impact overall project feasibility for the majority of prototypes, but development costs would substantively increase for both residential and non-residential uses. Potential predevelopment streamlining benefits only offset the fee increase under one prototype scenario. In some areas of the city and for certain land use and construction types, the TSF at this level could inhibit development feasibility.
- Fee increases to 250% of the Base Case TSF would more significantly increase the cost of development for most of the prototypes, to a level that could not be offset by potential time and cost savings under CEQA/LOS reform for any of the prototypes. In many areas of the city and for a broad range of development types, the TSF at this level could significantly inhibit development feasibility.
- If the City's real estate market were to experience a downturn and future revenue growth is not sufficient to cover construction and other development costs, new development will be more sensitive to higher impact fees.

For all of these reasons, and as further described in the final chapters of this report, the findings from the economic analysis indicate that the TSF should be established at no more than 125% of the initial fee level.

[5] All of these fee levels are within the maximum justified fee amounts identified in the 2015 San Francisco Transportation Sustainability Fee Nexus Study (2015 TSF Nexus Study).

[6] Maximum Justified Fee is not modeled but is presented in the San Francisco Transportation Sustainability Fee Nexus Study (2015).

[7] New development of PDR uses was not analyzed in the feasibility study.

III. Description of Proposed Transportation Sustainability Program

The Transportation Sustainability Program (TSP) is an initiative intended to improve and expand San Francisco's transportation system, which will help to keep people moving as the City grows. Today, San Francisco's streets are congested while transit lines are already at or near capacity, with record numbers of riders traveling on Muni, BART and Caltrain. If San Francisco does not change its current development practices and invest in transportation improvements citywide, future development could result in unprecedented traffic gridlock on San Francisco's streets and overcrowding on San Francisco's buses and trains. Without investing in transportation infrastructure, San Francisco will have more than 600,000 vehicles added to its streets every day by 2040, which is more traffic than all the vehicles traveling each day on the Bay Bridge and Golden Gate Bridge combined.[8] Caltrain ridership has grown by 60% in the last decade. Ridership on Muni is projected to increase by 300,000 trips per day (or 43%) by 2040.[9] Significant design measures need to be implemented to make it safer for cyclists and pedestrians to navigate San Francisco's heavily-trafficked streets.

The TSP will help fund transportation improvements so San Francisco's streets are safer and less congested and minimize new development's impact on the transportation system. Further, the TSP will help improve environmental performance from development by shifting trips away from cars to less polluting modes of transportation.

The TSP project goals include:

- Make it easier to safely, reliably and comfortably travel to get to work, school, home and other destinations.
- Help manage traffic congestion and crowding on local and regional transit.
- Improve air quality and reduce greenhouse gas emissions
- Enhance the safety of everyone's travel, no matter which mode of transportation they choose.

To help achieve these goals, the TSP seeks to:

- **Enhance Transportation to Support Growth:** Fund citywide transportation improvements, including the addition of Muni buses and trains, helping to accommodate new residents and new members of the workforce.
- **Modernize Environmental Review:** Make the review process align with the City's longstanding environmental policies by changing how the City analyzes the impacts of new development on the transportation system under CEQA. The new practices will be more reliable and will emphasize travel options that create less traffic.
- **Encourage Sustainable Travel:** Make it easier for new residents, visitors and workers to get to their destination by means other than driving alone, and by integrating environmentally friendly travel options into new developments. New practices will provide on-site amenities so that people have options other than driving their cars by themselves (such as car-sharing and shuttle services).

The TSP consists of three policy components: 1) the Transportation Sustainability Fee (TSF), which will replace the current Transit Impact Development Fee (TIDF); 2) California Environmental Quality Act

[8] San Francisco County Transportation Agency, San Francisco Transportation Plan 2040.
[9] *Ibid*.

(CEQA) / Level of Service (LOS) reform; and, 3) Citywide Transportation Demand Management (TDM) development. The following sections briefly describe each of these three policy components. Figure 1 provides a brief overview of the TSP.

Figure 1. Overview of Transportation Sustainability Program

A. Transportation Sustainability Fee

The Transportation Sustainability Fee (TSF) is a citywide development impact fee intended to help offset the impact of new development on the City's transportation system. The TSF would apply citywide to most new development and to existing development where there is a change in land use. The proceeds from the TSF would fund projects that help reduce crowding on buses and trains while creating safer streets. When combined with other anticipated funds, improvements could include:

- **More Muni buses and trains.** Expand the Muni fleet by more than 180 vehicles to improve reliability and reduce travel times. The proceeds could also upgrade Muni maintenance facilities, as some facilities are more than 100 years old and are in need of renovation to accommodate a modern fleet.
- **Upgraded reliability on Muni's busiest routes.** Improve transit stops and reengineer city streets (Muni Forward projects) in a way that better organizes traffic, saving customers up to an hour a week in travel time.
- **Roomier and faster regional transit.** Retrofit or buy new BART train cars to provide more space for passengers and bikes. Invest in electrifying Caltrain to increase service into and out of San Francisco.

- **Improved bike infrastructure; safer walking and bicycling.** Expand bike lanes to reduce crowding on transit. Secure millions of dollars for bicycle infrastructure and pedestrian safety improvements.

The TSF would replace the existing Transit Impact Development Fee (TIDF), which currently applies to most non-residential development, and would include market-rate residential development, major hospitals and universities. The TSF would be assessed in proportion to the size and use of the proposed development. As described in the 2015 TSF Nexus Study, the TSF would also consolidate non-residential fee categories. (For further information on the TSF, please refer to the Transportation Sustainability Program website and the 2015 TSF Nexus Study.[10])

The TSF economic feasibility study evaluates the impact of the proposed TSF at various potential fee levels on prototypical developments. Table 1 compares the current TIDF fee rates (referred to as Base Case TIDF in this study) with the rates contained in the 2012 Draft TSF Ordinance (with dollar amounts adjusted for inflation to 2015 dollars), and assumes consolidated non-residential fee categories per the 2015 TSF Nexus Study (referred to as Base Case TSF in this study). Sensitivity analysis on higher TSF rates was also conducted, at 125%, 150%, and 250% of the Base Case TSF levels, as described in Chapter VII.[11]

Table 1. Existing TIDF vs. 2012 Draft TSF Ordinance Rates

Transit Impact Development Fee (TIDF) *(Base Case TIDF: Existing 2015 Fee)*		**Transportation Sustainability Fee (TSF)** *(Base Case TSF[1])*	
Use	Fee [$/GSF]	Use	Fee [$/GSF]
Management/Information/Professional Services (MIPS)	*$13.87*	Residential	*$6.19*
Retail/Entertainment	*$14.59*	Non-residential	*$14.43*
Cultural/Institution/Education	*$14.59*	PDR	*$7.61*
Medical	*$14.59*	**Note:** [1] Fee rates from the 2012 ordinance have been adjusted for inflation to 2015 dollars, and non-residential fee categories have been consolidated, consistent with other existing impact fees, as shown in the 2015 SF Transportation Sustainability Fee Nexus Study. These fee levels are also referred to as "Base Case TSF" in this study.	
Visitor services	*$13.87*		
Museum	*$12.12*		
Production/ Distribution/Repair (PDR)	*$7.46*		

Source: San Francisco Planning Department, 2015

[10] Transportation Sustainability Program website: http://tsp.sfplanning.org

[11] The Base Case TSF levels are defined as the fee rates in the 2012 Draft TSF Ordinance (Board File No. 120524), adjusted for inflation to 2015 dollars, with the proposed consolidation of non-residential fee categories as described in the 2015 TSF Nexus Study. The 2012 Draft TSF Ordinance can be found at: http://www.sfbos.org/ftp/uploadedfiles/bdsupvrs/committees/materials/lu120524tdr.pdf

A portion of the impact fee funding from certain area plans is dedicated to transit projects. Under the Transportation Sustainability Fee proposal, residential projects inside some plan areas would receive a credit for the transit portion of the area plan impact fee.[12]

B. California Environmental Quality Act and Level of Service Reform

Over the last 2 years, the City of San Francisco and the State of California have been actively working on Level of Service (LOS) reform and on improvements to the environmental review process under the California Environmental Quality Act (CEQA). With the adoption of the Sustainable Communities and Climate Protection Act of 2008 (SB 375), California is promoting land use and transportation planning decisions and investments that reduce vehicle miles traveled, thereby helping to lower greenhouse gas emissions as required by the California Global Warming Solutions Act of 2006 (AB 32).

On September 27, 2013, Governor Jerry Brown signed Senate Bill 743 (SB 743).[13] A key provision of SB 743 is the elimination of the use of LOS as a metric for measuring traffic impacts of projects in "transit priority areas" – defined as areas within ½ mile of a major transit stop, which encompasses most of the developable area of San Francisco.[14, 15] Senate Bill 743 also requires the California Office of Planning and Research (OPR) to develop revisions to the CEQA Guidelines establishing alternative criteria for determining the significance of transportation impacts of projects within transit priority areas that promote the "…reduction of greenhouse gas emissions, the development of multimodal transportation networks, and a diversity of land uses."

On August 6, 2014, OPR published the Updating Transportation Impacts Analysis in the CEQA Guidelines document, in response to SB 743.[16] These Draft CEQA guidelines indicate that the travel distance and amount of driving that a development project might cause should be the primary consideration when reviewing the project's transportation impact. Accordingly, OPR proposes that the LOS metric be replaced with a Vehicle Miles Traveled (VMT) metric. Level of Service analysis could be used for traffic engineering or transportation planning purposes, although not for environmental review.

Level of Service reform would eliminate the need for intersection LOS analysis for development projects that require a transportation impact study (TIS), which is typically required for larger developments. Level of Service analysis is a lengthy and costly process that can frequently drive the overall schedule for the TIS and broader CEQA analysis process. Level of Service analysis typically requires: identifying study

[12] Projects in the Transit Center District Plan (TCDP) do not receive a TSF area plan fee reduction– referred to as a fee credit– as the Transit Center Transportation and Streets Fee is designated to address the substantial impacts on transit associated with such a high density development. Projects in the Rincon Hill and Visitacion Valley area plans also do not receive a TSF area plan fee credit, since these area plan fees do not include a transit component.

[13] SB 743 can be found on-line at:
http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201320140SB743

[14] Public Resources Code, Chapter 2.7, Division 13, Section 21099. "Modernization of Transportation Analysis for Transit-Oriented Infill Projects."

[15] A "transit priority area" is defined in as an area within one-half mile of an existing or planned major transit stop. A "major transit stop" is defined in Section 21064.3 of the *California Public Resources Code* as a rail transit station, a ferry terminal served by either a bus or rail transit service, or the intersection of two or more major bus routes with a frequency of service interval of 15 minutes or less during the morning and afternoon peak commute periods.

[16] Document available at:
http://www.opr.ca.gov/docs/Final_Preliminary_Discussion_Draft_of_Updates_Implementing_SB_743_080614.pdf

intersections; calculating the project's travel demand; distributing the project's trips on the surrounding roadway network; conducting traffic counts; and running a traffic simulation model that measures the impact of the project-related trips on study intersections.

The existing LOS analysis requirement creates uncertainty, as only toward the conclusion of a transportation impact analysis (well into the pre-entitlement process) does a developer fully realize if a project's traffic impact would necessitate a higher level of environmental review (such as an Environmental Impact Report). As the environmental approvals must be completed prior to project approval hearings, this situation represents a significant risk to the developer, who must invest time and money for environmental review of projects that could ultimately be rejected. Thus, time and cost savings for environmental review, as well as earlier certainty around the TIS findings, will help reduce the pre-entitlement risk taken on by project sponsors.

The overall effect of LOS reform is to more accurately measure the environmental impacts of new development, simplify the transportation impact analysis and environmental review process and increase development certainty. This economic feasibility analysis evaluates the direct time and cost savings that typical projects may experience in the preparation of the TIS and related CEQA documentation. Additionally, there may be indirect economic benefits for all projects, as the removal of LOS analysis from transportation and environmental review documents would minimize the time spent on environmental review (thereby reducing backlogs for City staff and facilitating new development).

C. Transportation Demand Management (TDM) Development

One goal of the TSP is to minimize single-driver car trips while maximizing trips (from new developments) made via sustainable modes of transportation, such as walking, biking, ridesharing and mass transit. Transportation Demand Management (TDM) measures aim to reduce single occupancy vehicle (SOV) trips through programming and policies that encourage walking, bicycling, public or private transit, carpooling, and other alternative modes. Transportation Demand Management measures include both project design measures (such as way-finding signage or bicycle parking) and operational measures (such as employer transportation programs). The California Office of Planning and Research has recommended the use of TDM trip reduction strategies in the preliminary CEQA guidelines to implement Senate Bill 743.[17]

San Francisco is studying the benefits of implementing TDM measures on the choice of transportation mode. The City's policies already require many TDM measures – for instance, the Planning Code requires residential developments to include a certain number of Class I and Class II bicycle parking facilities.[18]

For the purposes of this feasibility analysis, the development prototypes incorporate TDM measures that are currently required as part of City policy – for instance, all prototypes include the required level of bicycle parking facilities and carshare parking spaces, consistent with the Planning Code. However, this study does not separately calculate the direct costs (such as increased space for bicycle parking) and benefits (such as lower construction costs from less vehicular parking) associated with TDM measures, nor any potential legislative changes to TDM requirements, as these TDM measures and legislative changes are not yet defined.

[17] http://www.opr.ca.gov/docs/Final_Preliminary_Discussion_Draft_of_Updates_Implementing_SB_743_080614.pdf

[18] San Francisco Planning Code, Section 155.2

IV. Study Goals and Methodology

The purpose of this study is to evaluate the potential impact of the proposed TSP on new development in San Francisco. The study has three primary goals:

- Evaluate the potential impact of the TSP on development feasibility.
- Gather input from the development community on development revenues and costs, as well as how CEQA/LOS reform might help streamline the development process.
- Conduct sensitivity analysis on potential development scenarios (e.g. alternative TSF levels).

A. Methodology Overview

This section briefly describes the methodology and underlying data that Seifel Consulting Inc. (Seifel) used to perform the economic analyses. All of the core components of the methodology, assumptions and analysis were developed and vetted in collaboration with City staff and Urban Economics (the City's nexus study consultant) over a series of meetings held during 2014 and 2015. The methodology leverages prior economic analyses and reports that were prepared when the TSP was originally being conceptualized in 2009 through 2012, as well as other studies that the City has commissioned to evaluate proposed modifications to the City's impact fees, inclusionary housing programs and neighborhood land use plans. (For a more detailed discussion of the methodology, development assumptions and data sources used in this study, please refer to Appendix A.)

The data and analysis presented in this study and its appendices have been gathered from the most reliable sources available and are designed to represent current market conditions, taking in to account a long-range view of real estate cycles in San Francisco. This information has been assembled and analyzed for the sole purpose of performing an economic evaluation of the proposed adoption of the TSP. Actual potential financial impacts on new development may vary from the estimates presented in this study.

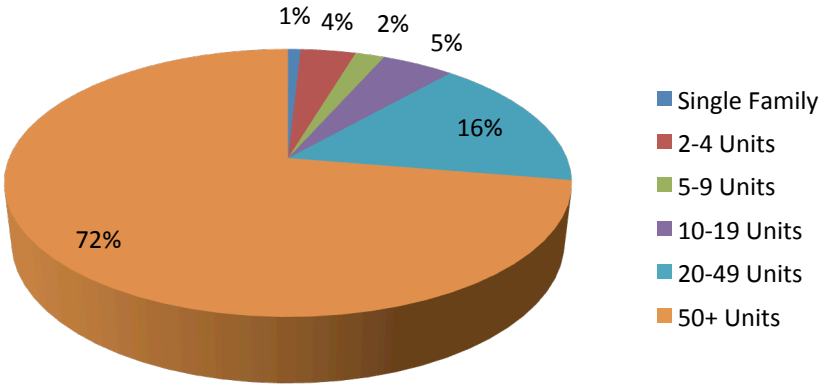
B. Selection of Development Prototypes

The first step in the analysis was to select a set of prototypical developments to be analyzed. Ten development prototypes – eight residential, two non-residential – were developed in order to represent the range of typical potential developments citywide that would see changes as a result of the TSP. The study placed greater emphasis on residential prototypes since the TSF proposal represents a new fee on residential uses. Seifel worked with City staff to identify common development types and locations by analyzing existing data sources, such as the San Francisco Planning Department's development pipeline, the Housing Inventory Report, Preliminary Project Assessments (PPAs), and market data sources.

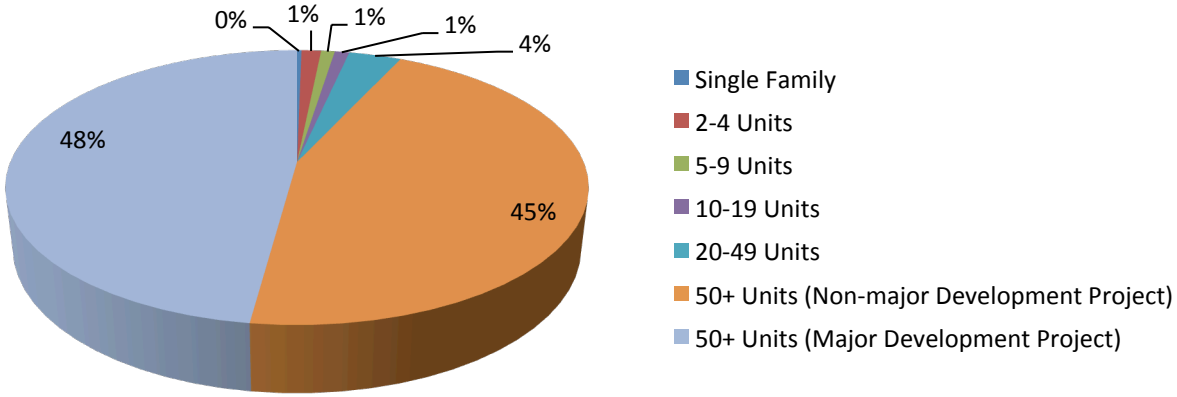
The residential prototypes were also designed to represent the broad range of development sizes that would likely be built in San Francisco. Figure 2 (following page) illustrates typical residential project sizes constructed in 2004–2014 and in the current development pipeline. As the top graph in Figure 2 shows, 72% of housing units constructed in the past decade are located in larger developments, sized 50 units or more. Less than 1% of housing units constructed during the last decade consist of single-family units, with about 11% of units located in developments sized between 2-19 units, and about 16% in developments 20-49 units in size.

Figure 2. Historical Housing Production and Current Development Pipeline, by Development Size

Distribution of Housing Units Constructed by Development Size, 2004-2014



Distribution of Housing Units in Pipeline by Development Size



Source: San Francisco Planning Department; 2014 San Francisco Housing Inventory Report; San Francisco Development Pipeline, Q3 2014.

Note that the following Major Development Projects are subject to agreements with developers to implement specific transportation improvements as a condition of project approval, and are specifically exempted from paying the TSF (per the terms of the applicable Redevelopment Plan or Development Agreement): CPMC; Candlestick Point/Hunters Point Shipyard Phases 1 and 2; Presidio, SF State; Transbay Redevelopment Project Area (Zone zone 1); Treasure Island/Yerba Buena Island (residential only); UCSF; and Park Merced (residential only).

According to the current development pipeline, the City can expect a reduced proportion of future residential development to be smaller-sized developments (19 units or fewer), representing about 3% of housing units. About 4% of new housing units are projected to occur in developments ranging in size from 20 to 49 units, while about 93% are anticipated to occur in larger developments (50 units or more).

About half of these housing units in larger developments (50 units or more) are located in major development projects with development agreements or other contracts that specifically exempt future development from having to pay the TSF. Those agreements specify other developer obligations to mitigate development impacts, such as construction of local transportation infrastructure. While these projects would not be subject to the TSF, they nonetheless will fund substantial improvements to the City's transportation system, helping to mitigate development impacts. Given this, none of the selected prototypes is located in major development projects that would not also be subject to the TSP. Most of the larger residential projects currently in the development pipeline are located in area plans, and three of the development prototypes (Prototypes 5, 8 and 9) are representative of larger residential developments with 100 or more housing units that are located in area plans.

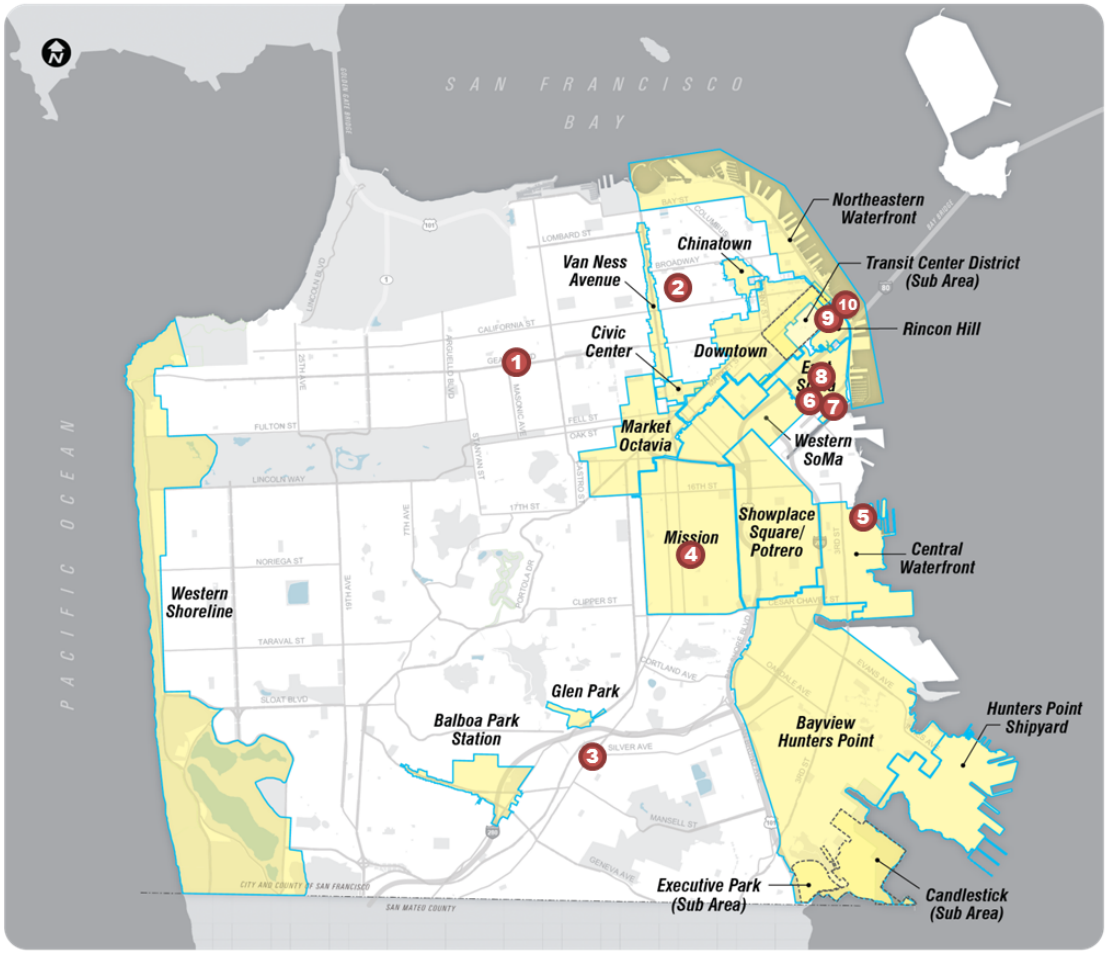
According to Planning Department data, most residential projects are mixed use developments, consisting of retail on the ground floor and residential on the upper floors. In addition, most of San Francisco's developable infill sites have zoning requirements that require active uses (such as retail) on street frontages. Thus, all but one of the residential prototypes is mixed use with retail development included on the ground floor.

The project team sought prototype locations both inside and outside of area plans in order to study different impact fee scenarios. In addition, prototype locations were chosen to represent varied transportation conditions in order to study different environmental review scenarios. Where possible, prototypes were selected to correspond with those analyzed in the concurrent Affordable Housing Bonus and Central SoMa feasibility analyses, in order to ensure that key development assumptions are consistent across these studies.

For purposes of distinguishing residential prototypes by development size, small projects are defined as consisting of 19 or fewer units (Prototypes 1 and 4), medium projects consist of 20–60 units (Prototypes 2, 3 and 6), and large projects consist of 61 or more units (Prototypes 5, 8, 9). The two non-residential prototypes are large office buildings with ground floor retail (Prototypes 7 and 10), which are reflective of typical office developments in the development pipeline.

The development revenue and cost assumptions were developed based on developer input and data gathered from a variety of real estate professionals, including market specialists, real estate brokers and general contractors. Figure 3 shows locations throughout the City of the development prototypes analyzed for the feasibility study and Table 2 provides an overview of the prototypes.

Figure 3. TSF Economic Feasibility Study Prototypes & Adopted Area Plans



1. **Geary Ave**[1]
   Small residential mixed-use, 8 units
2. **Van Ness Ave**[1]
   Medium residential mixed-use, 60 units
3. **Outer Mission**[1]
   Medium residential mixed-use, 24 units
4. **Mission**
   Small residential mixed-use, 15 units
5. **Central Waterfront**
   Large residential mixed-use, 156 units
6. **East SoMa**[1]
   Medium residential mixed-use, 60 units
7. **East SoMa**[1]
   Large office, 224k sq. ft.
8. **East SoMa**[1]
   Large residential mixed-use, 141 units
9. **Transit Center**
   Large residential, 229 units
10. **Transit Center**
    Large office, 320k sq. ft.

[1] Corresponds with Affordable Housing Bonus / Central SoMa feasibility studies.

Table 2. Overview of Economic Feasibility Study Prototypes[1]

Prototype	Lot Area (Square Feet)	Housing Units	Residential (Net Square Feet)	Non-residential (Net Square Feet)	Area Plan
1. Geary Ave[2] *(small residential mixed use)*	5,000	8	8,800	1,400 (retail)	None
2. Van Ness Ave[2] *(medium residential mixed use)*	24,300	60	59,800	8,100 (retail)	None
3. Outer Mission[2] *(small residential mixed use)*	14,400	24	30,000	2,900 (retail)	None
4. Mission *(small residential mixed use)*	6,000	15	14,300	2,300 (retail)	Eastern Neighborhoods
5. Central Waterfront *(large residential mixed use)*	35,000	156	118,800	4,500 (retail)	Eastern Neighborhoods
6. East SoMa[2] *(medium residential mixed use)*	10,000	60	43,100	4,500 (retail)	Eastern Neighborhoods
7. East SoMa[2] *(large office)*	35,000	-	-	224,400 (202,100 office and 22,300 retail)	Eastern Neighborhoods
8. East SoMa[2] *(large residential mixed use)*	15,000	128	119,800	6,800 (retail)	Eastern Neighborhoods
9. Transit Center *(large residential)*	15,000	229	241,300	-	Transit Center District Plan (TCDP)
10. Transit Center *(large office)*	20,000	-	-	320,300 (307,500 office and 12,800 retail)	TCDP

Source: San Francisco Planning Department.

Notes:

[1] Numbers rounded to nearest 100.

[2] Prototype corresponds with prototypes studied in the Affordable Housing Bonus / Central SoMa feasibility studies.

C. Transportation Impact Fees

In order to evaluate the impact of the TSF on new development, Seifel worked with City staff to calculate transportation impact fees and other development impact fees for each of the feasibility study prototypes. Table 3 compares the transportation fee obligation for each of the prototypes currently under the TIDF with the Base Case TSF levels, which are defined as the fee rates in the 2012 Draft TSF Ordinance (adjusted for inflation to 2015 dollars) with the proposed consolidation of non-residential fee categories. (Refer back to Section III.A for more information.)

D. Evaluation of Potential Time and Cost Savings with TSP

For each of these development prototypes, City staff documented the level of environmental review and associated costs that would likely be required currently (before consideration of the TSP) and what would be required with the adoption of the TSP. The potential costs and time spent on environmental review for each of these prototypes was then compared under these two conditions in order to understand the potential direct economic benefits from the adoption of the TSP. For example, if the prototype being analyzed might currently be required to do a transportation study that includes an LOS analysis (as was found to be the case for Prototypes 5, 7, 8, 9 and 10), City staff evaluated what predevelopment cost and time savings might occur if no LOS analysis was required. Chapter V describes in greater detail how the analysis of potential TSP savings was performed and summarizes the results for each development prototype.

Time saved during the development entitlement period can decrease the amount of predevelopment carrying costs that a developer would need to pay, which could increase the amount a developer would be willing to pay for land. The economic analysis assumes that predevelopment costs (including land) are equal to about 5% of development value (typically within a range of 5-15% of development value or total development cost, according to the Urban Land Institute).[19] While predevelopment costs vary by development (e.g. whether land is purchased up front or purchased at the end of an option period, with option payments made in the interim, and the extent of upfront predevelopment costs), this estimate is considered to be generally representative of a potential predevelopment carry scenario. The economic effect of predevelopment time savings is measured by multiplying estimated predevelopment costs by a 12% annual equity carrying cost (conservative assumption as equity during entitlement period often requires a higher return threshold) times the number of months saved divided by one year.[20]

As described further in Chapter V, transportation is just one of several topics that may be analyzed as part of a project's environmental review, so these predevelopment savings may not occur in all cases. Thus, the financial analysis evaluates each prototype assuming that the potential level of predevelopment cost and time savings would occur or would not occur.

[19] As described in Chapters 2 and 3 in "Finance for Real Estate Development," Charles Long, ULI, 2011.

[20] For example, five months in potential time savings would result in potential predevelopment carry savings equal to about 0.25% of development value or about 0.5% of direct construction costs.

Table 3. Comparison of Transit Impact Development Fee (TIDF) and Transportation Sustainability Fee (TSF) for Development Prototypes[1]

Prototype	TIDF (2015 fee) *[a]*	Base Case TSF[2] [*b*]	TSF Area Plan Credit[3] *[c]*	TSF Net Fee (Increase over existing fees) *[b – a + c]*
1. Geary Ave *(small residential mixed use)*	$18,900	$88,800	$0	**$69,900**
2. Van Ness Ave *(medium residential mixed use)*	$0	$458,900	$0	**$458,900**
3. Outer Mission *(small residential mixed use)*	$0	$42,400	$0	**$42,400**
4. Mission *(small residential mixed use)*	$17,800	$55,700	($14,300)	**$23,600**
5. Central Waterfront *(large residential mixed use)*	$3,600	$421,700	($168,300)	**$249,900**
6. East SoMa *(medium residential mixed use)*	$35,600	$263,800	($100,600)	**$127,600**
7. East SoMa *(large office)*	$3,388,100	$3,510,800	$0	**$122,700**
8. East SoMa *(large residential mixed use)*	$109,400	$1,041,400	($292,800)	**$639,200**
9. Transit Center *(large residential)*	$0	$2,059,700	$0	**$2,059,700**
10. Transit Center *(large office)*	$5,346,000	$5,551,200	$0	**$205,200**

Source: San Francisco Planning Department, 2014.

Notes:

[1] Numbers rounded to nearest $100. Some numbers may not precisely subtract due to rounding.

[2] Fee rates from the 2012 draft TSF ordinance have been adjusted for inflation to 2015, and non-residential fee categories have been consolidated, consistent with the SF Transportation Sustainability Fee Nexus Study. Prior use fee credits have been applied for eight prototypes (Prototypes 1 through 8), reflecting typical conditions for infill sites.

[3] Residential developments in some area plans may be eligible for a TSF area plan fee reduction– referred to as a fee credit– equivalent to the transit component of the applicable area plan impact fee. For residential projects in the Eastern Neighborhoods area plans (Prototypes 4, 5, 6, 7 and 8), the credit is 10% of the area plan fee. Projects in TCDP (Prototypes 9 and 10) are not eligible for a TSF area plan fee credit as the Transit Center Transportation and Street Improvement Fee is designated to address the substantial impacts on transit associated with such high-density development.

