STRATEGICECONOMICS

MEMORANDUM

Date: January 18, 2017

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From: Jake Cummings and Nadine Fogarty, Strategic Economics

Subject: Analysis of Inclusionary Housing and Community Facilities District for Hub Properties

INTRODUCTION

The San Francisco Planning Department is considering changing the zoning in the Market Octavia "Hub" area to allow more height and density on development. This memo summarizes the results of two separate but related analyses geared toward informing this decision:

1) An estimate of the amount of affordable housing that feasibly could be provided on-site under the City's Inclusionary Affordable Housing Program[1] under current and proposed zoning.

2) An evaluation of the potential revenues for a Community Facilities District (CFD) funded by new development in the neighborhood.

Strategic Economics performed this analysis after the passage of Proposition C, a June 2016 ballot initiative that expanded the citywide requirement for most new market rate multi-family developments to provide Below Market Rate (BMR) housing units as part of the City's inclusionary housing policy. Proposition C also granted authority to the Board of Supervisors to modify the citywide inclusionary housing program and called for the preparation of an analysis of the program by the Office of the Controller. These features mean the City's inclusionary housing policy remains subject to change, in parallel with the Hub planning effort. As a reference point, Strategic Economics also tested development feasibility under the inclusionary requirement both before and after Proposition C, as described in the next section.

MEMO ORGANIZATION

The remainder of the memo is organized in the following sections:

- A summary of key findings from the analysis;
- A description of the development sites and zoning scenarios considered;

[1] The Inclusionary Affordable Housing Program in San Francisco allows developers to select one of three options to contribute to affordable housing: provision of units on-site, provision of units off-site, or payment of an in-lieu fee. This analysis assumes the on-site option is selected for each development throughout.

- Information about San Francisco's inclusionary affordable housing requirements and how they were incorporated in this study;
- A detailed discussion of the results of the feasibility analysis incorporating the full 25 percent inclusionary requirement;
- The main assumptions for application of a CFD Special Tax to the financial analysis; and
- Detailed results of the feasibility analysis, incorporating the CFD.

This memo also includes three Appendices:

- Appendix A provides details about the study methodology and assumptions used in the pro forma analysis;
- Appendix B includes the pro forma results for each site, assuming a rate of 25 percent inclusionary housing and no CFD; and
- Appendix C provides the results of the CFD analysis, including the maximum inclusionary percentages and additional cost burden for each site.

SUMMARY FINDINGS

FEASIBILITY ANALYSIS RESULTS

Strategic Economics tested the feasibility of development using the land residual method of pro forma analysis (explained in greater detail later in this memo). Each of the fifteen Hub area sites was tested under the "Base" (existing zoning) and "Update" (increased height and density) scenarios, assuming both apartment and condominium development. Assumptions about individual development programs for each site were provided by the City of San Francisco Planning Department.

The first round of feasibility analysis assumed the 25 percent on-site inclusionary housing requirement set forth by Proposition C. Because the expanded inclusionary requirement in Proposition C was found to have a negative impact on development feasibility on most of the sites, Strategic Economics also calculated the maximum level of on-site inclusionary housing that might feasibly be provided within each project given current market conditions and development costs.

The proportion of inclusionary housing that might feasibly be provided for each site and development scenario is shown in Figure 1 (estimated as a range based on expected land costs). The results are summarized below.

- **Under current market conditions, condominium developments have greater ability to provide on-site inclusionary units at the income levels dictated by Proposition C than rental apartment projects.** Several of the sites were found to be infeasible as apartment projects under both zoning scenarios.
- **Under the Base zoning scenario, most of the sites were found to be able to accommodate some inclusionary units, particularly if developed as condominiums.** Most of the sites tested could meet at least 15 percent affordability, and a maximum of 28 percent (30 Van Ness).

- **Under the Update zoning scenario, some sites were found to benefit from the increased height and density, while others did not.** Generally, larger sites where taller buildings (approximately 20 stories or more) are already permitted benefit from additional height and density, making it possible to provide a higher proportion of below market rate units. Where the zoning change permits development at more moderate heights (e.g., 11 stories), this provides little or no benefit in terms of project feasibility or the ability to provide affordable units. This is because these building heights require expensive Type I (high rise, steel) construction, but the project would not benefit from the revenues that can be generated with the additional height.

Figure 1: Maximum Feasible On-site Inclusionary Percentage by Tenure and Zoning Scenario

Tenure:	For-Sale Condo		Rental Apartment	
Zoning Scenario:	Base	Update	Base	Update
1601-1637 Market	23%-29%	23%-29%	0%-6%	0%-6%
10 South Van Ness	22%-25%	31%-33%	8%-11%	18%-21%
30 Otis	13%-18%	23%-26%	0%-2%	8%-12%
30 Van Ness	25%-28%	36%-38%	12%-14%	24%-26%
33 Gough	16%-26%	11%-17%	0%-3%	0%-1%
98 Franklin / 57 Oak	15%-24%	24%-26%	0%-1%	9%-12%
99 South Van Ness	infeasible	4%-10%	infeasible	infeasible
101 South Van Ness	16%-25%	1%-7%	0%-1%	infeasible
1695 Mission	14%-23%	0%-6%	infeasible	infeasible
170 South Van Ness	14%-23%	0%-6%	infeasible	infeasible
50 Otis	13%-27%	0%-17%	infeasible	infeasible
42 Otis	12%-24%	5%-19%	infeasible	infeasible
154 South Van Ness	15%-23%	0%-7%	infeasible	infeasible
160 South Van Ness	15%-23%	0%-7%	infeasible	infeasible
1707 Market	15%-23%	15%-24%	infeasible	0%-1%

Note: The maximum inclusionary percentage is expressed as a range, with the low end corresponding to a residual land value of $1200 per square foot, and the high end corresponding to $900 per square foot.
Source: Strategic Economics, 2016.

CFD ANALYSIS

The second part of the study considered the potential for establishing a CFD in the Hub Area. Strategic Economics first identified a range of potential CFD rates, considering the existing tax burden of each property, and assuming a maximum combined tax burden of 1.7 percent. Using this range, Strategic Economics tested the potential impact of a CFD on the ability of each development project to provide on-site affordable housing. Finally, Strategic Economics estimated the value that potentially could be generated by a CFD in the Hub area over a 45-year period. The key findings of the analysis are outlined below.

- **Based on an analysis of the existing tax burden for each site, including the *ad valorem* tax and other special assessments currently in place, a maximum CFD special tax rate of up to approximately $5.00 per net square foot of development appears possible for the Hub area.**

- **For condominium projects, a CFD charging up to $5.00 per net square foot is estimated to have a very limited impact on overall development feasibility and achievable inclusionary housing levels.** The cost to the developer of a CFD tax of $5.00 per net square foot is estimated to be less than one percent of total development costs, potentially reducing supported inclusionary levels by up to one percentage point. This calculation assumes that condo market prices are not adversely affected by the special tax.

- **The estimated impact of a CFD on the feasibility of rental apartment projects is higher, assuming it is more challenging to pass on the cost of the special tax to renters.** For rental apartment developments, Strategic Economics assumed that 50 percent of the annual cost of the tax could be recuperated with higher rents. Based on this assumption, the total (capitalized) cost of a CFD special tax of $5.00 per net square foot is equivalent to up to six percent of development costs, potentially reducing the supported inclusionary level by up to six percentage points.

- **A CFD encompassing 24 sites in the Hub area has the potential to generate revenues with a present value of up to $331 million (assuming a 45-year period and 6.5 percent discount rate)**. A CFD encompassing only the 12 sites granted significant increases in building density under the Update zoning could generate revenues up to $259 million in present value.

DEVELOPMENT SITES EVALUATED

San Francisco Planning staff selected fifteen sites in the Hub area (Figure 2) for the financial feasibility analysis. Nine of these sites are in an NCT-3 zoning district, while the remaining six are in a C-3-G zoning district as well as the Van Ness and Market Special Use District. Allowable building height, bulk, parking, and the applicability of development fees and incentive programs vary among these zoning designations and were accounted for in each of the development programs. One of the sites has a development proposal currently in the entitlement process (1601-1637 Market Street). Four other sites have residential proposals of undetermined size in early entitlement, and the remaining ten sites have no current development proposals, but may be redeveloped in the future.

Figure 2: Development Sites Evaluated for Financial Feasibility

Site Address	Site Name / Description	Current Zoning*	Entitlement Status	Site Area (sf)
1601-1637 Market	SRO	NCT-3	In entitlement	62,000
10 South Van Ness	Honda site	C-3-G/VN&MSUD	Early entitlement	50,800
30 Otis	Carpet Store	C-3-G/VN&MSUD	Early entitlement	35,987
30 Van Ness	DPW	C-3-G/VN&MSUD	Early entitlement	38,123
33 Gough	City College	NCT-3	Early entitlement	45,600
98 Franklin / 57 Oak	FAIS	C-3-G/VN&MSUD	No current proposal	20,806
99 South Van Ness	Storage facility	C-3-G/VN&MSUD	No current proposal	61,000
101 South Van Ness	Mix of small lots	C-3-G/VN&MSUD	No current proposal	10,524
1695 Mission	Discount Builders Supply	NCT-3	No current proposal	64,612
170 South Van Ness	Cash and Carry	NCT-3	No current proposal	49,000
50 Otis	Modern Studio / Tokyo Moto	NCT-3	No current proposal	4,083
42 Otis	NuStar	NCT-3	No current proposal	4,626
154 South Van Ness	Tap Plastics	NCT-3	No current proposal	13,422
160 South Van Ness	City building	NCT-3	No current proposal	14,000
1707 Market	Travelodge	NCT-3	No current proposal	24,624

* Under the Update zoning proposal, all sites would be rezoned to C-3-G/VN&MSUD.
Source: City of San Francisco

ZONING SCENARIOS

As shown in Figure 3, Strategic Economics analyzed two zoning scenarios corresponding to different levels of building intensity as stipulated by the San Francisco Planning Department. The "Base" zoning scenario represents projects that are currently proposed or development that would be allowed under existing zoning. The "Update" scenario includes taller buildings with additional residential area. Each development scenario includes a "podium" component of up to 120 feet, while some scenarios have an additional tower component with a smaller floorplate. The amount of ground floor retail assumed with each scenario includes a portion of the area in the podium floorplate and does not change between the Base and Update scenarios.

As mentioned above, the fifteen Hub sites are currently split between NCT-3 and C-3-G/VN&MSUD zoning designations. In the most recent Update zoning proposal under consideration by the Planning Department, all of the sites would fall under the C-3-G/VN&MSUD zoning. In general, developments proposed in NCT-3 are permitted a maximum on-site parking ratio of 0.5 spaces per unit, whereas C-3-G/VN&MSUD permits a maximum of 0.25 spaces per unit. Therefore, in cases where NCT-3 sites are rezoned in the Update scenario, the reduced parking ratio may cause the number of on-site parking stalls to decline, even as the unit count increases. In cases where the project sponsor has already specified a building program with on-site parking at a rate below the permitted parking ratio (this is the case for 1601-1637 Market and 33 Gough), the parking stalls shown in Figure 3 reflect this intention.

Note that only thirteen of the fifteen sites include higher density development programs under the updated zoning. As specified by San Francisco Planning, two of the sites (1601-1637 Market and 1707 Market) have development programs that remain unchanged between the Base and Update zoning scenarios.

Figure 3: Development Programs under Base and Update Zoning Scenarios

	Building Height (ft)		Number of Stories		Residential Area (gsf)		Number of Dwelling Units		Parking Stalls		Retail Area (gsf)
Site Address	**Base**	**Update**	**Base**	**Update**	**Base**	**Update**	**Base**	**Update**	**Base**	**Update**	
1601-1637 Market*	85	85	8	8	535,367	535,367	584	584	264	264	9,275
10 South Van Ness	400	500	39	49	701,640	858,640	780	954	195	239	25,400
30 Otis	250	320	25	32	352,573	447,323	392	497	98	124	17,994
30 Van Ness	400	520	39	51	596,421	796,421	663	885	166	221	19,062
33 Gough	85	250	8	25	250,800	415,800	279	462	70	116	22,800
98 Franklin / 57 Oak	85	320	8	31	122,755	372,690	136	414	34	104	10,403
99 South Van Ness	120	250	11	24	305,000	435,000	339	483	85	121	30,500
101 South Van Ness	85	120	8	11	62,092	87,349	69	97	17	24	5,262
1695 Mission	85	120	8	11	355,366	500,743	395	556	197	139	32,306
170 South Van Ness	85	120	8	11	269,500	379,750	299	422	150	106	24,500
50 Otis	50	65	5	6	13,270	16,332	15	18	7	5	2,042
42 Otis	50	65	5	6	15,035	18,504	17	21	8	5	2,313
154 South Van Ness	85	120	8	11	73,821	104,021	82	116	41	29	6,711
160 South Van Ness	85	120	8	11	77,000	108,500	86	121	43	30	7,000
1707 Market*	85	85	8	8	135,432	135,432	150	150	75	38	12,312

* These developments are assumed not to change between the Base and Update zoning scenarios.

Source: City and County of San Francisco Planning Department, 2016; Strategic Economics, 2016.

FEASIBILITY ANALYSIS

This section describes the detailed feasibility analysis for on-site inclusionary housing before consideration of any potential CFD. The fifteen sites in the Hub area were analyzed under the Base and Update scenarios assuming the current inclusionary requirement as defined by Proposition C. (The feasibility results assuming the inclusionary requirement in place prior to the enactment of Proposition C are shown as reference.) The on-site inclusionary requirement before and after Proposition C are outlined below, followed by a discussion of the analysis results. Appendix A contains the detailed assumptions used in the pro forma model, and Appendix B contains the detailed results for each site.

INCLUSIONARY HOUSING ASSUMPTIONS

Since 2002, all residential construction projects in San Francisco with ten or more units have been subject to the City's Inclusionary Affordable Housing Program, which requires developers to contribute to the San Francisco's affordable housing stock in one of three ways: 1) by paying a fee, 2) by providing a portion of the development's units on-site at below market rates, or 3) by providing a quantity of units offsite at below market rates. For the purposes of this analysis, Strategic Economics analyzed the feasibility impact of the on-site inclusionary option.

