

REPORT

Financial Analysis of San Francisco's Central SoMa Plan

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Table of Contents

I. Introduction	1
II. Methodology	2
A. Analysis Approach	2
B. Selection of Development Prototypes	3
C. Land Value Capture Analysis	4
D. Proposed Requirements for New Development.....	7
III. Analysis Results and Recommended Next Steps.....	13
A. Summary of Financial Analysis Results	13
B. Key Findings & Next Steps	17

Appendices

Appendix A: Development Assumptions, Methodology and Information Sources

<i>Appendix Table A1: Development Assumptions</i>	<i>Appendix A1-Page 1</i>
<i>Appendix A2: Methodology and Information Sources.....</i>	<i>Appendix A2-Page 1</i>

Appendix B: Supporting Financial Models for Central SoMa Financial Analysis

<i>Appendix Table B1 Series: Financial Models - Office</i>	<i>Appendix B-Page 1</i>
<i>Appendix Table B2 Series: Financial Models- Residential.....</i>	<i>Appendix B-Page 7</i>
<i>Appendix Table B3 Series: Financial Models for Existing Land Values.....</i>	<i>Appendix B-Page 46</i>

I. Introduction

The vision of the Central SoMa Plan is to create a sustainable and vital neighborhood in the area immediately surrounding the Central Subway (expected to open in 2019) in San Francisco's South of Market district. The Plan is projected to bring 40,000 jobs and 7,500 housing units to the area over the next 25 years. The key to realizing this vision is the Plan's proposal to require new development to fund public benefits, which is anticipated to yield over \$2 billion in new infrastructure and other amenities to serve future residents and workers.

As part of this effort, the Planning Department, working in collaboration with economic analysis firm Seifel Consulting Inc., has developed an analysis of development requirements that may be adopted to help implement the Plan's proposed public benefits. This analysis has evaluated the financial performance of prototypical projects in the Plan Area and analyzed how land values may be affected by a range of proposed new requirements, such as development impact fees, taxes, and affordable housing, among others. The primary goal of this analysis is to establish a package of development requirements that maximizes public benefits while maintaining development feasibility.

This report describes the methodology and results of this analysis, which accompanies the release of the updated Central SoMa Draft Plan as presented at an informational presentation at the August 11, 2016 Planning Commission hearing. Part IIC of the Plan (Central SoMa Implementation Strategy: Requirements for New Development) describes how these requirements will be applied to specific new development projects. This analysis is an update to the Preliminary Financial Feasibility Analysis released in June 2015. For more information and to download the updated Plan, please visit the Central SoMa website (<http://centralsoma.sfplanning.org>).

This report contains the following sections and appendices:

- I. Introduction**— describes the purpose of the study and its organization.
 - II. Methodology**— presents the analysis objectives and the approach to the financial analysis.
 - III. Analysis Results and Recommended Next Steps**— summarizes the key findings and recommends potential next steps regarding additional financial analysis to help inform the Central SoMa Plan.
- Appendices**— contain more detailed information on the assumptions and methodology for the analysis as well as the supporting financial models:
- Appendix A Development Assumptions, Methodology and Information Sources for Central SoMa Financial Analysis
 - Appendix B Supporting Financial Models for Central SoMa Financial Analysis

II. Methodology

The primary objective of the Central SoMa Financial Analysis is to ensure that the Central SoMa Plan's development requirements simultaneously facilitate new development and maximize public benefits. This calibration is an essential part of meeting the Plan's vision for a sustainable neighborhood. If development requirements are set too low, the City would get needed development, but not be able to address its impacts. Were requirements set too high, development would not occur because it would be financially infeasible, and thus the City would get neither the development nor the public benefits.

A. Analysis Approach

In order to meet this objective, Seifel Consulting developed financial models that calculate the Residual Land Value (RLV) for prototypical developments in the Plan Area under different policy scenarios. Developers commonly use RLV models at the initial stages of development to test feasibility and determine how much they can afford to pay for land. RLV models calculate the potential amount a developer would be willing to pay for land, given anticipated development revenues, hard and soft costs, and a target developer margin or return.¹ The developer margin represents a target return threshold that takes into account development risk, including the timeline it takes to complete the development, the uncertainty of future development revenues and costs, and the level of returns that must be achieved to attract private capital.

RLV models are useful tools to test the financial impact of different public policies on new development, given variable development scenarios, including variations in development land uses, revenues, and costs. In instances like the Central SoMa Plan where a policy is expected to result in an increase in land value, RLV models are also useful for determining the ability of the City to "capture" a portion of this increased value through new fees, special taxes, and other requirements.

To develop the RLV models, Seifel undertook the following steps:

- Identify a range of prototypical developments ("prototypes") based on anticipated new development types and current/proposed zoning requirements.
- Develop a Residual Land Value (RLV) model that includes a pro forma financial analysis for each prototype.
- Model the financial impact of a range of proposed development requirements on the RLV for each prototype.
- Model what portion of the land value created by zoning changes in the Plan would be captured through a public benefits package of proposed requirements, designed to address diverse infrastructure needs and maximize public benefits while maintaining financial feasibility.

Each of these steps is discussed in more detail below. It is important to note that all of the core components of the methodology, assumptions and analysis were developed and vetted in collaboration with City staff over a series of meetings held during 2014-2016. Additionally, the methodology leverages

¹ The RLV is the difference between what a developer expects to receive in revenues (e.g., sale of condominium units) less all costs associated with developing the buildings (e.g., predevelopment costs, hard construction costs, tenant improvements, construction financing, developer overhead, marketing/sales costs, other soft construction costs and target developer margin).

prior economic analyses and reports that the City has commissioned to evaluate proposed modifications to the City's impact fees, inclusionary housing programs and neighborhood land use plans.²

The data and analysis presented in this study and its appendices have been gathered from the most reliable sources available and are designed to represent realistic development conditions as of Summer 2015, taking into account a long-range view of real estate cycles in San Francisco.³ That said, every development project in San Francisco has its own unique set of circumstances that cannot be accounted for by this model, so actual potential financial impacts on new development may vary from the estimates presented in this study. For a more detailed discussion of the methodology, development assumptions and data sources used in this study, please refer to Appendix A.

B. Selection of Development Prototypes

The first phase of the analysis involved identifying a set of prototypical developments ("prototypes") that reflect a range of expected development types in Central SoMa given existing conditions, current and proposed zoning requirements, and common development types seen throughout the City. As an initial step, the Planning Department analyzed the existing and proposed zoning of parcels across the Plan Area to develop a proposed set of Central SoMa Development Tiers (Table 1, below). Parcels are grouped into four residential and two nonresidential tiers according to the amount of additional development capacity that is proposed under the Plan. In order to provide a wide-ranging evaluation of the impact of Central SoMa's development requirements, the analysis was structured to include one development prototype for each of these tiers, for a total of six development prototypes.

Table 1: Central SoMa Development Tiers

Increased Development Capacity	Residential	Non-Residential
15-45 feet	Tier A	Tier A
50-85 feet	Tier B	
90-165 feet	Tier C	Tier B
170 feet or more	Tier D	

Next, City staff conducted an analysis of typical "soft sites" in the Plan area – that is, sites that are considered underutilized due to current or future zoning that allows a substantially higher intensity of development than is currently present. This analysis includes assumptions about the redevelopment potential of current uses on a site (for instance, existing residential developments would not be considered developable, while a parcel that has a small retail building and surface parking might). Factors that influenced the determination of soft sites included lot area, existing land uses (e.g. parking

² This financial feasibility analysis utilizes methodology and some assumptions from studies conducted for other San Francisco plans and policies, including the Eastern Neighborhoods Plan, the Transportation Sustainability Fee, the Affordable Housing Bonus Program, and the Inclusionary Housing Program.

³ Market data for the analysis was compiled in 2014 and 2015, with minor updates in 2016 to reflect analytical changes or corrections. The decision to maintain 2015 assumptions was driven by the need to remain consistent with the prior analysis of community benefits, as described in the June 30, 2015 policy paper titled "Central SoMa Memo: Potential Public Benefits" (available at: http://default.sfplanning.org/Citywide/Central_Corridor/Central-SoMa_Potential-Public-Benefits-Memo.pdf).

lot, industrial property, etc.), and existing/proposed zoning districts and height limits. Based on this analysis, staff selected three Central SoMa soft sites representing lot sizes of 10,000, 15,000 and 35,000 square feet, which are considered representative of typical conditions in the Plan Area.