E. Residual Land Value Analysis

In order to evaluate the direct economic effect of the TSP, Seifel developed land residual models to estimate and compare the value of land before and after the proposed adoption of the TSP for the 10 prototypical developments described above. Residual land value (RLV) models calculate the potential amount a developer would be willing to pay for land, given anticipated development revenues, costs and a target developer margin. The developer margin represents a target return threshold that takes into account development risk, including the timeline it takes to complete the development, the uncertainty of future development revenues and costs and the level of returns that must be achieved to attract private capital. Developers commonly use RLV models at the initial stages of development to test feasibility and determine how much they can afford to pay for land.[21]

The RLV is the difference between what a developer expects to receive in revenues (e.g., sale of condominium units), less all costs associated with developing the buildings (e.g., predevelopment costs, hard construction costs, tenant improvements, construction financing, developer overhead, marketing/sales costs, other soft construction costs and target developer margin).[22] RLV models are useful tools to test the financial impact of different public policies on land values and development feasibility because they can compare the financial impact on land values given variable development scenarios, including variations in development land uses, revenues, costs and policy options.

The RLV analysis compares the potential land value for each development prototype under current conditions with the potential land value assuming the imposition of the TSF, both with and without the anticipated predevelopment savings.[23] The next chapter describes the potential predevelopment cost and time savings in greater detail.

[21] The Urban Land Institute (ULI) has published literature that describes how developers analyze the feasibility of potential development projects, including the use of residual land value analysis. Refer to Chapters 2 and 3 in "Finance for Real Estate Development," Long, ULI, 2011.

[22] As part of the economic evaluation process, Seifel compared the projected development values, residual land values, target developer margins, and other financial metrics in the RLV models with current real estate data on similar transactions, including recent rental rates and sales prices, comparable land sales, market capitalization rates and financial pro forma information gathered from the development community. The RLVs for each prototype under current conditions were also compared to land values that are currently being assumed in recent developer pro formas, as well as information obtained from recent land sales and valuation input from Clifford Advisory. According to recent market information, the minimum market sales price for residentially zoned land in San Francisco is about $90,000 per unit ("per door"), and the RLV under the Base Case TIDF for residential units was found to be $100,000 or more for all prototypes except for Prototype 3, which is located in the Outer Mission area. (Current sales prices and rents in many of San Francisco's outer neighborhoods are not sufficiently high to support the higher cost of mid-rise construction and generate strong land values, particularly on sites where zoning restrictions significantly limit residential density (such as Prototype 3), which limits the number of units that can be built.) The calculated RLV for the two office prototypes is approximately $130/Building NSF, which is also within current market value range. For most prototypes, RLV ranges between 10 and 20% of development value or condominium sales price (after taking into account the cost of sale), which is also within the typical percentage ranges in development pro formas. For Prototype 3, the RLV is less than 5% of development value, which also indicates some developments in outer neighborhoods may not currently be feasible.

[23] Without predevelopment savings, the difference in RLV is directly attributable to the increase in development impact fees from the TSP, as no offsets to development costs are assumed from CEQA/LOS streamlining.

V. Cost and Time Savings from CEQA / Level of Service Reform

As previously described, the removal of LOS analysis under CEQA reform would eliminate the need for intersection LOS analysis for projects that require a transportation impact study (TIS), which is one of the main drivers of the overall schedule of the environmental review (and subsequently, the development entitlement process). Eliminating the LOS analysis could simplify the transportation analysis and decrease the amount of time spent on environmental review. This study evaluates the potential financial impact of both the direct time and cost savings that some projects may experience as a result of these improvements to the environmental review process from the TSP, as further described below.

A. Direct Time Savings

The time savings that an individual project may experience would vary depending on its level of required environmental review. Under CEQA, there are three major levels of environmental review documents, listed in ascending order of complexity and time required:

1. Exemption (i.e. a Categorical Exemption (Cat Ex) or Community Plan Exemption (CPE))
2. Mitigated Negative Declaration (MND)
3. Environmental Impact Report (EIR)

The level of required environmental review and type of document to be prepared largely depends on the size and scale of the proposed project, its location and whether or not it may benefit from – or be "tiered" from – a previous EIR, such as the City's Housing Element EIR or the Eastern Neighborhoods Area Plan and Rezoning EIR. For example, a Community Plan Exemption (CPE) document can only be prepared for a qualifying project within a plan area that does not result in any new significant impacts or require any new mitigation above and beyond what is analyzed in the Area Plan EIR.

After CEQA/LOS reform is implemented through the TSP, project sponsors may experience two types of potential direct time savings:

1. Time savings associated with not having to do an LOS analysis as part of the Transportation Impact Study.
2. Time savings associated with streamlining the overall environmental review process, with the greatest savings potentially occurring in situations where the level of environmental review for a project can be reduced (for example, a Mitigated Negative Declaration or Exemption instead of an EIR). This latter scenario is somewhat rare and would happen in instances where a project is required to undergo a more extensive level of environmental review solely due to transportation LOS impacts.

Table 4 shows that the potential average time savings due to the removal of the LOS analysis requirement in the overall CEQA document preparation ranges from zero to five months, assuming that this does not change the level of environmental review required.

Greater time savings may be possible in situations where the removal of the LOS analysis results in a lower level of environmental review than would otherwise be required. However, the CEQA review process is just one part of the overall predevelopment timeline, which also includes obtaining land use entitlements and other project approvals. For this reason, the overall project entitlement time savings may not be as great as the potential CEQA time savings.

Table 4. Average CEQA Document Time Savings due to CEQA/LOS Reform[3]

	Average Document Preparation Time		
Type of Environmental Document	**Before CEQA Reform: With LOS Analysis**	**After CEQA Reform: Without LOS Analysis**	**Potential Time Savings**
Community Plan Exemption (CPE)	11 months	6 months	5 months
Mitigated Negative Declaration (MND)	12 months	9 months	3 months
Environmental Impact Report (EIR) – Focused[1]	22 months	18 months	4 months
Environmental Impact Report (EIR) – Full[2]	32 months	32 months	0 months

Source: San Francisco Planning Department, 2014.

Notes:

[1] A "Focused EIR" would include the analysis of select environmental topics (typically four or fewer).

[2] A "Full EIR" would include the analysis of all or most of the environmental topics.

[3] The timeframes in this table assume that the TIS is the most time-consuming background study that is required for a project. If other background studies (such as Historic Resource Evaluation) are required and take longer than the TIS, the timeframes might need to be adjusted. This table shows timeframes from the date an environmental coordinator is assigned to a project.

B. Direct Cost Savings

Currently, the costs associated with environmental review include both Planning Department fees and environmental consultant fees. Planning Department fees include an environmental review fee, which is based on the type of environmental review document and the cost of project construction. Projects that require a transportation impact study must also pay Planning Department and SFMTA transportation study review fees, regardless of whether or not the study includes a LOS analysis.

Environmental review consultants represent an additional cost and are typically retained to prepare the environmental review document and the TIS, if required. Consultant fees vary based on the size and complexity of the project, the type of environmental review document being prepared and whether or not an LOS analysis is required as part of the TIS.[24]

Under CEQA/LOS reform, fee amounts for Planning Department environmental review and SFMTA transportation review will remain the same for projects that do not experience any change in the type of

[24] Based on Planning Department interviews with environmental consultants in 2014, the cost savings associated with the removal of the LOS analysis from the transportation study are estimated to be about 25% of the transportation study costs for all projects, regardless of size.

environmental document required. For instance, a project in an area plan may currently be required to prepare a TIS with a LOS analysis as part of a Community Plan Exemption (CPE). Under the proposed TSP, the project may still need to prepare a CPE, but it would include a simplified TIS without a LOS analysis. The Planning Department and SFMTA transportation fees would remain the same, but the project would benefit from consultant cost savings and time savings from not having to do the LOS analysis. As the environmental review document also incorporates technical analysis from the TIS, the consultant time required to prepare the environmental document would also be reduced, resulting in additional cost savings.

However, a project may experience greater cost savings if the removal of the LOS analysis results in a lesser level of environmental review being required. For instance, if a project no longer requires a focused EIR (which is conducted by environmental consultants) and could be eligible for a CPE (typically prepared in-house by Planning Department staff), the cost savings would be substantial.

C. Indirect Benefits

In addition to these direct benefits, CEQA/LOS reform would also result in greater certainty for project sponsors, as described earlier. As the environmental approvals must be completed prior to project approval hearings, these environmental approvals represent a significant risk to the developer, who must invest time and funds for environmental review of projects that might ultimately be rejected. Thus, any savings in environmental review time and costs can help reduce the pre-entitlement risk taken on by developers. Further, CEQA/LOS reform would simplify and minimize the time spent on environmental review, potentially reducing backlogs for City staff and shortening the predevelopment process for all projects, not just those benefitting from CEQA streamlining due to TSP.

While these indirect economic benefits could be significant to the development community, the financial analysis solely focuses on evaluating the direct time and cost savings in the preparation of the TIS and related CEQA documentation.

D. CEQA Streamlining Benefits for Feasibility Study Prototypes

The CEQA streamlining benefits associated with the implementation of the TSP were identified and analyzed for each of the development prototypes by comparing the scope of the environmental review with and without a LOS analysis. The level of environmental review for each prototype was determined based on the following information for each prototype:

- Project description, including land use, intensity of development, building envelope and project location.
- Environmental constraints associated with the project sites in these areas of the City.
- Programmatic EIRs (typically from area plans) from which the project-level environmental review documents could be tiered (where applicable).
- Planning Department guidelines and standard practices for environmental review as of March 2015.

The Planning Department identified the technical studies that would be required on the topics of transportation[25], air quality, noise, hazardous materials, wind, shadow, archeological resources, geology

[25] The type of transportation study required was based on a calculation of the PM peak-hour automobile trips that would be generated by the development program identified for each prototype.

and historic resources. The level of environmental review was based on the findings typically associated with the conclusions of those studies.

The current level of environmental review for each prototype was then compared to the anticipated level of environmental review and transportation analysis that would be needed with the TSP, assuming no other environmental topic area (such as historic resources) would result in impacts that would cause a more stringent environmental review process.

The potential time and cost savings for each prototype was then estimated by Planning Department staff based on recent environmental review costs incurred for similar projects, in consultation with outside environmental consultants. Table 5 at the end of this Chapter summarizes the type of environmental review document that would be required for each feasibility study prototype with and without LOS reform under TSP. Each of the prototypes except Prototype 5 would require the same type of environmental review document, with and without TSP.

Prototypes 1 through 4 and Prototype 6 are smaller projects that would not currently require a LOS analysis. Therefore, under TSP there is no change to the transportation study or the environmental review process and no environmental review time or cost savings.

Prototypes 7 through 10 are all large projects within area plans and would require LOS analysis, according to current practices, but would not require LOS analysis under TSP. [26] Thus, each of these prototypes experiences a time savings of approximately five months and varied consultant costs savings, both associated with the preparation of a streamlined TIS.

Prototype 5 is a medium-sized project located in the Central Waterfront area of the Eastern Neighborhoods. Based on the project size, the background traffic conditions in the surrounding streets and the level of new development anticipated in the area, a LOS analysis of this project would likely identify a significant unavoidable traffic impact that would trigger the preparation of a focused EIR under current practice. Prototype 5 is unlikely to result in other significant unavoidable impacts; therefore, under the TSP, this project would no longer need to conduct an EIR, resulting in substantial time and cost savings. The combined cost savings of reduced Planning Department fees and consultant fees is approximately $560,000 and the associated time savings is approximately five months.[27]

In summary, this analysis demonstrates the potential variation in potential direct time and cost savings for environmental and transportation review with the TSP for a variety of development types throughout San Francisco, summarized below and in Table 5.

- With TSP, no time or cost savings are anticipated for Prototypes 1 through 4 and Prototype 6, which is primarily attributable to the small-scale of development that each represents.
- Prototype 5 is estimated to potentially receive the most significant level of cost savings with TSP, as the environmental review document would be modified from a CPE and a Focused EIR to a

[26] For the purposes of this analysis, it was assumed that the governing environmental documents would enable this to occur.

[27] Although the change in the scope of the environmental review would reduce the CEQA documentation timeline from 22 months to 6 months (a 16-month time savings), the timeline for the required entitlements could likely only be reduced by 5 months given that some of steps in the technical analysis and the approval process take a certain amount of time and would not be able to be further shortened with TSP. Therefore, a conservative estimate of 5 months of time savings is estimated to occur within the overall predevelopment timeline.

CPE. It would also likely benefit from time savings of 5 months in the predevelopment review process.

- Prototypes 7 through 10 are anticipated to experience more modest cost savings given that their level of environmental review would remain the same under TSP. These prototypes would also likely benefit from time savings of 5 months in the predevelopment review process.

As described above, the projected time and cost savings presented for each prototype assumes that no other type of topic area (such as historic resources) would result in further intensification of environmental review. In order to take into account the possibility that no time or cost savings might occur, the land residual analysis evaluates the financial impact with and without the potential predevelopment time and cost savings that are described in this Chapter.

Table 5. Potential Environmental Review Time and Cost Savings from CEQA/LOS Reform by Prototype

Prototype	Environmental Review Time Savings[1]			Environmental Review Cost Savings[2]		
	Environmental Review Document: TIDF (Existing)	Environmental Review Document: TSP (Proposed)	Predevelopment Period Time Savings[3]	Planning Dept. Environmental Fee Savings	Estimated Consultant Cost Savings	Total Environmental Cost Savings
1. Geary Ave *(small residential mixed use)*	Class 32 CatEx	Class 32 CatEx	**None**	$0	$0	**$0**
2. Van Ness Ave *(medium residential mixed use)*	Class 32 CatEx	Class 32 CatEx	**None**	$0	$0	**$0**
3. Outer Mission *(small residential mixed use)*	Class 32 CatEx	Class 32 CatEx	**None**	$0	$0	**$0**
4. Mission *(small residential mixed use)*	CPE	CPE	**None**	$0	$0	**$0**
5. Central Waterfront *(large residential mixed use)*	CPE + Focused EIR	CPE	**5 months**	$386,300	$175,000	**$561,300**
6. East SoMa *(medium residential mixed use)*	CPE	CPE	**None**	$0	$0	**$0**
7. East SoMa *(large office)*	CPE + Focused EIR	CPE + Focused EIR	**5 months**[4]	$0	$95,000	**$95,000**
8. East SoMa *(large residential mixed use)*	CPE	CPE	**5 months**[4]	$0	$25,000	**$25,000**
9. Transit Center *(large residential)*	CPE	CPE	**5 months**[4]	$0	$25,000	**$25,000**
10. Transit Center *(large office)*	CPE	CPE	**5 months**[4]	$0	$50,000	**$50,000**

Source: San Francisco Planning Department, 2014

Note: Numbers rounded to nearest $100.

[1] This assumes that no other type of environmental review (such as historic resources) would result in further intensification of environmental review. As further described in this report, the land residual analysis accounts for an alternative environmental review situation where no time or cost savings would occur, as it evaluates the financial impact with and without the anticipated predevelopment savings from a streamlined CEQA process.

[2] These cost savings do not include potential predevelopment savings associated with lower predevelopment carrying costs due to a shorter entitlement timeline, which is evaluated in the land residual models.

[3] The predevelopment period includes both the environmental review and the entitlement process. Thus, changes to the environmental review timeline may not translate directly to equivalent time savings in the predevelopment period.

[4] Time savings due to dissolution of transportation LOS analysis requirement.

VI. Results From Analysis of Base Case TSF Levels

As described in Chapter IV on methodology, land residual models for ten typical developments were prepared to compare the estimated value of land before and after adoption of the proposed TSP. These development prototypes were chosen to best represent potential developments that might occur in different City neighborhoods, located inside and outside Plan Areas. The first stage of the analysis evaluates the potential financial impact by comparing the RLV under current conditions (referred to as Base Case TIDF) with the Base Case TSF scenario (with the introduction of the TSP, including the addition of fees at the "Base Case TSF" levels and CEQA/LOS reform).[28] Given the variability in key cost factors for real estate development across San Francisco and the challenging development climate that has resulted from the real estate recession followed by rapid price appreciation in recent years, a decrease in RLV of -10% or less with the introduction of the TSP has been chosen as a reasonable indicator of ongoing feasibility.

Non-residential development would experience the least financial impact from TSP, as the Base Case TSF is about the same as the existing TIDF for most land uses. For example, the net increase in the impact fee burden for new office use would be about $.56/GSF, and retail development would experience a slight decrease in fees of about -$0.16/GSF at the Base Case TSF levels. (Please refer back to Table 1 and Chapter III for more information regarding existing and proposed TSF levels.)

With TSP, residential development would be subject to a new development impact fee, which would increase development costs by $6.19/GSF for the Base Case TSF scenario without consideration of fee credits or predevelopment savings. Based on a typical residential unit size of 950 net square feet,[29] this translates to a potential increase in fees for the Base Case TSF scenario of about $7,400 per unit, or about 1-2% of direct construction cost depending on the type of construction and level of fee credits.

CEQA/LOS reform, once adopted, could help offset some of the financial impact of the TSF on new development or create an economic benefit for development. Based on the analysis presented in Chapter V, this streamlining could represent potential predevelopment cost and time savings for larger developments that currently require a transportation study as part of their environmental review in the following ways:

- Reduced City fees related to the current review of transportation studies.
- Reduced costs in professional services related to transportation and environmental analysis during the environmental process.
- Potential for reduced carrying costs (for private capital) on predevelopment expenses resulting from time savings of up to five months in the review process.[30]

[28] As described in Chapter IV, the Base Case TSF scenario assumes the fee rates in the 2012 Draft TSF Ordinance, adjusted for inflation to 2015 dollars, taking into account the consolidation of non-residential fee categories.

[29] The fee is based on a gross residential square foot basis, and this typical unit size is assumed to be about 1188 GSF based on a typical 80% efficiency for low-rise and mid-rise developments, as indicated by this study. Building area (per gross and net square foot) does not include square footage related to parking.

[30] As described in Chapter IV, this analysis assumes predevelopment costs (including land) are equal to about 5% of development value, and the economic effect of predevelopment time savings is measured by multiplying the estimated predevelopment costs by a 12% annual equity carrying cost times the number of months saved divided by one year (i.e. 5 months/1 year or 42%) resulting in predevelopment savings at about 0.25% of development value, or about $2500 per unit for a condominium development with an average value of $1 million per unit.

Table 6 on the following page summarizes the economic evaluation of the TSP program under the Base Case TSF scenario. As it shows, the residual land values for most of the prototypes range from about 10-20% of revenues, which is consistent with many recent development pro formas that were reviewed for this study.[31] New development may not be currently feasible in City neighborhoods that have below-average price levels and rents, given the high cost of construction relative to potential revenues. The financial analysis indicates that this is the case for Prototype 3.[32] While the imposition of the Base Case TSF will not cause developments similar to Prototype 3 to be infeasible, the TSF further distances these areas from development feasibility as it lowers the potential RLV.

As Table 6 shows, five of the prototypes (due to their development size and location) are not anticipated to receive any CEQA streamlining benefits (Prototypes 1 through 4 and Prototype 6). The remaining five prototypes could potentially benefit from reduced transportation and environmental costs and 5 months in predevelopment time savings, which would lower predevelopment carry costs (Prototypes 5 and 7 through 10). For three of these prototypes (Prototypes 5, 7 and 10), the potential benefits from CEQA streamlining could more than offset the increase in impact fees, and this results in an increase in residual land value when predevelopment savings are assumed to occur (RLV with predevelopment savings). Without predevelopment savings, the RLV decreases for all prototypes, ranging from about -1% to -8%, which is within the -10% feasibility threshold.

As described in Chapter III, about half of new housing units are projected to be developed in larger developments within area plans, some of which may be eligible for a fee credit that would help offset a portion of the financial impact from the TSF. Four of the prototypes are located within area plans that would be eligible for an area plan fee credit for residential development (Prototypes 4, 5, 6 and 8). In summary, the impact on RLV varies among the prototypes depending on the following:

- **Land use**: non-residential prototypes (Prototypes 7 and 10) have the smallest increase in impact fees due to the TSF, as the Base Case TSF is about the same as the TIDF, while residential developments experience the greatest increase in impact fees under the TSP.
- **Environmental review & predevelopment savings**: larger developments could potentially benefit from reduced transportation and environmental costs plus decreased predevelopment carry costs as a result of time savings from CEQA/LOS reform (Prototypes 5 and 7 through 10). These potential financial benefits are modeled in the "with predevelopment savings" scenario, and they are not assumed to occur in the "without predevelopment savings" scenario.

[31] Please refer to Chapter IV and Appendix A for further information regarding the methodology used in this analysis. Revenues are equal to potential sales prices for condominiums or development values for rental property less sales expenses.

[32] The RLV for Prototype 3 is below 5% of total development value and is less than $40,000 per housing unit, which is below the typical asking prices for land in San Francisco and is less than land values for similarly located properties with existing uses. This finding indicates that similar developments in the outer neighborhoods may not generate sufficient development value to enable developers to pay for property at its current market value (particularly considering many infill sites have existing development that is generating rental income) or generate sufficient developer margin to warrant private investment.

Table 6. Summary of Economic Impact of Transportation Sustainability Program Under Base Case TSF Scenario

Prototype	Base Case TIDF		Impact on Residual Land Values (RLV) Under Base Case TSF Scenario								
					Predevelopment Savings (Credit)			RLV With Predevelopment Savings		RLV Without Predevelopment Savings	
	Base Case TIDF RLV [a]	Base Case TIDF RLV as % of Revenues	Fee Credit	Base Case TSF Fee Increase (Compared to Existing Fees Under Base Case TIDF) [b]	Environmental Cost Savings [c]	Time Savings (Predevelopment Carry Savings) [d]	Total Cost Savings [e=c+d]	Base Case TSF RLV [a-b-e]	% Change	Base Case TSF RLV [a-b]	% Change
1. Geary Ave (Small Res. Mixed-use)	$2,050,200	23%	Prior Use	**$69,900**	$0	$0	**$0**	$1,980,300	**(3%)**	$1,980,300	**(3%)**
2. Van Ness Ave (Medium Res. Mixed-use)	$7,017,300	10%	Prior Use	**$458,900**	$0	$0	**$0**	$6,558,400	**(7%)**	$6,558,400	**(7%)**
3. Outer Mission (Small Res. Mixed-use)	$920,600	4%	Prior Use	**$42,400**	$0	$0	**$0**	$878,200	**(5%)**	$878,200	**(5%)**
4. Mission (Small Res. Mixed-use)	$3,140,700	21%	Prior Use, Area Plan	**$23,600**	$0	$0	**$0**	$3,117,100	**(1%)**	$3,117,100	**(1%)**
5. Central Waterfront (Large Res. Mixed-use)	$22,869,100	21%	Prior Use, Area Plan	**$249,900**	($561,000)	($274,900)	**($835,900)**	$23,455,100	**3%**	$22,619,200	**(1%)**
6. East SoMa (Medium Res. Mixed-use)	$6,339,100	14%	Prior Use, Area Plan	**$127,600**	$0	$0	**$0**	$6,211,500	**(2%)**	$6,211,500	**(2%)**
7. East SoMa (Large Office)	$28,722,700	15%	Prior Use	**$122,700**	($95,000)	($479,500)	**($574,500)**	$29,174,500	**2%**	$28,600,000	**(0%)**
8. East SoMa (Large Res. Mixed-use)	$13,678,300	10%	Prior Use, Area Plan	**$639,200**	($25,000)	($331,100)	**($356,100)**	$13,395,200	**(2%)**	$13,039,100	**(5%)**
9. Transit Center (Large Residential)	$25,892,400	8%	None	**$2,059,700**	($25,000)	($769,100)	**($794,100)**	$24,626,800	**(5%)**	$23,832,700	**(8%)**
10. Transit Center (Large Office)	$42,188,700	13%	None	**$205,200**	($50,000)	($824,500)	**($874,500)**	$42,858,000	**2%**	$41,983,500	**(0%)**

Notes: Numbers rounded to nearest $100. Please refer to Chapters III and IV for further information on the prototype assumptions. (Table 3 summarizes the fee calculations for the Base Case TSF and Table 5 presents the environmental cost savings.)

Source: San Francisco Planning Department, 2015.

- **Area Plan fee credits**: residential developments located within certain Area Plans would be eligible for a partial fee credit (Prototypes 4, 5, 6 and 8) equivalent to the transit component of the Area Plan fee.
- **Prior use fee credits**: prototypes with existing buildings would be eligible to receive a fee credit for prior uses, which reduces the level of TIDF, TSF and area plan fees (Prototypes 1 through 8).

The financial analysis indicates that implementation of the proposed TSP at the Base Case TSF would have a modest financial impact on future development feasibility due to the combined effects described above under the potential development scenarios for each prototype:

- The difference in residual land values, with and without predevelopment savings, does not decrease by more than 10% for all prototypes.
- With predevelopment savings as a result of CEQA/LOS reform, residual land values could potentially increase under the TSP by about 2% to 3% where the streamlining benefits more than offset the increase in development costs with the TSP (Prototypes 5, 7 and 10).
    - If a project is currently required to undertake a transportation LOS analysis, the TSP will provide modest economic benefits if the level of environmental review remains the same. (As shown in this study, a transportation LOS analysis is typically required for larger sized developments.) In these cases, the elimination of LOS analysis could reduce consultant costs by $25,000 to $95,000 and result in a time savings of 5 months during the entitlement period, which would potentially decrease predevelopment carrying costs. This scenario applies to four of the ten prototypes (Prototypes 7 through 10) evaluated in this study. For the office prototypes (Prototypes 7 and 10), the combination of consultant cost savings and predevelopment savings could fully offset the impact of the Base Case TSF level.
    - Projects that would be eligible for a lesser level of environmental review as the result of CEQA/LOS reform would achieve the greatest economic benefit. For instance, one of the prototypes studied (Prototype 5) might be eligible for a Community Plan Exemption (CPE) under the TSP, as compared to a Focused Environmental Impact Report (FEIR) under current conditions. This could potentially result in direct cost savings of about $560,000 in environmental consultant/Planning Department fees and predevelopment time savings of 5 months, which could fully offset the impact of the Base Case TSF level.
- Without predevelopment time savings, residual land values are projected to decrease between about 0% to -8% for all prototypes.[33] The greatest decrease in RLV occurs for residential projects located Outside Plan Areas or Inside Plan Areas where fee credits do not substantially offset the TSF (Prototypes 2, 3, 8 and 9).

As described above, the extent of the financial impact will vary depending on land use, whether or not the development is located in a Plan Area, whether it will benefit from the potential predevelopment time and cost savings and the level of fee credits. These findings are generally consistent with the prior (2012) economic analysis of the proposed TSP.

[33] As no offsets to development costs are assumed from CEQA/LOS streamlining, the difference in RLV without predevelopment savings is directly attributable to the increase in development impact fees from the TSP.

VII. Sensitivity Analysis of Alternative TSF Levels

The sensitivity analysis studies the effect of higher TSF levels, modeled at 125%, 150% and 250% of the Base Case TSF levels, which are within the maximum justified fee levels from the 2015 TSF Nexus Study. Table 7 summarizes and compares the fee levels for each scenario with the maximum justified fee amounts. The table indicates that the TSF fee levels evaluated in this sensitivity analysis would range from $6.19 at the Base Case TSF to $15.48/GSF at 250% TSF for residential development and from $14.43 at the Base Case TSF to $36.08/GSF at 250% TSF for non-residential development.

Table 7. TSF Sensitivity Analysis Scenarios (2015 Dollars)

Use	*Base Case TSF ($/GSF)*	*125% TSF ($/GSF)*	*150% TSF ($/GSF)*	*250% TSF ($/GSF)*	*Maximum Justified Fee[1] (not modeled)*
Residential	$6.19	$7.74	$9.29	$15.48	$30.95
Non-residential	$14.43	$18.04	$21.65	$36.08	$87.52
PDR[2]	$7.61	n/a	n/a	n/a	$26.09

Note:
[1] Maximum Justified Fee is not modeled but is presented in the San Francisco Transportation Sustainability Fee Nexus Study (2015).
[2] New development of PDR uses was not analyzed in the feasibility study.

The financial results for each of these sensitivity analysis scenarios are summarized in tables that are presented at the end of this report:

- Table 8 summarizes the results from the sensitivity analysis, as measured by the percentage change in RLV for each of the four alternative TSF levels (Base Case TSF, 125% TSF, 150% TSF and 250% TSF) compared to current conditions without TSP (Base Case TIDF).
- Table 9 summarizes the key prototype characteristics and findings that contribute to the sensitivity analysis results shown in Table 8 and the supporting tables.
- Tables 10.1 through 10.10 present the financial results for each prototype, comparing the total revenues and development costs under current conditions without TSP (Base Case TIDF) to each of the alternative TSF fee scenarios.

A. 125% TSF Scenario

Under the 125% TSF scenario, the TSF would increase by about $1.60/GSF for residential and about $3.60/GSF for non-residential development over the Base Case TSF, without consideration of any predevelopment savings or fee credits. Based on a typical residential unit size of 950 NSF, this translates to a potential increase in impact fees of about $9,200 per unit (or about $8/GSF) as compared to current conditions (Base Case TIDF) or about 1-2% of direct construction cost, depending on the type of construction and whether fee credits apply.

As described in the previous section, the proposed fees for non-residential development under the Base Case TSF scenario are about the same as the fees currently being charged (Base Case TIDF) on new development. Under the 125% TSF scenario, these fees would increase by about $4/GSF over current fee

levels. This would represent a direct construction cost increase of about 1% or less, depending on the type of construction and whether fee credits apply.[34]

The results of the sensitivity analysis indicate that the financial impact on new development for the 125% TSF scenario are similar to the results that were found at the Base Case TSF levels.

- The decrease in residual land values, with and without predevelopment savings, is less than or equal to -10% for all prototypes.
- With predevelopment savings, only Prototype 5 would receive CEQA streamlining benefits that would more than offset the increase in development costs with the TSP (showing a 2% increase in RLV for Prototype 5). The RLV with predevelopment savings for all of the other prototypes decreases by -1% to -8%.
- Without predevelopment savings, the greatest decrease in RLV occurs for residential development where area plan fee credits would not be applied (-10% for Prototype 9 in TCDP), and for residential projects located Outside Plan Areas or Inside Plan Areas where fee credits do not substantially offset the TSF (Prototypes 2, 3 and 8).

B. 150% TSF Scenario

Under the 150% TSF scenario, the TSF would increase by about $3.10/GSF for residential and about $ 7.20/GSF for non-residential development above the Base Case TSF level, without consideration of any predevelopment savings or fee credits.[35] For the majority of prototypes, the change in RLV with and without predevelopment savings is less than 10%. However, two prototypes are more heavily impacted by fees at the 150% TSF level: the change in RLV exceeds -10% for Prototype 2 (with and without predevelopment savings) and for Prototype 9 (without predevelopment savings). Thus, TSF levels at 150% of the Base Case TSF could inhibit development feasibility in some cases, particularly if revenues were not at pace with development costs and fee credits do not substantially offset the TSF.

C. 250% TSF Scenario

Under the 250% TSF scenario, the TSF would increase by about $9.30/GSF for residential and about $21.65/GSF for non-residential development above the Base Case TSF level, without consideration of any predevelopment savings or fee credits.[36] TSF levels at 250% could significantly inhibit development feasibility, as the residual land values for most of the prototypes would decrease by 10% or more, with or without predevelopment savings. These higher TSF levels would not be offset by potential CEQA streamlining benefits for any of the prototypes. This level of impact fee increase would substantially increase development costs and exceed the typical contingency allowances for potential increases in development costs that developers include in their development pro formas.