Proposition C increased the percentage level of inclusionary units required within applicable development projects from 12 percent to 25 percent and introduced two tiers of affordability in place of a single tier under the previous ordinance. The percentage levels of on-site inclusionary units before and after the passage of Proposition C, along with their respective affordability tiers as a percentage of area median income (AMI), are shown in Figures 4 and 5.

Figure 4: On-Site Inclusionary Housing Requirement, For-sale Condominiums, Before and After Proposition C

	80% of AMI	90% of AMI	120% of AMI	Total
Pre-Proposition C	-	12%	-	**12%**
Proposition C	15%	-	10%	**25%**

Source: City and County of San Francisco, Mayor's Office of Housing and Community Development, 2016.

Figure 5: On-Site Inclusionary Housing Requirement, Rental Apartments, Before and After Proposition C

	55% of AMI	100% of AMI	Total
Pre-Proposition C	12%	-	**12%**
Proposition C	15%	10%	**25%**

Source: City and County of San Francisco, Mayor's Office of Housing and Community Development, 2016.

The affordability levels above were incorporated into the estimated revenues for each of the development scenarios tested.

For the estimation of maximum feasible inclusionary percentage, the proportion of income-restricted units in each AMI tier is assumed to remain constant. For example, to satisfy the 25 percent inclusionary requirement in a for-sale condo property, 15 percent of the total units (or 60 percent of the below market rate units) must be priced at or below 80 percent of AMI, while 10 percent (or 40 percent of the below market rate units) must be priced at or below 120 percent of AMI. For each estimate of the maximum inclusionary percentage, the 60:40 ratio is assumed to remain constant.

ANALYSIS RESULTS WITH 25 PERCENT INCLUSIONARY REQUIREMENT

As described in the summary findings above, most of the development scenarios tested were not found to be able to accommodate the full burden of the Proposition C inclusionary requirements. Figure 6 shows the results of the land residual analysis (on a per square foot basis) incorporating the full 25 percent inclusionary requirements. The thresholds used to determine financial feasibility are based on the per square foot residual land values. Developments with residual land values exceeding $900 per square foot were deemed "marginally feasible" and those exceeding $1200 per square foot were deemed "feasible". (Further details about these thresholds are included in Appendix A.) For comparison purposes, Figure 7 shows the results of the land residual analysis on a per-unit basis.

Condominiums are more likely to be feasible than rental apartments for all the sites and policy scenarios tested. The market for condominiums, particularly in high rise projects, is currently stronger than that for rental apartments, and this is reflected in their relative residual land values (see Figure 6). Under the Base zoning scenario, condominium development was feasible or marginally feasible on six out of the fifteen sites with the 25% inclusionary requirement, while none of the sites were found to be feasible for rental apartment development. Only one of the development programs tested, 30 Van Ness with the updated zoning, was found to be marginally feasible for development as rental apartments.

It is important to note that while most of the apartment scenarios tested were found to be infeasible under current market conditions, it is possible that the results could be improved with changes to assumptions about the development program, such as smaller unit sizes or parking areas that are efficiently designed to suit site conditions. Furthermore, the City's requirement for at least forty percent two-bedroom units limits the unit density that can be achieved within a set building envelope. This in turn limits the value that can be achieved through development of rental apartments, given that these types of projects typically include a mix of smaller unit sizes.

Of the thirteen sites where increased building heights and densities are contemplated as part of the updated zoning scenario, only four were able to accommodate the level of on-site inclusionary housing required by Proposition C. The four sites with the tallest buildings allowed under the updated zoning benefited from the additional value generated by their higher density under a condominium development scenario. As shown in Figure 6, the development at 10 South Van Ness (400 feet in the Base zoning scenario and 500 feet in the Update scenario), went from marginally feasible to feasible with the additional height. 30 Otis and 98 Franklin, which both saw their heights increase to 320 feet in the Update Scenario, went from infeasible to marginally feasible, while 30 Van Ness was a feasible project at 400 feet under the Base zoning, only to see its value enhanced further in the zoning update at 520 feet. These four sites also have the largest financial upside to upzoning (see Figure 8), as measured by the change in residual land values.

The updated zoning scenario provided little or no financial benefit for the remaining nine sites where increased building heights were studied. As shown in Figure 6, most the sites tested did not benefit from the zoning update. Although the zoning allowed for taller buildings and higher densities on these sites, for nine of the sites tested, the increased height necessitated a change to a more expensive construction type (either a change from Type V construction to Type III construction, or from Type III to Type I). In all but one of these cases, the higher per square foot construction cost outweighed the increased value created by a higher density project. This result is consistent with information provided by developers interviewed for this study, who indicated that escalating construction costs are having a material effect on project

feasibility. A ninth site, 99 South Van Ness, is challenged by a historic resource on-site, which limits the site area available for development and thus the unit density that can be attained there.

All but one of the sites tested could support a level of on-site inclusionary housing higher than the pre-Proposition C rate of 12 percent under current zoning. While the zoning update fails to add value to several of the sites tested, many of these same sites are either marginally feasible without a height increase or could become feasible with an on-site inclusionary requirement that is less than 25 percent but still higher than the 12 percent previously required by the City. Figure 1, at the beginning of this memo, shows a range of inclusionary percentages that could be feasibly accommodated at each site. For most of these sites, the maximum feasible inclusionary percentage falls between 12 and 25 percent.

The largest rental apartment developments could be feasible with inclusionary housing requirements somewhat reduced from the level required by Proposition C. As shown in Figure 1, toward the beginning of this memo, several of the sites could feasibly accommodate below market rate housing at a rate of up to 26 percent of total units. Taller buildings allowed by the zoning update allow for a greater percentage of affordable units.

Figure 6: Residual Land Value per Square Foot by Zoning and Inclusionary Scenario

Tenure:	For-Sale Condo			Rental Apartment		
Inclusionary Policy:	Pre-Prop C (12%)	Prop C (25%)	Prop C (25%)	Pre-Prop C (12%)	Prop C (25%)	Prop C (25%)
Zoning Scenario:	Base	Base	M-O Update	Base	Base	M-O Update
1601-1637 Market	$1,763	$1,111	$1,111	$494	-$84	-$84
10 South Van Ness	$2,091	$906	$1,978	$622	-$470	$319
30 Otis	$1,225	$437	$983	$168	-$554	-$260
30 Van Ness	$2,635	$1,252	$3,145	$967	-$311	$1,099
33 Gough	$1,334	$924	***$398***	$534	$163	***-$521***
98 Franklin / 57 Oak	$1,308	$876	***$1,056***	$472	$79	***-$733***
99 South Van Ness	$522	$163	$246	-$35	-$360	-$480
101 South Van Ness	$1,348	$920	***$54***	$505	$116	***-$796***
1695 Mission	$1,265	$840	***$51***	$431	$55	***-$742***
170 South Van Ness	$1,257	$836	***$55***	$424	$53	***-$742***
50 Otis	$1,134	$876	***$610***	$543	$318	***$67***
42 Otis	$1,160	$930	***$778***	$576	$376	***$211***
154 South Van Ness	$1,247	$814	***$70***	$413	$30	***-$731***
160 South Van Ness	$1,289	$836	***$79***	$451	$44	***-$722***
1707 Market	$1,259	$830	$851	$428	$47	$103

	Values greater than $1200 are likely to be feasible.
	Values between $900 and $1200 may be feasible.
	Values less than $900 are unlikely to be feasible.
$xxx	Denotes a change to a more expensive construction type.

Source: Strategic Economics, 2016.

Figure 7: Residual Land Value per Unit by Zoning and Inclusionary Scenario

Tenure:	For-Sale Condo			Rental Apartment		
Inclusionary Policy:	Pre-Prop C (12%)	Prop C (25%)	Prop C (25%)	Pre-Prop C (12%)	Prop C (25%)	Prop C (25%)
Zoning Scenario:	Base	Base	M-O Update	Base	Base	M-O Update
1601-1637 Market	$187,167	$117,984	$117,984	$52,436	-$8,961	-$8,961
10 South Van Ness	$136,195	$59,030	$105,349	$40,489	-$30,643	$17,003
30 Otis	$112,479	$40,097	$71,177	$15,449	-$50,884	-$18,803
30 Van Ness	$151,516	$71,998	$135,488	$55,619	-$17,887	$47,352
33 Gough	$217,980	$151,088	$39,322	$87,329	$26,612	-$51,451
98 Franklin / 57 Oak	$200,155	$133,997	$53,093	$72,197	$12,089	-$36,831
99 South Van Ness	$93,950	$29,324	$31,007	-$6,367	-$64,794	-$60,650
101 South Van Ness	$205,578	$140,294	$5,830	$76,978	$17,709	-$86,373
1695 Mission	$206,992	$137,380	$5,973	$70,579	$8,971	-$86,270
170 South Van Ness	$205,920	$136,954	$6,332	$69,466	$8,624	-$86,122
50 Otis	$308,579	$238,367	$138,428	$147,915	$86,488	$15,136
42 Otis	$315,721	$253,004	$171,370	$156,624	$102,424	$46,432
154 South Van Ness	$204,121	$133,220	$8,090	$67,660	$4,848	-$84,597
160 South Van Ness	$209,896	$136,082	$9,121	$73,404	$7,187	-$83,511
1707 Market	$206,689	$136,191	$139,695	$70,213	$7,722	$16,860

Source: Strategic Economics, 2016.

Figure 8: Change in Residual Land Value with Update Zoning Scenario, 25 Percent Inclusionary Requirement

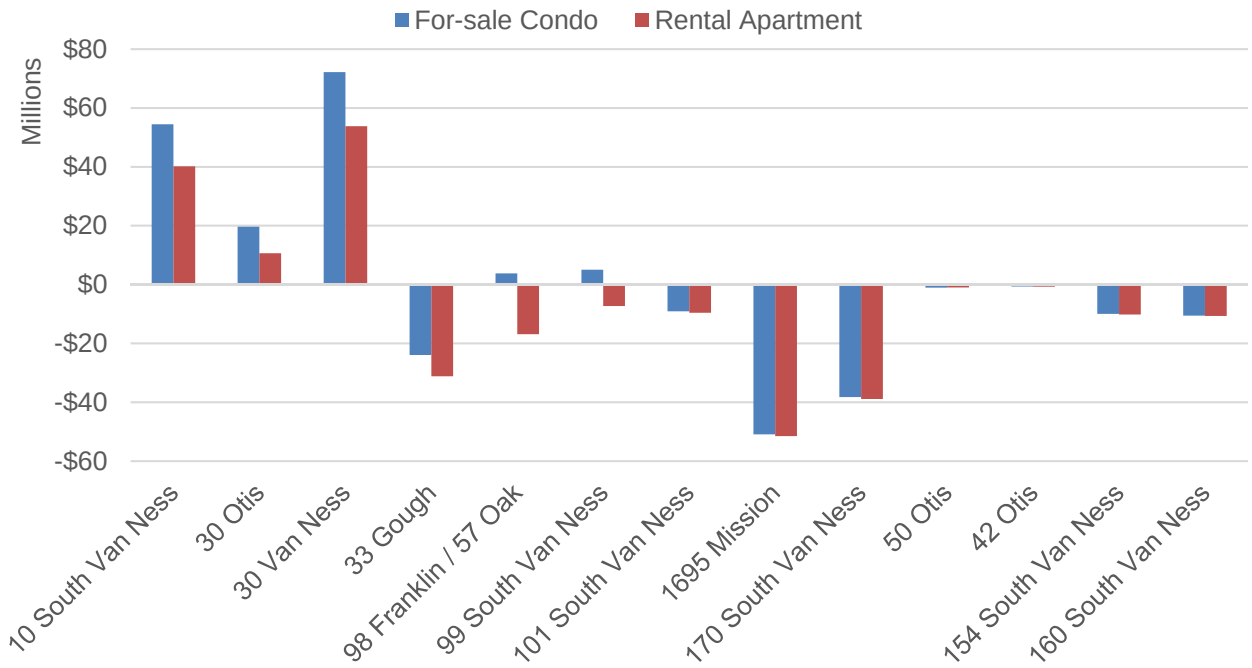

Chart does not include 1601-1637 Market or 1707 Market, which remain unchanged in the Update Zoning scenario.
Source: Strategic Economics, 2016.

CFD ANALYSIS

CFD OVERVIEW

A Mello-Roos Community Facilities District (CFD) is a type of special taxing district formed when property owners (or in some cases, registered voters) within a geographic area agree to impose a new tax on property in order to fund infrastructure improvements, the development of public facilities, or ongoing maintenance, repair, or services. Tax revenues can then be saved in a fund for use on a pay-as-you-go basis, or serve as the basis for issuing a bond. CFDs are relatively flexible, and the special tax rates may be set on any reasonable basis determined by the local legislative body (e.g., based on building area, parcel size, or linear feet of parcel frontage), except that the tax cannot be *ad valorem* (based on property value). CFD boundaries can be drawn to include non-contiguous parcels, and different special tax rates can be set for different parcels within the CFD, based on land use/property type, distance from a transit station, which parcels are upzoned, densities, or other material factors.

A CFD requires approval by two-thirds of property owners (weighted by property area) so long as there are no more than 12 registered voters living within the proposed boundary. If more than 12 registered voters live within the district, CFD formation requires two-thirds voter approval. Because most Hub area sites currently have commercial uses, a CFD could be drawn such that a vote is based on property owners rather than voters.

CFD ANALYSIS METHODOLOGY AND ASSUMPTIONS

This section outlines the three-part approach to the analysis and the key assumptions that were made. The following sections provide the results from each step.

The CFD analysis consisted of three parts:

1. **Taxing Capacity Analysis**. Strategic Economics estimated the maximum CFD special tax rate that could be levied on the fifteen sites under study without exceeding a total tax burden of 1.7 percent of property value. The upper limit of 1.7 percent was chosen to be consistent with other recent studies that quantify the revenue potential of CFDs in San Francisco, such as the study performed for Central SoMa.

2. **CFD Feasibility Analysis**. For three different special tax rates up to the maximum tax rate determined in Step 1, Strategic Economics analyzed the impact of the tax on development feasibility for the fifteen sites. Building on the analysis of the maximum on-site inclusionary level that could be supported by each development scenario, Strategic Economics estimated the amount this inclusionary percentage would need to go down in order to offset the cost of the CFD to the developer.