While the prototypes are based on three real lots in the Plan Area, each one is used multiple times in order to ensure the full range of Development Tiers is modeled. This was done by varying the assumptions about existing and proposed zoning and height limits for each site to evaluate different levels of increased development potential. In addition, the analysis assumes that the existing use for soft sites is roughly equivalent to a one-story industrial building that occupies the entire lot (building improvement ratio of 1.0), rather than a vacant lot or less developed parcel, which would increase development potential, regardless of actual existing conditions. (See further discussion in the next section on the determination of existing land values for the soft sites.)

Seifel worked with City staff to design a range of development prototypes for each soft site given the proposed rezoning in Central SoMa. The physical development program for each prototype was guided by an analysis of existing data sources, such as the San Francisco Planning Department's Development Pipeline, the Housing Inventory Report, Preliminary Project Assessments (PPAs), and market data sources, in order to formulate typical development programs for each prototype. In addition, the prototypes take into consideration the proposed Central SoMa Urban Design Guidelines (for instance, applying the proposed requirements for bulk and open space placement).

The six prototypes (two office, four residential) ultimately analyzed in the financial feasibility analysis are summarized in Tables 2.1 and 2.2, below. While additional prototypes were evaluated in earlier phases of work, they were ultimately excluded as the six selected prototypes were determined to be most representative of the development conditions that would likely occur in Central SoMa.

Tables 2.1 through 2.2: Summary of Development Prototypes

Table 2.1. Nonresidential

Prototype Tier	Site Size	Existing Zoning	Proposed Zoning	Zoning Increase Modeled	Effective Height Increase ⁴	Development Type Modeled
A	35,000 ft ²	MUO 85 Feet	MUO 160 Feet	Height Only	75 feet	268,400 GSF office with ground floor retail
B	35,000 ft ²	SLI 85 Feet	MUO 160 Feet	Height & Use	160 feet	268,400 GSF office with ground floor retail

⁴ For properties that are currently zoned for industrial uses (e.g. SLI- and SALI-zoned parcels), the existing height limit generally does not affect development capacity. New multi-story industrial properties are difficult to develop at allowable heights as market rents are not sufficient to support industrial development costs. Thus, for properties that are being rezoned from industrial to mixed-use, we use the full height of the new zoning designation to represent the increase in development capacity (for instance, a property rezoned from 85' SLI to 160' MUO effectively receives a 160' increase).

Table 2.2. Residential

Prototype Tier	Site Size	Existing Zoning	Proposed Zoning	Zoning Increase Modeled	Effective Height Increase⁵	Development Types Modeled
A	10,000 ft ²	MUO 55 Feet	MUO 85 Feet	Height Only	30 feet	60-unit residential with ground floor retail, including: <ul style="list-style-type: none"> • Condo w/onsite BMR • Condo w/Affordable Hsg. Fee • Rental w/onsite BMR • Rental w/ Affordable Hsg. Fee
B	10,000 ft ²	SLI 85 Feet	MUO 85 Feet	Height & Use	85 feet	60-unit residential with ground floor retail, including: <ul style="list-style-type: none"> • Condo w/onsite BMR • Condo w/Affordable Hsg. Fee • Rental w/onsite BMR • Rental w/ Affordable Hsg. Fee
C	15,000 ft ²	SLI 85 Feet	MUO 160 Feet	Height & Use	160 feet	128-unit residential with ground floor retail, including: <ul style="list-style-type: none"> • Condo w/onsite BMR • Condo w/Affordable Hsg. Fee • Rental w/onsite BMR • Rental w/ Affordable Hsg. Fee
D	15,000 ft ²	MUO 85 Feet	MUO 400 Feet	Height Only	315 feet	217-unit residential with ground floor retail, including: <ul style="list-style-type: none"> • Condo w/Affordable Hsg. Fee

⁵ See above.

C. Land Value Capture Analysis

This phase of analysis involved: 1) creating a financial model (a “pro forma”) for each prototype using a Residual Land Value (RLV) methodology; and 2) testing different public benefit proposals in order to calculate the RLV and evaluate their impact on development feasibility. Seifel developed a financial model (a “pro forma”) for a range of residential and office prototypes, utilizing 2015 revenue and cost assumptions based on developer input and data gathered from a variety of real estate professionals, including market specialists, real estate brokers and general contractors.

Once initial pro forma models were created, the Planning Department developed alternative packages of public benefits, and Seifel tested them for each prototype. Based on this analysis, the Planning Department refined the public benefit packages, and Seifel performed a financial analysis on the six selected prototypes under the following scenarios:

- **Baseline:** This scenario reflects the existing public benefits required in the Plan Area – in other words, it models the value created if the zoning changes proposed in the Plan were adopted *without* changing any development requirements. The baseline is based on the fee rates and affordable housing requirements that were in place during the summer of 2015.
- **Proposed Requirements:** This scenario reflects the proposed increased requirements for each of the public benefits identified in the draft Plan.

The public benefits packages, which include a broad range of public benefits, were calibrated to satisfy the following requirements:

- Capture between 50-75% of the value created by the proposed zoning increase
- Maintain a sufficient target developer margin. Developer margin is typically measured by return on cost for rental developments (for example, apartments) and by developer margin (or return) on total development cost or net proceeds for condominium developments.

A target value capture rate of 50-75% was deliberately set to ensure that the majority of new value created by the Plan is directed towards public benefits, while still resulting in a net financial gain for many property owners (as measured by RLV). This is intended to provide a financial incentive for the redevelopment of underutilized sites, while also providing a buffer against real estate transaction costs and/or changing market conditions. It is worth noting that in many cases, this means property owners will ultimately receive a higher land value than they would have absent the rezoning under the Plan, but will receive a lower land value per unit (RLV/unit) or per net square foot (RLV/NSF) relative to comparable sales prices in other areas not receiving a zoning increase.

The calculation of the percentage of value captured under the Proposed Requirements was a multi-step process, consisting of the following steps.

The land value created by the zoning changes in the Plan was determined by calculating the difference between the RLV under the Baseline Scenario and an associated existing land value for each prototype:

- For the prototypes that assume the existing zoning is industrial (Nonresidential Prototype for Tier B and Residential Prototypes for Tiers B & C), the existing land value was derived from land appraisal information for industrially zoned properties provided by the real estate appraisal firm Clifford Advisory LLC in 2014-2015. A description of the land valuation process and findings are presented in Appendix A2.

- For prototypes that assume the current zoning is mixed use (Nonresidential Prototype for Tier A, and Residential Prototypes for Tiers A & D), the existing land value is derived from a pro forma analysis that models RLV under mixed use development options assuming current MUO zoning (which allows for both residential and office development, among other uses). These prototypes are included in Appendix B.

The amount of value captured by the proposed public benefit package was then calculated for each prototype, which is the difference between the RLV under the Proposed Requirements and Baseline scenarios for each of the development alternatives that were tested.

The percentage (%) of value captured was calculated next, and is equal to the amount of value captured divided by the land value created by the Plan. (See Appendix A2 for more detail on the methodology and information sources used to inform these calculations.)

D. Proposed Requirements for New Development

Although the analysis of public benefits strived to achieve a similar level of value capture across prototypes, the actual types and amounts of requirements for each prototype varied significantly. The final Proposed Requirements were developed through an iterative process by the Planning Department and Seifel. The Planning Department developed proposed packages that allocated the projected revenues from development requirements amongst different benefits (i.e. housing, transportation, community facilities, etc.) based on feedback received in 2015-2016 at community meetings, Planning Commission hearings, and online surveys. Seifel then tested these packages of requirements in order to evaluate RLV and financial feasibility. These proposals have been crafted to be consistent with nexus requirements as required by the California Mitigation Fee Act, where applicable.