[34] As previously described, TSF fee levels for non-residential land uses are proposed to be consolidated. Thus, the fee change differs slightly for retail and office, and non-residential uses are not eligible for area plan fee credits.

[35] Under this 150% TSF scenario, development costs would increase by about $9/GSF for residential and about $8/GSF for non-residential compared to current conditions (Base Case TIDF) without consideration of fee credits or predevelopment savings, or an increase of about 2-3% of direct construction costs depending on the type of construction and whether fee credits apply.

[36] Under this 250% TSF scenario, development costs would increase by about $15/GSF for residential and about $22/GSF for non-residential as compared to current conditions (Base Case TIDF) without consideration of fee credits or predevelopment savings, or an increase of about 4-6% of direct construction costs depending on the type of construction and whether fee credits apply.

VIII. Conclusion

The Transportation Sustainability Program is designed to fund transportation projects to serve new growth and help streamline the transportation component of the City's environmental review process. Overall, the TSF Economic Feasibility Study finds that the TSF does not significantly impact project viability at the Base Case TSF levels or at 125% of Base Case TSF, either with or without the anticipated predevelopment savings. New development in certain neighborhoods in the City that have lower than average price levels and rents may not be currently feasible given the high cost of construction relative to potential revenues. While the TSF itself will not cause these developments to be infeasible, the TSF further distances these areas from development feasibility.

The study also evaluated the impact of potential CEQA/LOS reform on development, which in some cases may partially or fully offset the impact of the TSF. Since transportation is only one of the potential environmental impacts to be analyzed during the environmental review process, the level of predevelopment savings a project will experience depends on whether or not CEQA/LOS reform results in substantial changes to the environmental review required. All projects that currently need to conduct a LOS analysis will experience modest economic benefits after this requirement is eliminated. For some projects, the benefit of CEQA/LOS reform will be more dramatic – in cases where the elimination of LOS analysis means that projects can undergo a lesser level of environmental review (for instance, going from a CPE plus Focused EIR to just a CPE), the potential time and cost savings are substantial.

For developments that do not currently need a transportation study (typically smaller developments), no direct predevelopment cost or time savings would likely occur as a result of CEQA/LOS reform. These developments would not receive a direct economic benefit from the TSP and would be subject to an increased impact fee burden under TSF. However, these types of developments may experience indirect benefits as CEQA/LOS reform may potentially shorten backlogs for City staff and streamline the environmental review process for all projects.

If the city's real estate market were to experience a downturn and future revenue growth is not sufficient to cover construction costs and other development costs, then financial feasibility of new development will become more difficult, and new development will be more sensitive to higher impact fees. For all of these reasons, the study findings indicate that the TSF should be initially established at no more than 125% of the Base Case TSF level.

Table 8. Sensitivity Analysis Evaluating Economic Impact Under Alternative TSF Levels

Prototype	Percentage Impact on Residual Land Values (RLV) as Compared to Base Case TIDF										
	Base Case TIDF (Financial Indicators)			TSF Scenarios With Predevelopment Savings				TSF Scenarios Without Predevelopment Savings			
	Revenues /NSF [1]	RLV/NSF	RLV as % of Revenues	Base Case TSF	125% TSF	150% TSF	250% TSF	Base Case TSF	125% TSF	150% TSF	250% TSF
1. Geary Ave (Small Res. Mixed-use)	$857	$193	23%	(3%)	(4%)	(6%)	(10%)	(3%)	(4%)	(6%)	(10%)
2. Van Ness Ave (Medium Res. Mixed-use)	$922	$97	10%	(7%)	(8%)	(10%)	(16%)	(7%)	(8%)	(10%)	(16%)
3.Outer Mission (Small Res. Mixed-use)	$719	$27	4%	(5%)	(6%)	(7%)	(12%)	(5%)	(6%)	(7%)	(12%)
4. Mission (Small Res. Mixed-use)	$904	$188	21%	(1%)	(1%)	(2%)	(3%)	(1%)	(1%)	(2%)	(3%)
5. Central Waterfront (Large Res. Mixed-use)	$892	$190	21%	3%	2%	2%	(0%)	(1%)	(2%)	(2%)	(4%)
6. East SoMa (Medium Res. Mixed-use)	$913	$130	14%	(2%)	(3%)	(4%)	(8%)	(2%)	(3%)	(4%)	(8%)
7. East SoMa (Large Office)	$855	$130	15%	2%	(1%)	(5%)	(17%)	(0%)	(3%)	(7%)	(19%)
8. East SoMa (Large Res. Mixed-use)	$1,046	$106	10%	(2%)	(4%)	(6%)	(13%)	(5%)	(7%)	(8%)	(16%)
9. Transit Center (Large Residential)	$1,275	$102	8%	(5%)	(7%)	(9%)	(17%)	(8%)	(10%)	(12%)	(20%)
10. Transit Center (Large Office)	$1,030	$134	13%	2%	(2%)	(5%)	(18%)	(0%)	(4%)	(7%)	(20%)

Notes: Please refer to supporting tables 10.1 to 10.10 for a summary of financial results for each prototype and attached appendices for more detailed results.

1. Revenues are equal to potential sales prices for condominiums or development values for rental property less sales expenses and assume compliance with San Francisco's affordable housing policies, as further described in Appendix A.

Table 9. Summary of Findings From TSF Sensitivity Analysis for Each Prototype

Prototype	Summary of Key Prototype Characteristics								Key Contributors to RLV Results Under TSF Sensitivity Scenarios
	Predominant Use	Affordable Housing	Retail	Building Height	Under Base Case TIDF [1]	Area Plan	Fee Credit	Potential Predevelopment Savings from CEQA/LOS Reform	
1. Geary Ave (Small Res. Mixed-use)	Residential Condominium	None	Ground Floor	45 Feet	Strong RLV	None	Prior Use	None	Strong RLV and prior use fee credit helps offset impact of TSF at all fee levels.
2. Van Ness Ave (Medium Res. Mixed-use)	Residential Condominium	Onsite	Ground Floor	80 Feet	Moderate RLV	None	Prior Use	None	While prior use fee credit helps offset impact of TSF, RLV is significantly reduced at 150% and 250% scenarios.
3. Outer Mission (Small Res. Mixed-use)	Residential Condominium	Onsite	Ground Floor	65 Feet	Low RLV (Development not likely feasible)	None	Prior Use	None	While prior use fee credit helps offset impact of TSF, lower revenues in this area coupled with higher, mid-rise construction costs hamper development feasibility.
4. Mission (Small Res. Mixed-use)	Residential Condominium	Onsite	Ground Floor	50 Feet	Strong RLV	Eastern Neighborhoods	Prior Use, Area Plan	None	Strong RLV and fee credits help offset impact of TSF at all fee levels.
5. Central Waterfront (Large Res. Mixed-use)	Residential Rental	Onsite	Ground Floor	65 Feet	Strong RLV	Eastern Neighborhoods	Prior Use, Area Plan	Significant	Strong RLV, predevelopment savings and fee credits help offset impact of TSF at all fee levels.
6. East SoMa (Medium Res. Mixed-use)	Residential Rental	Onsite	Ground Floor	85 Feet	Moderate RLV	Eastern Neighborhoods	Prior Use, Area Plan	None	Fee credits and moderate RLV help offset impact of TSF at all fee levels.
7. East SoMa (Large Office)	Office	Jobs-Housing Linkage Fee	Ground Floor	160 Feet	Moderate RLV	Eastern Neighborhoods	Prior Use	Moderate	Minimal impact at lower TSF levels as non-residential TIDF is close to Base Case TSF levels. TSF levels at 250% significantly reduce RLV.
8. East SoMa (Large Res. Mixed-use)	Residential Condominium	Onsite	Ground Floor	160 Feet	Moderate RLV	Eastern Neighborhoods	Prior Use, Area Plan	Moderate	Predevelopment savings help offset impact, but without predevelopment savings, TSF levels at 250% significantly reduce RLV despite fee credits.
9. Transit Center (Large Residential)	Residential Condominium	Affordable Housing Fee	None	400 Feet	Moderate RLV	Transit Center District Plan	None	Moderate	Predevelopment savings help offset impact, but without predevelopment savings, TSF levels at 150% and 250% significantly reduce RLV.
10. Transit Center (Large Office)	Office	Jobs-Housing Linkage Fee	Ground Floor	400 Feet	Moderate RLV	Transit Center District Plan	None	Moderate	Minimal impact at lower TSF levels as non-residential TIDF is close to Base Case TSF levels. TSF levels at 250% significantly reduce RLV.

Notes: Please refer to supporting tables 10.1 to 10.10 for a summary of financial results for each prototype and attached appendices for more detailed results.

1. Strong RLV indicates values exceeding 15% of revenues, Moderate RLV indicates values between about 5-15% of revenues, and Low RLV indicates values below 5% of revenues.

Table 10.1

Summary Comparison of Results at Alternate Fee Levels
Prototype 1: Geary Small Residential Mixed-use

1: Geary Small Res. Mixed-use	Base Case TIDF	Base Case TSF	% Change from Base	125% TSF	% Change from Base	150% TSF	% Change from Base	250% TSF	% Change from Base
Revenues									
Residential For-Sale	$7,900,200	$7,900,200	0%	$7,900,200	0%	$7,900,200	0%	$7,900,200	0%
Residential Rental	$0	$0	-	$0	-	$0	-	$0	-
Subtotal Residential	$7,900,200	$7,900,200	0%	$7,900,200	0%	$7,900,200	0%	$7,900,200	0%
Office	$0	$0	-	$0	-	$0	-	$0	-
Retail	$870,900	$870,900	0%	$870,900	0%	$870,900	0%	$870,900	0%
Total Revenues	**$8,771,100**	**$8,771,100**	**0%**	**$8,771,100**	**0%**	**$8,771,100**	**0%**	**$8,771,100**	**0%**
Hard and Soft Costs									
Hard Construction Costs	$3,788,400	$3,788,400	0%	$3,788,400	0%	$3,788,400	0%	$3,788,400	0%
Tenant Improvements/Lease Up Costs	$144,000	$144,000	0%	$144,000	0%	$144,000	0%	$144,000	0%
Development Impact Fees/ Other Costs	$64,700	$134,600	108%	$156,800	142%	$179,000	177%	$267,800	314%
Environmental/ Transportation Review	$9,000	$9,000	0%	$9,000	0%	$9,000	0%	$9,000	0%
Construction Financing/ Predev. Carry	$364,300	$364,300	0%	$364,300	0%	$364,300	0%	$364,300	0%
Other Soft Costs	$947,100	$947,100	0%	$947,100	0%	$947,100	0%	$947,100	0%
Total Hard and Soft Costs	**$5,317,500**	**$5,387,400**	**1%**	**$5,409,600**	**2%**	**$5,431,800**	**2%**	**$5,520,600**	**4%**
Developer Margin	$1,403,400	$1,403,400	0%	$1,403,400	0%	$1,403,400	0%	$1,403,400	0%
Total Costs	**$6,720,900**	**$6,790,800**	**1%**	**$6,813,000**	**1%**	**$6,835,200**	**2%**	**$6,924,000**	**3%**
Residual Land Value (RLV)	**$2,050,200**	**$1,980,300**	**(3%)**	**$1,958,100**	**(4%)**	**$1,935,900**	**(6%)**	**$1,847,100**	**(10%)**
Without Predevelopment Savings	***$2,050,200***	***$1,980,300***	**(3%)**	***$1,958,100***	**(4%)**	***$1,935,900***	**(6%)**	***$1,847,100***	**(10%)**
RLV as Percent of Revenues	*23%*	*23%*		*19%*		*19%*		*19%*	
Without Predevelopment Savings	*23%*	*23%*		*19%*		*19%*		*19%*	

Note: Development Impact Fees/ Other Costs include all applicable impact fees (including TIDF or TSF), plus any upfront developer payment for TDR purchase and Mello Roos special tax.

Table 10.2

Summary Comparison of Results at Alternate Fee Levels
Prototype 2: Van Ness Medium Residential Mixed-use

2: Van Ness Medium Res. Mixed-use	Base Case TIDF	Base Case TSF	% Change from Base	125% TSF	% Change from Base	150% TSF	% Change from Base	250% TSF	% Change from Base
Revenues									
Residential For-Sale	$56,819,600	$56,819,600	0%	$56,819,600	0%	$56,819,600	0%	$56,819,600	0%
Residential Rental	$0	$0	-	$0	-	$0	-	$0	-
Subtotal Residential	$56,819,600	$56,819,600	0%	$56,819,600	0%	$56,819,600	0%	$56,819,600	0%
Office	$0	$0	-	$0	-	$0	-	$0	-
Retail	$5,740,900	$5,740,900	0%	$5,740,900	0%	$5,740,900	0%	$5,740,900	0%
Total Revenues	**$62,560,500**	**$62,560,500**	**0%**	**$62,560,500**	**0%**	**$62,560,500**	**0%**	**$62,560,500**	**0%**
Hard and Soft Costs									
Hard Construction Costs	$31,216,600	$31,216,600	0%	$31,216,600	0%	$31,216,600	0%	$31,216,600	0%
Tenant Improvements/Lease Up Costs	$808,700	$808,700	0%	$808,700	0%	$808,700	0%	$808,700	0%
Development Impact Fees/ Other Costs	$403,600	$862,500	114%	$977,400	142%	$1,092,300	171%	$1,551,200	284%
Environmental/ Transportation Review	$188,000	$188,000	0%	$188,000	0%	$188,000	0%	$188,000	0%
Construction Financing/ Predev. Carry	$3,235,600	$3,235,600	0%	$3,235,600	0%	$3,235,600	0%	$3,235,600	0%
Other Soft Costs	$7,804,200	$7,804,200	0%	$7,804,200	0%	$7,804,200	0%	$7,804,200	0%
Total Hard and Soft Costs	**$43,656,700**	**$44,115,600**	**1%**	**$44,230,500**	**1%**	**$44,345,400**	**2%**	**$44,804,300**	**3%**
Developer Margin	$11,886,500	$11,886,500	0%	$11,886,500	0%	$11,886,500	0%	$11,886,500	0%
Total Costs	**$55,543,200**	**$56,002,100**	**1%**	**$56,117,000**	**1%**	**$56,231,900**	**1%**	**$56,690,800**	**2%**
Residual Land Value (RLV)	**$7,017,300**	**$6,558,400**	**(7%)**	**$6,443,500**	**(8%)**	**$6,328,600**	**(10%)**	**$5,869,700**	**(16%)**
Without Predevelopment Savings	***$7,017,300***	***$6,558,400***	**(7%)**	***$6,443,500***	**(8%)**	***$6,328,600***	**(10%)**	***$5,869,700***	**(16%)**
RLV as Percent of Revenues	*11%*	*10%*		*10%*		*10%*		*9%*	
Without Predevelopment Savings	*11%*	*10%*		*10%*		*10%*		*9%*	

Note: Development Impact Fees/ Other Costs include all applicable impact fees (including TIDF or TSF), plus any upfront developer payment for TDR purchase and Mello Roos special tax.

Table 10.3

Summary Comparison of Results at Alternate Fee Levels
Prototype 3: Outer Mission Small Residential Mixed-use

3. Outer Mission Small Res. Mixed-use	Base Case TIDF	Base Case TSF	% Change from Base	125% TSF	% Change from Base	150% TSF	% Change from Base	250% TSF	% Change from Base
Revenues									
Residential For-Sale	$21,895,900	$21,895,900	0%	$21,895,900	0%	$21,895,900	0%	$21,895,900	0%
Residential Rental	$0	$0	-	$0	-	$0	-	$0	-
Subtotal Residential	$21,895,900	$21,895,900	0%	$21,895,900	0%	$21,895,900	0%	$21,895,900	0%
Office	$0	$0	-	$0	-	$0	-	$0	-
Retail	$1,739,400	$1,739,400	0%	$1,739,400	0%	$1,739,400	0%	$1,739,400	0%
Total Revenues	**$23,635,300**	**$23,635,300**	**0%**	**$23,635,300**	**0%**	**$23,635,300**	**0%**	**$23,635,300**	**0%**
Hard and Soft Costs									
Hard Construction Costs	$13,594,400	$13,594,400	0%	$13,594,400	0%	$13,594,400	0%	$13,594,400	0%
Tenant Improvements/Lease Up Costs	$287,600	$287,600	0%	$287,600	0%	$287,600	0%	$287,600	0%
Development Impact Fees/ Other Costs	$201,100	$243,500	21%	$254,200	26%	$264,800	32%	$307,300	53%
Environmental/ Transportation Review	$27,000	$27,000	0%	$27,000	0%	$27,000	0%	$27,000	0%
Construction Financing/ Predev. Carry	$1,188,000	$1,188,000	0%	$1,188,000	0%	$1,188,000	0%	$1,188,000	0%
Other Soft Costs	$3,398,600	$3,398,600	0%	$3,398,600	0%	$3,398,600	0%	$3,398,600	0%
Total Hard and Soft Costs	**$18,696,700**	**$18,739,100**	**0%**	**$18,749,800**	**0%**	**$18,760,400**	**0%**	**$18,802,900**	**1%**
Developer Margin	$4,018,000	$4,018,000	0%	$4,018,000	0%	$4,018,000	0%	$4,018,000	0%
Total Costs	**$22,714,700**	**$22,757,100**	**0%**	**$22,767,800**	**0%**	**$22,778,400**	**0%**	**$22,820,900**	**0%**
Residual Land Value (RLV)	**$920,600**	**$878,200**	**(5%)**	**$867,500**	**(6%)**	**$856,900**	**(7%)**	**$814,400**	**(12%)**
Without Predevelopment Savings	***$920,600***	***$878,200***	**(5%)**	***$867,500***	**(6%)**	***$856,900***	**(7%)**	***$814,400***	**(12%)**
RLV as Percent of Revenues	*4%*	*4%*		*4%*		*4%*		*3%*	
Without Predevelopment Savings	*4%*	*4%*		*4%*		*4%*		*3%*	

Note: Development Impact Fees/ Other Costs include all applicable impact fees (including TIDF or TSF), plus any upfront developer payment for TDR purchase and Mello Roos special tax.

Table 10.4

Summary Comparison of Results at Alternate Fee Levels
Prototype 4: Mission Small Residential Mixed-use

4: Mission Small Res. Mixed-use	Base Case TIDF	Base Case TSF	% Change from Base	125% TSF	% Change from Base	150% TSF	% Change from Base	250% TSF	% Change from Base
Revenues									
Residential For-Sale	$13,445,800	$13,445,800	0%	$13,445,800	0%	$13,445,800	0%	$13,445,800	0%
Residential Rental	$0	$0	-	$0	-	$0	-	$0	-
Subtotal Residential	$13,445,800	$13,445,800	0%	$13,445,800	0%	$13,445,800	0%	$13,445,800	0%
Office	$0	$0	-	$0	-	$0	-	$0	-
Retail	$1,530,900	$1,530,900	0%	$1,530,900	0%	$1,530,900	0%	$1,530,900	0%
Total Revenues	**$14,976,700**	**$14,976,700**	**0%**	**$14,976,700**	**0%**	**$14,976,700**	**0%**	**$14,976,700**	**0%**
Hard and Soft Costs									
Hard Construction Costs	$6,614,500	$6,614,500	0%	$6,614,500	0%	$6,614,500	0%	$6,614,500	0%
Tenant Improvements/Lease Up Costs	$225,000	$225,000	0%	$225,000	0%	$225,000	0%	$225,000	0%
Development Impact Fees/ Other Costs	$270,000	$293,600	9%	$307,600	14%	$321,500	19%	$377,200	40%
Environmental/ Transportation Review	$11,000	$11,000	0%	$11,000	0%	$11,000	0%	$11,000	0%
Construction Financing/ Predev. Carry	$665,600	$665,600	0%	$665,600	0%	$665,600	0%	$665,600	0%
Other Soft Costs	$1,653,600	$1,653,600	0%	$1,653,600	0%	$1,653,600	0%	$1,653,600	0%
Total Hard and Soft Costs	**$9,439,700**	**$9,463,300**	**0%**	**$9,477,300**	**0%**	**$9,491,200**	**1%**	**$9,546,900**	**1%**
Developer Margin	$2,396,300	$2,396,300	0%	$2,396,300	0%	$2,396,300	0%	$2,396,300	0%
Total Costs	**$11,836,000**	**$11,859,600**	**0%**	**$11,873,600**	**0%**	**$11,887,500**	**0%**	**$11,943,200**	**1%**
Residual Land Value (RLV)	**$3,140,700**	**$3,117,100**	**(1%)**	**$3,103,100**	**(1%)**	**$3,089,200**	**(2%)**	**$3,033,500**	**(3%)**
Without Predevelopment Savings	***$3,140,700***	***$3,117,100***	**(1%)**	***$3,103,100***	**(1%)**	***$3,089,200***	**(2%)**	***$3,033,500***	**(3%)**
RLV as Percent of Revenues	*21%*	*21%*		*21%*		*21%*		*20%*	
Without Predevelopment Savings	*21%*	*21%*		*21%*		*21%*		*20%*	

Note: Development Impact Fees/ Other Costs include all applicable impact fees (including TIDF or TSF), plus any upfront developer payment for TDR purchase and Mello Roos special tax.

Table 10.5

Summary Comparison of Results at Alternate Fee Levels
Prototype 5: Central Waterfront Large Residential Mixed-use

5: Central Waterfront Large Res. MU	Base Case TIDF	Base Case TSF	% Change from Base	125% TSF	% Change from Base	150% TSF	% Change from Base	250% TSF	% Change from Base
Revenues									
Residential For-Sale	$0	$0	-	$0	-	$0	-	$0	-
Residential Rental	$106,807,000	$106,807,000	0%	$106,807,000	0%	$106,807,000	0%	$106,807,000	0%
Subtotal Residential	$106,807,000	$106,807,000	0%	$106,807,000	0%	$106,807,000	0%	$106,807,000	0%
Office	$0	$0	-	$0	-	$0	-	$0	-
Retail	$3,126,600	$3,126,600	0%	$3,126,600	0%	$3,126,600	0%	$3,126,600	0%
Total Revenues	**$109,933,600**	**$109,933,600**	**0%**	**$109,933,600**	**0%**	**$109,933,600**	**0%**	**$109,933,600**	**0%**
Hard and Soft Costs									
Hard Construction Costs	$50,999,200	$50,999,200	0%	$50,999,200	0%	$50,999,200	0%	$50,999,200	0%
Tenant Improvements/Lease Up Costs	$450,000	$450,000	0%	$450,000	0%	$450,000	0%	$450,000	0%
Development Impact Fees/ Other Costs	$2,421,400	$2,671,300	10%	$2,777,100	15%	$2,882,700	19%	$3,304,500	36%
Environmental/ Transportation Review	$683,000	$122,000	(82%)	$122,000	(82%)	$122,000	(82%)	$122,000	(82%)
Construction Financing/ Predev. Carry	$4,642,300	$4,367,400	(6%)	$4,367,400	(6%)	$4,367,400	(6%)	$4,367,400	(6%)
Other Soft Costs	$9,179,900	$9,179,900	0%	$9,179,900	0%	$9,179,900	0%	$9,179,900	0%
Total Hard and Soft Costs	**$68,375,800**	**$67,789,800**	(1%)	**$67,895,600**	(1%)	**$68,001,200**	(1%)	**$68,423,000**	**0%**
Developer Margin	$18,688,700	$18,688,700	0%	$18,688,700	0%	$18,688,700	0%	$18,688,700	0%
Total Costs	**$87,064,500**	**$86,478,500**	**(1%)**	**$86,584,300**	**(1%)**	**$86,689,900**	**0%**	**$87,111,700**	**0%**
Residual Land Value (RLV)	**$22,869,100**	**$23,455,100**	**3%**	**$23,349,300**	**2%**	**$23,243,700**	**2%**	**$22,821,900**	**0%**
Without Predevelopment Savings	***$22,869,100***	***$22,619,200***	**(1%)**	***$22,513,400***	**(2%)**	***$22,407,800***	**(2%)**	***$21,986,000***	**(4%)**
RLV as Percent of Revenues	*21%*	*21%*		*21%*		*21%*		*21%*	
Without Predevelopment Savings	*21%*	*21%*		*20%*		*20%*		*20%*	

Note: Development Impact Fees/ Other Costs include all applicable impact fees (including TIDF or TSF), plus any upfront developer payment for TDR purchase and Mello Roos special tax.

Table 10.6

Summary Comparison of Results at Alternate Fee Levels
Prototype 6: East SoMa Medium Residential Mixed-use

6: East SoMa Medium Res. Mixed-use	Base Case TIDF	Base Case TSF	% Change from Base	125% TSF	% Change from Base	150% TSF	% Change from Base	250% TSF	% Change from Base
Revenues									
Residential For-Sale	$0	$0	-	$0	-	$0	-	$0	-
Residential Rental	$40,092,100	$40,092,100	0%	$40,092,100	0%	$40,092,100	0%	$40,092,100	0%
Subtotal Residential	$40,092,100	$40,092,100	0%	$40,092,100	0%	$40,092,100	0%	$40,092,100	0%
Office	$0	$0	-	$0	-	$0	-	$0	-
Retail	$3,382,800	$3,382,800	0%	$3,382,800	0%	$3,382,800	0%	$3,382,800	0%
Total Revenues	**$43,474,900**	**$43,474,900**	**0%**	**$43,474,900**	**0%**	**$43,474,900**	**0%**	**$43,474,900**	**0%**
Hard and Soft Costs									
Hard Construction Costs	$21,266,900	$21,266,900	0%	$21,266,900	0%	$21,266,900	0%	$21,266,900	0%
Tenant Improvements/Lease Up Costs	$450,000	$450,000	0%	$450,000	0%	$450,000	0%	$450,000	0%
Development Impact Fees/ Other Costs	$1,443,400	$1,571,000	9%	$1,637,100	13%	$1,703,100	18%	$1,966,900	36%
Environmental/ Transportation Review	$119,000	$119,000	0%	$119,000	0%	$119,000	0%	$119,000	0%
Construction Financing/ Predev. Carry	$1,768,300	$1,768,300	0%	$1,768,300	0%	$1,768,300	0%	$1,768,300	0%
Other Soft Costs	$3,828,000	$3,828,000	0%	$3,828,000	0%	$3,828,000	0%	$3,828,000	0%
Total Hard and Soft Costs	**$28,875,600**	**$29,003,200**	**0%**	**$29,069,300**	**1%**	**$29,135,300**	**1%**	**$29,399,100**	**2%**
Developer Margin	$8,260,200	$8,260,200	0%	$8,260,200	0%	$8,260,200	0%	$8,260,200	0%
Total Costs	**$37,135,800**	**$37,263,400**	**0%**	**$37,329,500**	**1%**	**$37,395,500**	**1%**	**$37,659,300**	**1%**
Residual Land Value (RLV)	**$6,339,100**	**$6,211,500**	**(2%)**	**$6,145,400**	**(3%)**	**$6,079,400**	**(4%)**	**$5,815,600**	**(8%)**
Without Predevelopment Savings	***$6,339,100***	***$6,211,500***	**(2%)**	***$6,145,400***	**(3%)**	***$6,079,400***	**(4%)**	***$5,815,600***	**(8%)**
RLV as Percent of Revenues	*15%*	*14%*		*14%*		*14%*		*13%*	
Without Predevelopment Savings	*15%*	*14%*		*14%*		*14%*		*13%*	

Note: Development Impact Fees/ Other Costs include all applicable impact fees (including TIDF or TSF), plus any upfront developer payment for TDR purchase and Mello Roos special tax.

Table 10.7

Summary Comparison of Results at Alternate Fee Levels

Prototype 7: East SoMa Large Office

7: East SoMa Large Office	Base Case TIDF	Base Case TSF	% Change from Base	125% TSF	% Change from Base	150% TSF	% Change from Base	250% TSF	% Change from Base
Revenues									
Residential For-Sale	$0	$0	-	$0	-	$0	-	$0	-
Residential Rental	$0	$0	-	$0	-	$0	-	$0	-
Subtotal Residential	$0	$0	-	$0	-	$0	-	$0	-
Office	$174,558,100	$174,558,100	0%	$174,558,100	0%	$174,558,100	0%	$174,558,100	0%
Retail	$17,231,000	$17,231,000	0%	$17,231,000	0%	$17,231,000	0%	$17,231,000	0%
Total Revenues	**$191,789,100**	**$191,789,100**	**0%**	**$191,789,100**	**0%**	**$191,789,100**	**0%**	**$191,789,100**	**0%**
Hard and Soft Costs									
Hard Construction Costs	$73,265,500	$73,265,500	0%	$73,265,500	0%	$73,265,500	0%	$73,265,500	0%
Tenant Improvements/Lease Up Costs	$19,410,500	$19,410,500	0%	$19,410,500	0%	$19,410,500	0%	$19,410,500	0%
Development Impact Fees/ Other Costs	$14,705,700	$14,828,400	1%	$15,706,700	7%	$16,585,000	13%	$20,095,800	37%
Environmental/ Transportation Review	$979,000	$884,000	(10%)	$884,000	(10%)	$884,000	(10%)	$884,000	(10%)
Construction Financing/ Predev. Carry	$10,831,600	$10,352,100	(4%)	$10,352,100	(4%)	$10,352,100	(4%)	$10,352,100	(4%)
Other Soft Costs	$13,187,800	$13,187,800	0%	$13,187,800	0%	$13,187,800	0%	$13,187,800	0%
Total Hard and Soft Costs	**$132,380,100**	**$131,928,300**	0%	**$132,806,600**	**0%**	**$133,684,900**	**1%**	**$137,195,700**	**4%**
Developer Margin	$30,686,300	$30,686,300	0%	$30,686,300	0%	$30,686,300	0%	$30,686,300	0%
Total Costs	**$163,066,400**	**$162,614,600**	**0%**	**$163,492,900**	**0%**	**$164,371,200**	**1%**	**$167,882,000**	**3%**
Residual Land Value (RLV)	**$28,722,700**	**$29,174,500**	**2%**	**$28,296,200**	**(1%)**	**$27,417,900**	**(5%)**	**$23,907,100**	**(17%)**
Without Predevelopment Savings	***$28,722,700***	***$28,600,000***	**0%**	***$27,721,700***	**(3%)**	***$26,843,400***	**(7%)**	***$23,332,600***	**(19%)**
RLV as Percent of Revenues	*15%*	*15%*		*15%*		*14%*		*12%*	
Without Predevelopment Savings	*15%*	*15%*		*14%*		*14%*		*12%*	

Note: Development Impact Fees/ Other Costs include all applicable impact fees (including TIDF or TSF), plus any upfront developer payment for TDR purchase and Mello Roos special tax.