3. **CFD Revenue Projection**. Strategic Economics estimated the tax revenues that could be generated by a CFD on an annual basis and over a 45-year period, assuming all sites are developed over thirteen years and phased per the Planning Department's expectations. This projection covers development on an expanded set of 24 candidate sites for inclusion in the CFD. At the request of the Planning Department, the results are reported both for the full set of 24 sites and for a subset including only those sites that are likely to benefit significantly from the proposed zoning changes.

The remainder of this section outlines the key assumptions for the CFD analysis, including the structure of the CFD special tax, assumptions about the tax incidence, and the development assumptions.

CFD Special Tax Structure

Because there is considerable leeway for structuring the special tax in a CFD, Strategic Economics, in consultation with Planning Department staff, made several assumptions about the structure of a CFD in the Hub area:

- A CFD special tax rate is charged per net square foot of development, including residential, retail, and office space (where applicable).

- Below Market Rate units are exempt from the tax. Consistent with the rate of inclusionary housing that Proposition C currently requires of new developments, this analysis assumes 25 percent of residential units will be BMR units, except for several grandfathered projects far enough along in the entitlement process to have a level of inclusionary already know at the time of analysis.

- The special tax rate escalates by two percent per year.

- Each development in the CFD is assessed the special tax for a 30-year period beginning at the time the Certificate of Occupancy is issued (approximately the time construction is completed). As the special tax revenue generated by a CFD would phase over time as individual projects are completed, the time horizon set for the analysis was 45 years.

Tax Incidence

Tax incidence is an economic concept that refers to where the burden of a tax ultimately falls. The party that directly pays the tax (in this case, the property owner) may pass on part of the tax burden to another party (for example, a tenant, in the form of higher rents). Assumptions about tax incidence are necessary to estimate the extent to which a new tax will impact development project financials. In practice, the incidence of the tax is influenced by a variety of factors, including the strength of the real estate market. At least in theory, to the extent that the CFD is used to make improvements that increase achievable sales prices and rents, it may be possible for developers to pass along the cost of the tax to future buyers or renters.

Strategic Economics made the following assumptions about tax incidence:

- For condominium projects, the analysis assumes the developer pays the carrying costs of the CFD from the certificate of occupancy until all the units are sold. Based on direction from City staff, the analysis assumes the full cost of the CFD is passed on to the eventual condominium owners at the time of sale – in other words, the presence of a CFD is not assumed to negatively impact the sales price of the condominium units.[2]

[2] Previous studies have suggested that CFDs and other marginal increases on property tax could have a measurable impact on property values, but the extent of this impact remains unclear. Given the considerable strength of the condominium market and the relative lack of directly competitive supply, Strategic Economics assumed, at the direction of Planning Department staff, that the market value of condos would not be impacted by the imposition of a special tax.

- For rental apartment projects, a CFD special tax is assumed to increase ongoing expenses for the owner of the building, thereby decreasing the net operating income of the development. However, the tenants of apartments within the CFD may be willing to bear higher rents, depending on such factors as the strength of the market and the perceived value of CFD improvements. For rental apartment developments, Strategic Economics assumed that 50 percent of the annual tax expense could be passed on to tenants in the form of higher rents.

- For retail area, 50 percent of the cost of the tax is similarly assumed to be passed on to the retail tenant in the form of higher rents.

Development Assumptions

- Strategic Economics used the development assumptions in the Update zoning scenario for all the sites in the CFD feasibility analysis.

- For the revenue projections, Strategic Economics used assumptions about the timing and density of development that were provided by San Francisco Planning Department on an expanded set of 24 sites. These sites were divided into two categories: sites that are expected to take advantage of significant height increases as a result of rezoning and those expected to have no or only minimal height increases.[3] The Planning Department is considering a CFD proposal for either all sites or for strictly those sites in the first group.

TAXING CAPACITY ANALYSIS

As mentioned above, the maximum total burden for all the development scenarios was assumed to be 1.7 percent of assessed value. To calculate the taxing capacity, Strategic Economics estimated the existing tax burden on real property in the Hub, which includes the following taxes and special assessments:

- *Ad valorem* tax of 1.1826 percent of assessed value

- San Francisco Unified School District Facilities Tax

- City College of San Francisco parcel tax

- San Francisco Teacher Support tax

- Civic Center Community Benefits District assessment (applies to four of the fifteen parcels)

Because parcel taxes and assessments are levied on each condominium unit in a development, the tax burden was calculated for a typical market rate unit in condominium developments. For rental apartments, taxes are levied on the property and, therefore, the existing tax burden was calculated for the entire building.

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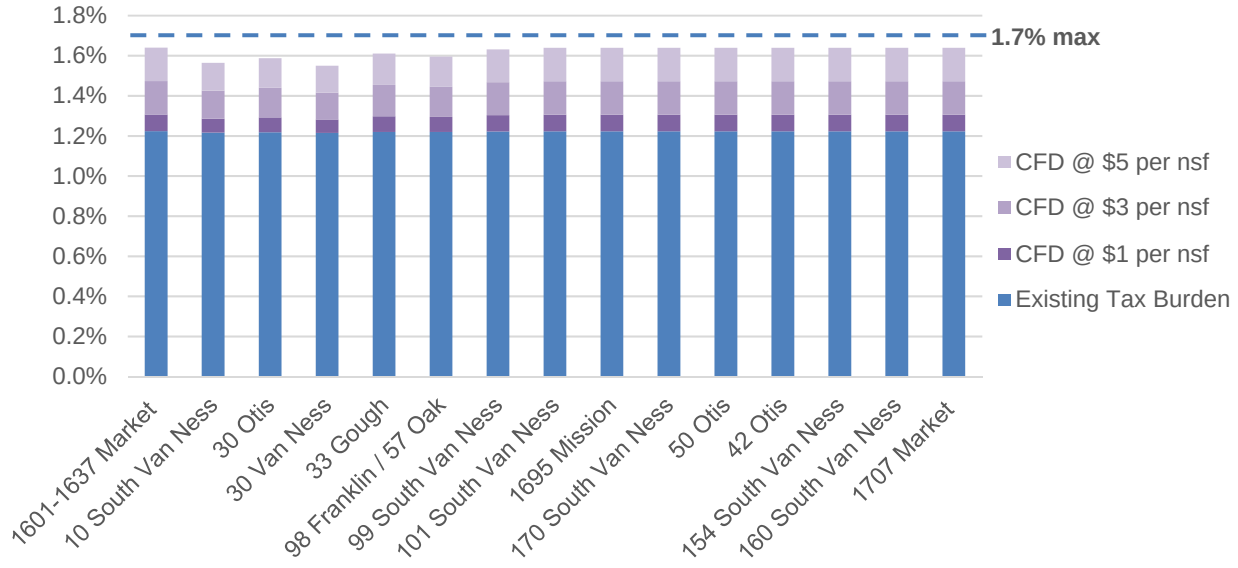
[3] At the direction of Planning staff, Strategic Economics projected revenues for one of the sites (30 Otis) assuming the Base zoning, based on how that site is expected to develop, even as the feasibility analysis in the previous step assumed the increased density associated with the Update zoning scenario.

Development assumptions in the Update Scenario were used in this step, with 25 percent of the units in a building assumed to be Below Market Rate and exempt from the tax.

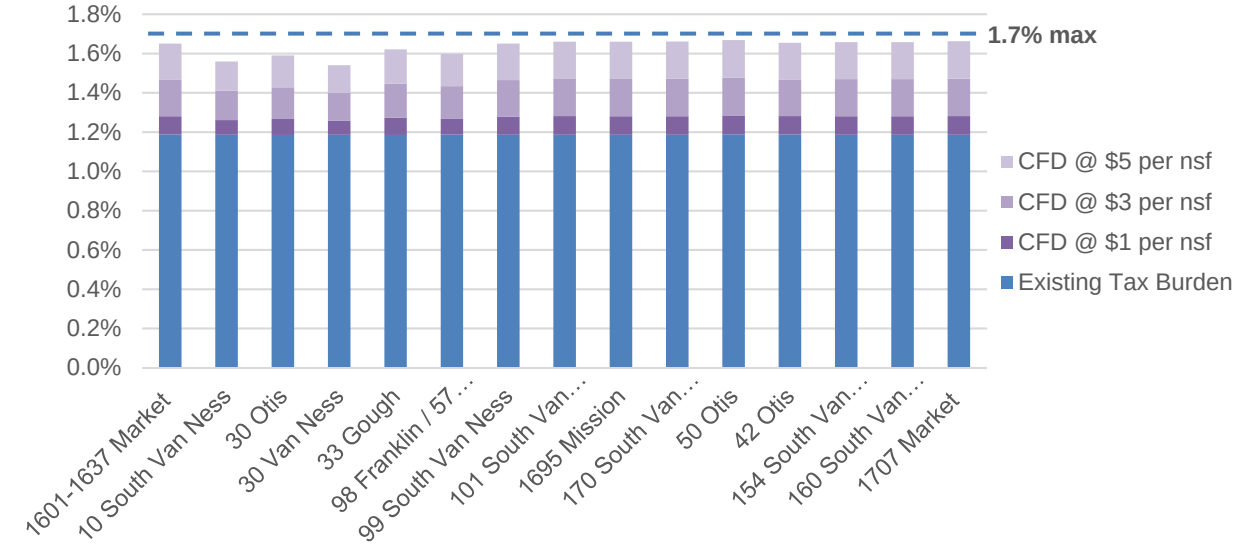
Based on the difference between the maximum tax burden assumption and the existing burden, Strategic Economics calculated that the special tax rate could be no more than approximately $5.00 per net square foot without exceeding the maximum. Figures 9 and 10 show each site's tax burden as a portion of the maximum, for both for-sale condos and rental apartments, and the additional burden imposed by tax rates of $1.00, $3.00, and $5.00 per net square foot. For the feasibility analysis and revenue projections in the following sections, all results are reported for tax rate scenarios of $1.00, $3.00, and $5.00.

Figure 9: Existing and Potential Tax Burden, For-sale Condominiums



Source: Strategic Economics, 2016.

Figure 10: Existing and Potential Tax Burden, Rental Apartments



Source: Strategic Economics, 2016.

FEASIBILITY ANALYSIS

The feasibility analysis considers the related question of the tax's impact on developers. For this analysis, Strategic Economics estimated the cost of the tax from a developer's perspective, and assessed the impact of the cost of the CFD on the maximum possible amount of on-site inclusionary housing. The maximum feasible percentage of on-site inclusionary housing is shown in Figure 11, while more complete results are provided in Appendix C.

For condominiums, the CFD has only a very slight impact on feasibility because the only impact on development costs was assumed to be the carrying cost to the developer (rather than reduced sales prices). Even at the highest tax rate of $5.00 per net square foot, the cost of the CFD did not exceed one percent of development costs for any of the sites, since condo owners are expected to bear the burden of tax. For most developments, the added cost resulted in a slight decline in the supportable level of on-site inclusionary housing (Figure 11). For the two developments with the smallest number of units (50 Otis and 42 Otis), a tax rate of $3.00 per net square foot and higher resulted in one fewer inclusionary unit, which was a significant amount in percentage terms. (The supported inclusionary percent went from 11.1 percent to 5.6 percent for 50 Otis and from 14.3 percent to 9.5 percent for 42 Otis.)

The impact on feasibility for rental apartments was more significant, because the analysis assumed that developers could recuperate only 50 percent of the tax burden from tenants in the form of higher rents. Among the five sites that could support some level of on-site inclusionary housing, imposing a tax of up to $5.00 caused a drop of up to approximately six percentage points (Figure 11), and caused development on one site to become infeasible. The cost of the CFD to the developer represented up to six percent of total development costs (see Appendix C).

Figure 11: Maximum Feasible On-site Inclusionary Percentage by CFD Special Tax Rate, Update Zoning Scenario

Tenure:	For-Sale Condo				Rental Apartment			
CFD Special Tax Rate:	No CFD	$1.00	$3.00	$5.00	No CFD	$1.00	$3.00	$5.00
1601-1637 Market	26.2%	26.0%	25.9%	25.7%	3.0%	1.9%	infeasible	infeasible
10 South Van Ness	32.2%	32.1%	31.9%	31.7%	19.5%	18.7%	16.9%	15.1%
30 Otis	24.1%	24.1%	23.7%	23.5%	10.3%	9.1%	7.0%	4.6%
30 Van Ness	37.2%	37.2%	36.9%	36.8%	25.2%	24.5%	23.1%	21.5%
33 Gough	14.1%	13.9%	13.6%	13.2%	infeasible	infeasible	infeasible	infeasible
98 Franklin / 57 Oak	25.1%	25.1%	24.9%	24.6%	10.9%	9.7%	7.5%	5.3%
99 South Van Ness	6.8%	6.8%	6.2%	5.8%	infeasible	infeasible	infeasible	infeasible
101 South Van Ness	4.1%	4.1%	4.1%	3.1%	infeasible	infeasible	infeasible	infeasible
1695 Mission	2.9%	2.7%	2.3%	2.0%	infeasible	infeasible	infeasible	infeasible
170 South Van Ness	3.1%	2.8%	2.6%	2.1%	infeasible	infeasible	infeasible	infeasible
50 Otis	11.1%	11.1%	5.6%	5.6%	infeasible	infeasible	infeasible	infeasible
42 Otis	14.3%	14.3%	9.5%	9.5%	infeasible	infeasible	infeasible	infeasible
154 South Van Ness	3.4%	3.4%	2.6%	2.6%	infeasible	infeasible	infeasible	infeasible
160 South Van Ness	3.3%	3.3%	3.3%	2.5%	infeasible	infeasible	infeasible	infeasible
1707 Market	19.3%	18.7%	18.7%	18.0%	infeasible	infeasible	infeasible	infeasible

Note: The maximum inclusionary percentage assumes a threshold land value of $1050 per square foot. Results are shown as a single midpoint estimate with one decimal place in order to show the small changes in inclusionary rates that result from the special tax.

Source: Strategic Economics, 2016.

REVENUE PROJECTION

Strategic Economics projected CFD revenues for an expanded set of 24 sites, shown in Figure 12. The Planning Department expects four of these sites to complete entitlement in 2017, three more in 2019, and the remaining seventeen to develop after 2019 – Strategic Economics assumed these remaining sites would be entitled at a steady pace over ten years beginning in 2021. Each project begins generating revenue at the time of entitlement plus an assumed construction period ranging from 18 to 33 months, depending on the size of the project.