A high-level menu of the requirements under existing zoning as of 2015 (Baseline Scenario) and the proposed set of public benefits evaluated in this analysis (Proposed Requirements Scenario) are described in Tables 3.1 through 3.2 on the following page. The proposed requirements consist of the following:

- Payment of additional development impact fees
- Affordable housing production
- Provision of production, distribution and repair (PDR) space and privately-owned public open spaces (POPOS)
- Formation of a Mello-Roos Community Facilities District (CFD) to help finance infrastructure improvements in Central SoMa.

Tables 3.1 through 3.2: Public Benefits – Baseline & Proposed Requirements

Table 3.1. Nonresidential

Public Benefit	Baseline ⁶ (Current requirements)	Proposed Requirements (Under Central SoMa Plan)
Affordable Housing	Jobs-Housing Linkage Fee	Jobs-Housing Linkage Fee
Transportation	Eastern Neighborhoods (EN) Fee + Transportation Sustainability Fee	EN Fee + Transportation Sustainability Fee
Open Space	EN Fee	EN Fee + Central SoMa Fee + POPOS (Privately-Owned Public Open Spaces) ⁷
Complete Streets	EN Fee	EN Fee + Central SoMa Fee
Child Care	EN Fee + Childcare Fee	EN Fee + Childcare Fee + Central SoMa Fee
Schools	School Impact Fee	School Impact Fee
Wastewater	Water/Wastewater Capacity Charge	Water/Wastewater Capacity Charge
Public Art	Public Art Requirement	Public Art Requirement
Historic Resources		Transfer of Development Rights (TDR; Tier B only)
Community Facilities		n/a (applies to residential)
PDR		Provision of Production, Distribution, Repair (PDR) space
Infrastructure Financing		Mello-Roos Special Tax (Tier B only)

⁶ The baseline scenario assumes 2015 fee rates and the provision of public art at 1% of development value, where applicable. The Transportation Sustainability Fee and Childcare Fee have been assumed at the recently adopted rates as of 2015. The affordable housing requirements are modeled as of 2015 and do not reflect the adoption of Proposition C in 2016, which increased affordable housing requirements for private developers of new market-rate housing projects of 25 or more units and authorized the Board of Supervisors to adopt further changes by ordinance. See Section III.B (“Key Findings & Next Steps”) for more information.

⁷ Note that the financial analysis makes a simplifying assumption that POPOS are present in both the Baseline and Proposed Requirements (e.g. both scenarios assume the same amount and location of open space and same building size), even though POPOS are not currently required in the South of Market Mixed Use Neighborhoods.

Table 3.2. Residential

Public Benefit	Baseline (Current requirements)	Proposed Requirements (Under Central SoMa Plan)
Affordable Housing	BMR Program (12% on-site; 20% fee)	BMR Program (varies by Tier)
Transportation	EN Fee + Transportation Sustainability Fee (proposed)	EN Fee + Transportation Sustainability Fee (proposed)
Open Space	EN Fee	EN Fee + Central SoMa Fee (Tier B & D only)
Complete Streets	EN Fee	EN Impact Fee + Central SoMa Fee (Tier B & D only)
Child Care	EN Fee + Childcare Fee	EN Fee + Childcare Fee + Central SoMa Fee (Tier B & D only)
Schools	School Impact Fee	School Impact Fee
Wastewater	Water/Wastewater Capacity Charge	Water/Wastewater Capacity Charge
Public Art		n/a (applies to office)
Historic Resources		n/a (applies to office)
Community Facilities		Community Facilities Fee
PDR		n/a (applies to office)
Infrastructure Financing		Mello-Roos Special Tax (Tier C & D only)

The exactions in the Baseline and Proposed Requirements Scenarios fall into three basic categories of public benefits requirements, each of which has a different impact on the financial analysis, explained below and further described in Appendix A:

Development Impact Fees & Capacity Charges

- **Description:** Development impact fees are one-time exactions assessed at the time of development to fund infrastructure that mitigates project impacts. Capacity charges are also assessed at the time of development, and are designed to recover the costs related to establishing a new service (for instance, to connect water and sewer lines to a new building).
- **Impact on RLV analysis:** Increased development impact fees and capacity charges are reflected in the “Development Cost” section of the financial models (under the “Development Impact Fees/Other Costs” subsection).

Mello-Roos Special Taxes

- **Description:** Mello-Roos Special Taxes (Mello-Roos) are a financing mechanism used to fund infrastructure, and must be created by a voter-approved Community Facilities District (CFD) that establishes an expenditure plan for the revenues and specifies who will be required to pay the tax. Mello-Roos is an ongoing expense levied as part of annual property tax bills, starting after a property is first occupied and remaining for a set term defined by the CFD. The public amenities and infrastructure that will be funded by the CFD will improve Central SoMa and help enhance future development values, which may help offset the financial impact of the special tax in the future.
- **Impact on RLV analysis:** For office, retail, and residential rental uses, the impact of the Mello-Roos is reflected in lower net revenues in the “Revenues” section of the models, as it is assumed that 50 percent of the cost of the special taxes would be reflected in higher operating expenses that may not be recouped through higher rents or additional operating expense charges paid by tenants. For condominiums, the Mello-Roos is not assumed to significantly alter project revenues as it will ultimately be paid by the condo owners.⁸ In addition, for all prototypes, developers are assumed to bear the cost of the special taxes until a project is fully occupied, shown as a one-time cost in the “Development Impact Fees/Other Costs” section. (See Appendix A, Section C for more information on how the Mello-Roos was analyzed.)

Space Exactions

- **Description:** Space exactions do not require the payment of additional fees or taxes (and may even reduce the taxes and fees owed). Instead, they obligate the developer to provide space in their project for specific uses – in this case, for on-site affordable housing, privately-owned public open spaces (POPOS), and industrial (PDR) uses.
- **Impact on RLV analysis:** Space exactions reduce the amount of revenue that can be collected (reflected in the “Revenues” section of the financial models), as they either reduce the total amount of development allowed (in the case of POPOS) or require the project to include affordable housing and PDR spaces that may command lower rents and sales prices as compared to office, market-rate residential, and retail uses. On the other hand, these exactions may also reduce costs in the “Development Impact Fees/Other Costs” section, as they are

⁸ At the proposed rates, the Mello-Roos is not assumed to impact the final sales price of condominium projects, as the total property tax burden including the proposed Mello-Roos would not exceed a reasonable market standard for San Francisco, considered to be between 1.5-1.75% of property value.

exempt from (or have lower rates for) some development impact fees and taxes. In some cases, they may also result in lower construction costs (reflected in the “Hard Construction Costs” and “Tenant Improvements/Lease Up Costs” sections).⁹

Based on the results of the iterative analysis described previously, the proposed requirements for new development are presented in Tables 4.1 through 4.2 below, listed by Development Tier.

Tables 4.1 through 4.2: Central SoMa Requirements for New Developments

Table 4.1. Nonresidential

Requirement	Tier A	Tier B
Central SoMa Fee		
for projects seeking an Office Allocation	\$13.75	\$2
for projects not seeking an Office Allocation	\$33.75	\$22
Mello-Roos Community Facilities District	--	\$4.48/GSF/yr
Community Facilities Fee	\$1.75	\$1.75
Transferable Development Rights	--	1.25 FAR
Production, Distribution, and Repair (PDR)		
for projects seeking an Office Allocation in areas formerly zoned SALI	0.5 FAR or 100% replacement, whichever is higher	0.5 FAR or 100% replacement, whichever is higher
for projects seeking an Office Allocation in areas formerly zoned SLI	0.5 FAR or 50% replacement, whichever is higher	0.5 FAR or 50% replacement, whichever is higher
for projects not seeking an Office Allocation	--	--

⁹ BMR units are not assumed to lower construction costs, as the units provided are required to be approximately the same size and of similar quality as market-rate units. PDR spaces do result in lower construction costs as the developer is expected to provide fewer tenant improvements than they would for retail and office spaces. POPOS also result in lower construction costs as they reduce the overall development size.