Table 10.8

Summary Comparison of Results at Alternate Fee Levels

Prototype 8: East SoMa Large Residential Mixed-use

8: East SoMa Large Res. Mixed-use	Base Case TIDF	Base Case TSF	% Change from Base	125% TSF	% Change from Base	150% TSF	% Change from Base	250% TSF	% Change from Base
Revenues									
Residential For-Sale	$127,277,500	$127,277,500	0%	$127,277,500	0%	$127,277,500	0%	$127,277,500	0%
Residential Rental	$0	$0	-	$0	-	$0	-	$0	-
Subtotal Residential	$127,277,500	$127,277,500	0%	$127,277,500	0%	$127,277,500	0%	$127,277,500	0%
Office	$0	$0	-	$0	-	$0	-	$0	-
Retail	$5,162,500	$5,162,500	0%	$5,162,500	0%	$5,162,500	0%	$5,162,500	0%
Total Revenues	**$132,440,000**	**$132,440,000**	**0%**	**$132,440,000**	**0%**	**$132,440,000**	**0%**	**$132,440,000**	**0%**
Hard and Soft Costs									
Hard Construction Costs	$60,567,200	$60,567,200	0%	$60,567,200	0%	$60,567,200	0%	$60,567,200	0%
Tenant Improvements/Lease Up Costs	$675,000	$675,000	0%	$675,000	0%	$675,000	0%	$675,000	0%
Development Impact Fees/ Other Costs	$3,917,200	$4,556,400	16%	$4,817,200	23%	$5,077,900	30%	$6,119,300	56%
Environmental/ Transportation Review	$144,000	$119,000	(17%)	$119,000	(17%)	$119,000	(17%)	$119,000	(17%)
Construction Financing/ Predev. Carry	$9,179,700	$8,848,600	(4%)	$8,848,600	(4%)	$8,848,600	(4%)	$8,848,600	(4%)
Other Soft Costs	$15,141,800	$15,141,800	0%	$15,141,800	0%	$15,141,800	0%	$15,141,800	0%
Total Hard and Soft Costs	**$89,624,900**	**$89,908,000**	**0%**	**$90,168,800**	**1%**	**$90,429,500**	**1%**	**$91,470,900**	**2%**
Developer Margin	$29,136,800	$29,136,800	0%	$29,136,800	0%	$29,136,800	0%	$29,136,800	0%
Total Costs	**$118,761,700**	**$119,044,800**	**0%**	**$119,305,600**	**0%**	**$119,566,300**	**1%**	**$120,607,700**	**2%**
Residual Land Value (RLV)	**$13,678,300**	**$13,395,200**	**(2%)**	**$13,134,400**	**(4%)**	**$12,873,700**	**(6%)**	**$11,832,300**	**(13%)**
Without Predevelopment Savings	***$13,678,300***	***$13,039,100***	**(5%)**	***$12,778,300***	**(7%)**	***$12,517,600***	**(8%)**	***$11,476,200***	**(16%)**
RLV as Percent of Revenues	*10%*	*10%*		*10%*		*10%*		*9%*	
Without Predevelopment Savings	*10%*	*10%*		*10%*		*9%*		*9%*	

Note: Development Impact Fees/ Other Costs include all applicable impact fees (including TIDF or TSF), plus any upfront developer payment for TDR purchase and Mello Roos special tax.

Table 10.9

Summary Comparison of Results at Alternate Fee Levels

Prototype 9: Transit Center Large Residential

9: Transit Center Large Residential	Base Case TIDF	Base Case TSF	% Change from Base	125% TSF	% Change from Base	150% TSF	% Change from Base	250% TSF	% Change from Base
Revenues									
Residential For-Sale	$307,630,600	$307,630,600	0%	$307,630,600	0%	$307,630,600	0%	$307,630,600	0%
Residential Rental	$0	$0	-	$0	-	$0	-	$0	-
Subtotal Residential	$307,630,600	$307,630,600	0%	$307,630,600	0%	$307,630,600	0%	$307,630,600	0%
Office	$0	$0	-	$0	-	$0	-	$0	-
Retail	$0	$0	-	$0	-	$0	-	$0	-
Total Revenues	**$307,630,600**	**$307,630,600**	**0%**	**$307,630,600**	**0%**	**$307,630,600**	**0%**	**$307,630,600**	**0%**
Hard and Soft Costs									
Hard Construction Costs	$132,220,000	$132,220,000	0%	$132,220,000	0%	$132,220,000	0%	$132,220,000	0%
Tenant Improvements/Lease Up Costs	$0	$0	-	$0	-	$0	-	$0	-
Development Impact Fees/ Other Costs	$22,389,200	$24,448,900	9%	$24,964,700	12%	$25,480,400	14%	$27,540,200	23%
Environmental/ Transportation Review	$149,000	$124,000	(17%)	$124,000	(17%)	$124,000	(17%)	$124,000	(17%)
Construction Financing/ Predev. Carry	$26,246,300	$25,477,200	(3%)	$25,477,200	(3%)	$25,477,200	(3%)	$25,477,200	(3%)
Other Soft Costs	$33,055,000	$33,055,000	0%	$33,055,000	0%	$33,055,000	0%	$33,055,000	0%
Total Hard and Soft Costs	**$214,059,500**	**$215,325,100**	**1%**	**$215,840,900**	**1%**	**$216,356,600**	**1%**	**$218,416,400**	**2%**
Developer Margin	$67,678,700	$67,678,700	0%	$67,678,700	0%	$67,678,700	0%	$67,678,700	0%
Total Costs	**$281,738,200**	**$283,003,800**	**0%**	**$283,519,600**	**1%**	**$284,035,300**	**1%**	**$286,095,100**	**2%**
Residual Land Value (RLV)	**$25,892,400**	**$24,626,800**	**(5%)**	**$24,111,000**	**(7%)**	**$23,595,300**	**(9%)**	**$21,535,500**	**(17%)**
Without Predevelopment Savings	***$25,892,400***	***$23,832,700***	**(8%)**	***$23,316,900***	**(10%)**	***$22,801,200***	**(12%)**	***$20,741,400***	**(20%)**
RLV as Percent of Revenues	*8%*	*8%*		*8%*		*8%*		*7%*	
Without Predevelopment Savings	*8%*	*8%*		*8%*		*7%*		*7%*	

Note: Development Impact Fees/ Other Costs include all applicable impact fees (including TIDF or TSF), plus any upfront developer payment for TDR purchase and Mello Roos special tax.

Table 10.10

Summary Comparison of Results at Alternate Fee Levels

Prototype 10: Transit Center Large Office

10: Transit Center Large Office	Base Case TIDF	Base Case TSF	% Change from Base	125% TSF	% Change from Base	150% TSF	% Change from Base	250% TSF	% Change from Base
Revenues									
Residential For-Sale	$0	$0	-	$0	-	$0	-	$0	-
Residential Rental	$0	$0	-	$0	-	$0	-	$0	-
Subtotal Residential	$0	$0	-	$0	-	$0	-	$0	-
Office	$319,920,700	$319,920,700	0%	$319,920,700	0%	$319,920,700	0%	$319,920,700	0%
Retail	$9,881,600	$9,881,600	0%	$9,881,600	0%	$9,881,600	0%	$9,881,600	0%
Total Revenues	**$329,802,300**	**$329,802,300**	**0%**	**$329,802,300**	**0%**	**$329,802,300**	**0%**	**$329,802,300**	**0%**
Hard and Soft Costs									
Hard Construction Costs	$127,821,800	$127,821,800	0%	$127,821,800	0%	$127,821,800	0%	$127,821,800	0%
Tenant Improvements/Lease Up Costs	$32,030,000	$32,030,000	0%	$32,030,000	0%	$32,030,000	0%	$32,030,000	0%
Development Impact Fees/ Other Costs	$30,290,600	$30,495,800	1%	$31,884,600	5%	$33,273,300	10%	$38,824,600	28%
Environmental/ Transportation Review	$249,200	$199,200	(20%)	$199,200	(20%)	$199,200	(20%)	$199,200	(20%)
Construction Financing/ Predev. Carry	$21,445,700	$20,621,200	(4%)	$20,621,200	(4%)	$20,621,200	(4%)	$20,621,200	(4%)
Other Soft Costs	$23,007,900	$23,007,900	0%	$23,007,900	0%	$23,007,900	0%	$23,007,900	0%
Total Hard and Soft Costs	**$234,845,200**	**$234,175,900**	**0%**	**$235,564,700**	**0%**	**$236,953,400**	**1%**	**$242,504,700**	**3%**
Developer Margin	$52,768,400	$52,768,400	0%	$52,768,400	0%	$52,768,400	0%	$52,768,400	0%
Total Costs	**$287,613,600**	**$286,944,300**	**0%**	**$288,333,100**	**0%**	**$289,721,800**	**1%**	**$295,273,100**	**3%**
Residual Land Value (RLV)	**$42,188,700**	**$42,858,000**	**2%**	**$41,469,200**	**(2%)**	**$40,080,500**	**(5%)**	**$34,529,200**	**(18%)**
Without Predevelopment Savings	***$42,188,700***	***$41,983,500***	**0%**	***$40,594,700***	**(4%)**	***$39,206,000***	**(7%)**	***$33,654,700***	**(20%)**
RLV as Percent of Revenues	*13%*	*13%*		*13%*		*12%*		*10%*	
Without Predevelopment Savings	*13%*	*13%*		*12%*		*12%*		*10%*	

Note: Development Impact Fees/ Other Costs include all applicable impact fees (including TIDF or TSF), plus any upfront developer payment for TDR purchase and Mello Roos special tax.

Appendices

- Appendix A: Methodology and Sources
- Appendix Tables A-1 through A-10: Summary Results by Prototype
- Appendix Tables B-1 through B-10: Summary Financial Pro Forma by Prototype
- Appendix Tables C-1 through C-2: Development Revenue and Cost Assumptions by Prototype

Appendix A: Methodology and Sources

This appendix summarizes the methodology and sources used to evaluate the potential impact of the proposed Transportation Sustainability Program (TSP) on prototypical development types (prototypes) commonly found in San Francisco. As described in the main body of the report, a land residual analysis was performed to evaluate how the proposed Transportation Sustainability Fee (TSF) would increase development costs and affect overall development feasibility, as measured by changes in residual land value (RLV). This analysis also examines and models the potential economic benefits of streamlining the City's environmental review process as a result of California Environmental Quality Act (CEQA)/Level of Service (LOS) reform, which could result in predevelopment time and cost savings.

The financial analysis evaluates each prototype assuming that predevelopment cost and time savings would or would not occur as a result of TSP (with and without predevelopment savings). This reflects the possibility that no CEQA streamlining could occur if another type of environmental topic area (such as historic resources) would result in further intensification of environmental review.

Working in close collaboration with City staff, Seifel performed the following steps, each of which is further described below:

A. Selection of Prototypes
B. Preparation of Residual Land Value (RLV) Models
C. Overview of Development Assumptions for RLV Analysis
D. Information Sources

The following tables are included within this appendix and present the financial results for each prototype and the key development assumptions for each prototype used in the analysis:

- Appendix Tables A-1 through A-10 present the summary results for each prototype.
- Appendix Tables B-1 through B-10 present the summary financial pro forma for each prototype.
- Appendix Tables C-1 through C-2 present the development revenue and cost assumptions for each prototype.

A. Selection of Prototypes

A variety of prototypical development types (prototypes) were evaluated for potential inclusion in the study, based on a review of development pipeline data and an analysis of infill sites that may be suitable for development (that are either currently vacant or with existing buildings that are 1-2 stories tall). Based on a comprehensive analysis of prototypical projects, 10 prototypes were selected for analysis, representing a variety of lot sizes, building heights, development sizes, land use, zoning designations and locations. Eight of these prototypes are residential (seven of which are mixed-use with retail on the ground floor) and two are office prototypes (each with retail on the ground floor). Chapter IV of this report summarizes the key characteristics of each of these prototypes.

1. Definition of Development Program

A customized development program for each prototype was developed based on a typical site within a geographic area, which is considered to be generally representative of development opportunities in

that area.[1] The lot size and an assumed zoning designation were used to a) calculate the potential building envelope, b) define what would likely be built on the ground floor and on the upper floors, c) determine the likely location and number of parking spaces (including the potential use of stackers) and d) estimate gross and net building square footage, after taking account for key building requirements, including rear and/or side yard set backs that reduce the building footprint and vertical building step backs that reduce floor plates as the building increases in height. A brief overview of the prototypical building types, building efficiencies and parking is summarized below.

a. Building/Construction Type

Five building types, organized by height and construction type, encompass the majority of developments being built in San Francisco, and two prototypes were analyzed for each of these five building types:

- **Low-Rise 40-58 Feet**: Has the greatest geographic presence throughout the City and the greatest variety in size of development. Most Low-Rise development is residential, ranging from small projects with 5 or fewer units to large, 200-unit projects. Residential mixed-use Prototypes 1 and 4 represent this type of construction.
- **Mid-Rise 65-68 Feet**: Has become more prevalent in the City, particularly in the easternmost neighborhoods that are in Area Plans. Development for this building type is predominately residential (typically with 20 units or more) but some smaller office buildings are being built at this height. Residential mixed-use Prototypes 3 and 5 represent this type of construction.
- **Mid-Rise 80-85 Feet**: Has also become more prevalent in the easternmost neighborhoods. Development for this building type is predominately residential (typically with 50 units or more) but some smaller office buildings are being built at this height. Residential mixed-use Prototypes 2 and 6 represent this type of construction.
- **High-Rise 120-160 Feet**: Primarily allowed in the downtown, eastern SoMa and Mission Bay areas, and both office and residential buildings are being developed at this height. Office Prototype 7 and residential mixed-use Prototype 8 represent this type of construction.
- **High-Rise Above 240 Feet**: Only allowed in a few neighborhoods, primarily in the financial district and eastern SoMa areas. Residential Prototype 9 and office Prototype 10 represent this type of construction, both assumed to be located in the Transit Center District Plan Area.

b. Building Efficiency

Building efficiency refers to the percentage of building square footage that is sellable or rentable (net square footage or NSF) as compared to overall gross building square feet (GSF), reflecting a deduction for common area space such as lobbies, hallways and community spaces. Smaller projects tend to have lower efficiencies due to the high proportion of common area, and high-rise projects also tend to have lower efficiencies due to life safety measures and slim building profiles. Building efficiencies range from 73 percent (%) to 80% for the residential prototypes, with high-rise construction being the least efficient. Building efficiencies for the office prototypes range from 83% to 90%.[2]

[1] Although soft sites were analyzed in order to develop and test key development assumptions related to development capacity, the prototypes are designed to generally reflect what may be developed within each area (e.g. Prototype 1 reflects what might be prototypically developed along Geary Avenue).

[2] For the purposes of this analysis, the calculated building efficiencies were used to represent the leasable square footage for both residential and office uses. In the case of office, this is likely a conservative assumption as often a portion of common area, such as bathrooms, are included within the leasable area that is used to calculate the rent a tenant must pay. Based on a review of the development pro formas and discussions with office developers, the assumed efficiencies are within the range of what is typically being used by developers.

c. Parking

Building heights, the number of units and the applicable zoning requirements for parking affect the overall amount of parking provided and parking related construction costs. In order to best represent the variety of parking development options currently being utilized, the prototypes include parking that is constructed at-grade (podium parking) and below grade (underground parking). In recent years, developers have been increasingly using mechanical lift equipment that enables multiple parking spaces to be located in the same parking space footprint, referred to as parking "stackers." In addition, the ratio of parking spaces per unit/SF has decreased over the past decade as a result of changes in City zoning, as well as changes in consumer preference and development feasibility.

Based on these factors, only the Low-Rise Residential Mixed-Use Prototypes 1 and 4 have a parking ratio of 1.0 parking space per unit with the remaining residential prototypes having parking ratios ranging from 0.5 to 0.75 parking spaces per unit. Given their assumed zoning, parking square footage in the two office prototypes is limited to 7% of the gross floor area.

B. Preparation of Residual Land Value (RLV) Models

The residual land value (RLV) is the difference between what a developer expects to receive in revenues, (e.g., sale of condominium units after taking into account sales related expenses) less all costs associated with developing the buildings (e.g., predevelopment costs, hard construction costs, financing, developer overhead, marketing/sales costs, other soft construction costs and developer margin or return). Land residual models for each prototype were created to compare the potential financial impact on RLV of the TSF at various fee levels under two underlying economic benefit scenarios: with and without predevelopment savings from CEQA/LOS reform.

In summary, the RLV is calculated using the following formula, which represents a static basis for determining project feasibility:

Revenues (based on sales prices for condominiums or development value for rental property less sales-related costs)

Less: Basic Development Costs (including hard construction, tenant improvements, development impact fees, other development related costs, financing and other soft costs)

Less: Developer Margin (which represents the margin (or return) that needs to be achieved in order for the project to be considered potentially feasible by the development community)

= Residual Land Value

C. Overview of Development Assumptions for RLV Analysis

The next four sections describe how the revenues, basic development costs, developer margin and RLV were projected for each prototype. Appendix Tables C-1 and C-2 present the key development assumptions used to analyze each prototype.

Sensitivity analysis was performed during 2014 and 2015 on various development assumptions, and the RLV results were compared to data on land sales comparables in order to inform the analysis presented in the appendix tables. These findings are considered to be generally representative of real estate feasibility given a long-range view of real estate cycles in San Francisco.

1. Revenues

Development revenues were developed based on a review of market data for condominium sales and for apartment, office and retail rental property in San Francisco, interviews with developers and market professionals, as well as a review of numerous developer pro formas. The Concord Group, Polaris Pacific, The Mark Company and RealAnswers (formerly RealFacts) were key sources of market data for residential products, while CBRE, Colliers International and DTZ Retail Terranomics were key sources of market data for office and retail products. While many economists project continued growth in sales values and rental rates in the coming years, development revenues for the financial analysis are based on Winter 2014/Spring 2015 market values and have not been trended upwards to reflect improving future market conditions. Revenues are equal to potential sales prices for condominiums or development values for rental property less sales expenses, as further described below.[3]

a. Condominium

Condominium sales prices vary based on location, amenities associated with the building and whether or not units have a view premium. (Buildings with higher heights generally command higher prices due to potential view premiums.) Sales prices for each development prototype are based on anticipated sales value per net square foot for a typical new development of comparable height and target market for each neighborhood where the prototype is located. Condominium market sales prices range from $850/NSF (mid-rise, outer neighborhoods) to $1350/NSF (high-rise in the TCDP). All but one (Prototype 9, which is a high-rise in the TCDP) of the residential condominium prototypes are assumed to provide below market rate (BMR) housing units on-site, affordable to households at 90% Areawide Median Income (at a BMR purchase price of about $286,000). No parking revenues are assumed from condominium units.

b. Apartment

Residential rental revenues for apartments are based on the potential market value for each rental prototype based on stabilized net operating income (NOI) divided by a market capitalization rate. NOI equals gross income from the rental of apartments and parking spaces, less a vacancy allowance of 5% and less operating expenses, which are estimated at 30% of rental revenues. Capitalization rates are assumed at 4.5%, which is 0.5% above the current going in cap rate for San Francisco Class A multifamily developments, according to Integra Realty Resources (IRR) Viewpoint 2015. This cap rate cushion is used for all three rental prototypes and takes into account potential changes in interest rates and measures of risk by the investment community.

The monthly rental rate for the rental prototypes is assumed to range from $5.50/NSF to $5.75/NSF ($66/NSF to $69/NSF per year) based on market comparables for institutional grade properties in the eastern neighborhoods where most new apartments are located (the two residential rental Prototypes 4 and 5 are located in the eastern neighborhoods). All of the apartment prototypes are assumed to provide below market rate (BMR) housing units on-site, affordable to households at 55% Areawide Median Income (at a BMR monthly rent of $1139). Parking revenues are assumed to be $350 per space per month based on discussions with developers and pro forma review.

[3] Although soft sites were analyzed in order to develop and test key development assumptions, potential revenues for each prototype are designed to generally reflect potential prices and rents within the broader geographic areas and were also tested against minimum development feasibility thresholds provided by the development community.

c. Office

Office revenues are based on the potential market value for office based on stabilized net operating income (NOI) divided by a market capitalization rate. Given the significant demand from larger, technology-oriented tenants, pro formas for office developments are now more commonly using triple net rents (NNN) or something akin to modified gross (MG) rather than full service (FS) rents to calculate NOI. For purposes of this analysis, the following assumptions are made based on interviews with office developers and a review of pro formas for downtown office buildings submitted in response to the Transbay Joint Powers Authority developer solicitations.

Office NOI equals gross income from rents and parking spaces. Office NOI is calculated based on eastern SoMa and downtown office rents ranging from $54/NSF to $66/NSF per year less a vacancy allowance of 10% and less landlord operating expenses/contingency at 10% of rental revenues. (NOI ranges from $43/NSF to $53/NSF.) Parking revenues are assumed to be $450 per space per month with parking operating expenses at 30% of parking revenues. Capitalization rates are assumed at 5%, which is 0.5% above the current going in cap rate for San Francisco Class A CBD office, according to IRR Viewpoint 2015.

d. Retail

Retail revenues are based on the potential market value for office based on stabilized net operating income (NOI) divided by a market capitalization rate. Similar NOI equals gross income from rents and parking spaces, less a vacancy allowance of 5% and less operating expenses, which are estimated at 30% of rental revenues.

Retail rental rates range from $4.00/NSF to $5.00/NSF ($48/NSF to $60/NSF per year), which recognizes that some developments are likely to occur in areas that do not currently have established retail districts, and developers may need to incentivize occupancy with free rent or tenant improvement concessions. Retail NOI is calculated based on these rents less a vacancy allowance of 10% and less landlord operating expenses/contingency at 10% of rental revenues. (NOI ranges from $38/NSF to $48/NSF.) Monthly parking revenues range from $100 to $150 per space, with parking operating expenses at 30% of parking revenues, reflecting the fact that retail parking revenues are not anticipated to represent a significant source of income. Capitalization rates are assumed at 6%, which is 0.5% above the current going in cap rate for San Francisco Class A neighborhood retail according to IRR Viewpoint 2015.

e. Sales Expenses

Sales expenses include brokerage fees and City transfer taxes, and these expenses are deducted from the sales and rental revenue proceeds in order to generate net development revenues for the financial analysis. Transfer taxes are based on the City's transfer tax schedule, which is calculated according to building value, and are assumed to be paid by the developer. All of the condominium prototypes are assumed to have sales expenses equal to 5.5% of sales price, representing an allowance for sales related expenses and transfer tax. Office and apartment prototypes are assumed to have sales expenses equal to 3.5% percent of sales price, representing an allowance for transfer tax and brokerage fees. Sales expenses for retail space are assumed to be the same as the major land use type for each prototype, i.e. if retail is located on the ground floor of an apartment building, the sales expenses are equal to 3.5% of sales price.

2. Development Costs

Development costs consist of five key categories: hard construction costs and tenant improvements (collectively referred to as direct costs); development impact fees and other costs; environmental and transportation review costs; construction financing; and other soft costs. Land costs are calculated based on the RLV, as described above. Direct construction costs represent the majority of development costs. [4]

a. Direct Construction Costs

Direct construction costs include hard construction costs related to building, parking and site work (including general contractor overhead, profit and general conditions) plus tenant improvements. As the type and location of parking varies significantly across building types, parking hard construction costs are estimated separately from the hard construction costs for the residential, retail and/or office components. The parking costs were then added to the hard construction costs for each land use by prototype and compared with developer pro formas and contractor estimates for projects in this building type, as well as information on construction costs provided by the San Francisco Department of Building Inspection. These costs were also compared to the residential construction cost estimates assembled for the Mayor's Office of Housing in 2012, and the costs were found to be generally consistent, after taking into account an inflationary adjustment of 15-20% since 2012, reflecting the rapid increase in construction costs over the past three years.

Tenant improvements are assumed to be the landlord or developer's share of what is required to be installed in order to accommodate occupancy by retail and/or office tenants. The following costs for each building and land use type were developed based on interviews with a range of developers and general contractors, recent development pro formas and information on construction costs provided by the San Francisco Department of Building Inspection.

Hard Construction Cost Contingency

- A 10% contingency was added to all hard construction cost estimates, including parking.

Parking Hard Construction

- Podium Parking (at-grade or partially below grade at $120/GSF of Parking Area).
- Underground Parking (1 level below grade at $140/GSF of Parking Area).
- Underground Parking (2 level below grade at $160/GSF of Parking Area).
- Stackers (assumes puzzle stackers at cost of $15,000 per space for parking lift system plus additional costs related to mechanical and electrical systems, plus site accommodations).

Residential Hard Construction

- **Low-Rise 40-58 Feet:** Type V over Type I podium construction at $240/GSF to $260/GSF of Residential Area.[5]
- **Mid-Rise 65-68 Feet:** Type III/Modified Type III construction at $270/GSF of Residential Area.
- **Mid-Rise 80-85 Feet:** Type I construction at $300/GSF of Residential Area.

[4] Development cost information was provided by the San Francisco Department of Building Inspection and a range of real estate professionals, including developer members of the Urban Land Institute, SPUR and San Francisco Housing Action Coalition, as well as general contractors (including Webcor, Cahill, Swinerton and Build GC).

[5] This construction cost range assumes construction labor at prevailing wages and takes into account the fact that there may be site constraints, such as the need for pilings. The two low-rise prototypes have different heights and significantly different unit sizes as well as potential site conditions, given their locations. Citywide, low-rise developments may be able to achieve greater efficiencies and have significantly lower costs for wood frame development.

- **High-Rise 120-160 Feet**: Type I construction at $320/GSF of Residential Area (reflects added life safety requirements plus construction premium for smaller sized upper floors).
- **High-Rise Above 240 Feet:** Type I construction at $340/GSF of Residential Area (reflects added life safety requirements plus construction premium for additional smaller sized upper floors).

With parking construction costs, direct construction costs for the residential prototypes (including ground floor retail and associated tenant improvements) range from $290/GSF to $400/GSF, or between about $380/NSF to $550/NSF.

According to interviews with general contractors and developers, condominiums typically cost about 5% or more per square foot of residential building area than apartments because they have higher finishes and amenities, and some of this additional cost may be recaptured during the sales process as unit upgrades. Rental units are typically smaller in size than condominium developments and therefore typically cost more per square foot due to the higher ratio of kitchen and bathrooms to overall square footage. Based on reviewing numerous developer pro formas for both condominium and rental units, the above construction costs are assumed to be within the range of current construction costs for both condominium and rental units. In addition, as separately noted below, a contingency allowance of 10% is added to these costs to reflect the preliminary nature of these estimates.

Retail Hard Construction and Tenant Improvements

- **Retail on Ground Floor:** Podium construction at $225/GSF plus landlord paid Tenant Improvements at $100/NSF

Office Hard Construction and Tenant Improvements

- **High-Rise 160 Feet:** Type I construction with added life safety requirements at $250/GSF plus landlord paid tenant improvements at $85/NSF)
- **High-Rise 400 Feet:** Type I construction with added life safety requirements at $300/GSF, which takes in to account significant building step backs on the upper floors that translates to higher costs per GSF on upper floors, plus landlord paid tenant Improvements at $85/NSF)

With parking construction costs and contingency, hard construction costs for the office prototypes range from about $290/GSF to $330/GSF. With ground floor retail and associated tenant improvements, direct construction costs for the office prototypes range from $400/NSF to $500/NSF.

b. Development Impact Fees/Other Costs

Development impact fees and other costs include water and wastewater capacity fees, school fees, citywide and area plan specific impact fees and are calculated based on the 2014 Planning Department Fee Schedule. All but one prototype assumes the onsite provision of affordable housing; High-Rise Prototype 9 assumes the payment of an affordable housing fee. The two office prototypes, as well as ground floor retail uses, include the payment of a jobs-housing linkage fee.

For each prototype, the model assumes a variable level of development impact fees under the following scenarios:

- Base Case TIDF, which reflects current conditions without implementation of the TSP and continuation of TIDF.

- Base Case TSF, which assumes the TSP is implemented and assumes TSF fee rates based on the 2012 Draft TSF Ordinance Levels.[6]
- Sensitivity analysis at three alternative fee levels at 125%, 150% and 250% of Base Case TSF.

Where applicable, area plan and prior use fee credits were calculated and credited in the model of each TSF scenario.

Prototypes 9 and 10 are located in the Transit Center District Plan and are assumed to be part of its Mello Roos Community Facilities District. For Prototype 9, which is a residential condominium, the developer is assumed to pay the Mello Roos special tax starting at Certificate of Occupancy until the units are sold and then the homeowners would fully assume the annual special tax burden. For Prototype 10, the developer or landlord is also assumed to pay the Mello Roos special tax starting at Certificate of Occupancy until the office is leased. Upon lease-up, the landlord is assumed to either pass the special tax on to the tenants through a NNN lease or incorporate the special tax into its operating expenses (the operating expense allowance of $6.60/NSF would more than cover the $4.36/SF Mello Roos special tax for a 30 story office building).

c. Environmental and Transportation Review Costs

As described in Chapter V, City staff documented the level of environmental review and associated costs that would likely be currently required (i.e. before consideration of the TSP or Base Case TIDF) and what would be required with the adoption of the TSP (Base Case TSF). Then, the potential costs and time spent on environmental review for each of these prototypes was compared under these two cases in order to understand the potential direct economic benefits from the adoption of the TSP. The analysis also analyzes each prototype with and without predevelopment savings, which takes into account the possibility that no CEQA streamlining could occur if another type of environmental topic area (such as historic resources) would result in further intensification of environmental review.

d. Construction Financing and Predevelopment Carry Savings

Construction financing typically represents the major source of capital that pays for development costs during construction. Construction terms vary depending on market conditions, developer financial capacity, developer track record and the construction lender. The construction interest rate is assumed at 5.5% for all prototypes with a loan fee of 1-1.25%, depending on loan size. The loan amount is based on about a 60-65% loan to development cost (considered to be approximately equal to a 50% loan to value) at an average outstanding balance of 60% of development costs. The term of the construction loan is directly related to project timing, as the construction loan is the primary source of capital during the construction and absorption phase (sales for condominiums and lease-up for rentals).

The construction period for each prototype increases according to development size and complexity: with construction on the small residential projects assumed to occur in 18 months, construction on medium sized projects assumed at 21 months, and construction on the larger and high-rise developments taking 24-30 months. Absorption for each prototype is based on recent market trends and interviews with developers, with average unit absorption per month for condominiums ranging from about 2 (for small developments) to 9 (for 100-200 unit developments) and 20 units per month for apartments. Office absorption is assumed to average 200,000-250,000 square feet per year, with a small amount of pre-leasing assumed for office, retail and apartments.

[6] As described in Chapter III, the Base Case TSF scenario assumes the fee rates in the 2012 Draft TSF Ordinance, adjusted for inflation to 2015 dollars, taking into account the consolidation of non-residential fee categories.

As described in the main body of the report, predevelopment time savings due to CEQA/LOS reform are considered to reduce private carrying costs related to those developments that may benefit from CEQA streamlining. Consistent with the prior 2012 analysis, the study assumes predevelopment costs (including land) are equal to about 5% of development value (typically within a range of 5-15% of development value or total development cost according to the Urban Land Institute).[7]

Predevelopment cost savings are measured by multiplying these estimated predevelopment costs by a 12% annual equity carrying cost (conservative assumption as equity during entitlement period typically achieves a higher return threshold) times the number of months saved divided by one year (i.e. 5 months/1 year):[8]

5% of revenues multiplied by 12% carrying cost multiplied by 42% (5/12 months) = .252% of revenues

While predevelopment costs vary by development (e.g. whether land is purchased up front or purchased at the end of an option period, with option payments made in the interim, and the extent of upfront predevelopment costs), this estimate is considered to be generally representative of a potential predevelopment carry scenario.

e. Other Soft Costs

Other soft costs include all other indirect construction costs such as architectural design, engineering, legal fees, building permit fees, marketing and other sales/leasing related development costs. These costs are calculated as a percentage of hard construction costs based on a review of pro formas and interviews with developers and real estate professionals. Other soft costs for the residential condominium prototypes are assumed at 25% of hard construction costs while rental prototypes (both residential and commercial) that have less extensive sales and marketing costs are assumed at 18% of hard construction costs.

3. Developer Margin

Developers, lenders and investors evaluate and measure returns in several ways. Based on input from real estate developers, equity investors and lenders, and discussions with City staff, developer margin is measured in the following ways.

- Residential: Target developer margin, as measured by return on development cost and return on net sales price for condominiums:
  - **Low-Rise 40-58 Feet:** 15-20% return on total development cost (assumed at 19% return on development cost, or 16% threshold for return on net sales for condominiums)
  - **Mid-Rise 65 Feet:** 20-22% on total development cost (assumed at 21% return on development cost, or 17% threshold for return on net sales for condominiums)
  - **Mid-Rise and High-Rise, 80-160 Feet:** 22-24% on total development cost (assumed at 23% return on development cost, or 19% threshold for return on net sales for condominiums)
  - **High-Rise above 240 Feet:** 28-30% on total development cost (assumed at 29% return on development cost, or 22% threshold for return on net sales for condominiums)

[7] Refer to Chapters 2 and 3, Finance for Real Estate Development, Charles Long, Urban Land Institute, 2011.