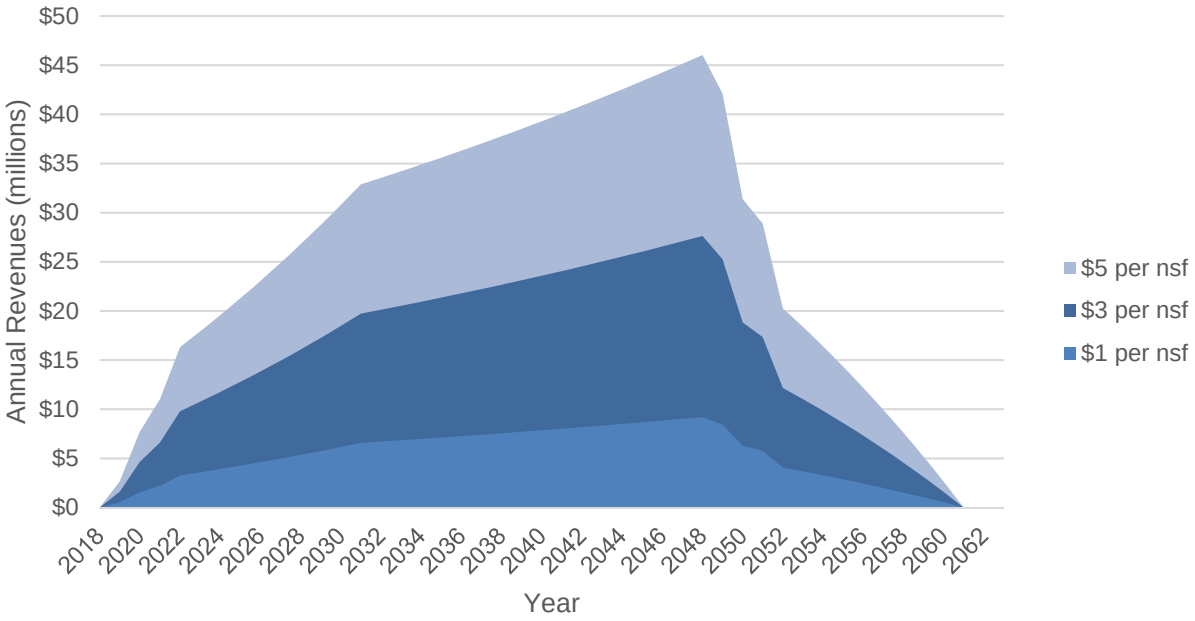
Figures 13 and 14 show the annual revenues of the CFD over the 45-year horizon, assuming the special tax is charged to each project for a period of 30 years after it is completed. A CFD that includes all 24 properties is estimated to generate as much as $25 million per year, while one that includes only those sites expected to take advantage of a significant height increase could generate up to $20 million per year. Revenues increase over the first 30 years and then begin to fall as the term of the CFD on individual developments expires. Assuming a 6.5 percent discount rate, the revenue stream of a CFD that includes all sites has a present value that ranges from $66 million ($1 per net square foot) to $331 million ($5 per net square foot). If only those sites with a significant height increase are included, the net present value of the revenues falls between $52 million and $259 million. (Figure 15).

Figure 12: Potential Development, Phasing, and Special Revenue for a Community Facilities District

		Net Taxable Square Feet				Potential Tax Revenue		
	Estimated Date of Entitlement	Market Rate Residential	Office	Retail	Total	@ $1 per nsf	@ $3 per nsf	@ $5 per nsf
Sites with Significant Height Increase								
1500 Mission	Jul-17	346,752	370,240	41,310	758,302	$758,302	$2,274,906	$3,791,510
10 South Van Ness	Jan-19	515,184	0	22,860	538,044	$538,044	$1,614,132	$2,690,220
30 Van Ness	Jan-19	477,853	0	17,155	495,008	$495,008	$1,485,024	$2,475,039
33 Gough	Jan-19	249,480	0	20,520	270,000	$270,000	$810,000	$1,350,000
98 Franklin / 57 Oak	After 2019	223,614	0	9,363	232,977	$232,977	$698,930	$1,164,883
99 South Van Ness	After 2019	261,000	0	27,450	288,450	$288,450	$865,350	$1,442,250
101 South Van Ness	After 2019	52,410	0	4,736	57,145	$57,145	$171,436	$285,727
1695 Mission	After 2019	300,446	0	29,075	329,521	$329,521	$988,564	$1,647,606
170 South Van Ness	After 2019	227,850	0	22,050	249,900	$249,900	$749,700	$1,249,500
154 South Van Ness	After 2019	62,412	0	6,040	68,452	$68,452	$205,357	$342,261
160 South Van Ness	After 2019	65,100	0	6,300	71,400	$71,400	$214,200	$357,000
1 South Van Ness	After 2019	669,300	0	29,250	698,550	$698,550	$2,095,650	$3,492,750
Total		**3,451,400**	**370,240**	**236,109**	**4,057,749**	**$4,057,749**	**$12,173,248**	**$20,288,746**
Other Development Sites								
1 Oak	Jul-17	156,864	0	6,300	163,164	$163,164	$489,492	$815,820
1601-1637 Market	Jul-17	325,498	0	8,348	333,846	$333,846	$1,001,537	$1,669,229
30 Otis	Jul-17	211,544	0	16,194	227,738	$227,738	$683,214	$1,138,691
50 Otis	After 2019	9,799	0	1,837	11,637	$11,637	$34,910	$58,183
42 Otis	After 2019	11,102	0	2,082	13,184	$13,184	$39,552	$65,921
1600 Mission	After 2019	70,955	0	6,412	77,367	$77,367	$232,100	$386,833
1337 Mission	After 2019	17,581	0	1,147	18,728	$18,728	$56,183	$93,639
1339 Mission	After 2019	22,632	0	1,476	24,108	$24,108	$72,324	$120,540
1345 Mission	After 2019	22,087	0	1,440	23,527	$23,527	$70,582	$117,637
1349 Mission	After 2019	15,836	0	1,033	16,868	$16,868	$50,605	$84,341
1661 Mission	After 2019	19,562	0	2,668	22,230	$22,230	$66,690	$111,150
1707 Market	After 2019	81,259	0	11,081	92,340	$92,340	$277,020	$461,700
Total		**964,720**	**0**	**60,017**	**1,024,737**	**$1,024,737**	**$3,074,210**	**$5,123,683**
Total All Sites		**4,416,120**	**370,240**	**296,126**	**5,082,486**	**$5,082,486**	**$15,247,457**	**$25,412,429**

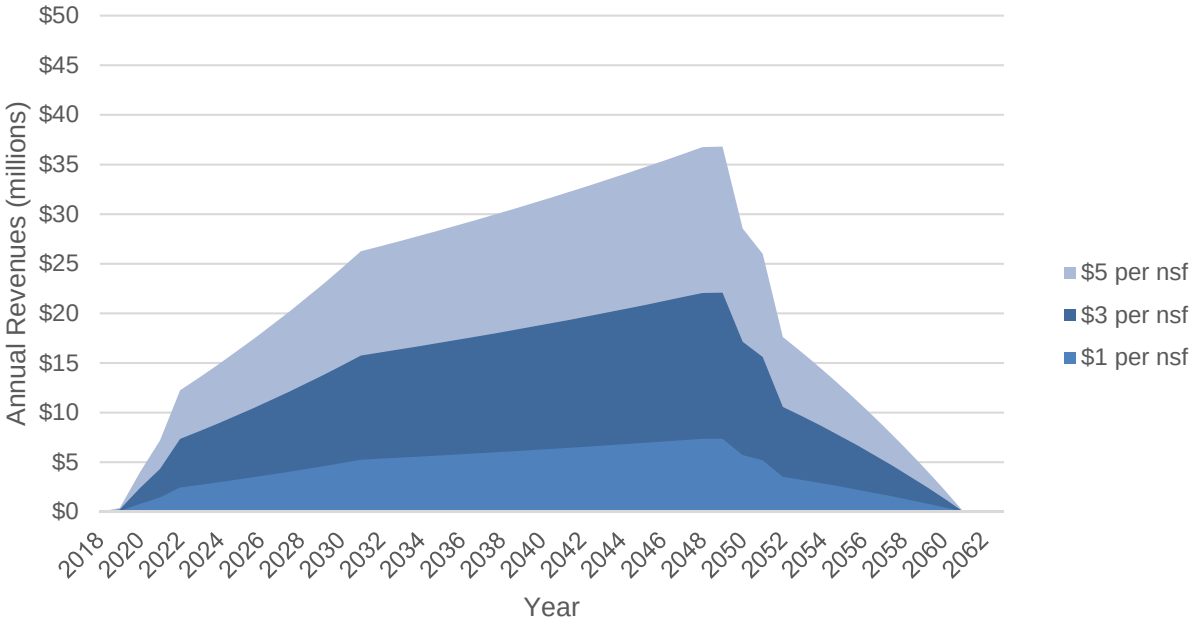
Source: City of San Francisco Planning Department, 2016; Strategic Economics, 2016.

Figure 13: CFD Revenue Projection by Special Tax Rate for All Sites



Source: Strategic Economics, 2016.

Figure 14: CFD Revenue Projection by Special Tax Rate for Sites with a Significant Height Increase



Source: Strategic Economics, 2016.

Figure 15: Net Present Value of Annual CFD Revenues (6.5% Discount Rate)

	All Sites	Sites with Significant Height Increase
Tax @ $1 per nsf	$66,149,449	$51,748,488
Tax @ $3 per nsf	$198,448,346	$155,245,465
Tax @ $5 per nsf	$330,747,243	$258,742,441

Source: Strategic Economics, 2016.

APPENDIX A: DETAILED PRO FORMA ASSUMPTIONS

This section describes the assumptions used in the pro forma analyses, including the residual land value method, construction types and their respective costs, parking assumptions, soft costs, financing costs, developer return, unit size, and sources of project revenue.

Strategic Economics developed assumptions about project revenues and typical development characteristics such as average unit size, building efficiency, and parking configuration through a detailed review of recently built rental apartment and condominium projects completed since 2013. These comparable projects were generally located in the Market Octavia area, but projects in other San Francisco neighborhoods were also reviewed as appropriate. Data sources include Redfin, Polaris Pacific, CoStar, LoopNet, sf.curbed.com, hoodline.com, and by contacting and reviewing the websites of individual properties.

These data were supplemented with interviews with four residential developers active in the Market Octavia area and in San Francisco at large, as well as a local purveyor of automated parking systems commonly used in urban projects such as the ones evaluated in this study.

RESIDUAL LAND VALUE METHOD AND THRESHOLD LAND VALUE ASSUMPTION

The residual land value method of pro forma analysis recognizes that land value is closely tied to what can be built on it, and that development potential is heavily influenced by zoning as well as lot size and configuration, neighborhood context, and other factors. The method involves the following steps:

1. Estimating all development costs other than land costs. These costs include direct construction costs ("hard" costs), indirect costs ("soft" costs such as development fees, permits and overhead), financing costs, and a minimum financial return;
2. Estimating the value of the project based on expected revenues from unit sales or rental leases; and
3. Calculating the residual land value by subtracting (1) from (2).

The result is the estimated price a developer would be willing to pay for the land if pursuing that project. Because the residual land value of a development scenario is closely related to that scenario's economic value, this method is a useful tool for understanding the highest and best use for a given development site (for example, in the case of this study, the relative value of a for-sale condominium versus rental apartment project).

The residual land value method is also used to estimate the financial impact of a policy change - in this case, a change in allowable development intensity and/or inclusionary housing requirement. The financial impact of the policy change is simply the change in residual land value between development scenarios with and without the policy.

Strategic Economics assessed financial feasibility in this study by comparing the residual land value against an estimate of the market value of similar redevelopment sites in the area. Most comparable land sales (those sold in the area since 2014 for development to residential uses) ranged in price from $900 to $1200 per square foot of land area, and this was the range established for a feasibility threshold. Specifically, each development scenario is assessed with the following criteria:

- If residual land value was less than $900, the development scenario was deemed "infeasible".

- If residual land value fell between $900 and $1200 per square foot, the scenario was deemed "marginally feasible".

- If residual land value was higher than $1200 per square foot the scenario was deemed "feasible".

CONSTRUCTION TYPES AND HARD COSTS

"Hard" or "direct" costs (Figure 16) include all costs associated with the actual work on the development site, such as preparing the site, demolishing existing buildings, constructing new buildings, and installing finishes and tenant improvements. Cost assumptions are based on developer interviews, other recent studies of residential development in San Francisco, and experience with other San Francisco Bay Area development projects. Three construction types are modeled depending on the building height of the development scenario:

- Type V construction is assumed for buildings 55 feet in height or lower

- Type III construction is assumed for buildings between 55 and 85 feet in height

- Type I construction is assumed for buildings more than 85 feet in height

The hard cost for rental apartments was set three to five percent lower than for-sale condos to reflect the reduced cost of finishes typical of rentals.

Parking is assumed to be provided in a subterranean garage at the highest by-right parking ratio for the zoning district (0.50:1 for NCT-3 and 0.25:1 for C-G-3). The garage may be conventionally parked or with the use of an automated parking system such as mechanical stackers. Strategic Economics studied the relative cost of conventional versus automated parking, and arrived at an across-the-board cost assumption of $80,000 per space. This cost reflects the fact that most or all parking would be located underground. Actual parking costs, as well as the most economical parking configuration or quantity will vary depending on site conditions.

Figure 16: Hard Cost Assumptions

	Units of Measurement			Value
Site Prep/Demo	Per sf land area			$10
Retail Area				
Type I Construction	Per gsf			$250
Tenant Improvements/Lease Up	Per nsf			$100
Parking	Per space			$80,000
Residential Area		**Type I**	**Type III**	**Type V**
For-sale Condo	Per gsf	$450	$375	$325
Rental Apartment	Per gsf	$435	$360	$310

Source: Strategic Economics, 2016.

SOFT COSTS

Estimated "soft" or "indirect" costs (Figure 17) include project expenses such as permits, architectural fees, engineering fees, insurance, taxes, legal, accounting fees, a contingency allowance, and developer overhead. Soft costs were assumed to be the same on a percentage basis for each building type, except for wastewater and water capacity charges. Development impact fees, which are often included in definitions of soft costs, were calculated separately, and are discussed in the next section.