Table 4.2. Residential

Requirement	Tier A	Tier B	Tier C	Tier D
Below Market Rate Housing: On-Site Option	16%	20%	18%	18%
Below Market Rate Housing: Off-Site and In-Lieu Options	28%	33%	30%	33%
Central SoMa Fee	--	\$20	--	\$20
Mello-Roos Community Facilities District	--	--	Condo: \$6.44/NSF/yr Rental: \$2.59/NSF/yr	Condo: \$6.44/NSF/yr Rental: \$2.59/NSF/yr
Community Facilities Fee	\$1.30/GSF	\$1.30/GSF	\$1.30/GSF	\$1.30/GSF
Transferable Development Rights	--	--	--	--
Production, Distribution, and Repair (PDR)	--	--	--	--

III. Analysis Results and Recommended Next Steps

This report concludes with a brief summary of the financial analysis results, presents key findings from the financial analysis, and recommends additional analysis to be performed during 2017 to help inform the Central SoMa Plan policies and implementation program.

A. Summary of Financial Analysis Results

A financial analysis using the RLV models was prepared to compare the financial results for the Baseline scenario with what would result if the Proposed Requirements for public benefits were adopted as part of the Central SoMa Plan. As the provision of affordable housing is a key component of the public benefits package, the financial analysis for several of the residential prototypes evaluates how returns would differ if the sites were developed as rental or condominiums, and whether or not developers include affordable below market rate (BMR) units on-site or pay an affordable housing fee instead.

Tables 5.1 and 5.2 (on the next three pages) summarize and compare the financial results from the Baseline and Proposed Requirement scenarios based on RLV, developer returns (margin) and percent value capture under the Proposed Requirements. As these tables indicate, the percentage of value captured ranges from 47 to 77% depending on the assumed development program and assumptions, with the bulk of prototypes within the target 50% to 75% value capture range.

Additional tables included at the end of this memo summarize the projected development revenues, development costs, RLV and anticipated returns for each of the office and residential prototypes. (Tables 6.1 through 6.2 present a summary of the financial models for the office prototypes while Tables 7.1 through 7.4 present a summary of the financial models for the residential prototypes.)

For additional information on the methodology, assumptions and information sources used in this analysis, please refer to Appendix A. Appendix B includes the more detailed financial pro forma models for each prototype under the Baseline and Proposed Requirements scenarios, as well as the pro forma models that are used to calculate the existing land value for prototypes that assume current MUO zoning.

Table 5.1 Summary of Financial Results For Office Prototypes

Office Prototypes	
TIER A	
160' office building with 268,400 GSF on 35,000 ft ² lot upzoned from SLI (85' height) to MUO (160' height)	
Existing Land Value (85' MUO):	\$21,000,000
Baseline	
RLV	\$31,107,400
RLV/NSF	\$129
Developer Margin as % of Total Development Cost	19%
Return on Cost	6.3%
Under Proposed Requirements (Central SoMa)	
RLV	\$25,098,500
RLV/NSF	\$104
Developer Margin as % of Total Development Cost	19%
Return on Cost	6.2%
Land Value Capture	
Value Created by Zoning Change	\$10,107,400
Value Captured by Public Benefits	(\$6,008,900)
% Value Capture	59%
Increase in Land Value Under Proposed Requirements	\$4,098,500
TIER B	
160' office building with 268,400 GSF on 35,000 ft ² lot upzoned from SLI (85' height) to MUO (160' height)	
Existing Land Value (SLI):	\$10,500,000
Baseline	
RLV	\$31,107,400
RLV/NSF	\$129
Developer Margin as % of Total Development Cost	19%
Return on Cost	6.3%
Under Proposed Requirements (Central SoMa)	
RLV	\$16,664,500
RLV/NSF	\$69
Developer Margin as % of Total Development Cost	19%
Return on Cost	6.2%
Land Value Capture	
Value Created by Zoning Change	\$20,607,400
Value Captured by Public Benefits	(\$14,442,900)
% Value Capture	70%
Increase in Land Value Under Proposed Requirements	\$6,164,500

Table 5.2 Summary of Financial Results For Residential Prototypes

Residential Prototypes	Condo	Condo	Rental	Rental
	On-Site BMR	Affordable Housing Fee	On-Site BMR	Affordable Housing Fee
TIER A				
85' residential building with 60 units on 10,000 ft ² lot upzoned from MUO (55' height) to MUO (85' height)				
Existing Land Value (55' MUO): \$5,700,000				
Baseline				
RLV	\$8,496,400	\$8,271,600	\$8,162,100	\$7,643,500
RLV/ Unit	\$141,600	\$137,900	\$136,000	\$127,400
Developer Margin as % of Total Development Cost	23%	23%	N/A	N/A
Return on Cost (if applicable)	N/A	N/A	5.5%	5.5%
Under Proposed Requirements (Central SoMa)				
RLV	\$7,017,500	\$6,796,100	\$6,809,100	\$6,168,000
RLV/ Unit	\$117,000	\$113,300	\$113,500	\$102,800
Developer Margin as % of Total Development Cost	23%	23%	N/A	N/A
Return on Cost (if applicable)	N/A	N/A	5.5%	5.5%
Land Value Capture				
Value Created by Zoning Change	\$2,796,400	\$2,571,600	\$2,462,100	\$1,943,500
Value Captured by Public Benefits	(\$1,478,900)	(\$1,475,500)	(\$1,353,000)	(\$1,475,500)
% Value Capture	53%	57%	55%	76%
Increase in Land Value Under Proposed Requirements	\$1,317,500	\$1,096,100	\$1,109,100	\$468,000
TIER B				
85' residential building with 60 units on 10,000 ft ² lot upzoned from SLI (85' height) to MUO (85' height)				
Existing Land Value (SLI): \$3,000,000				
Baseline				
RLV	\$8,496,400	\$8,271,600	\$8,162,100	\$7,643,500
RLV/ Unit	\$141,600	\$137,900	\$136,000	\$127,400
Developer Margin as % of Total Development Cost	23%	23%	N/A	N/A
Return on Cost (if applicable)	N/A	N/A	5.5%	5.5%
Under Proposed Requirements (Central SoMa)				
RLV	\$4,872,900	\$4,712,100	\$4,748,600	\$4,084,000
RLV/ Unit	\$81,200	\$78,500	\$79,100	\$68,100
Developer Margin as % of Total Development Cost	23%	23%	N/A	N/A
Return on Cost (if applicable)	N/A	N/A	5.5%	5.5%
Land Value Capture				
Value Created by Zoning Change	\$5,496,400	\$5,271,600	\$5,162,100	\$4,643,500
Value Captured by Public Benefits	(\$3,623,500)	(\$3,559,500)	(\$3,413,500)	(\$3,559,500)
% Value Capture	66%	68%	66%	77%
Increase in Land Value Under Proposed Requirements	\$1,872,900	\$1,712,100	\$1,748,600	\$1,084,000

Table 5.2 (continued) Summary of Financial Results For Residential Prototypes

Residential Prototypes	Condo	Condo	Rental	Rental
	On-Site BMR	Affordable Housing Fee	On-Site BMR	Affordable Housing Fee
TIER C				
160' residential building with 128 units on 15,000 sf lot upzoned from SLI (85' height) to MUO (160' height)				
Existing Land Value (SLI): \$4,500,000				
Baseline				
RLV	\$15,922,600	\$18,760,400	\$15,050,000	\$16,972,200
RLV/ Unit	\$124,400	\$146,600	\$117,600	\$132,600
Developer Margin as % of Total Development Cost	27%	27%	N/A	N/A
Return on Cost (if applicable)	N/A	N/A	5.6%	5.5%
Under Proposed Requirements (Central SoMa)				
RLV	\$9,529,700	\$12,111,100	\$7,306,000	\$8,084,400
RLV/ Unit	\$74,500	\$94,600	\$57,100	\$63,200
Developer Margin as % of Total Development Cost	27%	27%	N/A	N/A
Return on Cost (if applicable)	N/A	N/A	5.6%	5.5%
Land Value Capture				
Value Created by Zoning Change	\$11,422,600	\$14,260,400	\$10,550,000	\$12,472,200
Value Captured by Public Benefits	(\$6,392,900)	(\$6,649,300)	(\$7,744,000)	(\$8,887,800)
% Value Capture	56%	47%	73%	71%
Increase in Land Value Under Proposed Requirements	\$5,029,700	\$7,611,100	\$2,806,000	\$3,584,400
TIER D				
400' residential building with 217 units on 15,000 sf lot upzoned from MUO (85' height) to MUO (400' height)				
Existing Land Value (85' MUO): \$9,000,000				
Baseline				
RLV	\$36,976,100			
RLV/ Unit	\$170,400			
Developer Margin as % of Total Development Cost	28%			
Return on Cost (if applicable)	N/A			
Under Proposed Requirements (Central SoMa)				
RLV	\$16,132,800			
RLV/ Unit	\$74,300			
Developer Margin as % of Total Development Cost	28%			
Return on Cost (if applicable)	N/A			
Land Value Capture				
Value Created by Zoning Change	\$27,976,100			
Value Captured by Public Benefits	(\$20,843,300)			
% Value Capture	75%			
Increase in Land Value Under Proposed Requirements	\$7,132,800			