[8] Conceptually, this means a five month time savings would translate to predevelopment savings of about $2,520/unit for a typically priced $1,000,000 condominium, which is approximately equal 0.5% of direct construction costs.

- Office: Target developer margin as measured by return on development cost at 19% or 16% on return on net value. (These returns take in to account the size and scale of development, as well as the building's long term cash flow potential.)
- Retail: Target returns in mixed-use projects are assumed to be the same as the predominant land use.

For rental property, typically the more important static return measure is referred to as Yield to Cost or Return on Cost, which is measured based on Net Operating Income (NOI, equal to rental income less vacancy less operating expenses) divided by total development costs. The target Yield (Return) on Cost for apartments in San Francisco is 5-7% while office return thresholds range between 6-7%, based on a review of project pro formas and discussions with developers and equity investors.

4. Residual Land Value (With and Without Predevelopment Savings)

As described above, the residual land value (RLV) is the difference between what a developer expects to receive in revenues less all costs associated with developing the buildings. Land residual models for each prototype were created to compare the potential financial impact on RLV of the TSF at various fee levels and under two underlying economic benefit scenarios: with and without predevelopment savings from CEQA/LOS reform. In summary, the Residual Land Value (RLV) is calculated using the following formula, which represents a static basis for determining project feasibility:

Revenues

Less: Basic Development Costs (taking into account the varying levels of development impact fees under the TSF scenarios, as well as potential predevelopment savings with the TSP)

Less: Developer Margin

= Residual Land Value (calculated for each scenario, with and without predevelopment savings)

D. Information Sources

Association of Bay Area Government (ABAG), Projections 2013.

Clifford Advisory, Land Value in Eastern Neighborhoods, April 14, 2008, plus updated data on land sales comparables and guidance on residual land value calculations provided during 2014 and 2015.

Integra Realty Resources, Viewpoint, 2015 Real Estate Value Trends.

Interviews with residential and office developers, as well as a range of general contractors, many of whom are members of the Urban Land Institute, SPUR and San Francisco Housing Action Coalition.

Interviews supplemented by reports on market trends: The Concord Group, Polaris Pacific, The Mark Company, RealAnswers (formerly RealFacts), CBRE, Colliers International and DTZ Retail Terranomics.

Keyser Marston Associates, Citywide Inclusionary Housing Study, July 2006.

Keyser Marston Associates, Sensitivity Analysis of New Development Impact Fees on Project Economics, August 12, 2008.

San Francisco Office of Community Investment and Infrastructure (OCII), staff reports to OCII Board regarding review of development proposals for Transbay Blocks 5, 6-7 and 8.

San Francisco Planning Department, Development Pipeline Data, Q3 2014.

San Francisco Planning Department, Housing Inventory Report, 2014.

San Francisco Planning Department and San Francisco Redevelopment Agency, Draft Transit Center District Plan, November 2009.

Seifel Consulting, Eastern Neighborhoods Impact Fee and Affordable Housing Analysis, May 2008.

Seifel Consulting, Inclusionary Housing Financial Analysis, December 2012

Urban Land Institute, Finance for Real Estate Development, Charles Long, 2011.

San Francisco City Departments

- San Francisco Department of Building Inspection (SFDBI)
- San Francisco Planning Department (Planning Department)
- San Francisco Mayor's Office of Housing and Community Development
- San Francisco Municipal Transportation Agency (SFMTA)
- San Francisco Office of the Controller
- San Francisco Office of Economic and Workforce Development (OEWD)
- San Francisco Planning Department (Planning Department)
- San Francisco Public Utilities Commission (SFPUC)

Appendix Table A-1
Prototype 1 Summary Results
Comparison for Base Case TIDF and Base Case TSF

1a. Summary of Development Program - Geary Small Residential Mixed-use

Site Area and Constraints		
Lot Size	5,000	SF
Existing Prior Use	600	GSF
Development Program		
Description	Low-Rise	
Maximum Height	45	Feet
Residential Units	8	Units
Average Unit Size (NSF)	1,100	NSF
Residential Density	70	Units per acre
Building Size (NSF)	10,240	NSF
Building Size GSF (without parking)	12,950	GSF
FAR	3.3	
Residential Parking Ratio	1.0	Spaces per Unit
Total Parking Spaces	8	
Parking Construction Type (# of levels)	Podium (1)	

1b. Summary of Financial Analysis - Geary Small Residential Mixed-use

Prototype 1	**Base Case TIDF**		**Base Case TSF**		**Difference**	
1: Geary Small Res. Mixed-use	**Total**	**% of Revenues**	**TSF Total**	**% of Revenues**	**Total**	**% Change**
Revenues						
Residential For-Sale	$7,900,200	90%	$7,900,200	90%	$0	0.0%
Residential Rental	$0	0%	$0	0%	$0	-
Subtotal Residential	$7,900,200	90%	$7,900,200	90%	$0	0.0%
Office	$0	0%	$0	0%	$0	-
Retail	$870,900	10%	$870,900	10%	$0	0.0%
Total Revenues	**$8,771,100**	**100%**	**$8,771,100**	**100%**	**$0**	**0.0%**
Hard and Soft Costs						
Hard Construction Costs	$3,788,400	43%	$3,788,400	43%	$0	0.0%
Tenant Improvements/Lease Up Costs	$144,000	2%	$144,000	2%	$0	0.0%
Development Impact Fees/Other Costs	$64,700	1%	$134,600	2%	$69,900	108%
Environmental/Transportation Review	$9,000	0%	$9,000	0%	$0	0.0%
Construction Financing/Predev. Carry	$364,300	4%	$364,300	4%	$0	0.0%
Other Soft Costs	$947,100	11%	$947,100	11%	$0	0.0%
Total Hard and Soft Costs	**$5,317,500**	**61%**	**$5,387,400**	**61%**	**$69,900**	**1.3%**
Developer Margin	$1,403,400	16%	$1,403,400	16%	$0	0.0%
Total Costs	**$6,720,900**	**77%**	**$6,790,800**	**77%**	***$69,900***	**1.0%**
Residual Land Value	**$2,050,200**	**23%**	**$1,980,300**	**23%**	**($69,900)**	**(3.4%)**
Without Predevelopment Savings	***$2,050,200***	***23%***	***$1,980,300***	***23%***	***($69,900)***	***(3.4%)***
Developer Margin/ Total Dev. Costs	***19%***		***19%***			

Note: Numbers rounded to nearest $100. Development Impact Fees/ Other Costs include all applicable impact fees (including TIDF or TSF), plus any upfront developer payment for TDR purchase and Mello Roos special tax.

1c. Summary of Financial Indicators - Geary Small Residential Mixed-use

Prototype 1	Base Case TIDF				
1: Geary Small Res. Mixed-use	**Total**	**Soft Cost as % of HCC**	**Per Bldg GSF (w/o Parking)**	**Per Bldg NSF**	**Per Unit**
Revenues					
Residential For-Sale	$7,900,200		$610	$772	$987,525
Residential Rental	$0		$0	$0	$0
Subtotal Residential	$7,900,200		$610	$772	$987,525
Office	$0		$0	$0	$0
Retail	$870,900		$67	$85	$108,863
Total Revenues	**$8,771,100**		**$677**	**$857**	**$1,096,388**
Hard and Soft Costs					
Hard Construction Costs	$3,788,400	100%	$293	$370	$473,550
Tenant Improvements/Lease Up Costs	$144,000		$11	$14	$18,000
Development Impact Fees/Other Costs	$64,700	2%	$5	$6	$8,088
Environmental/Transportation Review	$9,000	0%	$1	$1	$1,125
Construction Financing/Predev. Carry	$364,300	10%	$28	$36	$45,538
Other Soft Costs	$947,100	25%	$73	$92	$118,388
Total Hard and Soft Costs	**$5,317,500**		**$411**	**$519**	**$664,688**
Developer Margin	$1,403,400		$108	$137	$175,425
Total Costs	**$6,720,900**		**$519**	**$656**	**$840,113**
Residual Land Value	**$2,050,200**		**$158**	**$200**	**$256,300**
Without Predevelopment Savings	***$2,050,200***		***$158***	***$200***	***$256,300***

Prototype 1	Base Case TSF				
1: Geary Small Res. Mixed-use	**Total**	**Soft Cost as % of HCC**	**Per Bldg GSF (w/o Parking)**	**Per Bldg NSF**	**Per Unit**
Revenues					
Residential For-Sale	$7,900,200		$610	$772	$987,525
Residential Rental	$0		$0	$0	$0
Subtotal Residential	$7,900,200		$610	$772	$987,525
Office	$0		$0	$0	$0
Retail	$870,900		$67	$85	$108,863
Total Revenues	**$8,771,100**		**$677**	**$857**	**$1,096,388**
Hard and Soft Costs					
Hard Construction Costs	$3,788,400	100%	$293	$370	$473,550
Tenant Improvements/Lease Up Costs	$144,000	4%	$11	$14	$18,000
Development Impact Fees/Other Costs	$134,600	4%	$10	$13	$16,825
Environmental/Transportation Review	$9,000	0%	$1	$1	$1,125
Construction Financing/Predev. Carry	$364,300	10%	$28	$36	$45,538
Other Soft Costs	$947,100	25%	$73	$92	$118,388
Total Hard and Soft Costs	**$5,387,400**		**$416**	**$526**	**$673,425**
Developer Margin	$1,403,400		$108	$137	$175,425
Total Costs	**$6,790,800**		**$524**	**$663**	**$848,850**
Residual Land Value	**$1,980,300**		**$153**	**$193**	**$247,500**
Without Predevelopment Savings	***$1,980,300***		***$153***	***$193***	***$247,500***

Appendix Table A-2
Prototype 2 Summary Results
Comparison for Base Case TIDF and Base Case TSF

2a. Summary of Development Program - Van Ness Medium Residential Mixed-use

Site Area and Constraints		
Lot Size	24,300	SF
Existing Prior Use	11,000	GSF
Development Program		
Description	Mid-Rise	
Maximum Height	80	Feet
Residential Units	60	Units
Average Unit Size	997	NSF
Residential Density	108	Units/Acre
Building Size (NSF)	67,887	NSF
Building Size GSF (without parking)	86,124	GSF
FAR	3.6	
Residential Parking Ratio	0.75	Spaces per Unit
Total Parking Spaces	64	
Parking Construction Type (# of levels)	Underground (1)	

2b. Summary of Financial Analysis - Van Ness Medium Residential Mixed-use

Prototype 2	**Base Case TIDF**		**Base Case TSF**		**Difference**	
2: Van Ness Medium Res. Mixed-use	**Total**	**% of Revenues**	**TSF Total**	**% of Revenues**	**Total**	**% Change**
Revenues						
Residential For-Sale	$56,819,600	91%	$56,819,600	91%	$0	0.0%
Residential Rental	$0	0%	$0	0%	$0	-
Subtotal Residential	$56,819,600	91%	$56,819,600	91%	$0	0.0%
Office	$0	0%	$0	0%	$0	-
Retail	$5,740,900	9%	$5,740,900	9%	$0	0.0%
Total Revenues	**$62,560,500**	**100%**	**$62,560,500**	**100%**	**$0**	**0.0%**
Development Costs						
Hard Construction Costs	$31,216,553	50%	$31,216,553	50%	$0	0.0%
Tenant Improvements/Lease Up Costs	$808,747	1%	$808,747	1%	$0	0.0%
Development Impact Fees/Other Costs	$403,600	1%	$862,500	1%	$458,900	114%
Environmental/Transportation Review	$188,000	0%	$188,000	0%	$0	0.0%
Construction Financing/Predev. Carry	$3,235,600	5%	$3,235,600	5%	$0	0.0%
Other Soft Costs	$7,804,200	12%	$7,804,200	12%	$0	0.0%
Total Hard and Soft Costs	**$43,656,700**	**70%**	**$44,115,600**	**71%**	**$458,900**	**1.1%**
Developer Margin	$11,886,500	19%	$11,886,500	19%	$0	0.0%
Total Costs	**$55,543,200**	**89%**	**$56,002,100**	**90%**	***$458,900***	**0.8%**
Residual Land Value	**$7,017,300**	**11%**	**$6,558,400**	**10%**	**($458,900)**	**(6.5%)**
Without Predevelopment Savings	***$7,017,300***	***11%***	***$6,558,400***	***10%***	***($458,900)***	***(6.5%)***
Developer Margin/ Total Dev. Costs	***23%***		***23%***			

Note: Numbers rounded to nearest $100. Development Impact Fees/ Other Costs include all applicable impact fees (including TIDF or TSF), plus any upfront developer payment for TDR purchase and Mello Roos special tax.

2c. Summary of Financial Indicators - Van Ness Medium Residential Mixed-use

Prototype 2	Base Case TIDF				
2: Van Ness Medium Res. Mixed-use	**Total**	**Soft Cost as % of HCC**	**Per Bldg GSF**	**Per Bldg NSF**	**Per Unit**
Revenues					
Residential For-Sale	$56,819,600		$660	$837	$946,993
Residential Rental	$0		$0	$0	$0
Subtotal Residential	$56,819,600		$660	$837	$946,993
Office	$0		$0	$0	$0
Retail	$5,740,900		$67	$85	$95,682
Total Revenues	**$62,560,500**		**$726**	**$922**	**$1,042,675**
Hard and Soft Costs					
Hard Construction Costs	$31,216,553	100%	$362	$460	$520,276
Tenant Improvements/Lease Up Costs	$808,747	3%	$9	$12	$13,479
Development Impact Fees/Other Costs	$403,600	1%	$5	$6	$6,727
Environmental/Transportation Review	$188,000	1%	$2	$3	$3,133
Construction Financing/Predev. Carry	$3,235,600	10%	$38	$48	$53,927
Other Soft Costs	$7,804,200	25%	$91	$115	$130,070
Total Hard and Soft Costs	**$43,656,700**		**$507**	**$643**	**$727,612**
Developer Margin	$11,886,500		$138	$175	$198,108
Total Costs	**$55,543,200**		**$645**	**$818**	**$925,720**
Residual Land Value	**$7,017,300**		**$81**	**$103**	**$117,000**
Without Predevelopment Savings	***$7,017,300***		***$81***	***$103***	***$117,000***

Prototype 2	Base Case TSF				
2: Van Ness Medium Res. Mixed-use	**Total**	**Soft Cost as % of HCC**	**Per Bldg GSF**	**Per Bldg NSF**	**Per Unit**
Revenues					
Residential For-Sale	$56,819,600		$660	$837	$946,993
Residential Rental	$0		$0	$0	$0
Subtotal Residential	$56,819,600		$660	$837	$946,993
Office	$0		$0	$0	$0
Retail	$5,740,900		$67	$85	$95,682
Total Revenues	**$62,560,500**		**$726**	**$922**	**$1,042,675**
Hard and Soft Costs					
Hard Construction Costs	$31,216,553	100%	$362	$460	$520,276
Tenant Improvements/Lease Up Costs	$808,747	3%	$9	$12	$13,479
Development Impact Fees/Other Costs	$862,500	3%	$10	$13	$14,375
Environmental/Transportation Review	$188,000	1%	$2	$3	$3,133
Construction Financing/Predev. Carry	$3,235,600	10%	$38	$48	$53,927
Other Soft Costs	$7,804,200	25%	$91	$115	$130,070
Total Hard and Soft Costs	**$44,115,600**		**$512**	**$650**	**$735,260**
Developer Margin	$11,886,500		$138	$175	$198,108
Total Costs	**$56,002,100**		**$650**	**$825**	**$933,368**
Residual Land Value	**$6,558,400**		**$76**	**$97**	**$109,300**
Without Predevelopment Savings	***$6,558,400***		***$76***	***$97***	***$109,300***

Appendix Table A-3
Prototype 3 Summary Results
Comparison for Base Case TIDF and Base Case TSF

3a. Summary of Development Program - Outer Mission Small Residential Mixed-use

Site Area and Constraints		
Lot Size	14,420	SF
Existing Prior Use	17,438	SF
Development Program		
Description	Mid-Rise	
Maximum Height	65	Feet
Residential Units	24	Units
Average Unit Size	1,250	NSF
Residential Density	72	Units/Acre
Building Size (NSF)	32,876	NSF
Building Size GSF (without parking)	41,784	GSF
FAR	3.6	
Residential Parking Ratio	1	Spaces per Unit
Total Parking Spaces	24	
Parking Construction Type (# of levels)	Podium (1)	

3b. Summary of Financial Analysis - Outer Mission Small Residential Mixed-use

Prototype 3	**Base Case TIDF**		**Base Case TSF**		**Difference**	
3. Outer Mission Small Res. Mixed-use	**Total**	**% of Revenues**	**TSF Total**	**% of Revenues**	**Total**	**% Change**
Revenues						
Residential For-Sale	$21,895,900	93%	$21,895,900	93%	$0	0.0%
Residential Rental	$0	0%	$0	0%	$0	-
Subtotal Residential	$21,895,900	93%	$21,895,900	93%	$0	0.0%
Office	$0	0%	$0	0%	$0	-
Retail	$1,739,400	7%	$1,739,400	7%	$0	0.0%
Total Revenues	**$23,635,300**	**100%**	**$23,635,300**	**100%**	**$0**	**0.0%**
Hard and Soft Costs						
Hard Construction Costs	$13,594,400	58%	$13,594,400	58%	$0	0.0%
Tenant Improvements/Lease Up Costs	$287,600	1%	$287,600	1%	$0	0.0%
Development Impact Fees/Other Costs	$201,100	1%	$243,500	1%	$42,400	21%
Environmental/Transportation Review	$27,000	0%	$27,000	0%	$0	0.0%
Construction Financing/Predev. Carry	$1,188,000	5%	$1,188,000	5%	$0	0.0%
Other Soft Costs	$3,398,600	14%	$3,398,600	14%	$0	0.0%
Total Hard and Soft Costs	**$18,696,700**	**79%**	**$18,739,100**	**79%**	**$42,400**	**0.2%**
Developer Margin	$4,018,000	17%	$4,018,000	17%	$0	0.0%
Total Costs	**$22,714,700**	**96%**	**$22,757,100**	**96%**	***$42,400***	**0.2%**
Residual Land Value	**$920,600**	**4%**	**$878,200**	**4%**	**($42,400)**	**(4.6%)**
Without Predevelopment Savings	***$920,600***	***4%***	***$878,200***	***4%***	***($42,400)***	***(4.6%)***
Developer Margin/ Total Dev. Costs	***20%***		***20%***			

Note: Numbers rounded to nearest $100. Development Impact Fees/ Other Costs include all applicable impact fees (including TIDF or TSF), plus any upfront developer payment for TDR purchase and Mello Roos special tax.

3c. Summary of Financial Indicators - Outer Mission Small Residential Mixed-use

Prototype 3	Base Case TIDF				
3. Outer Mission Small Res. Mixed-use	**Total**	**Soft Cost as % of HCC**	**Per Bldg GSF**	**Per Bldg NSF**	**Per Unit**
Revenues					
Residential For-Sale	$21,895,900		$524	$666	$912,329
Residential Rental	$0		$0	$0	$0
Subtotal Residential	$21,895,900		$524	$666	$912,329
Office	$0		$0	$0	$0
Retail	$1,739,400		$42	$53	$72,475
Total Revenues	**$23,635,300**		**$566**	**$719**	**$984,804**
Hard and Soft Costs					
Hard Construction Costs	$13,594,400	100%	$325	$414	$566,433
Tenant Improvements/Lease Up Costs	$287,600	2%	$7	$9	$11,983
Development Impact Fees/Other Costs	$201,100	1%	$5	$6	$8,379
Environmental/Transportation Review	$27,000	0%	$1	$1	$1,125
Construction Financing/Predev. Carry	$1,188,000	9%	$28	$36	$49,500
Other Soft Costs	$3,398,600	25%	$81	$103	$141,608
Total Hard and Soft Costs	**$18,696,700**		**$447**	**$569**	**$779,029**
Developer Margin	$4,018,000		$96	$122	$167,417
Total Costs	**$22,714,700**		**$544**	**$691**	**$946,446**
Residual Land Value	**$920,600**		**$22**	**$28**	**$38,400**
Without Predevelopment Savings	***$920,600***		***$22***	***$28***	***$38,400***

Prototype 3	Base Case TSF				
3. Outer Mission Small Res. Mixed-use	**Total**	**Soft Cost as % of HCC**	**Per Bldg GSF**	**Per Bldg NSF**	**Per Unit**
Revenues					
Residential For-Sale	$21,895,900		$524	$666	$912,329
Residential Rental	$0		$0	$0	$0
Subtotal Residential	$21,895,900		$524	$666	$912,329
Office	$0		$0	$0	$0
Retail	$1,739,400		$42	$53	$72,475
Total Revenues	**$23,635,300**		**$566**	**$719**	**$984,804**
Hard and Soft Costs					
Hard Construction Costs	$13,594,400	100%	$325	$414	$566,433
Tenant Improvements/Lease Up Costs	$287,600	2%	$7	$9	$11,983
Development Impact Fees/Other Costs	$243,500	2%	$6	$7	$10,146
Environmental/Transportation Review	$27,000	0%	$1	$1	$1,125
Construction Financing/Predev. Carry	$1,188,000	9%	$28	$36	$49,500
Other Soft Costs	$3,398,600	25%	$81	$103	$141,608
Total Hard and Soft Costs	**$18,739,100**		**$448**	**$570**	**$780,796**
Developer Margin	$4,018,000		$96	$122	$167,417
Total Costs	**$22,757,100**		**$545**	**$692**	**$948,213**
Residual Land Value	**$878,200**		**$21**	**$27**	**$36,600**
Without Predevelopment Savings	***$878,200***		***$21***	***$27***	***$36,600***

Appendix Table A-4
Prototype 4 Summary Results
Comparison for Base Case TIDF and Base Case TSF

4a. Summary of Development Program - Mission Small Residential Mixed Use

Site Area and Constraints		
Lot Size	6,000	SF
Existing Prior Use	13,500	GSF
Development Program		
Description	Low-Rise	
Maximum Height	55	Feet
Residential Units	15	Units
Average Unit Size	955	NSF
Residential Density	109	Units/Acre
Building Size (NSF)	16,575	NSF
Building Size GSF (without parking)	22,264	GSF
FAR	4.0	
Residential Parking Ratio	0.5	Spaces per Unit
Total Parking Spaces	8	
Parking Construction Type (# of levels)	Podium (1)	

4b. Summary of Financial Analysis - Mission Small Residential Mixed Use

Prototype 4	**Base Case TIDF**		**Base Case TSF**		**Difference**	
4: Mission Small Res. Mixed-use	**Total**	**% of Revenues**	**TSF Total**	**% of Revenues**	**Total**	**% Change**
Revenues						
Residential For-Sale	$13,445,800	90%	$13,445,800	90%	$0	0.0%
Residential Rental	$0	0%	$0	0%	$0	-
Subtotal Residential	$13,445,800	90%	$13,445,800	90%	$0	0.0%
Office	$0	0%	$0	0%	$0	-
Retail	$1,530,900	10%	$1,530,900	10%	$0	0.0%
Total Revenues	**$14,976,700**	**100%**	**$14,976,700**	**100%**	**$0**	**0.0%**
Development Costs						
Hard Construction Costs	$6,614,500	44%	$6,614,500	44%	$0	0.0%
Tenant Improvements/Lease Up Costs	$225,000	2%	$225,000	2%	$0	0.0%
Development Impact Fees/Other Costs	$270,000	2%	$293,600	2%	$23,600	8.7%
Environmental/Transportation Review	$11,000	0%	$11,000	0%	$0	0.0%
Construction Financing/Predev. Carry	$665,600	4%	$665,600	4%	$0	0.0%
Other Soft Costs	$1,653,600	11%	$1,653,600	11%	$0	0.0%
Total Hard and Soft Costs	**$9,439,700**	**63%**	**$9,463,300**	**63%**	**$23,600**	**0.3%**
Developer Margin	$2,396,300	16%	$2,396,300	16%	$0	0.0%
Total Costs	**$11,836,000**	**79%**	**$11,859,600**	**79%**	***$23,600***	**0.2%**
Residual Land Value	**$3,140,700**	**21%**	**$3,117,100**	**21%**	**($23,600)**	**(0.8%)**
Without Predevelopment Savings	***$3,140,700***	***21%***	***$3,117,100***	***21%***	***($23,600)***	***(0.8%)***
Developer Margin/ Total Dev. Costs	***19%***		***19%***			

Note: Numbers rounded to nearest $100. Development Impact Fees/ Other Costs include all applicable impact fees (including TIDF or TSF), plus any upfront developer' payment for TDR purchase and Mello Roos special tax.

4c. Summary Proforma - Mission Small Residential Mixed Use

Prototype 4	Base Case TIDF				
4: Mission Small Res. Mixed-use	**Total**	**Soft Cost as % of HCC**	**Per Bldg GSF**	**Per Bldg NSF**	**Per Unit**
Revenues					
Residential For-Sale	$13,445,800		$604	$811	$896,387
Residential Rental	$0		$0	$0	$0
Subtotal Residential	$13,445,800		$604	$811	$896,387
Office	$0		$0	$0	$0
Retail	$1,530,900		$69	$92	$102,060
Total Revenues	**$14,976,700**		**$673**	**$904**	**$998,447**
Hard and Soft Costs					
Hard Construction Costs	$6,614,500	100%	$297	$399	$440,967
Tenant Improvements/Lease Up Costs	$225,000	3%	$10	$14	$15,000
Development Impact Fees/Other Costs	$270,000	4%	$12	$16	$18,000
Environmental/Transportation Review	$11,000	0%	$0	$1	$733
Construction Financing/Predev. Carry	$665,600	10%	$30	$40	$44,373
Other Soft Costs	$1,653,600	25%	$74	$100	$110,240
Total Hard and Soft Costs	**$9,439,700**		**$424**	**$570**	**$629,313**
Developer Margin	$2,396,300		$108	$145	$159,753
Total Costs	**$11,836,000**		**$532**	**$714**	**$789,067**
Residual Land Value	**$3,140,700**		**$141**	**$189**	**$209,400**
Without Predevelopment Savings	***$3,140,700***		***$141***	***$189***	***$209,400***

Prototype 4	Base Case TSF				
4: Mission Small Res. Mixed-use	**Total**	**Soft Cost as % of HCC**	**Per Bldg GSF**	**Per Bldg NSF**	**Per Unit**
Revenues					
Residential For-Sale	$13,445,800		$604	$811	$896,387
Residential Rental	$0		$0	$0	$0
Subtotal Residential	$13,445,800		$604	$811	$896,387
Office	$0		$0	$0	$0
Retail	$1,530,900		$69	$92	$102,060
Total Revenues	**$14,976,700**		**$673**	**$904**	**$998,447**
Hard and Soft Costs					
Hard Construction Costs	$6,614,500	100%	$297	$399	$440,967
Tenant Improvements/Lease Up Costs	$225,000	3%	$10	$14	$15,000
Development Impact Fees/Other Costs	$293,600	4%	$13	$18	$19,573
Environmental/Transportation Review	$11,000	0%	$0	$1	$733
Construction Financing/Predev. Carry	$665,600	10%	$30	$40	$44,373
Other Soft Costs	$1,653,600	25%	$74	$100	$110,240
Total Hard and Soft Costs	**$9,463,300**		**$425**	**$571**	**$630,887**
Developer Margin	$2,396,300		$108	$145	$159,753
Total Costs	**$11,859,600**		**$533**	**$716**	**$790,640**
Residual Land Value	**$3,117,100**		**$140**	**$188**	**$207,800**
Without Predevelopment Savings	***$3,117,100***		***$140***	***$188***	***$207,800***

Appendix Table A-5
Prototype 5 Summary Results
Comparison for Base Case TIDF and Base Case TSF

5a. Summary of Development Program - Central Waterfront Large Residential MU

Site Area and Constraints		
Lot Size	35,000	SF
Existing Prior Use	40,000	GSF
Development Program		
Description	Mid-Rise	
Maximum Height	65	Feet
Residential Units	156	Units
Average Unit Size	762	NSF
Residential Density	194	Units/Acre
Building Size (NSF)	123,300	NSF
Building Size GSF (without parking)	154,720	GSF
FAR	4.5	
Parking Ratio	0.71	Spaces per Unit
Total Parking Spaces	111	
Parking Construction Type (# of levels)	Underground (1)	

5b. Summary of Financial Analysis - Central Waterfront Large Residential MU

Prototype 5	**Base Case TIDF**		**Base Case TSF**		**Difference**	
5: Central Waterfront Large Res. MU	**Total**	**% of Revenues**	**Base Case TSF Total**	**% of Revenues**	**Total**	**% Change**
Revenues						
Residential For-Sale	$0	0%	$0	0%	$0	-
Residential Rental	$106,807,000	97%	$106,807,000	97%	$0	0%
Subtotal Residential	$106,807,000	97%	$106,807,000	97%	$0	0%
Office	$0	0%	$0	0%	$0	-
Retail	$3,126,600	2.8%	$3,126,600	2.8%	$0	0%
Total Revenues	**$109,933,600**	**100%**	**$109,933,600**	**100%**	**$0**	**0%**
Hard and Soft Costs						
Hard Construction Costs	$50,999,200	46%	$50,999,200	46%	$0	0%
Tenant Improvements/Lease Up Costs	$450,000	0%	$450,000	0%	$0	0%
Development Impact Fees/Other Costs	$2,421,400	2%	$2,671,300	2%	$249,900	10%
Environmental/Transportation Review	$683,000	1%	$122,000	0%	($561,000)	(82%)
Construction Financing/Predev. Carry	$4,642,300	4%	$4,367,400	4%	($274,900)	(5.9%)
Other Soft Costs	$9,179,900	8%	$9,179,900	8%	$0	0.0%
Total Hard and Soft Costs	**$68,375,800**	**62%**	**$67,789,800**	**62%**	**($586,000)**	**(0.9%)**
Developer Margin	$18,688,700	17%	$18,688,700	17%	$0	0.0%
Total Costs	**$87,064,500**	**79%**	**$86,478,500**	**79%**	***($586,000)***	**(0.7%)**
Residual Land Value	**$22,869,100**	**21%**	**$23,455,100**	**21%**	**$586,000**	**2.6%**
Without Predevelopment Savings	***$22,869,100***	***21%***	***$22,619,200***	***21%***	***($249,900)***	***(1.1%)***
Return (Yield) on Cost	***5.7%***		***5.7%***			

Note: Numbers rounded to nearest $100. Development Impact Fees/ Other Costs include all applicable impact fees (including TIDF or TSF), plus any upfront developer payment for TDR purchase and Mello Roos special tax.