Figure 17: Soft Cost Assumptions

	Units of Measurement	Type I	Type III	Type V
Wastewater/Water Capacity Charge	% of hard costs	0.50%	0.75%	1.00%
Arch, Eng & Consulting	% of hard costs	6.0%	6.0%	6.0%
Taxes, Insurance, Legal & Accounting	% of hard costs	3.0%	3.0%	3.0%
Permits and Entitlements	% of hard costs	3.0%	3.0%	3.0%
Other Soft Costs	% of hard costs	0.0%	0.0%	0.0%
Contingency	% of hard costs	7.5%	7.5%	7.5%
Developer Overheard	% of hard + soft costs	4.0%	4.0%	4.0%

Source: Strategic Economics, 2016.

DEVELOPMENT IMPACT FEES

Figure 18 details the applicable development impact fees in place at the time of this study.

Figure 18: Applicable Development Impact Fees

		Zoning District	
Development Fee	**Units of Measurement**	**NCT-3**	**C-3-G / VN&MSUD**
Downtown C-3 Artwork	% of hard costs	-	1.00%
Jobs-Housing Linkage	per gsf retail	$22.96	$22.96
M-O Community Infrastructure - new residential	Per gsf net new residential	$11.47	$11.47
M-O Community Infrastructure - new non-residential	Per gsf net new non-residential	$4.33	$4.33
M-O Community Infrastructure - change of use non-residential to residential	Per gsf existing	$7.14	$7.14
M-O Community Infrastructure - change of use PDR to residential	Per gsf existing	$9.30	$9.30
M-O Community Infrastructure - change of use PDR to non-residential	Per gsf existing	$2.17	$2.17
M-O Affordable Housing - residential	Per gsf net new residential	$4.59	$9.17
M-O Affordable Housing - change of use	Per gsf existing	$0.25	$4.84
M-O Affordable Housing - change of use from PDR	Per gsf existing	$2.42	$7.01
School Impact Fee - residential	Per gsf residential	$3.36	$3.36
School Impact Fee - retail	Per gsf retail	$0.346	$0.346
Transportation Sustainability – residential[a]	Per gsf residential	$7.74	$7.74
Transportation Sustainability - non-residential	Per gsf non-residential	$18.04	$18.04
VN & M Affordable Housing	Per gsf residential[b]	-	$38.23
VN & M Neighborhood Infrastructure	Per gsf residential[c]	-	$19.11

[a] The fee for over 100 units is $8.74 per gsf residential.
[b] On bonus FAR between 6.0 and 9.0 only.
[c] On bonus FAR only.

Source: San Francisco Citywide Impact Fee register, 2016.

FINANCING

Financing assumptions for a construction loan for each type of development project are shown in Figure 19.

Figure 19: Financing Assumptions

	Units of Measurement	Type I	Type III	Type V
Amount Financed (Loan-to-Cost)	% of hard + soft costs	65%	65%	65%
Average outstanding balance	% of amt financed	60%	60%	60%
Construction Loan Fee	% of amt financed	1.00%	1.25%	1.25%
Construction Interest (annual)	% of principal	5.5%	5.5%	5.5%
Loan Term	Ranges from 18 to 29 months, depending on the size of the project			

Source: Strategic Economics, 2016.

DEVELOPER RETURN

Strategic Economics used two metrics for the developer return assumption: return-on-cost for for-sale condominiums and yield-on-cost for rental apartments. The assumptions for development return are based on input from local developers as well as a review of similar studies performed for the City of San Francisco. These metrics are described in more detail below and are summarized in Figure 20.

- **Yield-on-Cost**. Yield-on-cost is a measure of project profitability commonly used in static pro forma analysis of income-generating projects, such as multi-family rental development. Because it does not account for different financing structures, yield-on-cost allows for the direct comparison of financial performance among different types of projects with different sources of financing. Yield-on-cost is equal to the annual net operating income (NOI) from all income sources in the development (residential, parking, and retail) divided by total development cost. The net annual operating income is the stabilized income from the property minus operating expenses and an allowance for vacancy. For rental apartment scenarios, the yield-on-cost assumption was set at 5.5 percent.

- **Return-on-cost.** Return-on-cost is a more commonly used measure of project profitability for condominium developments. Like yield-on-cost, this measure of return does not account for financing costs beyond term of construction. Based on the sales value of the development, return-on-cost is equal to net revenue (or "return") divided by total development cost. The sales value of the condominium and parking uses is simply the gross sales revenue less sales and marketing costs. For the retail component of the development, the anticipated income from leasing the space is converted to a capitalized value. For condominium scenarios, the return-on-cost assumption was set at between 17 and 21 percent, depending on the building type (and thus the size and relative risk of the project).

Figure 20: Minimum Developer Return Assumptions

	Units of Measurement	Type I	Type III	Type V
Return-on-Cost (Condos)	% of total development cost	21%	19%	17%
Yield-on-Cost (Rental Apartments)	% of total development cost	5.5%	5.5%	5.5%

Source: Strategic Economics, 2016.

RESIDENTIAL UNIT SIZE AND MARKET RATE REVENUE

Average unit size and revenue assumptions (Figure 21) are based on newly built, comparable projects in the Market Octavia area. Factoring in the City's usual requirement that at least forty percent of a residential development's units have two or more bedrooms, the average unit size of 720 net square feet for both condominium and rental projects is typical of projects in the area that conform to this requirement. Strategic Economics reviewed market data for a variety of building types, and there was not a strong relationship between residential revenues and building type and size, with the exception that multifamily developments with tower components generally see rents and sales prices escalate with higher stories in a tower. For those development scenarios with tower components, this value escalation was estimated at a two percent premium on the sales price or rent per tower floor above the podium.

The sales period, which is relevant to the calculation of the carrying costs of a CFD, varies with the size of the project. This period is assumed to be 12 months for condominium developments of 50 units or fewer and increases linearly for larger projects, with a hypothetical 1000-unit project assumed to have a sales period of 24 months. This assumption is based on a review of the absorption rates of large condominium developments in San Francisco, as well as developer feedback.

Figure 21: Unit Size and Market Rate Revenue Assumptions

Average Unit Size	
Net sf per unit	720
Residential efficiency	80%
Gross sf per unit	900
Average Condo Sales Price, Podium Levels	
Per net sf	$1,200
Per unit	$864,000
Monthly Apartment Rent, Podium Levels	
Per net sf	$5.85
Per unit	$4,212
Sales/Rent Tower Premium	
Per floor	2%
Sales and Marketing Costs	
Per Unit [a]	$47,520
Sales Period	
Months [b]	12 to 23

[a] Per unit sales and marketing costs are calculated based on an assumption of 5.5 percent of revenues of a 100% market rate building.

[b] Sales period is assumed to be 12 months for buildings with 50 units or fewer, and 0.0126 months per unit above 50.

Source: Strategic Economics, 2016.

BELOW MARKET RATE RESIDENTIAL SALES PRICES AND RENTS

Sales prices and rents for Below Market Rate units (Figures 22 and 23) were calculated using the method and parameters set forth by the San Francisco Mayor's Office of Housing and Community Development. Sales prices assume a property tax rate of 1.1826 percent, a mortgage interest rate of 4.86%, and a down payment of 10 percent. Rental rates exclude utilities. An average sales price and rental rate was calculated for both the inclusionary ordinance prior to Proposition C and subsequent to its passage, and reflects the weighted average of the affordability tiers and the unit mix.

Per Inclusionary Housing Program rules, a special adjustment is made to below market revenue where on-site parking is offered unbundled, which is the assumption for rental development scenarios. In such cases, a deduction must be made to below market rents when all the on-site parking spaces are offered at market rates rather than bundled with the units. The deduction is calculated at the stipulated $40,000 per underground space, amortized over 30 years at 5 percent interest, or $2,602 annually. The below market rental income in each rental scenario is then reduced by this amount prorated by the parking ratio in each development.

Figure 22: Average Sales Prices for Below Market Rate Units

	Pre-Prop C	Proposition C		
Affordability Level (% of AMI)	**90%**	**80%**	**120%**	**Total**
On-site Percent Affordable	12%	15%	10%	25%
Sales Price				**Weighted Average**
Studio (Family of 1)	$246,860	$210,989	$354,471	$268,382
One Bedroom (Family of 2)	$285,688	$244,592	$408,503	$310,156
Two Bedroom (Family of 3)	$324,690	$278,603	$462,945	$352,340
Three Bedroom (Family of 4)	$363,519	$312,208	$516,978	$394,116

Source: San Francisco Mayor's Office of Housing and Community Development, 2016; Strategic Economics, 2016.

Figure 23: Average Monthly Rents for Below Market Rate Units

	Pre-Prop C	Proposition C		
Affordability Level (% of AMI)	**55%**	**55%**	**100%**	**Total**
On-site Percent Affordable	12%	15%	10%	25%
Monthly Rent				**Weighted Average**
Studio	$991	$991	$1,840	$1,331
One Bedroom	$1,133	$1,133	$2,102	$1,521
Two Bedroom	$1,264	$1,264	$2,355	$1,700
Three Bedroom	$1,391	$1,391	$2,603	$1,876
Parking Deduction (annually)	$2,602			$2,602

Source: San Francisco Mayor's Office of Housing and Community Development, 2016; Strategic Economics, 2016.

PARKING REVENUE

Parking revenues are modeled differently for condominium and rental development scenarios.

For-sale condominiums are assumed to be offered with parking spaces bundled (i.e., included with units). As the parking ratios are less than one, some units will have parking included in their sales prices while others will not. The condo price premium associated with a bundled parking space was estimated at $100,000 and is based on a review of condo sales with and without parking in the Market Octavia area.

Rental development scenarios are assumed to be marketed with parking unbundled and leased separately. Parking income assumptions are shown below in Figure 24 and are added to other sources of income to arrive at the income of the development project as a whole.

Figure 24: Parking Revenue Assumptions

Unbundled Rent	Monthly, per space	$350
Vacancy	% of revenues	5%
Operating Expenses	% of revenues	30%
Net Operating Income (annual)	Per space	$2,730
Bundled Condo Price Premium	Per Space	$100,000

Strategic Economics, 2016.

RETAIL REVENUE

Retail lease assumptions (Figure 25) were developed from LoopNet listings for comparable ground floor retail spaces in the area, with capitalization rates reported by Cushman & Wakefield Q1 2016 for San Francisco. Net operating income of retail is used in the rental apartment pro forma, while the capitalized value is used in the for-sale condominium scenarios.

Figure 25: Retail Revenue Assumptions

Monthly Rent (Triple Net)*	per nsf	$5.00
Vacancy	% of revenues	10%
Non-reimbursable Expenses	% of revenues	10%
Net Operating Income (annually)	per nsf	$48
Capitalization Rate		5.0%
Capitalized Value	per nsf	$960

* Triple-net leases require the tenant to pay for net real estate taxes on the leased asset, net building insurance and net common area maintenance.

Source: LoopNet, 2106; Cushman & Wakefield, 2016; Strategic Economics, 2016.

APPENDIX B: DETAILED FEASIBILITY RESULTS

Summary Pro Forma

For-Sale Condominiums

Site Address:	**1601-1637 Market**			**10 South Van Ness**			**30 Otis**		
Current Use:	**SRO**			**Honda site**			**Carpet Store**		
Current Zoning:	**NCT-3**			**C-3-G/VN&MSUD**			**C-3-G/VN&MSUD**		
Land Area (sf):	**62,000**			**50,800**			**35,987**		
Inclusionary Policy:	**Pre-Prop C (12%)**	**Prop C (25%)**	**Prop C (25%)**	**Pre-Prop C (12%)**	**Prop C (25%)**	**Prop C (25%)**	**Pre-Prop C (12%)**	**Prop C (25%)**	**Prop C (25%)**
Zoning Scenario:	**Base**	**Base**	**Update****	**Base**	**Base**	**Update**	**Base**	**Base**	**Update**
Building Program									
Building Type	Type III	Type III	Type III	Type I	Type I	Type I	Type I	Type I	Type I
Height (ft)	85	85	85	400	400	500	250	250	320
Total Project gsf	637,642	637,642	637,642	808,320	808,320	965,320	399,356	399,356	494,106
Total Units	584	584	584	780	780	954	392	392	497
Market Rate	514	438	438	686	585	715	345	294	373
Below Market Rate	70	146	146	94	195	239	47	98	124
Revenues per Unit									
Net Residential Sales Proceeds	$753,582	$686,425	$686,425	$834,686	$755,907	$809,109	$799,730	$725,769	$764,198
Average MR Sales Price	$870,043	$870,043	$870,043	$962,685	$962,685	$1,034,116	$922,500	$922,500	$973,305
Average BMR Sales Price	$294,882	$325,654	$325,654	$294,882	$325,654	$325,654	$294,882	$325,654	$325,654
Retail Capitalized Value	$13,722	$13,722	$13,722	$28,135	$28,135	$23,004	$39,659	$39,659	$31,280
Parking Capitalized Value	$39,781	$33,904	$33,904	$22,000	$18,750	$18,750	$22,000	$18,750	$18,750
Total Sales Value/Cap. Value	**$807,085**	**$734,051**	**$734,051**	**$884,822**	**$802,793**	**$850,863**	**$861,389**	**$784,178**	**$814,228**
Costs per Unit									
Direct Costs	$386,397	$386,397	$386,397	$436,515	$436,515	$434,604	$441,264	$441,264	$438,055
Development Impact Fees	$23,315	$20,208	$20,208	$46,189	$42,389	$42,971	$45,191	$41,387	$42,306
Financing Costs	$20,423	$20,295	$20,295	$33,414	$33,195	$36,421	$28,781	$28,594	$30,788
Developer Overhead and Profit	$114,434	$113,820	$113,820	$147,388	$146,543	$146,771	$147,627	$146,788	$146,481
Other Indirect Costs and Contigency	$75,348	$75,348	$75,348	$85,121	$85,121	$84,748	$86,047	$86,047	$85,421
Total Development Costs*	**$619,918**	**$616,067**	**$616,067**	**$748,627**	**$743,763**	**$745,514**	**$748,910**	**$744,080**	**$743,051**
Residual Land Value									
Per Unit	$187,167	$117,984	$117,984	$136,195	$59,030	$105,349	$112,479	$40,097	$71,177
Per sf	**$1,763**	**$1,111**	**$1,111**	**$2,091**	**$906**	**$1,978**	**$1,225**	**$437**	**$983**
Maximum Inclusionary Percent	n/a	23%-29%	23%-29%	n/a	22%-25%	31%-33%	n/a	13%-18%	23%-26%