B. Key Findings & Next Steps

In order to realize the vision of the Central SoMa Plan to create a sustainable and vital neighborhood, new public infrastructure, parks and housing affordable to a broad range of San Francisco residents will need to be funded. A key objective of the Central SoMa Plan is to capture a significant portion of the land value created by zoning changes in the Plan through a public benefits package of development requirements that balance diverse infrastructure needs and maximize public benefits, while maintaining financial feasibility for new development. The purpose of this financial analysis is to provide guidance on the proposed requirements for new development, which would consist of a combination of development impact fees, increased affordable housing requirements, provision of industrial PDR space, and the payment of Mello-Roos CFD special taxes.

The key findings from the financial analysis indicate the following:

- The different sets of public benefits packages that are associated with the proposed requirements for each prototype affect the financial results (RLV and value capture) in different ways; however, the value capture for each prototype is on average within the target amount of 50-75% (results ranged from 47-77%).
- Due to the significant increase in allowable development potential under proposed zoning, all prototypes maintained financial feasibility under the Proposed Requirements scenario (as measured by target financial returns), while also showing a substantial increase in RLV above existing land values.
 - For the residential prototypes, financial returns, RLV values, and land value capture varied substantially by tenure (renter vs. owner) and affordable housing type (on-site BMR vs. fee). Within each Development Tier, the rental scenarios generally resulted in lower RLV values and higher value capture rates than the condominium scenarios.
- The Public Benefits packages attempted to set requirements such that all or most of these residential scenarios fell within the target value capture range.

While the prototypes were created to be generally representative of a range of potential development types in Central SoMa, the financial impact of the proposed policies may vary on smaller or larger sites that have a different assumed mix of uses, tenure (rental vs. owner), and existing/proposed zoning.

Going forward, some recommendations for additional analysis include:

- Perform sensitivity analysis to measure how changes in project revenues and costs since 2015 would affect the results.
- Analyze the potential impact of setting different affordable housing requirements for rental versus condominium developments in order to support the City's goal of increasing affordable housing production in both types of projects.
- Conduct ongoing analysis to evaluate how the results of this analysis compare to the inclusionary housing requirements under Proposition C (passed in June 2016) and future potential changes to the City's inclusionary housing program. For example, the legislation increased the on-site affordable housing requirement to 25% for private developers of new market-rate housing projects of 25 or more units, split between 15% low-income and 10% moderate-income BMR units. (The Central SoMa analysis only evaluated the impact of low-income BMR units at 55% AMI for rental and moderate-income at 90% AMI for condominium development.) However, the law also required the City to develop a financial feasibility analysis

and policy recommendations (preliminary findings released in September 2016), which may inform additional changes to the inclusionary housing requirements.

- Similarly, analyze how the Plan's proposed public benefits and this financial analysis compare to the requirements of Proposition X (passed in November 2016), which requires new developments in parts of the Eastern Neighborhoods to obtain a Conditional Use and provide replacement space if their project results in the removal of PDR uses greater than 5,000 square feet, institutional community uses of 2,500 square feet, or arts activities uses of any size.

This additional financial analysis will help inform the proposed policies and implementation program for the Central SoMa plan.

Table 6.1 Summary of Financial Model for Office - Tier A

Site Area	35,000	SF
Zoning Change Under Central SoMa Plan		
Existing Zoning	MUO	
Existing Height	85	Feet
Proposed Zoning	MUO	
Proposed Height Limit	160	Feet
Prior Use on Site	Industrial	
Development Program		
Description	High-Rise	
Building Height	160	Feet
Residential Units (Total)	0	Units
Average Unit Size	N/A	NSF
Building Size (NSF)	241,520	NSF
Building Size GSF (without parking)	268,400	GSF
FAR	7.7	
Parking Ratio	N/A	Spaces per Unit
Total Parking Spaces	86	
Parking Construction Type (# of levels)	Underground (1 level)	

Office - Tier A	Baseline	Proposed Requirements	
Land Use	Office	Office	
PDR Provision	None	.5 FAR	
Summary of Financial Results	Total	Total	% Change from Baseline
Revenues			
Residential For-Sale	\$0	\$0	-
Residential Rental	\$0	\$0	-
Office	\$189,136,100	\$189,136,100	0%
Retail (and PDR)	\$17,494,500	\$11,167,900	(36%)
Total Revenues	\$206,630,600	\$200,304,000	(3%)
Hard and Soft Costs			
Hard Construction Costs	\$78,540,000	\$78,540,000	0%
Tenant Improvements/ Lease Up Costs	\$20,864,000	\$19,499,500	(7%)
Development Impact Fees/ Other Costs	\$17,204,600	\$19,365,900	13%
<i>Central SoMa TDR Purchase (proposed)</i>	<i>\$0</i>	<i>\$0</i>	-
<i>Central SoMa Area Plan Fee (proposed)</i>	<i>\$0</i>	<i>\$3,482,200</i>	-
<i>Central SoMa Community Facilities Fee (proposed)</i>	<i>\$0</i>	<i>\$443,200</i>	-
<i>Central SoMa Mello-Roos Special Tax Cost (proposed) ¹</i>	<i>\$0</i>	<i>\$0</i>	-
<i>Affordable Housing Fee</i>	<i>\$0</i>	<i>\$0</i>	-
<i>Other</i>	<i>\$17,204,600</i>	<i>\$15,440,500</i>	<i>(10%)</i>
Environmental/ Transportation Review	\$884,000	\$884,000	0%
Construction Financing	\$10,832,500	\$10,730,200	(1%)
Other Soft Costs	\$14,137,200	\$14,137,200	0%
Total Hard and Soft Costs	\$142,462,300	\$143,156,800	0%
Developer Margin	\$33,060,900	\$32,048,700	(3%)
Total Costs (net of land)	\$175,523,200	\$175,205,500	(0%)
Residual Land Value (RLV)	\$31,107,400	\$25,098,500	(19%)
RLV as Percentage of Revenue	15%	13%	
Existing Land Value (85' MUO) ²	\$21,000,000		
Value Created by Zoning Change	\$10,107,400	\$10,107,400	
<i>Value Captured by Public Benefits</i>		<i>(\$6,008,700)</i>	
<i>% Value Capture</i>		<i>59%</i>	
Project Returns			
Developer Margin as % of Total Development Cost	19%	19%	
Return on Cost (for Rental)	6.3%	6.2%	
Developer Margin as % of Net Proceeds	16%	16%	

Note: Numbers in summary financial model are rounded, and some totals may not precisely match or add up due to rounding.

1. Reflects carrying cost of special taxes during lease up. Ongoing impact of the special tax is reflected as an annual expense in the Revenues section (if applicable).
2. Reflects existing value as 85' MUO-zoned parcel (MUO allows for office or residential development).