5c. Summary of Financial Indicators - Central Waterfront Large Residential MU

Prototype 5	Base Case TIDF				
5: Central Waterfront Large Res. MU	**Total**	**Soft Cost as % of HCC**	**Per Bldg GSF**	**Per Bldg NSF**	**Per Unit**
Revenues					
Residential For-Sale	$0		$0	$0	$0
Residential Rental	$106,807,000		$690	$866	$684,660
Subtotal Residential	$106,807,000		$690	$866	$684,660
Office	$0		$0	$0	$0
Retail	$3,126,600		$20	$25	$20,042
Total Revenues	**$109,933,600**		**$711**	**$892**	**$704,703**
Hard and Soft Costs					
Hard Construction Costs	$50,999,200	100%	$330	$414	$326,918
Tenant Improvements/Lease Up Costs	$450,000	1%	$3	$4	$2,885
Development Impact Fees/Other Costs	$2,421,400	5%	$16	$20	$15,522
Environmental/Transportation Review	$683,000	1%	$4	$6	$4,378
Construction Financing/Predev. Carry	$4,642,300	9%	$30	$38	$29,758
Other Soft Costs	$9,179,900	18%	$59	$74	$58,846
Total Hard and Soft Costs	**$68,375,800**		**$442**	**$555**	**$438,306**
Developer Margin	$18,688,700		$121	$152	$119,799
Total Costs	**$87,064,500**		**$563**	**$706**	**$558,106**
Residual Land Value	**$22,869,100**		**$148**	**$185**	**$146,600**
Without Predevelopment Savings	***$22,869,100***		***$148***	***$185***	***$146,600***

Prototype 5	Base Case TSF				
5: Central Waterfront Large Res. MU	**Total**	**Soft Cost as % of HCC**	**Per Bldg GSF**	**Per Bldg NSF**	**Per Unit**
Revenues			**$711**	**$0**	**$0**
Residential For-Sale	$0		$0	$0	$0
Residential Rental	$106,807,000		$690	$866	$684,660
Subtotal Residential	$106,807,000		$690	$866	$684,660
Office	$0		$0	$0	$0
Retail	$3,126,600		$20	$25	$20,042
Total Revenues	**$109,933,600**		**$711**	**$892**	**$704,700**
Hard and Soft Costs					
Hard Construction Costs	$50,999,200	100%	$330	$414	$326,918
Tenant Improvements/Lease Up Costs	$450,000	1%	$3	$4	$2,885
Development Impact Fees/Other Costs	$2,671,300	5%	$17	$22	$17,124
Environmental/Transportation Review	$122,000	0%	$1	$1	$782
Construction Financing/Predev. Carry	$4,367,400	9%	$28	$35	$27,996
Other Soft Costs	$9,179,900	18%	$59	$74	$58,846
Total Hard and Soft Costs	**$67,789,800**		**$438**	**$550**	**$434,550**
Developer Margin	$18,688,700		$121	$152	$119,799
Total Costs	**$86,478,500**		**$559**	**$701**	**$554,349**
Residual Land Value	**$23,455,100**		**$152**	**$190**	**$150,400**
Without Predevelopment Savings	***$22,619,200***		***$146***	***$183***	***$145,000***

Appendix Table A-6
Prototype 6 Summary Results
Comparison for Base Case TIDF and Base Case TSF

6a. Summary of Development Program - East SoMa Medium Residential Mixed-use

Site Area and Constraints		
Lot Size	10,000	SF
Existing Prior Use	62,500	GSF
Development Program		
Description	Mid-Rise	
Maximum Height	85	Feet
Residential Units	60	Units
Average Unit Size	719	NSF
Residential Density	261	Units/Acre
Building Size (NSF)	47,625	NSF
Building Size GSF (without parking)	60,550	GSF
FAR	6.3	
Parking Ratio	0.50	Spaces per Unit
Total Parking Spaces	36	
Parking Construction Type (# of levels)	Underground (1)	

6b. Summary of Financial Analysis - East SoMa Medium Residential Mixed-use

Prototype 6	Base Case TIDF		Base Case TSF		Difference	
6: East SoMa Medium Res. Mixed-use	**Total**	**% of Revenues**	**Base Case TSF Total**	**% of Revenues**	**Total**	**% Change**
Revenues						
Residential For-Sale	$0	0%	$0	0%	$0	-
Residential Rental	$40,092,100	92%	$40,092,100	92%	$0	0.0%
Subtotal Residential	$40,092,100	92%	$40,092,100	92%	$0	0.0%
Office	$0	0%	$0	0%	$0	-
Retail	$3,382,800	8%	$3,382,800	8%	$0	0.0%
Total Revenues	**$43,474,900**	**100%**	**$43,474,900**	**100%**	**$0**	**0.0%**
Hard and Soft Costs						
Hard Construction Costs	$21,266,900	49%	$21,266,900	49%	$0	0.0%
Tenant Improvements/Lease Up Costs	$450,000	1%	$450,000	1%	$0	0.0%
Development Impact Fees/Other Costs	$1,443,400	3%	$1,571,000	4%	$127,600	8.8%
Environmental/Transportation Review	$119,000	0%	$119,000	0%	$0	0.0%
Construction Financing/Predev. Carry	$1,768,300	4%	$1,768,300	4%	$0	0.0%
Other Soft Costs	$3,828,000	9%	$3,828,000	9%	$0	0.0%
Total Hard and Soft Costs	**$28,875,600**	**66%**	**$29,003,200**	**67%**	**$127,600**	**0.4%**
Developer Margin	$8,260,200	19%	$8,260,200	19%	$0	0.0%
Total Costs	**$37,135,800**	**85%**	**$37,263,400**	**86%**	***$127,600***	**0.3%**
Residual Land Value	**$6,339,100**	**15%**	**$6,211,500**	**14%**	**($127,600)**	**(2.0%)**
Without Predevelopment Savings	***$6,339,100***	***15%***	***$6,211,500***	***14%***	***($127,600)***	***(2.0%)***
Return (Yield) on Cost	***5.9%***		***5.9%***			

Note: Numbers rounded to nearest $100. Development Impact Fees/ Other Costs include all applicable impact fees (including TIDF or TSF), plus any upfront developer payment for TDR purchase and Mello Roos special tax.

6c. Summary of Financial Indicators - East SoMa Medium Residential Mixed-use

Prototype 6	Base Case TIDF				
6: East SoMa Medium Res. Mixed-use	**Total**	**Soft Cost as % of HCC**	**Per Bldg GSF**	**Per Bldg NSF**	**Per Unit**
Revenues					
Residential For-Sale	$0		$0	$0	$0
Residential Rental	$40,092,100		$662	$842	$668,202
Subtotal Residential	$40,092,100		$662	$842	$668,202
Office	$0		$0	$0	$0
Retail	$3,382,800		$56	$71	$56,380
Total Revenues	**$43,474,900**		**$718**	**$913**	**$724,582**
Hard and Soft Costs					
Hard Construction Costs	$21,266,900	100%	$351	$447	$354,448
Tenant Improvements/Lease Up Costs	$450,000	2%	$7	$9	$7,500
Development Impact Fees/Other Costs	$1,443,400	7%	$24	$30	$24,057
Environmental/Transportation Review	$119,000	1%	$2	$2	$1,983
Construction Financing/Predev. Carry	$1,768,300	8%	$29	$37	$29,472
Other Soft Costs	$3,828,000	18%	$63	$80	$63,800
Total Hard and Soft Costs	**$28,875,600**		**$477**	**$606**	**$481,260**
Developer Margin	$8,260,200		$136	$173	$137,670
Total Costs	**$37,135,800**		**$613**	**$780**	**$618,930**
Residual Land Value	**$6,339,100**		**$105**	**$133**	**$105,700**
Without Predevelopment Savings	***$6,339,100***		***$105***	***$133***	***$105,700***

Prototype 6	Base Case TSF				
6: East SoMa Medium Res. Mixed-use	**Total**	**Soft Cost as % of HCC**	**Per Bldg GSF**	**Per Bldg NSF**	**Per Unit**
Revenues					
Residential For-Sale	$0		$0	$0	$0
Residential Rental	$40,092,100		$662	$842	$668,202
Subtotal Residential	$40,092,100		$662	$842	$668,202
Office	$0		$0	$0	$0
Retail	$3,382,800		$56	$71	$56,380
Total Revenues	**$43,474,900**		**$718**	**$913**	**$724,582**
Hard and Soft Costs					
Hard Construction Costs	$21,266,900	100%	$351	$447	$354,448
Tenant Improvements/Lease Up Costs	$450,000	2%	$7	$9	$7,500
Development Impact Fees/Other Costs	$1,571,000	7%	$26	$33	$26,183
Environmental/Transportation Review	$119,000	1%	$2	$2	$1,983
Construction Financing/Predev. Carry	$1,768,300	8%	$29	$37	$29,472
Other Soft Costs	$3,828,000	18%	$63	$80	$63,800
Total Hard and Soft Costs	**$29,003,200**		**$479**	**$609**	**$483,387**
Developer Margin	$8,260,200		$136	$173	$137,670
Total Costs	**$37,263,400**		**$615**	**$782**	**$621,057**
Residual Land Value	**$6,211,500**		**$103**	**$130**	**$103,500**
Without Predevelopment Savings	***$6,211,500***		***$103***	***$130***	***$103,500***

Appendix Table A-7
Prototype 7 Summary Results
Comparison for Base Case TIDF and Base Case TSF

7a. Summary of Development Program - East SoMa Large Office

Site Area and Constraints		
Lot Size	35,000	SF
Existing Prior Use	6,000	GSF
Development Program		
Description	High-Rise	
Maximum Height	160	Feet
Residential Units	N/A	Units
Average Unit Size	N/A	
Residential Density	0	Units/Acre
Building Size (Leaseable SF)	224,420	LSF
Building Size GSF (without parking)	249,300	GSF
FAR	6.7	
Parking Ratio	N/A	Spaces per Unit
Total Parking Spaces	86	
Parking Construction Type (# of levels)	Underground (1)	

7b. Summary of Financial Analysis - East SoMa Large Office

Prototype 7	**Base Case TIDF**		**Base Case TSF**		**Difference**	
7: East SoMa Large Office	**Total**	**% of Revenues**	**Base Case TSF Total**	**% of Revenues**	**Total**	**% Change**
Revenues						
Residential For-Sale	$0	0%	$0	0%	$0	-
Residential Rental	$0	0%	$0	0%	$0	-
Subtotal Residential	$0	0%	$0	0%	$0	-
Office	$174,558,100	91%	$174,558,100	91%	$0	0%
Retail	$17,231,000	9.0%	$17,231,000	9.0%	$0	0%
Total Revenues	**$191,789,100**	**100%**	**$191,789,100**	**100%**	**$0**	**0%**
Hard and Soft Costs						
Hard Construction Costs	$73,265,500	38%	$73,265,500	38%	$0	0%
Tenant Improvements	$19,410,500	10%	$19,410,500	10%	$0	0%
Development Impact Fees/Other Costs	$14,705,700	8%	$14,828,400	8%	$122,700	0.8%
Environmental/Transportation Review	$979,000	1%	$884,000	0%	($95,000)	(9.7%)
Construction Financing/Predev. Carry	$10,831,600	6%	$10,352,100	5%	($479,500)	(4.4%)
Other Soft Costs	$13,187,800	7%	$13,187,800	7%	$0	0.0%
Total Hard and Soft Costs	**$132,380,100**	**69%**	**$131,928,300**	**69%**	**($451,800)**	**(0.3%)**
Developer Margin	$30,686,300	16%	$30,686,300	16%	$0	0.0%
Total Costs	**$163,066,400**	**85%**	**$162,614,600**	**85%**	***($451,800)***	**(0.3%)**
Residual Land Value	**$28,722,700**	**15%**	**$29,174,500**	**15%**	**$451,800**	**1.6%**
Without Predevelopment Savings	***$28,722,700***	***15%***	***$28,600,000***	***15%***	***($122,700)***	***(0.4%)***
Return (Yield) on Cost	***6.3%***		***6.3%***			

Note: Numbers rounded to nearest $100. Development Impact Fees/ Other Costs include all applicable impact fees (including TIDF or TSF), plus any upfront developer' payment for TDR purchase and Mello Roos special tax.

7c. Summary of Financial Indicators - East SoMa Large Office

Prototype 7	Base Case TIDF				
7: East SoMa Large Office	**Total**	**Soft Cost as % of HCC**	**Per Bldg GSF**	**Per Bldg LSF**	**Per Unit**
Revenues					
Residential For-Sale	$0		$0	$0	N/A
Residential Rental	$0		$0	$0	N/A
Subtotal Residential	$0		$0	$0	N/A
Office	$174,558,100		$700	$778	N/A
Retail	$17,231,000		$69	$77	N/A
Total Revenues	**$191,789,100**		**$769**	**$855**	**N/A**
Hard and Soft Costs					
Hard Construction Costs	$73,265,500	100%	$294	$326	N/A
Tenant Improvements	$19,410,500	26%	$78	$86	N/A
Development Impact Fees/Other Costs	$14,705,700	20%	$59	$66	N/A
Environmental/Transportation Review	$979,000	1%	$4	$4	N/A
Construction Financing/Predev. Carry	$10,831,600	15%	$43	$48	N/A
Other Soft Costs	$13,187,800	18%	$53	$59	N/A
Total Hard and Soft Costs	**$132,380,100**		**$531**	**$590**	**N/A**
Developer Margin	$30,686,300		$123	$137	N/A
Total Costs	**$163,066,400**		**$654**	**$727**	**N/A**
Residual Land Value	**$28,722,700**		**$115**	**$128**	**N/A**
Without Predevelopment Savings	***$28,722,700***		***$115***	***$128***	***N/A***

Prototype 7	Base Case TSF				
7: East SoMa Large Office	**Total**	**Soft Cost as % of HCC**	**Per Bldg GSF**	**Per Bldg LSF**	**Per Unit**
Revenues					
Residential For-Sale	$0		$0	$0	N/A
Residential Rental	$0		$0	$0	N/A
Subtotal Residential	$0		$0	$0	N/A
Office	$174,558,100		$700	$778	N/A
Retail	$17,231,000		$69	$77	N/A
Total Revenues	**$191,789,100**		**$769**	**$855**	**N/A**
Hard and Soft Costs					
Hard Construction Costs	$73,265,500	100%	$294	$326	N/A
Tenant Improvements	$19,410,500	26%	$78	$86	N/A
Development Impact Fees/Other Costs	$14,828,400	20%	$59	$66	N/A
Environmental/Transportation Review	$884,000	1%	$4	$4	N/A
Construction Financing/Predev. Carry	$10,352,100	14%	$42	$46	N/A
Other Soft Costs	$13,187,800	18%	$53	$59	N/A
Total Hard and Soft Costs	**$131,928,300**		**$529**	**$588**	**N/A**
Developer Margin	$30,686,300		$123	$137	N/A
Total Costs	**$162,614,600**		**$652**	**$725**	**N/A**
Residual Land Value	**$29,174,500**		**$117**	**$130**	**N/A**
Without Predevelopment Savings	***$28,600,000***		***$115***	***$127***	***N/A***

Appendix Table A-8
Prototype 8 Summary Results
Comparison for Base Case TIDF and Base Case TSF

8a. Summary of Development Program - East SoMa Large Residential Mixed-use

Site Area and Constraints		
Lot Size	15,000	SF
Existing Prior Use	0	GSF
Development Program		
Description	High-Rise	
Maximum Height	160	Feet
Residential Units	128	Units
Average Unit Size (NSF)	942	NSF
Residential Density	372	Units per acre
Building Size (NSF)	126,575	NSF
Building Size GSF (without parking)	160,950	GSF
FAR	10.7	
Parking Ratio	0.7	Spaces per unit
Total Parking Spaces	38	
Parking Construction Type (# of levels)	Underground (1)	

8b. Summary of Financial Analysis - East SoMa Large Residential Mixed-use

Prototype 8	**Base Case TIDF**		**Base Case TSF**		**Difference**	
8: East SoMa Large Res. Mixed-use	**Total**	**% of Revenues**	**TSF Total**	**% of Revenues**	**Total**	**% Change**
Revenues						
Residential For-Sale	$127,277,500	96%	$127,277,500	96%	$0	0%
Residential Rental	$0	0%	$0	0%	$0	-
Subtotal Residential	$127,277,500	96%	$127,277,500	96%	$0	0%
Office	$0	0%	$0	0%	$0	-
Retail	$5,162,500	3.9%	$5,162,500	3.9%	$0	0%
Total Revenues	**$132,440,000**	**100%**	**$132,440,000**	**100%**	**$0**	**0%**
Hard and Soft Costs						
Hard Construction Costs	$60,567,200	46%	$60,567,200	46%	$0	0%
Tenant Improvements/Lease Up Costs	$675,000	1%	$675,000	1%	$0	0%
Development Impact Fees/Other Costs	$3,917,200	3%	$4,556,400	3%	$639,200	16%
Environmental/Transportation Review	$144,000	0%	$119,000	0%	($25,000)	(17%)
Construction Financing/Predev. Carry	$9,179,700	7%	$8,848,600	7%	($331,100)	(3.6%)
Other Soft Costs	$15,141,800	11%	$15,141,800	11%	$0	0.0%
Total Hard and Soft Costs	**$89,624,900**	**68%**	**$89,908,000**	**68%**	**$283,100**	**0.3%**
Developer Margin	$29,136,800	22%	$29,136,800	22%	$0	0%
Total Costs	**$118,761,700**	**90%**	**$119,044,800**	**90%**	***$283,100***	**0.2%**
Residual Land Value	**$13,678,300**	**10%**	**$13,395,200**	**10%**	**($283,100)**	**(2.1%)**
Without Predevelopment Savings	***$13,678,300***	***10%***	***$13,039,100***	***10%***	***($639,200)***	***(4.7%)***
Developer Margin/ Total Dev. Costs	***28%***		***28%***			

Note: Numbers rounded to nearest $100. Development Impact Fees/ Other Costs include all applicable impact fees (including TIDF or TSF), plus any upfront developer' payment for TDR purchase and Mello Roos special tax.

8c. Summary of Financial Indicators - East SoMa Large Residential Mixed-use

Prototype 8	Base Case TIDF				
8: East SoMa Large Residential Mixed-use	**Total**	**Soft Cost as % of HCC**	**Per Bldg GSF**	**Per Bldg NSF**	**Per Unit**
Total Net Revenues					
Residential For-Sale	$127,277,500		$804	$1,006	$994,355
Residential Rental	$0		$0	$0	$0
Subtotal Residential	$127,277,500		$804	$1,006	$994,355
Office	$0		$0	$0	$0
Retail	$5,162,500		$33	$41	$40,332
Total Revenues	**$132,440,000**		**$837**	**$1,046**	**$1,034,688**
Development Costs					
Hard Construction Costs	$60,567,200	100%	$383	$479	$473,181
Tenant Improvements/Lease Up Costs	$675,000	1%	$4	$5	$5,273
Development Impact Fees/Other Costs	$3,917,200	6%	$25	$31	$30,603
Environmental/Transportation Review	$144,000	0%	$1	$1	$1,125
Construction Financing/Predev. Carry	$9,179,700	15%	$58	$73	$71,716
Other Soft Costs	$15,141,800	25%	$96	$120	$118,295
Total Hard and Soft Costs	**$89,624,900**		**$566**	**$708**	**$700,195**
Developer Margin	$29,136,800		$184	$230	$227,631
Total Costs	**$118,761,700**		**$750**	**$938**	**$927,826**
Residual Land Value	**$13,678,300**		**$86**	**$108**	**$106,900**
Without Predevelopment Savings	***$13,678,300***		***$86***	***$108***	***$106,900***

Prototype 8	Base Case TSF				
8: East SoMa Large Residential Mixed-use	**Total**	**Soft Cost as % of HCC**	**Per Bldg GSF**	**Per Bldg NSF**	**Per Unit**
Total Net Revenues					
Residential For-Sale	$127,277,500		$804	$1,006	$994,355
Residential Rental	$0		$0	$0	$0
Subtotal Residential	$127,277,500		$804	$1,006	$994,355
Office	$0		$0	$0	$0
Retail	$5,162,500		$33	$41	$40,332
Total Revenues	**$132,440,000**		**$1,046**	**$1,046**	**$1,034,688**
Development Costs					
Hard Construction Costs	$60,567,200	100%	$383	$479	$473,181
Tenant Improvements/Lease Up Costs	$675,000	1%	$4	$5	$5,273
Development Impact Fees/Other Costs	$4,556,400	8%	$29	$36	$35,597
Environmental/Transportation Review	$119,000	0%	$1	$1	$930
Construction Financing/Predev. Carry	$8,848,600	15%	$56	$70	$69,130
Other Soft Costs	$15,141,800	25%	$96	$120	$118,295
Total Hard and Soft Costs	**$89,908,000**		**$568**	**$710**	**$702,406**
Developer Margin	$29,136,800		$184	$230	$227,631
Total Costs	**$119,044,800**		**$752**	**$941**	**$930,038**
Residual Land Value	**$13,395,200**		**$85**	**$106**	**$104,700**
Without Predevelopment Savings	***$13,039,100***		***$82***	***$103***	***$101,900***

Appendix Table A-9
Prototype 9 Summary Results
Comparison for Base Case TIDF and Base Case TSF

9a. Summary Development Pro Forma - Transit Center Large Residential

Site Area and Constraints		
Lot Size	15,000	SF
Existing Prior Use	0	GSF
Development Program		
Description	High-Rise	
Maximum Height	400	Feet
Residential Units (Size)	229	Units
Average Unit Size (NSF)	1,053	NSF
Residential Density	665	Units per acre
Building Size (NSF)	241,250	NSF
Building Size GSF (without parking)	332,750	GSF
FAR	22.5	
Parking Ratio	0.7	Spaces per unit
Total Parking Spaces	163	
Parking Construction Type (# of levels)	Underground (2)	

9b. Summary of Financial Analysis - Transit Center Large Residential

Prototype 9	**Base Case TIDF**		**Base Case TSF**		**Difference**	
9: Transit Center Large Residential	**Total**	**% of Revenues**	**TSF Total**	**% of Revenues**	**Total**	**% Change**
Revenues						
Residential For-Sale	$307,630,600	100%	$307,630,600	100%	$0	0.0%
Residential Rental	$0	0%	$0	0%	$0	-
Subtotal Residential	$307,630,600	100%	$307,630,600	100%	$0	0.0%
Office	$0	0%	$0	0%	$0	-
Retail	$0	0%	$0	0%	$0	-
Total Revenues	**$307,630,600**	**100%**	**$307,630,600**	**100%**	**$0**	**0.0%**
Hard and Soft Costs						
Hard Construction Costs	$132,220,000	43%	$132,220,000	43%	$0	0.0%
Tenant Improvements/Lease Up Costs	$0	0%	$0	0%	$0	-
Development Impact Fees/Other Costs	$22,389,200	7%	$24,448,900	8%	$2,059,700	9.2%
Environmental/Transportation Review	$149,000	0%	$124,000	0%	($25,000)	(17%)
Construction Financing/Predev. Carry	$26,246,300	9%	$25,477,200	8%	($769,100)	(2.9%)
Other Soft Costs	$33,055,000	11%	$33,055,000	11%	$0	0.0%
Total Hard and Soft Costs	**$214,059,500**	**70%**	**$215,325,100**	**70%**	**$1,265,600**	**0.6%**
Developer Margin	$67,678,700	22%	$67,678,700	22%	$0	0.0%
Total Costs	**$281,738,200**	**92%**	**$283,003,800**	**92%**	***$1,265,600***	**0.4%**
Residual Land Value	**$25,892,400**	**8%**	**$24,626,800**	**8%**	**($1,265,600)**	**(4.9%)**
Without Predevelopment Savings	***$25,892,400***	***8%***	***$23,832,700***	***8%***	***($2,059,700)***	***(8.0%)***
Developer Margin/ Total Dev. Costs	***28%***		***28%***			

Note: Numbers rounded to nearest $100. Development Impact Fees/ Other Costs include all applicable impact fees (including TIDF or TSF), plus any upfront developer' payment for TDR purchase and Mello Roos special tax.

9c. Summary of Financial Indicators - Transit Center Large Residential

Prototype 9	Base Case TIDF				
9: Transit Center Large Residential	**Total**	**Soft Cost as % of HCC**	**Per Bldg GSF**	**Per Bldg NSF**	**Per Unit**
Revenues					
Residential For-Sale	$307,630,600		$925	$1,275	$1,343,365
Residential Rental	$0		$0	$0	$0
Subtotal Residential	$307,630,600		$925	$1,275	$1,343,365
Office	$0		$0	$0	$0
Retail	$0		$0	$0	$0
Total Revenues	**$307,630,600**		**$925**	**$1,275**	**$1,343,365**
Hard and Soft Costs					
Hard Construction Costs	$132,220,000	100%	$397	$548	$577,380
Tenant Improvements/Lease Up Costs	$0	0%	$0	$0	$0
Development Impact Fees/Other Costs	$22,389,200	17%	$67	$93	$97,769
Environmental/Transportation Review	$149,000	0%	$0	$1	$651
Construction Financing/Predev. Carry	$26,246,300	20%	$79	$109	$114,613
Other Soft Costs	$33,055,000	25%	$99	$137	$144,345
Total Hard and Soft Costs	**$214,059,500**		**$643**	**$887**	**$934,758**
Developer Margin	$67,678,700		$203	$281	$295,540
Total Costs	**$281,738,200**		**$847**	**$1,168**	**$1,230,298**
Residual Land Value	**$25,892,400**		**$78**	**$107**	**$113,100**
Without Predevelopment Savings	***$25,892,400***		***$78***	***$107***	***$113,100***

Prototype 9	Base Case TSF				
9: Transit Center Large Residential	**Total**	**Soft Cost as % of HCC**	**Per Bldg GSF**	**Per Bldg NSF**	**Per Unit**
Revenues					
Residential For-Sale	$307,630,600		$925	$1,275	$1,343,365
Residential Rental	$0		$0	$0	$0
Subtotal Residential	$307,630,600		$925	$1,275	$1,343,365
Office	$0		$0	$0	$0
Retail	$0		$0	$0	$0
Total Revenues	**$307,630,600**		**$925**	**$1,275**	**$1,343,365**
Hard and Soft Costs					
Hard Construction Costs	$132,220,000	100%	$397	$548	$577,380
Tenant Improvements/Lease Up Costs	$0	0%	$0	$0	$0
Development Impact Fees/Other Costs	$24,448,900	18%	$73	$101	$106,764
Environmental/Transportation Review	$124,000	0%	$0	$1	$541
Construction Financing/Predev. Carry	$25,477,200	19%	$77	$106	$111,254
Other Soft Costs	$33,055,000	25%	$99	$137	$144,345
Total Hard and Soft Costs	**$215,325,100**		**$647**	**$893**	**$940,284**
Developer Margin	$67,678,700		$203	$281	$295,540
Total Costs	**$283,003,800**		**$850**	**$1,173**	**$1,235,824**
Residual Land Value	**$24,626,800**		**$74**	**$102**	**$107,500**
Without Predevelopment Savings	***$23,832,700***		***$72***	***$99***	***$104,100***

Appendix Table A-10
Prototype 10 Summary Results
Comparison for Base Case TIDF and Base Case TSF

10a. Summary of Development Program - Transit Center Large Office

Site Area and Constraints		
Lot Size	20,000	SF
Existing Prior Use	0	GSF
Development Program		
Description	High-Rise	
Maximum Height	400	Feet
Residential Units	N/A	Units
Average Unit Size	N/A	NSF
Residential Density	0	Units/Acre
Building Size (Leaseable SF)	320,300	LSF
Building Size GSF (without parking)	384,700	GSF
FAR	19.39	
Parking Ratio	N/A	Spaces per Unit
Total Parking Spaces	93	
Parking Construction Type (# of levels)	Underground (2)	

10b. Summary of Financial Analysis - Transit Center Large Office

Prototype 10	**Base Case TIDF**		**Base Case TSF**		**Difference**	
10: Transit Center Large Office	**Total**	**% of Revenues**	**Base Case TSF Total**	**% of Revenues**	**Total**	**% Change**
Revenues						
Residential For-Sale	$0	0%	$0	0%	$0	-
Residential Rental	$0	0%	$0	0%	$0	-
Subtotal Residential	$0	0%	$0	0%	$0	-
Office	$319,920,700	97%	$319,920,700	97%	$0	0.0%
Retail	$9,881,600	3%	$9,881,600	3%	$0	0.0%
Total Revenues	**$329,802,300**	**100%**	**$329,802,300**	**100%**	**$0**	**0.0%**
Hard and Soft Costs						
Hard Construction Costs	$127,821,800	39%	$127,821,800	39%	$0	0.0%
Tenant Improvements/Lease Up Costs	$32,030,000	10%	$32,030,000	10%	$0	0.0%
Development Impact Fees/Other Costs	$30,290,600	9%	$30,495,800	9%	$205,200	0.7%
Environmental/Transportation Review	$249,200	0%	$199,200	0%	($50,000)	(20%)
Construction Financing/Predev. Carry	$21,445,700	7%	$20,621,200	6%	($824,500)	(3.8%)
Other Soft Costs	$23,007,900	7%	$23,007,900	7%	$0	0.0%
Total Hard and Soft Costs	**$234,845,200**	**71%**	**$234,175,900**	**71%**	**($669,300)**	**(0.3%)**
Developer Margin	$52,768,400	16%	$52,768,400	16%	$0	0.0%
Total Costs	**$287,613,600**	**87%**	**$286,944,300**	**87%**	***($669,300)***	**(0.2%)**
Residual Land Value	**$42,188,700**	**13%**	**$42,858,000**	**13%**	**$669,300**	**1.6%**
Without Predevelopment Savings	***$42,188,700***	***13%***	***$41,983,500***	***13%***	***($205,200)***	**(0.5%)**
Return (Yield) on Cost	***6.2%***		***6.2%***			

Note: Numbers rounded to nearest $100. Development Impact Fees/ Other Costs include all applicable impact fees (including TIDF or TSF), plus any upfront developer' payment for TDR purchase and Mello Roos special tax.