* Excluding land costs

** Building program is the same for Base and Updated zoning scenarios

Summary Pro Forma

For-Sale Condominiums

	30 Van Ness			33 Gough			98 Franklin / 57 Oak		
Site Address:									
Current Use:	DPW			City College			FAIS		
Current Zoning:	C-3-G/VN&MSUD			C-3-G/VN&MSUD			C-3-G/VN&MSUD		
Land Area (sf):	38,123			45,600			20,806		
Inclusionary Policy:	Pre-Prop C (12%)	Prop C (25%)	Prop C (25%)	Pre-Prop C (12%)	Prop C (25%)	Prop C (25%)	Pre-Prop C (12%)	Prop C (25%)	Prop C (25%)
Zoning Scenario:	Base	Base	Update	Base	Base	Update	Base	Base	Update
Building Program									
Building Type	Type I	Type I	Type I	Type III	Type III	Type I	Type III	Type III	Type I
Height (ft)	400	400	520	85	85	250	85	85	320
Total Project gsf	676,479	676,479	876,479	307,800	307,800	472,800	149,803	149,803	416,382
Total Units	663	663	885	279	279	462	136	136	414
Market Rate	583	497	664	246	209	346	120	102	310
Below Market Rate	80	166	221	33	70	116	16	34	104
Revenues per Unit									
Net Residential Sales Proceeds	$849,630	$768,492	$840,600	$749,165	$681,411	$724,872	$749,525	$681,893	$751,862
Average MR Sales Price	$979,794	$979,794	$1,075,327	$864,000	$864,000	$922,166	$864,000	$864,000	$958,311
Average BMR Sales Price	$294,882	$325,654	$325,654	$294,882	$325,654	$325,654	$294,882	$325,654	$325,654
Retail Capitalized Value	$24,840	$24,840	$18,609	$70,606	$70,606	$42,639	$66,090	$66,090	$21,711
Parking Capitalized Value	$22,000	$18,750	$18,750	$22,000	$18,750	$18,750	$22,000	$18,750	$18,750
Total Sales Value/Cap. Value	**$896,470**	**$812,083**	**$877,959**	**$841,771**	**$770,767**	**$786,261**	**$837,615**	**$766,733**	**$792,323**
Costs per Unit									
Direct Costs	$435,161	$435,161	$432,714	$386,516	$386,516	$442,766	$386,017	$386,017	$434,144
Development Impact Fees	$44,993	$41,188	$42,319	$26,289	$22,971	$41,785	$37,936	$34,124	$44,297
Financing Costs	$33,249	$33,029	$36,893	$20,558	$20,420	$28,704	$21,013	$20,855	$30,469
Developer Overhead and Profit	$146,696	$145,851	$146,167	$115,058	$114,401	$147,345	$117,220	$116,466	$145,662
Other Indirect Costs and Contigency	$84,856	$84,856	$84,379	$75,371	$75,371	$86,339	$75,273	$75,273	$84,658
Total Development Costs*	**$744,954**	**$740,085**	**$742,472**	**$623,791**	**$619,679**	**$746,940**	**$637,460**	**$632,736**	**$739,230**
Residual Land Value									
Per Unit	$151,516	$71,998	$135,488	$217,980	$151,088	$39,322	$200,155	$133,997	$53,093
Per sf	**$2,635**	**$1,252**	**$3,145**	**$1,334**	**$924**	**$398**	**$1,308**	**$876**	**$1,056**
Maximum Inclusionary Percent	n/a	25%-28%	36%-38%	n/a	16%-26%	11%-17%	n/a	15%-24%	24%-26%

* Excluding land costs

Summary Pro Forma

For-Sale Condominiums

Site Address:	**99 South Van Ness**			**101 South Van Ness**			**1695 Mission**		
Current Use:	**Storage facility**			**Mix of small lots**			**Discount Builders Supply**		
Current Zoning:	**C-3-G/VN&MSUD**			**C-3-G/VN&MSUD**			**C-3-G/VN&MSUD**		
Land Area (sf):	**61,000**			**10,524**			**64,612**		
Inclusionary Policy:	**Pre-Prop C (12%)**	**Prop C (25%)**	**Prop C (25%)**	**Pre-Prop C (12%)**	**Prop C (25%)**	**Prop C (25%)**	**Pre-Prop C (12%)**	**Prop C (25%)**	**Prop C (25%)**
Zoning Scenario:	**Base**	**Base**	**Update**	**Base**	**Base**	**Update**	**Base**	**Base**	**Update**
Building Program									
Building Type	Type I	Type I	Type I	Type III	Type III	Type I	Type III	Type III	Type I
Height (ft)	120	120	250	85	85	120	85	85	120
Total Project gsf	366,000	366,000	496,000	75,773	75,773	101,030	436,131	436,131	581,508
Total Units	339	339	483	69	69	97	395	395	556
Market Rate	298	254	362	61	52	73	348	296	417
Below Market Rate	41	85	121	8	17	24	47	99	139
Revenues per Unit									
Net Residential Sales Proceeds	$747,649	$681,496	$706,773	$750,495	$683,844	$683,281	$748,762	$681,553	$681,893
Average MR Sales Price	$864,000	$864,000	$897,567	$864,000	$864,000	$864,000	$864,000	$864,000	$864,000
Average BMR Sales Price	$294,882	$325,654	$325,654	$294,882	$325,654	$325,654	$294,882	$325,654	$325,654
Retail Capitalized Value	$77,735	$77,735	$54,559	$65,889	$65,889	$46,870	$70,664	$70,664	$50,202
Parking Capitalized Value	$22,000	$18,750	$18,750	$22,000	$18,750	$18,750	$44,000	$37,500	$18,750
Total Sales Value/Cap. Value	**$847,383**	**$777,981**	**$780,082**	**$838,385**	**$768,483**	**$748,901**	**$863,426**	**$789,717**	**$750,846**
Costs per Unit									
Direct Costs	$457,257	$457,257	$448,012	$384,908	$384,908	$444,757	$406,816	$406,816	$446,195
Development Impact Fees	$33,424	$29,633	$37,149	$35,550	$31,824	$40,637	$27,560	$24,254	$40,291
Financing Costs	$24,537	$24,380	$28,626	$20,858	$20,704	$24,195	$21,647	$21,511	$24,255
Developer Overhead and Profit	$149,051	$148,223	$147,925	$116,433	$115,695	$146,753	$121,082	$120,427	$147,123
Other Indirect Costs and Contigency	$89,165	$89,165	$87,362	$75,057	$75,057	$86,728	$79,329	$79,329	$87,008
Total Development Costs*	**$753,434**	**$748,657**	**$749,074**	**$632,807**	**$628,189**	**$743,071**	**$656,435**	**$652,337**	**$744,873**
Residual Land Value									
Per Unit	$93,950	$29,324	$31,007	$205,578	$140,294	$5,830	$206,992	$137,380	$5,973
Per sf	**$522**	**$163**	**$246**	**$1,348**	**$920**	**$54**	**$1,265**	**$840**	**$51**
Maximum Inclusionary Percent	n/a	0%-0%	4%-10%	n/a	16%-25%	1%-7%	n/a	14%-23%	0%-6%

* Excluding land costs

Summary Pro Forma

For-Sale Condominiums

Site Address:	**170 South Van Ness**			**50 Otis**			**42 Otis**		
Current Use:	**Cash and Carry**			**Modern Studio/ Tokyo Moto**			**NuStar**		
Current Zoning:	**C-3-G/VN&MSUD**			**C-3-G/VN&MSUD**			**C-3-G/VN&MSUD**		
Land Area (sf):	**49,000**			**4,083**			**4,626**		
Inclusionary Policy:	**Pre-Prop C (12%)**	**Prop C (25%)**	**Prop C (25%)**	**Pre-Prop C (12%)**	**Prop C (25%)**	**Prop C (25%)**	**Pre-Prop C (12%)**	**Prop C (25%)**	**Prop C (25%)**
Zoning Scenario:	**Base**	**Base**	**Update**	**Base**	**Base**	**Update**	**Base**	**Base**	**Update**
Building Program									
Building Type	Type III	Type III	Type I	Type V	Type V	Type III	Type V	Type V	Type III
Height (ft)	85	85	120	50	50	65	50	50	65
Total Project gsf	330,750	330,750	441,000	18,374	18,374	21,436	20,817	20,817	24,287
Total Units	299	299	422	15	15	18	17	17	21
Market Rate	263	224	316	13	11	13	15	13	16
Below Market Rate	36	75	106	2	4	5	2	4	5
Revenues per Unit									
Net Residential Sales Proceeds	$747,957	$681,443	$681,256	$740,598	$672,921	$666,939	$749,525	$689,810	$688,302
Average MR Sales Price	$864,000	$864,000	$864,000	$864,000	$864,000	$864,000	$864,000	$864,000	$864,000
Average BMR Sales Price	$294,882	$325,654	$325,654	$294,882	$325,654	$325,654	$294,882	$325,654	$325,654
Retail Capitalized Value	$70,796	$70,796	$50,161	$117,590	$117,590	$97,992	$117,555	$117,555	$95,163
Parking Capitalized Value	$44,000	$37,500	$18,750	$44,000	$37,500	$18,750	$44,000	$37,500	$18,750
Total Sales Value/Cap. Value	**$862,753**	**$789,739**	**$750,167**	**$902,188**	**$828,011**	**$783,681**	**$911,080**	**$844,865**	**$802,216**
Costs per Unit									
Direct Costs	$407,500	$407,500	$445,847	$376,507	$376,507	$401,080	$376,405	$376,405	$390,080
Development Impact Fees	$27,038	$23,771	$39,897	$23,285	$20,025	$26,198	$24,849	$21,973	$28,136
Financing Costs	$21,660	$21,525	$24,221	$19,087	$18,958	$20,697	$19,144	$19,030	$20,237
Developer Overhead and Profit	$121,172	$120,526	$146,929	$101,311	$100,735	$119,067	$101,561	$101,053	$116,326
Other Indirect Costs and Contigency	$79,463	$79,463	$86,940	$73,419	$73,419	$78,211	$73,399	$73,399	$76,066
Total Development Costs*	**$656,833**	**$652,785**	**$743,834**	**$593,609**	**$589,645**	**$645,253**	**$595,359**	**$591,861**	**$630,845**
Residual Land Value									
Per Unit	$205,920	$136,954	$6,332	$308,579	$238,367	$138,428	$315,721	$253,004	$171,370
Per sf	**$1,257**	**$836**	**$55**	**$1,134**	**$876**	**$610**	**$1,160**	**$930**	**$778**
Maximum Inclusionary Percent	n/a	14%-23%	0%-6%	n/a	13%-27%	0%-17%	n/a	12%-24%	5%-19%

* Excluding land costs

Summary Pro Forma

For-Sale Condominiums

Site Address:	154 South Van Ness			160 South Van Ness			1707 Market		
Current Use:	Tap Plastics			City building			Travelodge		
Current Zoning:	C-3-G/VN&MSUD			C-3-G/VN&MSUD			C-3-G/VN&MSUD		
Land Area (sf):	13,422			14,000			24,624		
Inclusionary Policy:	Pre-Prop C (12%)	Prop C (25%)	Prop C (25%)	Pre-Prop C (12%)	Prop C (25%)	Prop C (25%)	Pre-Prop C (12%)	Prop C (25%)	Prop C (25%)
Zoning Scenario:	Base	Base	Update	Base	Base	Update	Base	Base	Update**
Building Program									
Building Type	Type III	Type III	Type I	Type III	Type III	Type I	Type III	Type III	Type III
Height (ft)	85	85	120	85	85	120	85	85	85
Total Project gsf	90,599	90,599	120,798	94,500	94,500	126,000	166,212	166,212	166,212
Total Units	82	82	116	86	86	121	150	150	150
Market Rate	72	61	87	76	64	91	132	112	112
Below Market Rate	10	21	29	10	22	30	18	38	38
Revenues per Unit									
Net Residential Sales Proceeds	$747,075	$678,611	$681,893	$750,303	$678,763	$683,006	$748,186	$680,099	$680,099
Average MR Sales Price	$864,000	$864,000	$864,000	$864,000	$864,000	$864,000	$864,000	$864,000	$864,000
Average BMR Sales Price	$294,882	$325,654	$325,654	$294,882	$325,654	$325,654	$294,882	$325,654	$325,654
Retail Capitalized Value	$70,711	$70,711	$49,985	$70,326	$70,326	$49,983	$70,917	$70,917	$70,917
Parking Capitalized Value	$44,000	$37,500	$18,750	$44,000	$37,500	$18,750	$44,000	$37,500	$18,750
Total Sales Value/Cap. Value	**$861,786**	**$786,822**	**$750,629**	**$864,629**	**$786,589**	**$751,739**	**$863,103**	**$788,516**	**$769,766**
Costs per Unit									
Direct Costs	$407,059	$407,059	$444,355	$405,058	$405,058	$444,339	$408,129	$408,129	$388,129
Development Impact Fees	$28,254	$24,975	$40,711	$28,357	$24,947	$40,794	$25,924	$22,624	$29,366
Financing Costs	$21,688	$21,553	$24,179	$21,592	$21,451	$24,182	$21,646	$21,509	$20,766
Developer Overhead and Profit	$121,288	$120,639	$146,645	$120,740	$120,065	$146,658	$121,131	$120,478	$116,125
Other Indirect Costs and Contigency	$79,376	$79,376	$86,649	$78,986	$78,986	$86,646	$79,585	$79,585	$75,685
Total Development Costs*	**$657,666**	**$653,602**	**$742,539**	**$654,733**	**$650,507**	**$742,618**	**$656,414**	**$652,325**	**$630,071**
Residual Land Value									
Per Unit	$204,121	$133,220	$8,090	$209,896	$136,082	$9,121	$206,689	$136,191	$139,695
Per sf	**$1,247**	**$814**	**$70**	**$1,289**	**$836**	**$79**	**$1,259**	**$830**	**$851**
Maximum Inclusionary Percent	n/a	15%-23%	0%-7%	n/a	15%-23%	0%-7%	n/a	15%-23%	15%-24%