Table 6.2 Summary of Financial Model for Office - Tier B

Site Area	35,000 SF
Zoning Change Under Central SoMa Plan	
Existing Zoning	SLI
Existing Height	85 Feet
Proposed Zoning	MUO
Proposed Height Limit	160 Feet
Prior Use on Site	Industrial
Development Program	
Description	High-Rise
Building Height	160 Feet
Residential Units (Total)	0 Units
Average Unit Size	N/A NSF
Building Size (NSF)	241,520 NSF
Building Size GSF (without parking)	268,400 GSF
FAR	7.7
Parking Ratio	N/A Spaces per Unit
Total Parking Spaces	86
Parking Construction Type (# of levels)	Underground (1 level)

Office - Tier B	Baseline	Proposed Requirements	
Land Use	Office	Office	
PDR Provision	None	.5 FAR	
Summary of Financial Results	Total	Total	% Change from Baseline
Revenues			
Residential For-Sale	\$0	\$0	-
Residential Rental	\$0	\$0	-
Office	\$189,136,100	\$178,604,800	(6%)
Retail (and PDR)	\$17,494,500	\$10,820,300	(38%)
Total Revenues	\$206,630,600	\$189,425,100	(8%)
Hard and Soft Costs			
Hard Construction Costs	\$78,540,000	\$78,540,000	0%
Tenant Improvements/ Lease Up Costs	\$20,864,000	\$19,499,500	(7%)
Development Impact Fees/ Other Costs	\$17,204,600	\$18,661,700	8%
Central SoMa TDR Purchase (proposed)	\$0	\$1,093,800	-
Central SoMa Area Plan Fee (proposed)	\$0	\$506,500	-
Central SoMa Community Facilities Fee (proposed)	\$0	\$443,200	-
Central SoMa Mello-Roos Special Tax Cost (proposed) ¹	\$0	\$1,177,800	-
Affordable Housing Fee	\$0	\$0	-
Other	\$17,204,600	\$15,440,400	(10%)
Environmental/ Transportation Review	\$884,000	\$884,000	0%
Construction Financing	\$10,832,500	\$10,730,200	(1%)
Other Soft Costs	\$14,137,200	\$14,137,200	0%
Total Hard and Soft Costs	\$142,462,300	\$142,452,600	(0%)
Developer Margin	\$33,060,900	\$30,308,000	(8%)
Total Costs (net of land)	\$175,523,200	\$172,760,600	(2%)
Residual Land Value (RLV)	\$31,107,400	\$16,664,500	(46%)
RLV as Percentage of Revenue	15%	9%	
Existing Land Value (SLI) ²	\$10,500,000		
Value Created by Zoning Change	\$20,607,400	\$20,607,400	
Value Captured by Public Benefits		(\$14,442,900)	
% Value Capture		70%	
Project Returns			
Developer Margin as % of Total Development Cost	19%	19%	
Return on Cost (for Rental)	6.3%	6.2%	
Developer Margin as % of Net Proceeds	16%	16%	

Note: Numbers in summary financial model are rounded, and some totals may not precisely match or add up due to rounding.

1. Reflects carrying cost of special taxes during lease up. Ongoing impact of the special tax is reflected as an annual expense in the Revenues section (if applicable).
2. Reflects existing value as 1-story building on SLI-zoned parcel (SLI allows for light industrial uses).

Table 7.1 Summary of Financial Model for Residential - Tier A

Site Area	10,000	SF
Zoning Change Under Central SoMa Plan		
Existing Zoning	MUO	
Existing Height	55	Feet
Proposed Zoning	MUO	
Proposed Height Limit	85	Feet
Prior Use on Site	Industrial	
Development Program		
Description	Res. Mid-Rise	
Building Height	85	Feet
Residential Units (Total)	60	Units
Average Unit Size	719	NSF
Building Size (NSF)	47,625	NSF
Building Size GSF (without parking)	60,550	GSF
FAR	6.1	
Parking Ratio	0.50	Spaces per Unit
Total Parking Spaces	34	
Parking Construction Type (# of levels)	Underground (1 level)	

	1. Condo - On-Site BMR			2. Condo - Fee			3. Rental - On-Site BMR			4. Rental - Fee		
Residential - Tier A	Baseline	Proposed Requirements		Baseline	Proposed Requirements		Baseline	Proposed Requirements		Baseline	Proposed Requirements	
BMR Provision - Fee % or % On-Site	12%	16%		20%	28%		12%	16%		20%	28%	
Summary of Financial Results	Total	Total	% Change from Baseline	Total	Total	% Change from Baseline	Total	Total	% Change from Baseline	Total	Total	% Change from Baseline
Revenues												
Residential For-Sale	\$45,906,300	\$44,177,600	(4%)	\$49,939,900	\$49,939,900	0%	\$0	\$0	-	\$0	\$0	-
Residential Rental	\$0	\$0	-	\$0	\$0	-	\$39,953,200	\$38,483,400	(4%)	\$43,382,700	\$43,382,700	0%
Office	\$0	\$0	-	\$0	\$0	-	\$0	\$0	-	\$0	\$0	-
Retail	<u>\$3,534,800</u>	<u>\$3,534,800</u>	0%	<u>\$3,534,800</u>	<u>\$3,534,800</u>	0%	<u>\$3,534,800</u>	<u>\$3,534,800</u>	0%	<u>\$3,534,800</u>	<u>\$3,534,800</u>	0%
Total Revenues	\$49,441,100	\$47,712,400	(3%)	\$53,474,700	\$53,474,700	0%	\$43,488,000	\$42,018,200	(3%)	\$46,917,500	\$46,917,500	0%
Hard and Soft Costs												
Hard Construction Costs	\$21,357,600	\$21,357,600	0%	\$21,357,600	\$21,357,600	0%	\$21,357,600	\$21,357,600	0%	\$21,357,600	\$21,357,600	0%
Tenant Improvements/ Lease Up Costs	\$450,000	\$450,000	0%	\$450,000	\$450,000	0%	\$450,000	\$450,000	0%	\$450,000	\$450,000	0%
Development Impact Fees/ Other Costs	\$1,919,400	\$1,998,100	4%	\$5,411,400	\$6,886,900	27%	\$1,919,400	\$1,998,100	4%	\$5,411,400	\$6,886,900	27%
<i>Central SoMa TDR Purchase (proposed)</i>	<i>\$0</i>	<i>\$0</i>	<i>-</i>	<i>\$0</i>	<i>\$0</i>	<i>-</i>	<i>\$0</i>	<i>\$0</i>	<i>-</i>	<i>\$0</i>	<i>\$0</i>	<i>-</i>
<i>Central SoMa Area Plan Fee (proposed)</i>	<i>\$0</i>	<i>\$0</i>	<i>-</i>	<i>\$0</i>	<i>\$0</i>	<i>-</i>	<i>\$0</i>	<i>\$0</i>	<i>-</i>	<i>\$0</i>	<i>\$0</i>	<i>-</i>
<i>Central SoMa Community Facilities Fee (proposed)</i>	<i>\$0</i>	<i>\$78,700</i>	<i>-</i>	<i>\$0</i>	<i>\$78,700</i>	<i>-</i>	<i>\$0</i>	<i>\$78,700</i>	<i>-</i>	<i>\$0</i>	<i>\$78,700</i>	<i>-</i>
<i>Central SoMa Mello-Roos Special Tax Cost (proposed) ¹</i>	<i>\$0</i>	<i>\$0</i>	<i>-</i>	<i>\$0</i>	<i>\$0</i>	<i>-</i>	<i>\$0</i>	<i>\$0</i>	<i>-</i>	<i>\$0</i>	<i>\$0</i>	<i>-</i>
<i>Affordable Housing Fee</i>	<i>\$0</i>	<i>\$0</i>	<i>-</i>	<i>\$3,492,000</i>	<i>\$4,888,800</i>	<i>40%</i>	<i>\$0</i>	<i>\$0</i>	<i>-</i>	<i>\$3,492,000</i>	<i>\$4,888,800</i>	<i>40%</i>
<i>Other</i>	<i>\$1,919,400</i>	<i>\$1,919,400</i>	<i>0%</i>	<i>\$1,919,400</i>	<i>\$1,919,400</i>	<i>0%</i>	<i>\$1,919,400</i>	<i>\$1,919,400</i>	<i>0%</i>	<i>\$1,919,400</i>	<i>\$1,919,400</i>	<i>0%</i>
Environmental/ Transportation Review	\$119,000	\$119,000	0%	\$119,000	\$119,000	0%	\$119,000	\$119,000	0%	\$119,000	\$119,000	0%
Construction Financing	\$2,365,500	\$2,365,500	0%	\$2,365,500	\$2,365,500	0%	\$1,851,600	\$1,851,600	0%	\$1,851,600	\$1,851,600	0%
Other Soft Costs	<u>\$5,339,400</u>	<u>\$5,339,400</u>	<u>0%</u>	<u>\$5,339,400</u>	<u>\$5,339,400</u>	<u>0%</u>	<u>\$3,844,400</u>	<u>\$3,844,400</u>	<u>0%</u>	<u>\$3,844,400</u>	<u>\$3,844,400</u>	<u>0%</u>
Total Hard and Soft Costs	\$31,550,900	\$31,629,600	0%	\$35,042,900	\$36,518,400	4%	\$29,542,000	\$29,620,700	0%	\$33,034,000	\$34,509,500	4%
Developer Margin	<u>\$9,393,800</u>	<u>\$9,065,300</u>	<u>(3%)</u>	<u>\$10,160,200</u>	<u>\$10,160,200</u>	<u>0%</u>	<u>\$5,783,900</u>	<u>\$5,588,400</u>	<u>(3%)</u>	<u>\$6,240,000</u>	<u>\$6,240,000</u>	<u>0%</u>
Total Costs (net of land)	\$40,944,700	\$40,694,900	(1%)	\$45,203,100	\$46,678,600	3%	\$35,325,900	\$35,209,100	(0%)	\$39,274,000	\$40,749,500	4%
Residual Land Value (RLV)	\$8,496,400	\$7,017,500	(17%)	\$8,271,600	\$6,796,100	(18%)	\$8,162,100	\$6,809,100	(17%)	\$7,643,500	\$6,168,000	(19%)
RLV as Percentage of Revenue	17%	15%		15%	13%		19%	16%		16%	13%	
Existing Land Value (\$5' MUO) ²	\$5,700,000			\$5,700,000			\$5,700,000			\$5,700,000		
Value Created by Zoning Change	\$2,796,400	\$2,796,400		\$2,571,600	\$2,571,600		\$2,462,100	\$2,462,100		\$1,943,500	\$1,943,500	
<i>Value Captured by Public Benefits</i>		<i>(\$1,479,000)</i>			<i>(\$1,475,500)</i>			<i>(\$1,353,000)</i>			<i>(\$1,475,500)</i>	
<i>% Value Capture</i>		<i>53%</i>			<i>57%</i>			<i>55%</i>			<i>76%</i>	
Project Returns												
RLV/ Unit	\$141,600	\$117,000		\$137,900	\$113,300		\$136,000	\$113,500		\$127,400	\$102,800	
Developer Margin as % of Total Development Cost	23%	23%		23%	23%		N/A	N/A		N/A	N/A	
Return on Cost (for rental)	N/A	N/A		N/A	N/A		5.5%	5.5%		5.5%	5.5%	
Developer Margin as % of Net Proceeds	19%	19%		19%	19%		N/A	N/A		N/A	N/A	