10c. Summary of Financial Indicators - Transit Center Large Office

Prototype 10	Base Case TIDF				
10: Transit Center Large Office	**Total**	**Soft Cost as % of HCC**	**Per Bldg GSF**	**Per Bldg NSF**	**Per Unit**
Revenues					
Residential For-Sale	$0		$0	$0	N/A
Residential Rental	$0		$0	$0	N/A
Subtotal Residential	$0		$0	$0	N/A
Office	$319,920,700		$832	$999	N/A
Retail	$9,881,600		$26	$31	N/A
Total Revenues	**$329,802,300**		**$857**	**$1,030**	**N/A**
Hard and Soft Costs					
Hard Construction Costs	$127,821,800	100%	$332	$399	N/A
Tenant Improvements/Lease Up Costs	$32,030,000	25%	$83	$100	N/A
Development Impact Fees/Other Costs	$30,290,600	24%	$79	$95	N/A
Environmental/Transportation Review	$249,200	0%	$1	$1	N/A
Construction Financing/Predev. Carry	$21,445,700	17%	$56	$67	N/A
Other Soft Costs	$23,007,900	18%	$60	$72	N/A
Total Hard and Soft Costs	**$234,845,200**		**$610**	**$733**	**N/A**
Developer Margin	$52,768,400		$137	$165	N/A
Total Costs	**$287,613,600**		**$748**	**$898**	**N/A**
Residual Land Value	**$42,188,700**		**$110**	**$132**	**N/A**
Without Predevelopment Savings	***$42,188,700***		***$110***	***$132***	***N/A***

Prototype 10	Base Case TSF				
10: Transit Center Large Office	**Total**	**Soft Cost as % of HCC**	**Per Bldg GSF**	**Per Bldg NSF**	**Per Unit**
Revenues					
Residential For-Sale	$0		$0	$0	N/A
Residential Rental	$0		$0	$0	N/A
Subtotal Residential	$0		$0	$0	N/A
Office	$319,920,700		$832	$999	N/A
Retail	$9,881,600		$26	$31	N/A
Total Revenues	**$329,802,300**		**$857**	**$1,030**	**N/A**
Hard and Soft Costs					
Hard Construction Costs	$127,821,800	100%	$332	$399	N/A
Tenant Improvements/Lease Up Costs	$32,030,000	25%	$83	$100	N/A
Development Impact Fees/Other Costs	$30,495,800	24%	$79	$95	N/A
Environmental/Transportation Review	$199,200	0%	$1	$1	N/A
Construction Financing/Predev. Carry	$20,621,200	16%	$54	$64	N/A
Other Soft Costs	$23,007,900	18%	$60	$72	N/A
Total Hard and Soft Costs	**$234,175,900**		**$609**	**$731**	**N/A**
Developer Margin	$52,768,400		$137	$165	N/A
Total Costs	**$286,944,300**		**$746**	**$896**	**N/A**
Residual Land Value	**$42,858,000**		**$111**	**$134**	**N/A**
Without Predevelopment Savings	***$41,983,500***		***$109***	***$131***	***N/A***

Appendix Table B-1
Prototype 1 Proforma Comparison for
Base Case TIDF and Base Case TSF

1d. Summary Development Pro Forma - Geary Small Residential Mixed-use

1: Geary Small Res. Mixed-use	Prototype 1			
	Base Case TIDF	**Base Case TSF**	**Difference**	**Percent**
Revenues				
Residential	$7,900,200	$7,900,200	$0	0.0%
Office	$0	$0	$0	-
Retail	$870,900	$870,900	$0	0.0%
Total Revenues	**$8,771,100**	**$8,771,100**	**$0**	0.0%
Development Costs				
Hard Construction Costs	**$3,788,400**	**$3,788,400**	**$0**	0.0%
Residential	*$2,724,000*	*$2,724,000*	$0	0.0%
Office	*$0*	*$0*	$0	-
Retail	*$360,000*	*$360,000*	$0	0.0%
Parking	*$360,000*	*$360,000*	$0	0.0%
Hard Cost Contingency	*$344,400*	*$344,400*	$0	0.0%
Tenant Improvements/Lease Up Costs	**$144,000**	**$144,000**	**$0**	0.0%
Office	*$0*	*$0*	*$0*	-
Retail	*$144,000*	*$144,000*	*$0*	*0.0%*
Subtotal: Direct Costs	**$3,932,400**	**$3,932,400**	**$0**	0.0%
Soft Costs				
Environmental and Transportation Review	**$9,000**	**$9,000**	$0	0.0%
Transportation Component	*$0*	*$0*		
Environmental Review	*$9,000*	*$9,000*	*$0*	*0.0%*
Development Impact Fees/ Other Costs	**$64,700**	**$134,600**	**$69,900**	108%
Transit Impact Development Fee	*$23,344*	$0	($23,344)	
TIDF Prior Use Credit	*($4,476)*	*$0*	$4,476	
Transportation Sustainability Fee	*$0*	*$93,345*	$93,345	-
TSF Prior Use Credit	*$0*	*($4,566)*	($4,566)	-
Area Plan Impact Fees	*$0*	*$0*	$0	-
Area Plan TSF Credit	*$0*	*$0*	$0	-
TDR Purchase for FAR Increase	*$0*	*$0*	$0	-
Affordable Housing Fee	*$0*	*$0*	$0	-
Jobs-Housing Linkage Fee	*$0*	*$0*	$0	-
Childcare Requirement	*$0*	*$0*	$0	-
Downtown Parks	*$0*	*$0*	$0	-
Public Art Fee	*$0*	*$0*	$0	-
School Impact Fee	*$33,417*	*$33,417*	$0	0.0%
Wastewater/Water Capacity Charges	*$12,367*	*$12,367*	$0	0.0%
Construction Financing/ Predev. Carry	**$364,300**	**$364,300**	**$0**	0.0%
Predevelopment Carry (Savings)	*$0*	*$0*	$0	-
Construction Loan Interest	*$306,293*	*$306,293*	$0	0.0%
Construction Loan Fees (Points)	*$58,010*	*$58,010*	$0	0.0%
Other Soft Costs	**$947,100**	**$947,100**	**$0**	0.0%
Developer Margin	**$1,403,400**	**$1,403,400**	**$0**	**0.0%**
Total Cost	**$6,720,900**	**$6,790,800**	**$69,900**	**1.0%**
Residual Land Value (RLV)				
With Predevelopment Savings				
Residual Land Value	**$2,050,200**	**$1,980,300**	**($69,900)**	(3.4%)
Per Gross Building Square Foot	$158 /GSF	$153 /GSF	($5)	(3.4%)
Per Net Building Square Foot	$200 /NSF	$193 /NSF	($7)	(3.4%)
Without Predevelopment Savings				
Residual Land Value	**$2,050,200**	**$1,980,300**	**($69,900)**	(3.4%)
Per Gross Building Square Foot	$158 /GSF	$153 /GSF	($5)	(3.4%)
Per Net Building Square Foot	$200 /NSF	$193 /NSF	($7)	(3.4%)

Note: Key numbers rounded to nearest $100. Development Impact Fees/ Other Costs include all applicable impact fees (including TIDF or TSF), plus any upfront developer payment for TDR purchase and Mello Roos special tax.

Appendix Table B-2
Prototype 2 Proforma Comparison for
Base Case and Base Case TSF

2d. Summary Development Pro Forma - Van Ness Medium Residential Mixed-use

2: Van Ness Medium Res. Mixed-use	Prototype 2			
	Base Case TIDF	**Base Case TSF**	**Difference**	**Percent**
Revenues				
Residential	$56,819,600	$56,819,600	$0	0.0%
Office	$0	$0	$0	-
Retail	$5,740,900	$5,740,900	$0	0.0%
Total Revenues	**$62,560,500**	**$62,560,500**	**$0**	0.0%
Development Cost				
Hard Construction Costs	**$31,216,600**	**$31,216,600**	**$0**	0.0%
Residential	*$22,759,200*	*$22,759,200*	$0	0.0%
Office	*$0*	*$0*	$0	-
Retail	*$1,819,681*	*$1,819,681*	$0	0.0%
Parking	*$3,799,880*	*$3,799,880*	$0	0.0%
Hard Cost Contingency	*$2,837,876*	*$2,837,876*	$0	0.0%
Tenant Improvements/Lease Up Costs	**$808,747**	**$808,747**	$0	0.0%
Office	*$0*	*$0*	$0	-
Retail	*$808,747*	*$808,747*	$0	0.0%
Subtotal: Direct Costs	**$32,025,300**	**$32,025,300**	$0	0.0%
Soft Costs				
Environmental and Transportation Review	**$188,000**	**$188,000**	$0	0.0%
Transportation Component	*$28,000*	*$28,000*	*$0*	0.0%
Environmental Review	*$160,000*	*$160,000*	*$0*	*0.0%*
Development Impact Fees/ Other Costs	**$403,600**	**$862,500**	**$458,900**	114%
Transit Impact Development Fee	*$149,693*	*$0*	($149,693)	
TIDF Prior Use Credit	*($149,693)*	*$0*	$149,693	
Transportation Sustainability Fee	*$0*	*$617,650*	$617,650	-
TSF Prior Use Credit	*$0*	*($158,730)*	($158,730)	-
Area Plan Impact Fees	*$0*	*$0*	$0	-
Area Plan TSF Credit	*$0*	*$0*	$0	-
TDR Purchase for FAR Increase	*$0*	*$0*	$0	-
Affordable Housing Fee	*$0*	*$0*	$0	-
Jobs-Housing Linkage Fee	*$0*	*$0*	$0	-
Childcare Requirement	*$0*	*$0*	$0	-
Downtown Parks	*$0*	*$0*	$0	-
Public Art Fee	*$0*	*$0*	$0	-
School Impact Fee	*$223,257*	*$223,257*	$0	0.0%
Wastewater/Water Capacity Charges	*$180,298*	*$180,298*	$0	0.0%
Construction Financing/ Predev. Carry	**$3,235,600**	**$3,235,600**	$0	0.0%
Predevelopment Carry (Savings)	*$0*	*$0*	$0	-
Construction Loan Interest	*$2,821,839*	*$2,821,839*	$0	0.0%
Construction Loan Fees (Points)	*$413,759*	*$413,759*	$0	0.0%
Other Soft Costs	**$7,804,200**	**$7,804,200**	***$0***	0.0%
Developer Margin	**$11,886,500**	**$11,886,500**	**$0**	0.0%
Total Cost	**$55,543,200**	**$56,002,100**	**$458,900**	0.8%
Residual Land Value (RLV)				
With Predevelopment Savings				
Residual Land Value	**$7,017,300**	**$6,558,400**	**($458,900)**	(6.5%)
Per Gross Building Square Foot	$81 /GSF	$76 /GSF	($5)	(6.5%)
Per Net Building Square Foot	$103 /NSF	$97 /NSF	($7)	(6.5%)
Without Predevelopment Savings				
Residual Land Value	**$7,017,300**	**$6,558,400**	**($458,900)**	(6.5%)
Per Gross Building Square Foot	$81 /GSF	$76 /GSF	($5)	(6.5%)
Per Net Building Square Foot	$103 /NSF	$97 /NSF	($7)	(6.5%)

Note: Key numbers rounded to nearest $100. Development Impact Fees/ Other Costs include all applicable impact fees (including TIDF or TSF), plus any upfront developer payment for TDR purchase and Mello Roos special tax.

Appendix Table B-3
Prototype 3 Proforma Comparison for
Base Case TIDF and Base Case TSF

3d. Summary Development Pro Forma - Outer Mission Small Residential Mixed-use

3. Outer Mission Small Res. Mixed-use	Prototype 3			
	Base Case TIDF	Base Case TSF	Difference	Percent
Revenues				
Residential	$21,895,900	$21,895,900	$0	0.0%
Office	$0	$0	$0	-
Retail	$1,739,400	$1,739,400	$0	0.0%
Total Revenues	**$23,635,300**	**$23,635,300**	**$0**	0.0%
Development Cost				
Hard Construction Costs	**13,594,400**	**13,594,400**	$0	0.0%
Residential	*$10,458,180*	*$10,458,180*	$0	0.0%
Office	*$0*	*$0*	$0	-
Retail	*$647,100*	*$647,100*	$0	0.0%
Parking	*$1,253,280*	*$1,253,280*	$0	0.0%
Hard Cost Contingency	*$1,235,856*	*$1,235,856*	$0	0.0%
Tenant Improvements/Lease Up Costs	**$287,600**	**$287,600**	$0	0.0%
Office	*$0*	*$0*	$0	-
Retail	*$287,600*	*$287,600*	$0	0.0%
Subtotal: Direct Costs	**$13,882,000**	**$13,882,000**	$0	0.0%
Soft Costs				
Environmental and Transportation Review	**$27,000**	**$27,000**	$0	0.0%
Transportation Component	*$0*	*$0*	$0	-
Environmental Review	*$27,000*	*$27,000*	*$0*	*0.0%*
Development Impact Fees/ Other Costs	**$201,100**	**$243,500**	**$42,400**	21%
Transit Impact Development Fee	*$44,500*	*$0*	($44,500)	
TIDF Prior Use Credit	*($44,500)*	*$0*	$44,500	
Transportation Sustainability Fee	*$0*	*$283,775*	$283,775	-
TSF Prior Use Credit	*$0*	*($241,330)*	($241,330)	-
Area Plan Impact Fees	*$0*	*$0*	$0	-
Area Plan TSF Credit	*$0*	*$0*	$0	-
TDR Purchase for FAR Increase	*$0*	*$0*	$0	-
Affordable Housing Fee	*$0*	*$0*	$0	-
Jobs-Housing Linkage Fee	*$0*	*$0*	$0	-
Childcare Requirement	*$0*	*$0*	$0	-
Downtown Parks	*$0*	*$0*	$0	-
Public Art Fee	*$0*	*$0*	$0	-
School Impact Fee	*$113,457*	*$113,457*	$0	0.0%
Wastewater/Water Capacity Charges	*$87,598*	*$87,598*	$0	0.0%
Construction Financing/ Predev. Carry	**$1,188,000**	**$1,188,000**	$0	0.0%
Predevelopment Carry (Savings)	*$0*	*$0*	$0	-
Construction Loan Interest	*$1,031,699*	*$1,031,699*	$0	0.0%
Construction Loan Fees (Points)	*$156,318*	*$156,318*	$0	0.0%
Other Soft Costs	**$3,398,600**	**$3,398,600**	**$0**	0.0%
Developer Margin	**$4,018,000**	**$4,018,000**	**$0**	0.0%
Total Cost	**$22,714,700**	**$22,757,100**	**$42,400**	0.2%
Residual Land Value (RLV)				
With Predevelopment Savings				
Residual Land Value	**$920,600**	**$878,200**	**($42,400)**	(4.6%)
Per Gross Building Square Foot	$22	$21 /GSF	($1)	(4.6%)
Per Net Building Square Foot	$28	$27 /NSF	($1)	(4.6%)
Without Predevelopment Savings				
Residual Land Value	**$920,600**	**$878,200**	**($42,400)**	(4.6%)
Per Gross Building Square Foot	$22	$21 /GSF	($1)	(4.6%)
Per Net Building Square Foot	$28	$27 /NSF	($1)	(4.6%)

Note: Key numbers rounded to nearest $100. Development Impact Fees/ Other Costs include all applicable impact fees (including TIDF or TSF), plus any upfront developer payment for TDR purchase and Mello Roos special tax.

Appendix Table B-4
Prototype 4 Proforma Comparison for
Base Case and Base Case TSF

4d. Summary Development Pro Forma - Mission Small Residential Mixed Use

4: Mission Small Res. Mixed-use	Prototype 4			
	Base Case TIDF	Base Case TSF	Difference	Percent
Revenues				
Residential	$13,445,800	$13,445,800	$0	0.0%
Office	$0	$0	$0	-
Retail	$1,530,900	$1,530,900	$0	0.0%
Total Revenues	**$14,976,700**	**$14,976,700**	**$0**	0.0%
Development Cost				
Hard Construction Costs	**$6,614,500**	**$6,614,500**	**$0**	0.0%
Residential	*$5,138,640*	*$5,138,640*	$0	0.0%
Office	*$0*	*$0*	$0	-
Retail	*$562,500*	*$562,500*	$0	0.0%
Parking	*$312,000*	*$312,000*	$0	0.0%
Hard Cost Contingency	*$601,314*	*$601,314*	$0	0.0%
Tenant Improvements/Lease Up Costs	**$225,000**	**$225,000**	$0	0.0%
Office	*$0*	*$0*	$0	-
Retail	*$225,000*	*$225,000*	$0	0.0%
Subtotal: Direct Costs	**$6,839,500**	**$6,839,500**	**$0**	0.0%
Soft Costs				
Environmental and Transportation Review	**$11,000**	**$11,000**	$0	0.0%
Transportation Component	*$0*	*$0*	$0	-
Environmental Review	*$11,000*	*$11,000*	*$0*	*0.0%*
Development Impact Fees/ Other Costs	**$270,000**	**$293,600**	**$23,600**	9%
Transit Impact Development Fee	*$36,475*	*$0*	($36,475)	
TIDF Prior Use Credit	*($18,650)*	*$0*	$18,650	
Transportation Sustainability Fee	*$0*	*$158,414*	$158,414	-
TSF Prior Use Credit	*$0*	*($102,735)*	($102,735)	-
Area Plan Impact Fees	*$160,968*	*$160,968*	$0	0.0%
Area Plan TSF Credit	*$0*	*($14,277)*	($14,277)	-
TDR Purchase for FAR Increase	*$0*	*$0*	$0	-
Affordable Housing Fee	*$0*	*$0*	$0	-
Jobs-Housing Linkage Fee	*$0*	*$0*	$0	-
Childcare Requirement	*$0*	*$0*	$0	-
Downtown Parks	*$0*	*$0*	$0	-
Public Art (% of Hard cost)	*$0*	*$0*	$0	-
School Impact Fee	*$58,121*	*$58,121*	$0	0.0%
Wastewater/Water Capacity Charge	*$33,099*	*$33,099*	$0	0.0%
Construction Financing/ Predev. Carry	**$665,600**	**$665,600**	**$0**	0.0%
Predevelopment Carry (Savings)	*$0*	*$0*	$0	-
Construction Loan Interest	*$566,578*	*$566,578*	$0	0.0%
Construction Loan Fees (Points)	*$99,052*	*$99,052*	$0	0.0%
Other Soft Costs	**$1,653,600**	**$1,653,600**	**$0**	0.0%
Developer Margin	**$2,396,300**	**$2,396,300**	**$0**	0.0%
Total Cost	**$11,836,000**	**$11,859,600**	**$23,600**	0.2%
Residual Land Value (RLV)				
With Predevelopment Savings				
Residual Land Value	**$3,140,700**	**$3,117,100**	**($23,600)**	(0.8%)
Per Gross Building Square Foot	$141	$140 /GSF	($1)	(0.8%)
Per Net Building Square Foot	$189	$188 /NSF	($1)	(0.8%)
Without Predevelopment Savings				
Residual Land Value	**$3,140,700**	**$3,117,100**	**($23,600)**	(0.8%)
Per Gross Building Square Foot	$141	$140 /GSF	($1)	(0.8%)
Per Net Building Square Foot	$189	$188 /NSF	($1)	(0.8%)

Note: Key numbers rounded to nearest $100. Development Impact Fees/ Other Costs include all applicable impact fees (including TIDF or TSF), plus any upfront developer payment for TDR purchase and Mello Roos special tax.

Appendix Table B-5
Prototype 5 Proforma Comparison for
Base Case TIDF and Base Case TSF

5d. Summary Development Pro Forma - Central Waterfront Large Residential MU

5: Central Waterfront Large Res. MU	Prototype 5			
	Base Case TIDF	Base Case TSF	Difference	Percent
Revenues				
Residential	$106,807,000	$106,807,000	$0	0.0%
Office	$0	$0	$0	-
Retail	$3,126,600	$3,126,600	$0	0.0%
Total Revenues	**$109,933,600**	**$109,933,600**	$0	0.0%
Development Cost				
Hard Construction Costs	**$50,999,200**	**$50,999,200**	**$0**	0.0%
Residential	*$40,424,400*	*$40,424,400*	$0	0.0%
Office	*$0*	*$0*	$0	-
Retail	*$1,012,500*	*$1,012,500*	$0	0.0%
Parking	*$4,926,000*	*$4,926,000*	$0	0.0%
Hard Cost Contingency	*$4,636,290*	*$4,636,290*	$0	0.0%
Tenant Improvements/Lease Up Costs	**$450,000**	**$450,000**	**$0**	0.0%
Office	*$0*	*$0*	$0	-
Retail	*$450,000*	*$450,000*	$0	0.0%
Subtotal: Direct Costs	**$51,449,200**	**$51,449,200**	**$0**	0.0%
Soft Costs				
Environmental and Transportation Review	**$683,000**	**$122,000**	**($561,000)**	(82%)
Transportation Analysis	*$128,000*	*$103,000*	($25,000)	(20%)
Environmental Review	*$555,000*	*$19,000*	*($536,000)*	*(97%)*
Development Impact Fees/ Other Costs	**$2,421,400**	**$2,671,300**	**$249,900**	10%
Transit Impact Development Fee	*$72,950*	*$0*	*($72,950)*	
TIDF Prior Use Credit	*($69,350)*	*$0*	$69,350	
Transportation Sustainability Fee	*$0*	*$998,917*	*$998,917*	-
TSF Prior Use Credit	*$0*	*($577,200)*	($577,200)	-
Area Plan Impact Fees	*$1,682,573*	*$1,682,573*	$0	0.0%
Area Plan TSF Credit	*$0*	*($168,257)*	($168,257)	-
TDR Purchase for FAR Increase	*$0*	*$0*	$0	-
Affordable Housing Fee	*$0*	*$0*	*$0*	-
Jobs-Housing Linkage Fee	*$0*	*$0*	*$0*	-
Childcare Requirement	*$0*	*$0*	*$0*	-
Downtown Parks	*$0*	*$0*	*$0*	-
Public Art Fee	*$0*	*$0*	*$0*	-
School Impact Fee	*$436,900*	*$436,900*	*$0*	0.0%
Wastewater/Water Capacity Charges	*$298,371*	*$298,371*	*$0*	0.0%
Construction Financing/ Predev. Carry	**$4,642,300**	**$4,367,400**	**($274,900)**	(5.9%)
Predevelopment Carry (Savings)	*$0*	*($274,834)*	*($274,834)*	-
Construction Loan Interest	*$4,072,668*	*$4,072,668*	*$0*	0.0%
Construction Loan Fees (Points)	*$569,604*	*$569,604*	*$0*	0.0%
Other Soft Costs	**$9,179,900**	**$9,179,900**	***$0***	0.0%
Developer Margin	**$18,688,700**	**$18,688,700**	***$0***	0.0%
Total Cost	**$87,064,500**	**$86,478,500**	**($586,000)**	(0.7%)
Residual Land Value (RLV)				
With Predevelopment Savings				
Residual Land Value	**$22,869,100**	**$23,455,100**	**$586,000**	2.6%
Per Gross Building Square Foot	$148	$152 /GSF	$4	2.6%
Per Net Building Square Foot	$185	$190 /NSF	$5	2.6%
Without Predevelopment Savings				
Residual Land Value	**$22,869,100**	**$22,619,200**	**($249,900)**	(1.1%)
Per Gross Building Square Foot	$148	$146 /GSF	($2)	(1.1%)
Per Net Building Square Foot	$185	$183 /NSF	($2)	(1.1%)

Note: Key numbers rounded to nearest $100. Development Impact Fees/ Other Costs include all applicable impact fees (including TIDF or TSF), plus any upfront developer payment for TDR purchase and Mello Roos special tax.

Appendix Table B-6
Prototype 6 Proforma Comparison for
Base Case TIDF and Base Case TSF

6d. Summary Development Pro Forma - East SoMa Medium Residential Mixed-use

6: East SoMa Medium Res. Mixed-use	Prototype 6			
	Base Case TIDF	Base Case TSF	Difference	Percent
Revenues				
Residential	$40,092,100	$40,092,100	$0	0.0%
Office	$0	$0	$0	-
Retail	$3,382,800	$3,382,800	$0	0.0%
Total Revenues	**$43,474,900**	**$43,474,900**	**$0**	0.0%
Development Cost				
Hard Construction Costs	**$21,266,900**	**$21,266,900**	**$0**	0.0%
Residential	*$16,665,000*	*$16,665,000*	$0	0.0%
Office	*$0*	*$0*	$0	-
Retail	*$1,012,500*	*$1,012,500*	$0	0.0%
Parking	*$1,656,000*	*$1,656,000*	$0	0.0%
Hard Cost Contingency	*$1,933,350*	*$1,933,350*	$0	0.0%
Tenant Improvements/Lease Up Costs	**$450,000**	**$450,000**	**$0**	0.0%
Office	*$0*	*$0*	$0	-
Retail	*$450,000*	*$450,000*	$0	0.0%
Subtotal: Direct Costs	**$21,716,900**	**$21,716,900**	**$0**	0.0%
Soft Costs				
Environmental and Transportation Review	**$119,000**	**$119,000**	**$0**	0.0%
Transportation Component	*$103,000*	*$103,000*	*$0*	*0.0%*
Environmental Review	*$16,000*	*$16,000*	*$0*	*0.0%*
Development Impact Fees/ Other Costs	**$1,443,400**	**$1,571,000**	**$127,600**	8.8%
Transit Impact Development Fee	*$72,950*	*$0*	*($72,950)*	
TIDF Prior Use Credit	*($37,300)*	*$0*	*$37,300*	
Transportation Sustainability Fee	*$0*	*$416,005*	*$416,005*	-
TSF Prior Use Credit	*$0*	*($152,200)*	*($152,200)*	-
Area Plan Impact Fees	*$1,090,931*	*$1,090,936*	*$5*	*0.0%*
Area Plan TSF Credit	*$0*	*($100,589)*	*($100,589)*	-
TDR Purchase for FAR Increase	*$0*	*$0*	*$0*	-
Affordable Housing Fee	*$0*	*$0*	*$0*	-
Jobs-Housing Linkage Fee	*$0*	*$0*	*$0*	-
Childcare Requirement	*$0*	*$0*	*$0*	-
Downtown Parks	*$0*	*$0*	*$0*	-
Public Art Fee	*$0*	*$0*	*$0*	-
School Impact Fee	*$162,866*	*$162,866*	*$0*	*0.0%*
Wastewater/Water Capacity Charge	*$153,983*	*$153,983*	*$0*	*0.0%*
Construction Financing/ Predev. Carry	**$1,768,300**	**$1,768,300**	**$0**	0.0%
Predevelopment Carry (Savings)	*$0*	*$0*	*$0*	-
Construction Loan Interest	*$1,486,706*	*$1,486,706*	*$0*	*0.0%*
Construction Loan Fees (Points)	*$281,573*	*$281,573*	*$0*	*0.0%*
Other Soft Costs	**$3,828,000**	**$3,828,000**	**$0**	0.0%
Developer Margin	**$8,260,200**	**$8,260,200**	**$0**	**0.0%**
Total Cost	**$37,135,800**	**$37,263,400**	**$127,600**	**0.3%**
Residual Land Value (RLV)				
With Predevelopment Savings				
Residual Land Value	**$6,339,100**	**$6,211,500**	**($127,600)**	**(2.0%)**
Per Gross Building Square Foot	$104.69	$103 /GSF	($2)	(2.0%)
Per Net Building Square Foot	$133	$130 /NSF	($3)	(2.0%)
Without Predevelopment Savings				
Residual Land Value	**$6,339,100**	**$6,211,500**	**($127,600)**	**(2.0%)**
Per Gross Building Square Foot	$105	$103 /GSF	($2)	(2.0%)
Per Net Building Square Foot	$133	$130 /NSF	($3)	(2.0%)

Note: Key numbers rounded to nearest $100. Development Impact Fees/ Other Costs include all applicable impact fees (including TIDF or TSF), plus any upfront developer payment for TDR purchase and Mello Roos special tax.

Appendix Table B-7
Prototype 7 Proforma Comparison for
Base Case TIDF and Base Case TSF

7d. Summary Development Pro Forma - East SoMa Large Office

7: East SoMa Large Office	Prototype 7			
	Base Case TIDF	Base Case TSF	Difference	Percent
Revenues				
Residential	$0	$0	$0	-
Office	$174,558,100	$174,558,100	$0	0.0%
Retail	$17,231,000	$17,231,000	$0	0.0%
Total Revenues	**$191,789,100**	**$191,789,100**	**$0**	0.0%
Development Costs				
Hard Construction Costs	**$73,265,500**	**$73,265,500**	$0	0.0%
Residential	*$0*	*$0*	$0	-
Office	*$56,125,000*	*$56,125,000*	$0	0.0%
Retail (and PDR Space)	*$5,580,000*	*$5,580,000*	$0	0.0%
Parking	*$4,900,000*	*$4,900,000*	$0	0.0%
Hard Cost Contingency	*$6,660,500*	*$6,660,500*	$0	0.0%
Tenant Improvements/Lease Up Costs	**$19,410,500**	**$19,410,500**	$0	0.0%
Office	*$17,178,500*	*$17,178,500*	$0	0.0%
Retail	*$2,232,000*	*$2,232,000*	$0	0.0%
Subtotal: Direct Costs	**$92,676,000**	**$92,676,000**	**$0**	0.0%
Soft Costs				
Environmental and Transportation Review	**$979,000**	**$884,000**	**($95,000)**	(10%)
Transportation Component	*$228,000*	*$178,000*	($50,000)	(22%)
Environmental Review	*$751,000*	*$706,000*	*($45,000)*	*(6.0%)*
Development Impact Fees/ Other Costs	**$14,705,700**	**$14,828,400**	**$122,700**	0.8%
Transit Impact Development Fee	*$3,475,647*	*$0*	($3,475,647)	
TIDF Prior Use Credit	*($87,540)*	*$0*	$87,540	
Transportation Sustainability Fee	*$0*	*$3,597,399*	$3,597,399	-
TSF Prior Use Credit	*$0*	*($86,580)*	($86,580)	-
Area Plan Impact Fees	*$4,133,667*	*$4,133,667*	$0	0.0%
Area Plan TSF Credit	*$0*	*$0*	$0	-
TDR Purchase for FAR Increase	*$0*	*$0*	$0	-
Affordable Housing Fee	*$0*	*$0*	$0	-
Jobs-Housing Linkage Fee	*$5,816,231*	*$5,816,231*	$0	0.0%
Childcare Requirement	*$271,645*	*$271,645*	$0	0.0%
Downtown Parks	*$0*	*$0*	$0	-
Public Art Fee	*$732,655*	*$732,655*	$0	0.0%
School Impact Fee	*$93,357*	*$93,357*	$0	0.0%
Wastewater/Water Capacity Charges	*$270,026*	*$270,026*	$0	0.0%
Construction Financing/ Predev. Carry	**$10,831,600**	**$10,352,100**	**($479,500)**	(4.4%)
Predevelopment Carry (Savings)	*$0*	*($479,473)*	*($479,473)*	-
Construction Loan Interest	*$9,837,887*	*$9,837,887*	*$0*	0.0%
Construction Loan Fees (Points)	*$993,726*	*$993,726*	*$0*	0.0%
Other Soft Costs	**$13,187,800**	**$13,187,800**	***$0***	0.0%
Developer Margin	**$30,686,300**	**$30,686,300**	**$0**	0.0%
Total Cost	**$163,066,400**	**$162,614,600**	**($451,800)**	(0.3%)
Residual Land Value (RLV)				
With Predevelopment Savings				
Residual Land Value	**$28,722,700**	**$29,174,500**	**$451,800**	1.6%
Per Gross Building Square Foot	$115	$117	$2	1.6%
Per Net Building Square Foot	$128	$130	$2	1.6%
Without Predevelopment Savings				
Residual Land Value	**$28,722,700**	**$28,600,000**	**($122,700)**	(0.4%)
Per Gross Building Square Foot	$115	$115	($0)	(0.4%)
Per Net Building Square Foot	$128	$127	($1)	(0.4%)

Note: Key numbers rounded to nearest $100. Development Impact Fees/ Other Costs include all applicable impact fees (including TIDF or TSF), plus any upfront developer payment for TDR purchase and Mello Roos special tax.

Appendix Table B-8
Prototype 8 Proforma Comparison for
Base Case TIDF and Base Case TSF

8d. Summary Development Pro Forma - East SoMa Large Residential

8: East SoMa Large Res. Mixed-use	Prototype 8			
	Base Case TIDF	**Base Case TSF**	**Difference**	**Percent**
Revenues				
Residential	$127,277,500	$127,277,500	$0	0.0%
Office	$0	$0	$0	-
Retail	$5,162,500	$5,162,500	$0	0.0%
Total Revenues	**$132,440,000**	**$132,440,000**	**$0**	0.0%
Development Cost			$0	-
Hard Construction Costs	**$60,567,200**	**$60,567,200**	**$0**	0.0%
Residential	*$48,243,200*	*$48,243,200*	$0	0.0%
Office	*$0*	*$0*	$0	-
Retail	*$1,687,500*	*$1,687,500*	$0	0.0%
Parking	*$5,130,400*	*$5,130,400*	$0	0.0%
Hard Cost Contingency	$5,506,110	$5,506,110	$0	0.0%
Tenant Improvements/Lease Up Costs	**$675,000**	**$675,000**	**$0**	0.0%
Office	*$0*	*$0*	$0	-
Retail	*$675,000*	*$675,000*	$0	0.0%
Subtotal: Direct Costs	**$61,242,200**	**$61,242,200**	**$0**	0.0%
Soft Costs				
Environmental and Transportation Review	**$144,000**	**$119,000**	**($25,000)**	(17%)
Transportation Component	*$128,000*	*$103,000*	*($25,000)*	*(20%)*
Environmental Review	*$16,000*	*$16,000*	*$0*	*0.0%*
Development Impact Fees/ Other Costs	**$3,917,200**	**$4,556,400**	**$639,200**	16%
Transit Impact Development Fee	*$109,425*	*$0*	($109,425)	(100%)
TIDF Prior Use Credit	*$0*	*$0*	$0	-
Transportation Sustainability Fee	*$0*	*$1,041,429*	$1,041,429	-
TSF Prior Use Credit	*$0*	*$0*	$0	-
Area Plan Impact Fees	*$3,055,184*	*$3,055,189*	$5	0.0%
Area Plan TSF Credit	$0	($292,776)	($292,776)	-
TDR Purchase for FAR Increase	$0	$0	$0	-
Affordable Housing Fee	*$0*	*$0*	$0	-
Jobs-Housing Linkage Fee	*$0*	*$0*	$0	-
Childcare Requirement	*$0*	*$0*	$0	-
Downtown Parks	*$0*	*$0*	$0	-
Public Art Fee	*$0*	*$0*	$0	-
School Impact Fee	*$440,534*	*$440,534*	$0	0.0%
Wastewater/Water Capacity Charges	*$312,023*	*$312,023*	$0	0.0%
Construction Financing/ Predev. Carry	**$9,179,700**	**$8,848,600**	**($331,100)**	(3.6%)
Predevelopment Carry (Savings)	*$0*	*($331,100)*	($331,100)	-
Construction Loan Interest	*$8,478,963*	*$8,478,963*	$0	0.0%
Construction Loan Fees (Points)	*$700,741*	*$700,741*	$0	0.0%
Other Soft Costs	**$15,141,800**	**$15,141,800**	**$0**	0.0%
Developer Margin	**$29,136,800**	**$29,136,800**	**$0**	0.0%
Total Cost	**118,761,700**	**119,044,800**	**$283,100**	0.2%
Residual Land Value (RLV)				
With Predevelopment Savings				
Residual Land Value	**$13,678,300**	**$13,395,200**	**($283,100)**	(2.1%)
Per Gross Building Square Foot	$86	$85 /GSF	($2)	(2.1%)
Per Net Building Square Foot	$108	$106 /NSF	($2)	(2.1%)
Without Predevelopment Savings				
Residual Land Value	**$13,678,300**	**$13,039,100**	**($639,200)**	(4.7%)
Per Gross Building Square Foot	$86	$82 /GSF	($4)	(4.7%)
Per Net Building Square Foot	$108	$103 /NSF	($5)	(4.7%)

Note: Key numbers rounded to nearest $100. Development Impact Fees/ Other Costs include all applicable impact fees (including TIDF or TSF), plus any upfront developer payment for TDR purchase and Mello Roos special tax.