* Excluding land costs

** Building program is the same for Base and Updated zoning scenarios

Summary Pro Forma

Rental Apartments

	1601-1637 Market			10 South Van Ness			30 Otis		
Site Address:									
Current Use:	SRO			Honda site			Carpet Store		
Current Zoning:	NCT-3			C-3-G/VN&MSUD			C-3-G/VN&MSUD		
Land Area (sf):	62,000			50,800			35,987		
Inclusionary Policy:	Pre-Prop C (12%)	Prop C (25%)	Prop C (25%)	Pre-Prop C (12%)	Prop C (25%)	Prop C (25%)	Pre-Prop C (12%)	Prop C (25%)	Prop C (25%)
Zoning Scenario:	Base	Base	Update**	Base	Base	Update	Base	Base	Update
Building Program									
Building Type	Type III	Type III	Type III	Type I	Type I	Type I	Type I	Type I	Type I
Height (ft)	85	85	85	400	400	500	250	250	320
Total Project gsf	637,642	637,642	637,642	808,320	808,320	965,320	399,356	399,356	494,106
Total Units	584	584	584	780	780	954	392	392	497
Market Rate	514	438	438	686	585	715	345	294	373
Below Market Rate	70	146	146	94	195	239	47	98	124
Annual Revenues per Unit									
Net Operating Income - Residential	$28,859	$25,304	$25,304	$33,424	$29,291	$32,247	$31,484	$27,616	$29,752
Average MR Monthly Rent	$4,241	$4,241	$4,241	$4,693	$4,693	$5,041	$4,497	$4,497	$4,745
Average BMR Monthly Rent	$1,072	$1,475	$1,475	$1,170	$1,573	$1,573	$1,170	$1,573	$1,573
Net Operating Income - Retail	$686	$686	$686	$1,407	$1,407	$1,150	$1,983	$1,983	$1,564
Net Operating Income - Parking	$1,234	$1,234	$1,234	$683	$683	$683	$683	$683	$683
Total Annual NOI	**$30,779**	**$27,225**	**$27,225**	**$35,513**	**$31,380**	**$34,080**	**$34,149**	**$30,281**	**$31,998**
Costs per Unit									
Direct Costs	$372,647	$372,647	$372,647	$423,022	$423,022	$421,103	$427,773	$427,773	$424,554
Development Impact Fees	$23,315	$20,208	$20,208	$46,189	$42,389	$42,971	$45,191	$41,387	$42,306
Financing Costs	$20,423	$20,295	$20,295	$33,414	$33,195	$36,421	$28,781	$28,594	$30,788
Developer Overhead and Profit	$15,456	$15,456	$15,456	$17,461	$17,461	$17,384	$17,651	$17,651	$17,522
Other Indirect Costs and Contigency	$75,348	$75,348	$75,348	$85,121	$85,121	$84,748	$86,047	$86,047	$85,421
Total Development Costs*	**$507,188**	**$503,953**	**$503,953**	**$605,207**	**$601,187**	**$602,626**	**$605,442**	**$601,451**	**$600,591**
Residual Land Value									
Per Unit	$52,436	-$8,961	-$8,961	$40,489	-$30,643	$17,003	$15,449	-$50,884	-$18,803
Per sf	**$494**	**-$84**	**-$84**	**$622**	**-$470**	**$319**	**$168**	**-$554**	**-$260**
Maximum Inclusionary Percent	n/a	0%-6%	0%-6%	n/a	8%-11%	18%-21%	n/a	0%-2%	8%-12%

* Excluding land costs

** Building program is the same for Base and Updated zoning scenarios

Summary Pro Forma

Rental Apartments

	30 Van Ness			33 Gough			98 Franklin / 57 Oak		
Site Address:									
Current Use:	DPW			City College			FAIS		
Current Zoning:	C-3-G/VN&MSUD			C-3-G/VN&MSUD			C-3-G/VN&MSUD		
Land Area (sf):	38,123			45,600			20,806		
Inclusionary Policy:	Pre-Prop C (12%)	Prop C (25%)	Prop C (25%)	Pre-Prop C (12%)	Prop C (25%)	Prop C (25%)	Pre-Prop C (12%)	Prop C (25%)	Prop C (25%)
Zoning Scenario:	Base	Base	Update	Base	Base	Update	Base	Base	Update
Building Program									
Building Type	Type I	Type I	Type I	Type III	Type III	Type I	Type III	Type III	Type I
Height (ft)	400	400	520	85	85	250	85	85	320
Total Project gsf	676,479	676,479	876,479	307,800	307,800	472,800	149,803	149,803	416,382
Total Units	663	663	885	279	279	462	136	136	414
Market Rate	583	497	664	246	209	346	120	102	310
Below Market Rate	80	166	221	33	70	116	16	34	104
Annual Revenues per Unit									
Net Operating Income - Residential	$34,254	$29,990	$33,998	$28,679	$25,150	$27,565	$28,702	$25,177	$29,065
Average MR Monthly Rent	$4,776	$4,776	$5,242	$4,212	$4,212	$4,496	$4,212	$4,212	$4,672
Average BMR Monthly Rent	$1,170	$1,573	$1,573	$1,170	$1,573	$1,573	$1,170	$1,573	$1,573
Net Operating Income - Retail	$1,242	$1,242	$930	$3,530	$3,530	$2,132	$3,304	$3,304	$1,086
Net Operating Income - Parking	$683	$683	$683	$683	$683	$683	$683	$683	$683
Total Annual NOI	**$36,178**	**$31,914**	**$35,611**	**$32,892**	**$29,363**	**$30,380**	**$32,689**	**$29,164**	**$30,833**
Costs per Unit									
Direct Costs	$421,667	$421,667	$419,215	$373,032	$373,032	$429,266	$372,478	$372,478	$420,640
Development Impact Fees	$44,993	$41,188	$42,319	$26,289	$22,971	$41,785	$37,936	$34,124	$44,297
Financing Costs	$33,249	$33,029	$36,893	$20,558	$20,420	$28,704	$21,013	$20,855	$30,469
Developer Overhead and Profit	$17,406	$17,406	$17,309	$15,461	$15,461	$17,711	$15,441	$15,441	$17,366
Other Indirect Costs and Contigency	$84,856	$84,856	$84,379	$75,371	$75,371	$86,339	$75,273	$75,273	$84,658
Total Development Costs*	**$602,171**	**$598,147**	**$600,114**	**$510,710**	**$507,255**	**$603,806**	**$522,141**	**$518,171**	**$597,431**
Residual Land Value									
Per Unit	$55,619	-$17,887	$47,352	$87,329	$26,612	-$51,451	$72,197	$12,089	-$36,831
Per sf	**$967**	**-$311**	**$1,099**	**$534**	**$163**	**-$521**	**$472**	**$79**	**-$733**
Maximum Inclusionary Percent	n/a	12%-14%	24%-26%	n/a	0%-3%	0%-1%	n/a	0%-1%	9%-12%

* Excluding land costs

Summary Pro Forma

Rental Apartments

	99 South Van Ness			101 South Van Ness			1695 Mission		
Site Address:									
Current Use:	Storage facility			Mix of small lots			Discount Builders Supply		
Current Zoning:	C-3-G/VN&MSUD			C-3-G/VN&MSUD			C-3-G/VN&MSUD		
Land Area (sf):	61,000			10,524			64,612		
Inclusionary Policy:	Pre-Prop C (12%)	Prop C (25%)	Prop C (25%)	Pre-Prop C (12%)	Prop C (25%)	Prop C (25%)	Pre-Prop C (12%)	Prop C (25%)	Prop C (25%)
Zoning Scenario:	Base	Base	Update	Base	Base	Update	Base	Base	Update
Building Program									
Building Type	Type I	Type I	Type I	Type III	Type III	Type I	Type III	Type III	Type I
Height (ft)	120	120	250	85	85	120	85	85	120
Total Project gsf	366,000	366,000	496,000	75,773	75,773	101,030	436,131	436,131	581,508
Total Units	339	339	483	69	69	97	395	395	556
Market Rate	298	254	362	61	52	73	348	296	417
Below Market Rate	41	85	121	8	17	24	47	99	139
Annual Revenues per Unit									
Net Operating Income - Residential	$28,585	$25,155	$26,560	$28,762	$25,289	$25,256	$28,581	$25,003	$25,177
Average MR Monthly Rent	$4,212	$4,212	$4,376	$4,212	$4,212	$4,212	$4,212	$4,212	$4,212
Average BMR Monthly Rent	$1,170	$1,573	$1,573	$1,170	$1,573	$1,573	$1,170	$1,573	$1,573
Net Operating Income - Retail	$3,887	$3,887	$2,728	$3,294	$3,294	$2,343	$3,533	$3,533	$2,510
Net Operating Income - Parking	$683	$683	$683	$683	$683	$683	$1,365	$1,365	$683
Total Annual NOI	**$33,155**	**$29,724**	**$29,970**	**$32,739**	**$29,266**	**$28,282**	**$33,479**	**$29,901**	**$28,370**
Costs per Unit									
Direct Costs	$443,761	$443,761	$434,503	$371,410	$371,410	$431,250	$393,321	$393,321	$432,686
Development Impact Fees	$33,424	$29,633	$37,149	$35,550	$31,824	$40,637	$27,560	$24,254	$40,291
Financing Costs	$24,537	$24,380	$28,626	$20,858	$20,704	$24,195	$21,647	$21,511	$24,255
Developer Overhead and Profit	$18,290	$18,290	$17,920	$15,396	$15,396	$17,790	$16,273	$16,273	$17,848
Other Indirect Costs and Contigency	$89,165	$89,165	$87,362	$75,057	$75,057	$86,728	$79,329	$79,329	$87,008
Total Development Costs*	**$609,177**	**$605,229**	**$605,560**	**$518,272**	**$514,392**	**$600,600**	**$538,131**	**$534,688**	**$602,088**
Residual Land Value									
Per Unit	-$6,367	-$64,794	-$60,650	$76,978	$17,709	-$86,373	$70,579	$8,971	-$86,270
Per sf	**-$35**	**-$360**	**-$480**	**$505**	**$116**	**-$796**	**$431**	**$55**	**-$742**
Maximum Inclusionary Percent	n/a	0%-0%	0%-0%	n/a	0%-1%	0%-0%	n/a	0%-0%	0%-0%

* Excluding land costs

Summary Pro Forma

Rental Apartments

Site Address:	170 South Van Ness			50 Otis			42 Otis		
Current Use:	Cash and Carry			Modern Studio/ Tokyo Moto			NuStar		
Current Zoning:	C-3-G/VN&MSUD			C-3-G/VN&MSUD			C-3-G/VN&MSUD		
Land Area (sf):	49,000			4,083			4,626		
Inclusionary Policy:	Pre-Prop C (12%)	Prop C (25%)	Prop C (25%)	Pre-Prop C (12%)	Prop C (25%)	Prop C (25%)	Pre-Prop C (12%)	Prop C (25%)	Prop C (25%)
Zoning Scenario:	Base	Base	Update	Base	Base	Update	Base	Base	Update
Building Program									
Building Type	Type III	Type III	Type I	Type V	Type V	Type III	Type V	Type V	Type III
Height (ft)	85	85	120	50	50	65	50	50	65
Total Project gsf	330,750	330,750	441,000	18,374	18,374	21,436	20,817	20,817	24,287
Total Units	299	299	422	15	15	18	17	17	21
Market Rate	263	224	316	13	11	13	15	13	16
Below Market Rate	36	75	106	2	4	5	2	4	5
Annual Revenues per Unit									
Net Operating Income - Residential	$28,530	$24,997	$25,141	$28,066	$24,501	$24,324	$28,629	$25,483	$25,543
Average MR Monthly Rent	$4,212	$4,212	$4,212	$4,212	$4,212	$4,212	$4,212	$4,212	$4,212
Average BMR Monthly Rent	$1,170	$1,573	$1,573	$1,170	$1,573	$1,573	$1,170	$1,573	$1,573
Net Operating Income - Retail	$3,540	$3,540	$2,508	$5,880	$5,880	$4,900	$5,878	$5,878	$4,758
Net Operating Income - Parking	$1,365	$1,365	$683	$1,365	$1,365	$683	$1,365	$1,365	$683
Total Annual NOI	**$33,435**	**$29,901**	**$28,332**	**$35,310**	**$31,745**	**$29,907**	**$35,872**	**$32,726**	**$30,984**
Costs per Unit									
Direct Costs	$393,980	$393,980	$432,349	$363,238	$363,238	$387,470	$363,140	$363,140	$376,863
Development Impact Fees	$27,038	$23,771	$39,897	$23,285	$20,025	$26,198	$24,849	$21,973	$28,136
Financing Costs	$21,660	$21,525	$24,221	$19,087	$18,958	$20,697	$19,144	$19,030	$20,237
Developer Overhead and Profit	$16,300	$16,300	$17,834	$15,060	$15,060	$16,043	$15,056	$15,056	$15,603
Other Indirect Costs and Contigency	$79,463	$79,463	$86,940	$73,419	$73,419	$78,211	$73,399	$73,399	$76,066
Total Development Costs*	**$538,440**	**$535,039**	**$601,241**	**$494,088**	**$490,700**	**$528,619**	**$495,588**	**$492,598**	**$516,905**
Residual Land Value									
Per Unit	$69,466	$8,624	-$86,122	$147,915	$86,488	$15,136	$156,624	$102,424	$46,432
Per sf	**$424**	**$53**	**-$742**	**$543**	**$318**	**$67**	**$576**	**$376**	**$211**
Maximum Inclusionary Percent	n/a	0%-0%	0%-0%	n/a	0%-0%	0%-0%	n/a	0%-0%	0%-0%