Note: Numbers in summary financial model are rounded, and some totals may not precisely match or add up due to rounding.

1. Reflects carrying cost of special taxes during lease up. Ongoing impact of the special tax is reflected as an annual expense in the Revenues section (if applicable).

2. Reflecting existing value as 55' MUO-zoned parcel, (MUO allows for office or residential development).

Table 7.2 Summary of Financial Model for Residential - Tier B

Site Area	10,000	SF
Zoning Change Under Central SoMa Plan		
Existing Zoning	SLI	
Existing Height	85	Feet
Proposed Zoning	MUO	
Proposed Height Limit	85	Feet
Prior Use on Site	Industrial	
Development Program		
Description	Res. Midrise	
Building Height	85	Feet
Residential Units (Total)	60	Units
Average Unit Size	719	NSF
Building Size (NSF)	47,625	NSF
Building Size GSF (without parking)	60,550	GSF
FAR	6.1	
Parking Ratio	0.50	Spaces per Unit
Total Parking Spaces	34	
Parking Construction Type (# of levels)	Underground (1 level)	

	1. Condo - On-Site BMR			2. Condo - Fee			3. Rental - On-Site BMR			4. Rental - Fee		
Residential - Tier B	Baseline	Proposed Requirements		Baseline	Proposed Requirements		Baseline	Proposed Requirements		Baseline	Proposed Requirements	
BMR Provision - On-Site % or Fee %	12%	20%		20%	33%		12%	20%		20%	33%	
Summary of Financial Results	Total	Total	% Change from Baseline	Total	Total	% Change from Baseline	Total	Total	% Change from Baseline	Total	Total	% Change from Baseline
Revenues												
Residential For-Sale	\$45,906,300	\$43,025,100	(6%)	\$49,939,900	\$49,939,900	0%	\$0	\$0	-	\$0	\$0	-
Residential Rental	\$0	\$0	-	\$0	\$0	-	\$39,953,200	\$37,503,600	(6%)	\$43,382,700	\$43,382,700	0%
Office	\$0	\$0	-	\$0	\$0	-	\$0	\$0	-	\$0	\$0	-
Retail	<u>\$3,534,800</u>	<u>\$3,534,800</u>	<u>0%</u>	<u>\$3,534,800</u>	<u>\$3,534,800</u>	<u>0%</u>	<u>\$3,534,800</u>	<u>\$3,534,800</u>	<u>0%</u>	<u>\$3,534,800</u>	<u>\$3,534,800</u>	<u>0%</u>
Total Revenues	\$49,441,100	\$46,559,900	(6%)	\$53,474,700	\$53,474,700	0%	\$43,488,000	\$41,038,400	(6%)	\$46,917,500	\$46,917,500	0%
Hard and Soft Costs												
Hard Construction Costs	\$21,357,600	\$21,357,600	0%	\$21,357,600	\$21,357,600	0%	\$21,357,600	\$21,357,600	0%	\$21,357,600	\$21,357,600	0%
Tenant Improvements/ Lease Up Costs	\$450,000	\$450,000	0%	\$450,000	\$450,000	0%	\$450,000	\$450,000	0%	\$450,000	\$450,000	0%
Development Impact Fees/ Other Costs	\$1,919,400	\$3,209,100	67%	\$5,411,400	\$8,970,900	66%	\$1,919,400	\$3,209,100	67%	\$5,411,400	\$8,970,900	66%
<i>Central SoMa TDR Purchase (proposed)</i>	<i>\$0</i>	<i>\$0</i>	<i>-</i>	<i>\$0</i>	<i>\$0</i>	<i>-</i>	<i>\$0</i>	<i>\$0</i>	<i>-</i>	<i>\$0</i>	<i>\$0</i>	<i>-</i>
<i>Central SoMa Area Plan Fee (proposed)</i>	<i>\$0</i>	<i>\$1,211,000</i>	<i>-</i>	<i>\$0</i>	<i>\$1,211,000</i>	<i>-</i>	<i>\$0</i>	<i>\$1,211,000</i>	<i>-</i>	<i>\$0</i>	<i>\$1,211,000</i>	<i>-</i>
<i>Central SoMa Community Facilities Fee (proposed)</i>	<i>\$0</i>	<i>\$78,700</i>	<i>-</i>	<i>\$0</i>	<i>\$78,700</i>	<i>-</i>	<i>\$0</i>	<i>\$78,700</i>	<i>-</i>	<i>\$0</i>	<i>\$78,700</i>	<i>-</i>
<i>Central SoMa Mello-Roos Special Tax Cost (proposed) ¹</i>	<i>\$0</i>	<i>\$0</i>	<i>-</i>	<i>\$0</i>	<i>\$0</i>	<i>-</i>	<i>\$0</i>	<i>\$0</i>	<i>-</i>	<i>\$0</i>	<i>\$0</i>	<i>-</i>
<i>Affordable Housing Fee</i>	<i>\$0</i>	<i>\$0</i>	<i>-</i>	<i>\$3,492,000</i>	<i>\$5,761,800</i>	<i>65%</i>	<i>\$0</i>	<i>\$0</i>	<i>-</i>	<i>\$3,492,000</i>	<i>\$5,761,800</i>	<i>65%</i>
<i>Other</i>	<i>\$1,919,400</i>	<i>\$1,919,400</i>	<i>0%</i>	<i>\$1,919,400</i>	<i>\$1,919,400</i>	<i>0%</i>	<i>\$1,919,400</i>	<i>\$1,919,400</i>	<i>0%</i>	<i>\$1,919,400</i>	<i>\$1,919,400</i>	<i>0%</i>
Environmental/ Transportation Review	\$119,000	\$119,000	0%	\$119,000	\$119,000	0%	\$119,000	\$119,000	0%	\$119,000	\$119,000	0%
Construction Financing	\$2,365,500	\$2,365,500	0%	\$2,365,500	\$2,365,500	0%	\$1,851,600	\$1,851,600	0%	\$1,851,600	\$1,851,600	0%
Other Soft Costs	<u>\$5,339,400</u>	<u>\$5,339,400</u>	<u>0%</u>	<u>\$5,339,400</u>	<u>\$5,339,400</u>	<u>0%</u>	<u>\$3,844,400</u>	<u>\$3,844,400</u>	<u>0%</u>	<u>\$3,844,400</u>	<u>\$3,844,400</u>	<u>0%</u>
Total Hard and Soft Costs	\$31,550,900	\$32,840,600	4%	\$35,042,900	\$38,602,400	10%	\$29,542,000	\$30,831,700	4%	\$33,034,000	\$36,593,500	11%
Developer Margin	<u>\$9,393,800</u>	<u>\$8,846,400</u>	<u>(6%)</u>	<u>\$10,160,200</u>	<u>\$10,160,200</u>	<u>0%</u>	<u>\$5,783,900</u>	<u>\$5,458,100</u>	<u>(6%)</u>	<u>\$6,240,000</u>	<u>\$6,240,000</u>	<u>0%</u>
Total Costs (net of land)	\$40,944,700	\$41,687,000	2%	\$45,203,100	\$48,762,600	8%	\$35,325,900	\$36,289,800	3%	\$39,274,000	\$42,833,500	9%
Residual Land Value (RLV)	\$8,496,400	\$4,872,900	(43%)	\$8,271,600	\$4,712,100	(43%)	\$8,162,100	\$4,748,600	(42%)	\$7,643,500	\$4,084,000	(47%)
RLV as Percentage of Revenue	17%	10%		15%	9%		19%	12%		16%	9%	
Existing Land Value (SLI) ²	\$3,000,000			\$3,000,000			\$3,000,000			\$3,000,000		
Value Created by Zoning Change	\$5,496,400	\$5,496,400		\$5,271,600	\$5,271,600		\$5,162,100	\$5,162,100		\$4,643,500	\$4,643,500	
<i>Value Captured by Public Benefits</i>		<i>(\$3,623,500)</i>			<i>(\$3,559,500)</i>			<i>(\$3,413,600)</i>			<i>(\$3,559,500)</i>	
<i>% Value Capture</i>		<i>66%</i>			<i>68%</i>			<i>66%</i>			<i>77%</i>	
Project Returns												
RLV/ Unit	\$141,600	\$81,200		\$137,900	\$78,500		\$136,000	\$79,100		\$127,400	\$68,100	
Developer Margin as % of Total Development Cost	23%	23%		23%	23%		N/A	N/A		N/A	N/A	
Return on Cost (for rental)	N/A	N/A		N/A	N/A		5.5%	5.5%		5.5%	5.5%	
Developer Margin as % of Net Proceeds	19%	19%		19%	19%		N/A	N/A		N/A	N/A	