Appendix Table B-9
Prototype 9 Proforma Comparison for
Base Case TIDF and Base Case TSF

9d. Summary of Financial Indicators - Transit Center Large Residential

9: Transit Center Large Residential	Prototype 9			
	Base Case TIDF	Base Case TSF	Difference	Percent
Revenues				
Residential	$307,630,600	$307,630,600	$0	0.0%
Office	$0	$0	$0	-
Retail	$0	$0	$0	-
Total Revenues	**$307,630,600**	**$307,630,600**	**$0**	0.0%
Development Costs				
Hard Construction Costs	**$132,220,000**	**$132,220,000**	$0	0.0%
Residential	*$113,135,000*	*$113,135,000*	$0	0.0%
Office	*$0*	*$0*	$0	-
Retail	*$0*	*$0*	$0	-
Parking	*$7,065,000*	*$7,065,000*	$0	0.0%
Hard Cost Contingency	*$12,020,000*	*$12,020,000*	$0	0.0%
Tenant Improvements/Lease Up Costs	**$0**	**$0**	**$0**	-
Office	*$0*	*$0*	$0	-
Retail	*$0*	*$0*	$0	-
Subtotal: Direct Costs	**$132,220,000**	**$132,220,000**	**$0**	0.0%
Soft Costs				
Environmental and Transportation Review	**$149,000**	**$124,000**	**($25,000)**	(20%)
Transportation Component	*$128,000*	*$103,000*	($25,000)	(24%)
Environmental Review	*$21,000*	*$21,000*	*$0*	*0.0%*
Development Impact Fees/ Other Costs	**$22,389,200**	**$24,448,900**	**$2,059,700**	8.4%
Transit Impact Development Fee	*$0*	*$0*	$0	-
TIDF Prior Use Credit	*$0*	*$0*	$0	-
Transportation Sustainability Fee	*$0*	*$2,059,723*	$2,059,723	100%
TSF Prior Use Credit	*$0*	*$0*	$0	-
Area Plan Impact Fees	*$3,879,437*	*$3,879,444*	$7	0.0%
Area Plan TSF Credit	*$0*	*$0*	$0	-
TDR Purchase for FAR Increase	*$1,350,000*	*$1,350,000*	$0	0.0%
Affordable Housing Fee	*$12,117,716*	*$12,117,716*	$0	0.0%
Jobs-Housing Linkage Fee	*$0*	*$0*	$0	-
Childcare Requirement	*$0*	*$0*	$0	-
Downtown Parks	*$0*	*$0*	$0	-
Public Art Fee	*$1,256,090*	*$1,256,090*	$0	0.0%
School Impact Fee	*$968,303*	*$968,303*	$0	0.0%
Wastewater/Water Capacity Charges	*$477,622*	*$477,622*	$0	0.0%
Mello Roos Special Tax Contribution	*$2,340,019*	*$2,340,019*	$0	0.0%
Construction Financing/ Predev. Carry	**$26,246,300**	**$25,477,200**	**($769,100)**	(3.0%)
Predevelopment Carry	*$0*	*($769,077)*	($769,077)	100%
Construction Loan Interest	*$24,618,584*	*$24,618,584*	$0	0.0%
Construction Loan Fees (Points)	*$1,627,675*	*$1,627,675*	$0	0.0%
Other Soft Costs	**$33,055,000**	**$33,055,000**	**$0**	**0.0%**
Developer Margin	**$67,678,700**	**$67,678,700**	**$0**	**0.0%**
Total Cost	**$281,738,200**	**$283,003,800**	**$1,265,600**	0.4%
Residual Land Value (RLV)				
With Predevelopment Savings				
Residual Land Value	**$25,892,400**	**$24,626,800**	**($1,265,600)**	(5.1%)
Per Gross Building Square Foot	$78	$74 /GSF	($4)	(5.1%)
Per Net Building Square Foot	$107	$102 /NSF	($5)	(5.1%)
Without Predevelopment Savings				
Residual Land Value	**$25,892,400**	**$23,832,700**	**($2,059,700)**	(8.6%)
Per Gross Building Square Foot	$78	$72 /GSF	($6)	(8.6%)
Per Net Building Square Foot	$107	$99 /NSF	($9)	(8.6%)

Note: Key numbers rounded to nearest $100. Development Impact Fees/ Other Costs include all applicable impact fees (including TIDF or TSF), plus any upfront developer payment for TDR purchase and Mello Roos special tax.

Appendix Table B-10
Prototype 10 Proforma Comparison for
Base Case TIDF and Base Case TSF

10d. Summary Development Pro Forma - Transit Center Large Office

10: Transit Center Large Office	Prototype 10			
	Base Case TIDF	**Base Case TSF**	**Difference**	**Percent**
Revenues				
Residential	*$0*	*$0*	$0	-
Office	*$319,920,700*	*$319,920,700*	$0	0.0%
Retail	*$9,881,600*	*$9,881,600*	$0	0.0%
Total Revenues	**$329,802,300**	**$329,802,300**	**$0**	0.0%
Development Costs				
Hard Construction Costs	**$127,821,800**	**$127,821,800**	**$0**	0.0%
Residential	*$0*	*$0*	$0	-
Office	*$111,150,000*	*$111,150,000*	$0	0.0%
Retail	*$2,880,000*	*$2,880,000*	$0	0.0%
Parking	*$2,171,680*	*$2,171,680*	$0	0.0%
Hard Cost Contingency	*$11,620,168*	*$11,620,168*	$0	0.0%
Tenant Improvements/Lease Up Costs	**$32,030,000**	**$32,030,000**	**$0**	0.0%
Office	*$30,750,000*	*$30,750,000*	$0	0.0%
Retail	*$1,280,000*	*$1,280,000*	$0	0.0%
Subtotal: Direct Costs	**$159,851,800**	**$159,851,800**	**$0**	0.0%
Soft Costs				
Environmental and Transportation Review	**$249,200**	**$199,200**	**($50,000)**	(25%)
Transportation Component	*$228,000*	*$178,000*	($50,000)	(28%)
Environmental Review	*$21,239*	*$21,239*	*$0*	*0.0%*
Development Impact Fees/ Other Costs	**$30,290,600**	**$30,495,800**	**$205,200**	0.7%
Transit Impact Development Fee	*$5,346,013*	*$0*	($5,346,013)	-
TIDF Prior Use Credit	*$0*	*$0*	$0	-
Transportation Sustainability Fee	*$0*	*$5,551,221*	$5,551,221	100%
TSF Prior Use Credit	*$0*	*$0*	$0	-
Area Plan Impact Fees	*$9,182,904*	*$9,182,908*	$4	0.0%
Area Plan TSF Credit	*$0*	*$0*	$0	-
TDR Purchase for FAR Increase	*$1,800,000*	*$1,800,000*	$0	0.0%
Affordable Housing Fee	*$0*	*$0*	$0	-
Jobs-Housing Linkage Fee	*$9,221,479*	*$9,221,479*	$0	0.0%
Childcare Requirement	*$448,305*	*$448,305*	$0	0.0%
Downtown Parks	*$900,315*	*$900,315*	$0	0.0%
Public Art Fee	*$1,278,218*	*$1,278,218*	$0	0.0%
School Impact Fee	*$147,575*	*$147,575*	$0	0.0%
Wastewater/Water Capacity Charges	*$292,972*	*$292,972*	$0	0.0%
Mello Roos Special Tax Contribution	*$1,672,808*	*$1,672,808*	$0	0.0%
Construction Financing/ Predev. Carry	**$21,445,700**	**$20,621,200**	**($824,500)**	(4.0%)
Predevelopment Carry (Savings)	*$0*	*($824,506)*	($824,506)	100%
Construction Loan Interest	*$19,736,871*	*$19,736,871*	$0	0.0%
Construction Loan Fees (Points)	*$1,708,820*	*$1,708,820*	$0	0.0%
Other Soft Costs	**$23,007,900**	**$23,007,900**	**$0**	0.0%
Developer Margin	**$52,768,400**	**$52,768,400**	**$0**	0.0%
Total Cost	**$287,613,600**	**$286,944,300**	**($669,300)**	(0.2%)
Residual Land Value (RLV)				
With Predevelopment Savings				
Residual Land Value	**$42,188,700**	**$42,858,000**	**$669,300**	1.6%
Per Gross Building Square Foot	$110	$111 /GSF	$2	1.6%
Per Net Building Square Foot	$132	$134 /NSF	$2	1.6%
Without Predevelopment Savings				
Residual Land Value	**$42,188,700**	**$41,983,500**	**($205,200)**	(0.5%)
Per Gross Building Square Foot	$110	$109 /GSF	($1)	(0.5%)
Per Net Building Square Foot	$132	$131 /NSF	($1)	(0.5%)

Note: Key numbers rounded to nearest $100. Development Impact Fees/ Other Costs include all applicable impact fees (including TIDF or TSF), plus any upfront developer payment for TDR purchase and Mello Roos special tax.

Appendix Table C-1a
Revenue Assumptions

General Development Assumptions (Height)	**Prototype 1 45'**	**Prototype 2 80'**	**Prototype 3 65'**	**Prototype 4 55'**	**Prototype 5 65'**
Primary Land Use Type	Residential	Residential	Residential	Residential	Residential
Construction Type	Low-Rise	Mid-Rise	Mid-Rise	Low-Rise	Mid-Rise
Geography	Geary	Van Ness	Outer Mission	Mission	Central Waterfront
Land Use	Mixed-use	Mixed-use	Mixed-use	Mixed-use	Mixed-use
Housing Type / Units or Nonresidential SF	Owner 8	Owner 60	Owner 24	Owner 15	Rental 156
Revenue Assumptions					
Typical Residential Unit Size	1,100 NSF	997 NSF	1,250 NSF	955 NSF	762 NSF
Sale Price Per Unit	*$1,045,000 Per Unit*	*$1,096,700 Per Unit*	*$1,062,500 Per Unit*	*$1,050,500 Per Unit*	- *Per Unit*
Sales Price / NSF	$950 /NSF	$1,100 /NSF	$850 /NSF	$1,100 /NSF	- /NSF
Sales Expense Rate	5.5%	5.5%	5.5%	5.5%	3.5%
Residential Rental					
Annual Lease Rate/SF					$66.00 /NSF
Net Operating Income					$42.90 /NSF
Capitalization Rate					4.5%
Typical Market Value/SF					*$953 /NSF*
Office					
Annual Lease Rate/SF (NNN)					
Net Operating Income					
Capitalization Rate					
Typical Market Value/SF					
Retail					
Annual Lease Rate/SF	$48.00 /NSF	$54.00 /NSF	$48.00 /NSF	$54.00 /NSF	$54.00 /NSF
Net Operating Income	$38.40 /NSF	$43.20 /NSF	$38.40 /NSF	$43.20 /NSF	$43.20 /NSF
Capitalization Rate	6.0%	6.0%	6.0%	6.0%	6.0%
Typical Market Value/SF	*$640 /NSF*	*$720 /NSF*	*$640 /NSF*	*$720 /NSF*	*$720 /NSF*
Parking Revenue/Space/year					
Residential					$4,200
Retail	$1,200	$1,200	$1,200	$1,200	$1,800
Office					

Source: San Francisco Planning Department, San Francisco Municipal Transportation Agency, San Francisco Office of the Controller, San Francisco Office of Economic and Workforce Development, San Francisco Mayor's Office of Housing and Community Development, San Francisco Unified School District, San Francisco Public Utilities Commission, Keyser Marston Associates, The Concord Group, Polaris Pacific, The Mark Company, CBRE, Colliers International and DTZ Retail Terranomics, Clifford Advisory and Seifel Consulting Inc.

Appendix Table C-1b
Revenue Assumptions

General Development Assumptions (Height)	**Prototype 6 85'**	**Prototype 7 160'**	**Prototype 8 160'**	**Prototype 9 400'**	**Prototype 10 400'**
Primary Land Use Type	Residential	Office	Residential	Residential	Office
Construction Type	Mid-Rise	High-Rise	High-Rise	High-Rise	High-Rise
Geography	East SoMa	East SoMa Office	East SoMa	Transit Center	Transit Center
Land Use	Mixed-use	Office	Mixed-use	Residential	Office
Housing Type / Units or Nonresidential SF	Rental 60	N/A 224,420	Owner 128	Owner 229	N/A 320,300
Revenue Assumptions					
Typical Residential Unit Size	719 NSF	-	942 NSF	1,053 NSF	-
Sale Price Per Unit	- *Per Unit*	-	*$1,153,950 Per Unit*	*$1,421,550 Per Unit*	-
Sales Price / NSF	- /NSF	-	$1,225 /NSF	$1,350 /NSF	- /NSF
Sales Expense Rate	3.5%	3.5%	5.5%	5.5%	3.5%
Residential Rental					
Annual Lease Rate/SF	$69.00 /NSF	-			
Net Operating Income	$44.85 /NSF				
Capitalization Rate	4.5%				
Typical Market Value/SF	*$997 /NSF*				
Office					
Annual Lease Rate/SF (NNN)		$54.00 /NSF			$66.00 /NSF
Net Operating Income		$43.20 /NSF			$52.80 /NSF
Capitalization Rate		5.0%			5.0%
Typical Market Value/SF		*$864 /NSF*			*$1,056 /NSF*
Retail					
Annual Lease Rate/SF	$54.00 /NSF	$60.00 /NSF	$60.00 /NSF	$60.00 /NSF	$60.00 /NSF
Net Operating Income	$43.20 /NSF	$48.00 /NSF	$48.00 /NSF	$48.00 /NSF	$48.00 /NSF
Capitalization Rate	6.0%	6.0%	6.0%	6.0%	6.0%
Typical Market Value/SF	*$720 /NSF*	*$800 /NSF*	*$800 /NSF*	*$800 /NSF*	*$800 /NSF*
Parking Revenue/Space/year					
Residential	$4,200				
Retail	$1,800	$1,800	$1,800	$1,800	$1,800
Office		$5,400			$5,400

Source: San Francisco Planning Department, San Francisco Municipal Transportation Agency, San Francisco Office of the Controller, San Francisco Office of Economic and Workforce Development, San Francisco Mayor's Office of Housing and Community Development, San Francisco Unified School District, San Francisco Public Utilities Commission, Keyser Marston Associates, The Concord Group, Polaris Pacific, The Mark Company, CBRE, Colliers International and DTZ Retail Terranomics, Clifford Advisory and Seifel Consulting Inc.

Appendix Table C-2a
Development Cost Assumptions

General Development Assumptions (Height)	**Prototype 1** **45'**	**Prototype 2** **80'**	**Prototype 3** **65'**	**Prototype 4** **55'**	**Prototype 5** **65'**
Primary Land Use Type	Residential	Residential	Residential	Residential	Residential
Construction Type	Low-Rise	Mid-Rise	Mid-Rise	Low-Rise	Mid-Rise
Geography	Geary	Van Ness	Outer Mission	Mission	Central Waterfront
Land Use	Mixed-use	Mixed-use	Mixed-use	Mixed-use	Mixed-use
Housing Type / Units or Nonresidential SF	Owner 8	Owner 60	Owner 24	Owner 15	Rental 156
Development Costs					
Hard Construction Costs					
Residential	$240	$300	$270	$260	$270
Office					
Retail	$225 /GSF	$225 /GSF	$225 /GSF	$225 /GSF	$225 /GSF
Parking	$120 /GSF	$140 /GSF	$120 /GSF	$120 /GSF	$140 /GSF
Stacker cost	$15,000 /space	$15,000 /space	$15,000 /space	$15,000 /space	$15,000 /space
Parking Construction Type	Podium (1)	Underground (1)	Podium (1)	Podium (1)	Underground (1)
Hard Construction Costs/ GSF	**$293** /GSF	**$362** /GSF	**$325** /GSF	**$297** /GSF	**$330** /GSF
Office Tenant Improvements/Lease Up Costs	$85 /LSF	$85 /LSF	$85 /LSF	$85 /LSF	$85 /LSF
Retail Tenant Improvements/Lease Up Costs	$100 /LSF	$100 /LSF	$100 /LSF	$100 /LSF	$100 /LSF
Direct Construction Costs/ NSF	**$384** /NSF	**$472** /NSF	**$422** /NSF	**$413** /NSF	**$417** /NSF
Direct Construction Costs/ Unit	**$491,550** /Unit	**$533,755** /Unit	**$578,417** /Unit	**$440,967** /Unit	**$329,803** /Unit
Soft Costs					
Transportation and Environmental Review					
Transportation Review					
SF Planning	$0 Value	$23,365 Value	$0 Value	$0 Value	$23,365 Value
SFMTA	$0 Value	$4,494 Value	$0 Value	$0 Value	$4,494 Value
Transp. Consultant	$0 Value	$0 Value	$0 Value	$0 Value	$100,000 Value
TSP Cost Savings	*$0* Value	*$0* Value	*$0* Value	*$0* Value	*$25,000* Value
Environmental Review					
SF Planning	$9,295 Value	$84,855 Value	$27,347 Value	$11,466 Value	$405,346 Value
TSP Cost Savings	*$0* Value	*$0* Value	*$0* Value	*$0* Value	*$386,280* Value
CEQA Consultant	$0 Value	$75,000 Value	$0 Value	$0 Value	$150,000 Value
TSP Cost Savings	*$0* Value	*$0* Value	*$0* Value	*$0* Value	*$150,000* Value
Development Impact Fees/ Other Costs					
Transit Impact Development Fee					
Residential	$0.0 /GSF	$0.0 /GSF	$0.0 /GSF	$0.0 /GSF	$0.0 /GSF
Office	$13.87 /GSF	$13.87 /GSF	$13.87 /GSF	$13.87 /GSF	$13.87 /GSF
Retail	$14.59 /GSF	$14.59 /GSF	$14.59 /GSF	$14.59 /GSF	$14.59 /GSF
Transportation Sustainability Fee					
Residential	$6.19 /GSF	$6.19 /GSF	$6.19 /GSF	$6.19 /GSF	$6.19 /GSF
Non-Residential (Office)	$14.43 /GSF	$14.43 /GSF	$14.43 /GSF	$14.43 /GSF	$14.43 /GSF
Non-Residential (Retail)	$14.43 /GSF	$14.43 /GSF	$14.43 /GSF	$14.43 /GSF	$14.43 /GSF
Area Plan Impact Fees	$0 Value	$0 Value	$0 Value	$160,968 Value	$1,682,573 Value
TDR Purchase for FAR					
Affordable Housing Fee	$0.0 Value	$0 Value	$0.0 Value	$0.0 Value	$0 Value
Jobs-Housing Linkage Fee					
Office					
Retail					
Childcare Fee (Office)					
Downtown Parks Fee (Office)					
Public Art Fee (Non-Residential)					
School Impact Fee					
Residential	$2.91 /GSF	$2.91 /GSF	$2.91 /GSF	$2.91 /GSF	$2.91 /GSF
Office	$0.389 /GSF	$0.389 /GSF	$0.389 /GSF	$0.389 /GSF	$0.389 /GSF
Retail	$0.243 /GSF	$0.243 /GSF	$0.243 /GSF	$0.243 /GSF	$0.243 /GSF
Wastewater/Water Capacity Charges					
Total Charges	$12,367 Value	$180,298 Value	$87,598 Value	$33,099 Value	$298,371 Value
Mello Roos Special Tax During Sale/Lease-Up					
Construction Financing					
Construction Timing	24 Months	31 Months	30 Months	26 Months	26 Months
Construction Interest Rate	5.5%	5.5%	5.5%	5.5%	5.5%
Loan Fee (Points) as a % of Loan Amount	1.25%	1.25%	1.25%	1.25%	1.00%
Other Soft Costs (as a % of Hard Costs)	25%	25%	25%	25%	18%
Target Return on Total Development Cost	19%	23%	21%	19%	21%
Developer Margin (as a % of Value/Net Proceeds)	16%	19%	17%	16%	17%

Appendix Table C-2b
Development Cost Assumptions

General Development Assumptions (Height)	**Prototype 6 85'**	**Prototype 7 160'**	**Prototype 8 160'**	**Prototype 9 400'**	**Prototype 10 400'**
Primary Land Use Type	Residential	Office	Residential	Residential	Office
Construction Type	Mid-Rise	High-Rise	High-Rise	High-Rise	High-Rise
Geography	East SoMa	East SoMa Office	East SoMa	Transit Center	Transit Center
Land Use	Mixed-use	Office	Mixed-use	Residential	Office
Housing Type / Units or Nonresidential SF	Rental 60	N/A 224,420	Owner 128	Owner 229	N/A 320,300
Retail	$225 /GSF	$225 /GSF	$225 /GSF	$225 /GSF	$225 /GSF
Parking	$140 /GSF	$140 /GSF	$160 /GSF	$160 /GSF	$160 /GSF
Stacker cost	$15,000 /space	$15,000 /space	$15,000 /space	$15,000 /space	$15,000 /space
Parking Construction Type	Underground (1)	Underground (1)	Underground (2)	Underground (2)	Underground (2)
Hard Construction Costs/ GSF	**$351** /GSF	**$294** /GSF	**$383** /GSF	**$397** /GSF	**$332** /GSF
Office Tenant Improvements/Lease Up Costs	$85 /LSF	$85 /LSF	$85 /LSF	$85 /LSF	$85 /LSF
Retail Tenant Improvements/Lease Up Costs	$100 /LSF	$100 /LSF	$100 /LSF	$100 /LSF	$100 /LSF
Direct Construction Costs/ NSF	**$456** /NSF	**$413** /NSF	**$484** /NSF	**$548** /NSF	**$499** /NSF
Direct Construction Costs/ Unit	**$361,948** /Unit	**NA** /Unit	**$478,455** /Unit	**$577,380** /Unit	**NA** /Unit
Soft Costs					
Transportation and Environmental Review					
Transportation Review					
SF Planning	$23,365 Value	$23,365 Value	$23,365 Value	$23,365 Value	$23,365 Value
SFMTA	$4,494 Value	$4,494 Value	$4,494 Value	$4,494 Value	$4,494 Value
Transp. Consultant	$75,000 Value	$200,000 Value	$100,000 Value	$100,000 Value	$200,000 Value
TSP Cost Savings	*$0* Value	*$50,000* Value	*$25,000* Value	*$25,000* Value	*$50,000* Value
Environmental Review					
SF Planning	$16,386 Value	$450,852 Value	$16,368 Value	$21,239 Value	$21,239 Value
TSP Cost Savings	*$0* Value	*$0* Value	*$0* Value	*$0* Value	*$0* Value
CEQA Consultant	$0 Value	$300,000 Value	$0 Value	$0 Value	$0 Value
TSP Cost Savings	*$0* Value	*$45,000* Value	*$0* Value	*$0* Value	*$0* Value
Development Impact Fees/ Other Costs					
Transit Impact Development Fee					
Residential	$0.0 /GSF	$0.0 /GSF	$0.00 /GSF	$0.0 /GSF	$0.0 /GSF
Office	$13.87 /GSF	$13.87 /GSF	$13.87 /GSF	$13.87 /GSF	$13.87 /GSF
Retail	$14.59 /GSF	$14.59 /GSF	$14.59 /GSF	$14.59 /GSF	$14.59 /GSF
Transportation Sustainability Fee					
Residential	$6.19 /GSF	$6.19 /GSF	$6.19 /GSF	$6.19 /GSF	$6.19 /GSF
Non-Residential (Office)	$14.43 /GSF	$14.43 /GSF	$14.43 /GSF	$14.43 /GSF	$14.43 /GSF
Non-Residential (Retail)	$14.43 /GSF	$14.43 /GSF	$14.43 /GSF	$14.43 /GSF	$14.43 /GSF
Area Plan Impact Fees	$1,090,931 Value	$4,133,667 Value	$3,055,184 values	$3,879,437 Value	$9,182,904 Value
TDR Purchase for FAR				$1,350,000 Value	$1,800,000 Value
Affordable Housing Fee	$3,460,928 Value	$0.0 Value	$7,036,437 Value	$12,117,716 Value	$0.0 Value
Jobs-Housing Linkage Fee					
Office		$24.03 /GSF			$24.03 /GSF
Retail					$22.42 /GSF
Childcare Fee (Office)		$1.21 /Office GSF	$1.16 /Office GSF	$1.16 /Office GSF	$1.21 /Office GSF
Downtown Parks Fee (Office)		$0.00 /Office GSF	$2.31 /Office GSF	$2.31 /Office GSF	$2.43 /Office GSF
Public Art Fee (Non-Residential)		1% of Hard costs		1% of Hard costs	1% of Hard costs
School Impact Fee					
Residential	$2.91 /GSF	$2.91 /GSF	$2.91 /GSF	$2.91 /GSF	$0.0 /GSF
Office	$0.389 /GSF	$0.389 /GSF	$0.39 /GSF	$0.389 /GSF	$0.39 /GSF
Retail	$0.243 /GSF	$0.243 /GSF	$0.24 /GSF	$0.243 /GSF	$0.24 /GSF
Wastewater/Water Capacity Charges					
Total Charges	$153,983 Value	$270,026 Value	$312,023 Value	$477,622 Value	$292,972 Value
Mello Roos Special Tax During Sale/Lease-Up				$6.88 /Resid. NSF	$4.36 /Office NSF
Construction Financing					
Construction Timing	24 Months	36 Months	44 Months	55 Months	42 Months
Construction Interest Rate	5.5%	5.5%	5.5%	5.5%	5.5%
Loan Fee (Points) as a % of Loan Amount	1.25%	1.0%	1.0%	1.0%	1.0%
Other Soft Costs (as a % of Hard Costs)	18%	18%	25%	25%	18%
Target Return on Total Development Cost	23%	19%	29%	29%	19%
Developer Margin (as a % of Value/Net Proceeds)	19%	16%	22%	22%	16%

TSF Outreach: Spring/Summer 2015			
Updated: August 6, 2015			
Internal Stakeholders			
Who	**Format**	**When**	
Ed Reiskin, John Rahaim, Tilly Chang, Gillian Gillett, Ken Rich, Gil Kelley, Tom Maguire	Briefing	complete	
Steve Kawa, Nicole Wheaton	Briefing	complete	
Sup. Wiener, Andres	Briefing	complete	
Sup. Yee, Matthias	Briefing	complete	
Sup. Avalos, Aide(s)	Briefing	complete	
Sup. Kim, Sunny	Briefing	complete	
Sup. Mar, Peter	Briefing	complete	
Sup. Campos, Aide(s)	Briefing	complete	
Sup. Farrell, Aide(s)	Briefing	complete	
Sup. Breed, Connor	Briefing	complete	
Sup. Tang, Aide(s)	Briefing	complete	
Sup. Cohen, Andrea	Briefing	complete	
Sup. Christensen, Aide(s)	Briefing	complete	
Kate Howard, Ben Rosenfield	Briefing	complete	
Tom Nolan, Gwyneth Borden	Briefing	complete	
Naomi Kelly, Brian Strong	Briefing	complete	
MOH (Olsen, Sophie)	Briefing	complete	
External Stakeholders			
Muni equity group (CCHO, CCDC,HSN, TRU)	Meeting with discussion	complete	
HAC	Presentation	complete	
SPUR: Ratna and Kristy	Meeting with discussion	complete	
RBA	Meeting with discussion	complete	
Chamber of Commerce	Meeting with discussion	complete; follow-up meeting secheduled for 8/20	
Regina Dick-Endrizzi	Meeting with discussion	complete	
SFBC, Walk SF, League of Conservation Voters	Meeting with discussion	complete	
Hospital Council	Meeting with discussion	complete	
BART	Meeting with discussion	complete	

Land use attorneys (Reuben & Junius lunchtime forum)	Meeting with discussion	complete	
Large developers (presentation at SFCTA)	Meeting with discussion	complete	
SFMTA Board Policy and Governance Committee	Presentation	complete	
Cindy Wu, Rodney Fong (Planning Commissioners)	Briefing	complete	
T. Radulovich	Briefing	complete	
N. Josefowitz, J. Kass	Briefing	complete	
CACs and Committees			
EN CAC	Informational Presentation	complete	
MO CAC	Informational Presentation	complete	
TA CAC	Presentation	complete	
MTA CAC	Presentation	complete	
Small Business Commission	Presentation	August 10, 2015	
Capital Planning Committee	Presentation	September 14, 2015	
SFCTA Board	Presentation	July 29, 2015	
M/O and EN CAC	Presentation	August 17th, 2015	
Legislative Hearings			
Legislation introduced		July 21, 2015	
Planning Commission - informational	Hearing	August 6, 2015	
MTAB	Hearing	September 1, 2015	
Planning Commission - fee adoption	Hearing	September 10, 2015	
Land Use	Hearing	September 21, 2015	
Full BOS - 1st read	Hearing	September 29, 2015	
Full BOS - 2nd read	Hearing	October 6, 2015	

August 26, 2015

Planning Commission
Commission Chambers
Room 400, City Hall
1 Dr. Carlton B. Goodlett Place

RE: Support for the Transportation Sustainability Project

Dear Commissioners,

The Market Octavia Community Advisory Committee supports the adoption of the Transportation Sustainability Project, and its Transportation Sustainability Fee component.

The Market and Octavia Plan necessitates investments in transportation infrastructure to achieve its goals of encouraging travel by public transit and other sustainable transportation modes, and reducing traffic congestion.

Over the next 20 years, the Market and Octavia Plan anticipates roughly 6,000 new housing units, and transit service will need to enhanced to meet this demand. Current transit service within the plan area is at or exceeding capacity.

Successful implementation of the Market and Octavia plan requires adequate investment in transportation improvements in coordination with new development. The proposed Transportation Sustainability Fee will provide revenue to help meet the need for transportation and complete streets improvements generated by new development in San Francisco. Additionally, the expenditure of funds generated by the proposed Transportation Sustainability Fee prioritizes specific projects identified in Area Plans.

The Market and Octavia Community Advisory Committee asks the Commission to support the Transportation Sustainability Project, its Transportation Sustainability Fee component and the policy of prioritizing projects in the areas of the city where new growth is occurring, such as the Market and Octavia Plan Area.

Sincerely,

Jason Henderson, Chair
Krute Singa, Vice Chair