* Excluding land costs

Summary Pro Forma

Rental Apartments

Site Address:	154 South Van Ness			160 South Van Ness			1707 Market		
Current Use:	Tap Plastics			City building			Travelodge		
Current Zoning:	C-3-G/VN&MSUD			C-3-G/VN&MSUD			C-3-G/VN&MSUD		
Land Area (sf):	13,422			14,000			24,624		
Inclusionary Policy:	Pre-Prop C (12%)	Prop C (25%)	Prop C (25%)	Pre-Prop C (12%)	Prop C (25%)	Prop C (25%)	Pre-Prop C (12%)	Prop C (25%)	Prop C (25%)
Zoning Scenario:	Base	Base	Update	Base	Base	Update	Base	Base	Update**
Building Program									
Building Type	Type III	Type III	Type I	Type III	Type III	Type I	Type III	Type III	Type III
Height (ft)	85	85	120	85	85	120	85	85	85
Total Project gsf	90,599	90,599	120,798	94,500	94,500	126,000	166,212	166,212	166,212
Total Units	82	82	116	86	86	121	150	150	150
Market Rate	72	61	87	76	64	91	132	112	112
Below Market Rate	10	21	29	10	22	30	18	38	38
Annual Revenues per Unit									
Net Operating Income - Residential	$28,474	$24,832	$25,177	$28,678	$24,841	$25,241	$28,544	$24,918	$25,075
Average MR Monthly Rent	$4,212	$4,212	$4,212	$4,212	$4,212	$4,212	$4,212	$4,212	$4,212
Average BMR Monthly Rent	$1,170	$1,573	$1,573	$1,170	$1,573	$1,573	$1,170	$1,573	$1,573
Net Operating Income - Retail	$3,536	$3,536	$2,499	$3,516	$3,516	$2,499	$3,546	$3,546	$3,546
Net Operating Income - Parking	$1,365	$1,365	$683	$1,365	$1,365	$683	$1,365	$1,365	$683
Total Annual NOI	**$33,375**	**$29,732**	**$28,359**	**$33,559**	**$29,722**	**$28,422**	**$33,455**	**$29,829**	**$29,303**
Costs per Unit									
Direct Costs	$393,555	$393,555	$430,904	$391,628	$391,628	$430,888	$394,586	$394,586	$374,586
Development Impact Fees	$28,254	$24,975	$40,711	$28,357	$24,947	$40,794	$25,924	$22,624	$29,366
Financing Costs	$21,688	$21,553	$24,179	$21,592	$21,451	$24,182	$21,646	$21,509	$20,766
Developer Overhead and Profit	$16,282	$16,282	$17,774	$16,202	$16,202	$17,774	$16,325	$16,325	$15,525
Other Indirect Costs and Contigency	$79,376	$79,376	$86,649	$78,986	$78,986	$86,646	$79,585	$79,585	$75,685
Total Development Costs*	**$539,156**	**$535,742**	**$600,218**	**$536,766**	**$533,214**	**$600,283**	**$538,065**	**$534,629**	**$515,928**
Residual Land Value									
Per Unit	$67,660	$4,848	-$84,597	$73,404	$7,187	-$83,511	$70,213	$7,722	$16,860
Per sf	**$413**	**$30**	**-$731**	**$451**	**$44**	**-$722**	**$428**	**$47**	**$103**
Maximum Inclusionary Percent	n/a	0%-0%	0%-0%	n/a	0%-0%	0%-0%	n/a	0%-0%	0%-1%

* Excluding land costs

** Building program is the same for Base and Updated zoning scenarios

APPENDIX C: DETAILED CFD FEASIBILITY RESULTS

Maximum Feasible Inclusionary Percentage and Pro Forma Impact, by CFD Tax Rate Scenario
For-Sale Condos

	Site Address:	1601-1637 Market	10 South Van Ness	30 Otis	30 Van Ness	33 Gough	98 Franklin / 57 Oak	99 South Van Ness	101 South Van Ness
With No CFD Special Tax									
Maximum Inclusionary Percent		26.2%	32.2%	24.1%	37.2%	14.1%	25.1%	6.8%	4.1%
Net Cost of Inclusionary Program	Per Total Unit	$145,952	$222,887	$152,535	$273,047	$81,236	$155,129	$38,236	$20,960
	% of Development Costs	23.2%	33.3%	22.1%	41.7%	11.2%	23.4%	5.0%	2.9%
Net Cost of CFD	Per Total Unit	$0	$0	$0	$0	$0	$0	$0	$0
	% of Development Costs	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Annual CFD Revenues		$0	$0	$0	$0	$0	$0	$0	$0
CFD Special Tax @ $1 per nsf									
Maximum Inclusionary Percent		26.0%	32.1%	24.1%	37.2%	13.9%	25.1%	6.8%	4.1%
Net Cost of Inclusionary Program	Per Total Unit	$145,085	$222,182	$152,518	$273,038	$80,015	$155,092	$37,160	$20,751
	% of Development Costs	23.1%	33.2%	22.1%	41.7%	11.0%	23.4%	4.9%	2.8%
Net Cost of CFD	Per Total Unit	$562	$717	$727	$619	$889	$599	$1,058	$850
	% of Development Costs	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Annual CFD Revenues		$321,563	$489,420	$287,634	$417,475	$307,080	$232,563	$352,170	$71,696
CFD Special Tax @ $3 per nsf									
Maximum Inclusionary Percent		25.9%	31.9%	23.7%	36.9%	13.6%	24.9%	6.2%	4.1%
Net Cost of Inclusionary Program	Per Total Unit	$144,102	$220,772	$150,077	$271,440	$78,785	$153,638	$34,960	$20,849
	% of Development Costs	22.9%	33.0%	21.7%	41.4%	10.9%	23.1%	4.6%	2.8%
Net Cost of CFD	Per Total Unit	$1,688	$2,155	$2,189	$1,861	$2,670	$1,801	$3,180	$2,551
	% of Development Costs	0.3%	0.3%	0.3%	0.3%	0.4%	0.3%	0.4%	0.3%
Annual CFD Revenues		$966,864	$1,472,580	$867,222	$1,256,746	$923,400	$699,848	$1,060,830	$215,087
CFD Special Tax @ $5 per nsf									
Maximum Inclusionary Percent		25.7%	31.7%	23.5%	36.8%	13.2%	24.6%	5.8%	3.1%
Net Cost of Inclusionary Program	Per Total Unit	$143,147	$219,361	$148,863	$270,618	$76,398	$152,245	$32,759	$15,768
	% of Development Costs	22.8%	32.7%	21.6%	41.3%	10.5%	22.9%	4.3%	2.1%
Net Cost of CFD	Per Total Unit	$2,819	$3,599	$3,653	$3,106	$4,461	$3,007	$5,310	$4,272
	% of Development Costs	0.4%	0.5%	0.5%	0.5%	0.6%	0.5%	0.7%	0.6%
Annual CFD Revenues		$1,615,064	$2,461,500	$1,448,971	$2,098,177	$1,546,200	$1,170,014	$1,775,250	$362,079

Maximum Feasible Inclusionary Percentage and Pro Forma Impact, by CFD Tax Rate Scenario
For-Sale Condos

	Site Address:	1695 Mission	170 South Van Ness	50 Otis	42 Otis	154 South Van Ness	160 South Van Ness	1707 Market
With No CFD Special Tax								
Maximum Inclusionary Percent		2.9%	3.1%	11.1%	14.3%	3.4%	3.3%	19.3%
Net Cost of Inclusionary Program	Per Total Unit	$14,044	$15,173	$56,488	$73,381	$17,329	$16,570	$100,704
	% of Development Costs	1.9%	2.0%	7.2%	9.6%	2.3%	2.2%	14.3%
Net Cost of CFD	Per Total Unit	$0	$0	$0	$0	$0	$0	$0
	% of Development Costs	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Annual CFD Revenues		$0	$0	$0	$0	$0	$0	$0
CFD Special Tax @ $1 per nsf								
Maximum Inclusionary Percent		2.7%	2.8%	11.1%	14.3%	3.4%	3.3%	18.7%
Net Cost of Inclusionary Program	Per Total Unit	$13,150	$13,977	$56,590	$73,480	$17,166	$16,529	$97,427
	% of Development Costs	1.8%	1.9%	7.2%	9.6%	2.3%	2.2%	13.8%
Net Cost of CFD	Per Total Unit	$1,060	$1,009	$1,341	$1,300	$892	$895	$1,062
	% of Development Costs	0.1%	0.1%	0.2%	0.2%	0.1%	0.1%	0.2%
Annual CFD Revenues		$418,595	$317,250	$13,357	$15,042	$86,680	$90,540	$98,921
CFD Special Tax @ $3 per nsf								
Maximum Inclusionary Percent		2.3%	2.6%	5.6%	9.5%	2.6%	3.3%	18.7%
Net Cost of Inclusionary Program	Per Total Unit	$11,316	$12,775	$28,850	$49,727	$12,940	$16,520	$97,408
	% of Development Costs	1.5%	1.7%	3.7%	6.5%	1.7%	2.2%	13.8%
Net Cost of CFD	Per Total Unit	$3,185	$3,031	$4,082	$3,951	$2,687	$2,684	$3,187
	% of Development Costs	0.4%	0.4%	0.5%	0.5%	0.4%	0.4%	0.5%
Annual CFD Revenues		$1,260,106	$953,910	$42,232	$47,285	$262,200	$271,620	$296,762
CFD Special Tax @ $5 per nsf								
Maximum Inclusionary Percent		2.0%	2.1%	5.6%	9.5%	2.6%	2.5%	18.0%
Net Cost of Inclusionary Program	Per Total Unit	$9,527	$10,443	$29,055	$49,925	$12,959	$12,474	$94,206
	% of Development Costs	1.3%	1.4%	3.7%	6.5%	1.7%	1.7%	13.4%
Net Cost of CFD	Per Total Unit	$5,319	$5,064	$6,804	$6,585	$4,479	$4,490	$5,325
	% of Development Costs	0.7%	0.7%	0.9%	0.9%	0.6%	0.6%	0.8%
Annual CFD Revenues		$2,107,377	$1,597,050	$70,387	$78,809	$437,000	$456,300	$498,204

Maximum Feasible Inclusionary Percentage and Pro Forma Impact, by CFD Tax Rate Scenario

Rental Apartments

	Site Address:	1601-1637 Market	10 South Van Ness	30 Otis	30 Van Ness	33 Gough	98 Franklin / 57 Oak	99 South Van Ness	101 South Van Ness
With No CFD Special Tax									
Maximum Inclusionary Percent		3.0%	19.5%	10.3%	25.2%	infeasible	10.9%	infeasible	infeasible
Net Cost of Inclusionary Program	Per Total Unit	$16,909	$136,269	$65,456	$186,600		$67,692		
	% of Development Costs	2.8%	20.9%	9.8%	29.2%		10.5%		
Net Cost of CFD	Per Total Unit	$0	$0	$0	$0		$0		
	% of Development Costs	0.0%	0.0%	0.0%	0.0%		0.0%		
Annual CFD Revenues		$0	$0	$0	$0		$0		
CFD Special Tax @ $1 per nsf									
Maximum Inclusionary Percent		1.9%	18.7%	9.1%	24.5%	infeasible	9.7%	infeasible	infeasible
Net Cost of Inclusionary Program	Per Total Unit	$9,219	$129,491	$56,730	$180,729		$59,152		
	% of Development Costs	1.5%	19.8%	8.5%	28.3%		9.1%		
Net Cost of CFD	Per Total Unit	$8,047	$6,747	$7,601	$6,232		$7,453		
	% of Development Costs	1.3%	1.0%	1.1%	1.0%		1.2%		
Annual CFD Revenues		$423,793	$581,580	$341,634	$498,115		$278,643		
CFD Special Tax @ $3 per nsf									
Maximum Inclusionary Percent		infeasible	16.9%	7.0%	23.1%	infeasible	7.5%	infeasible	infeasible
Net Cost of Inclusionary Program	Per Total Unit		$115,142	$41,777	$168,099		$43,504		
	% of Development Costs		17.6%	6.2%	26.3%		6.7%		
Net Cost of CFD	Per Total Unit		$20,669	$23,287	$19,049		$22,881		
	% of Development Costs		3.2%	3.5%	3.0%		3.5%		
Annual CFD Revenues			$1,781,460	$1,046,502	$1,522,426		$855,368		
CFD Special Tax @ $5 per nsf									
Maximum Inclusionary Percent		infeasible	15.1%	4.6%	21.5%	infeasible	5.3%	infeasible	infeasible
Net Cost of Inclusionary Program	Per Total Unit		$100,713	$24,144	$154,560		$27,757		
	% of Development Costs		15.4%	3.6%	24.2%		4.3%		
Net Cost of CFD	Per Total Unit		$35,160	$39,778	$32,382		$39,005		
	% of Development Costs		5.4%	5.9%	5.1%		6.0%		
Annual CFD Revenues			$3,030,300	$1,787,371	$2,587,777		$1,458,014		

Maximum Feasible Inclusionary Percentage and Pro Forma Impact, by CFD Tax Rate Scenario
Rental Apartments

	Site Address:	1695 Mission	170 South Van Ness	50 Otis	42 Otis	154 South Van Ness	160 South Van Ness	1707 Market
With No CFD Special Tax								
Maximum Inclusionary Percent		infeasible	infeasible	infeasible	infeasible	infeasible	infeasible	infeasible
Net Cost of Inclusionary Program	Per Total Unit							
	% of Development Costs							
Net Cost of CFD	Per Total Unit							
	% of Development Costs							
Annual CFD Revenues								
CFD Special Tax @ $1 per nsf								
Maximum Inclusionary Percent		infeasible	infeasible	infeasible	infeasible	infeasible	infeasible	infeasible
Net Cost of Inclusionary Program	Per Total Unit							
	% of Development Costs							
Net Cost of CFD	Per Total Unit							
	% of Development Costs							
Annual CFD Revenues								
CFD Special Tax @ $3 per nsf								
Maximum Inclusionary Percent		infeasible	infeasible	infeasible	infeasible	infeasible	infeasible	infeasible
Net Cost of Inclusionary Program	Per Total Unit							
	% of Development Costs							
Net Cost of CFD	Per Total Unit							
	% of Development Costs							
Annual CFD Revenues								
CFD Special Tax @ $5 per nsf								
Maximum Inclusionary Percent		infeasible	infeasible	infeasible	infeasible	infeasible	infeasible	infeasible
Net Cost of Inclusionary Program	Per Total Unit							
	% of Development Costs							
Net Cost of CFD	Per Total Unit							
	% of Development Costs							
Annual CFD Revenues								