Note: Numbers in summary financial model are rounded, and some totals may not precisely match or add up due to rounding.

1. Reflects carrying cost of special taxes during lease up. Ongoing impact of the special tax is reflected as an annual expense in the Revenues section (if applicable).

2. Reflects existing value as 1-story building on SLI-zoned parcel (SLI allows for light industrial uses).

Table 7.3 Summary of Financial Model for Residential - Tier C

Site Area	15,000	SF
Zoning Change Under Central SoMa Plan		
Existing Zoning	MUO	
Existing Height	85	Feet
Proposed Zoning	MUO	
Proposed Height Limit	160	Feet
Prior Use on Site	Industrial	
Development Program		
Description	Res. High-Rise	
Building Height	160	Feet
Residential Units (Total)	128	Units
Average Unit Size	936	NSF
Building Size (NSF)	126,575	NSF
Building Size GSF (without parking)	158,260	GSF
FAR	10.6	
Parking Ratio	0.50	Spaces per Unit
Total Parking Spaces	71	
Parking Construction Type (# of levels)	Underground (2 levels)	

	1. Condo - On-Site BMR			2. Condo - Fee			3. Rental - On-Site BMR			4. Rental - Fee		
Residential - Tier C	Baseline	Proposed Requirements		Baseline	Proposed Requirements		Baseline	Proposed Requirements		Baseline	Proposed Requirements	
BMR Provision - On-Site % or Fee %	12%	18%		17%	30%		12%	18%		17%	30%	
Summary of Financial Results	Total	Total	% Change from Baseline	Total	Total	% Change from Baseline	Total	Total	% Change from Baseline	Total	Total	% Change from Baseline
Revenues												
Residential For-Sale	\$129,006,700	\$122,331,200	(5%)	\$141,523,200	\$141,523,200	0%	\$0	\$0	-	\$0	\$0	-
Residential Rental	\$0	\$0	-	\$0	\$0	-	\$110,415,600	\$102,076,400	(8%)	\$120,934,300	\$117,607,200	(3%)
Office	\$0	\$0	-	\$0	\$0	-	\$0	\$0	-	\$0	\$0	-
Retail	\$5,312,300	\$5,042,100	-	\$5,312,300	\$5,042,100	-	\$5,312,300	\$5,042,100	-	\$5,312,300	\$5,042,100	-
Total Revenues	\$134,319,000	\$127,373,300	(5%)	\$146,835,500	\$146,565,300	(5%)	\$115,727,900	\$107,118,500	(5%)	\$126,246,600	\$122,649,300	(5%)
Hard and Soft Costs												
Hard Construction Costs	\$60,736,400	\$60,736,400	0%	\$60,736,400	\$60,736,400	0%	\$60,736,400	\$60,736,400	0%	\$60,736,400	\$60,736,400	0%
Tenant Improvements/ Lease Up Costs	\$675,000	\$675,000	0%	\$675,000	\$675,000	0%	\$675,000	\$675,000	0%	\$675,000	\$675,000	0%
Development Impact Fees/ Other Costs	\$5,068,000	\$5,973,800	18%	\$12,118,200	\$18,554,100	53%	\$5,068,000	\$5,468,200	8%	\$12,118,200	\$17,937,600	48%
Central SoMa TDR Purchase (proposed)	\$0	\$0	-	\$0	\$0	-	\$0	\$0	-	\$0	\$0	-
Central SoMa Area Plan Fee (proposed)	\$0	\$0	-	\$0	\$0	-	\$0	\$0	-	\$0	\$0	-
Central SoMa Community Facilities Fee (proposed)	\$0	\$205,700	-	\$0	\$205,700	-	\$0	\$205,700	-	\$0	\$205,700	-
Central SoMa Mello-Roos Special Tax Cost (proposed) ¹	\$0	\$700,100	-	\$0	\$838,800	-	\$0	\$194,500	-	\$0	\$222,400	-
Affordable Housing Fee	\$0	\$0	-	\$7,050,200	\$12,441,600	76%	\$0	\$0	-	\$7,050,200	\$12,441,600	76%
Other	\$5,068,000	\$5,068,000	0%	\$5,068,000	\$5,068,000	0%	\$5,068,000	\$5,068,000	0%	\$5,068,000	\$5,067,900	(0%)
Environmental/ Transportation Review	\$119,000	\$119,000	0%	\$119,000	\$119,000	0%	\$119,000	\$119,000	0%	\$119,000	\$119,000	0%
Construction Financing	\$8,406,900	\$8,406,900	0%	\$8,406,900	\$8,406,900	0%	\$6,134,900	\$6,134,900	0%	\$6,134,900	\$6,134,900	0%
Other Soft Costs	\$15,184,100	\$15,184,100	0%	\$15,184,100	\$15,184,100	0%	\$10,932,600	\$10,932,600	0%	\$10,932,600	\$10,932,600	0%
Total Hard and Soft Costs	\$90,189,400	\$91,095,200	1%	\$97,239,600	\$103,675,500	7%	\$83,665,900	\$84,066,100	0%	\$90,716,100	\$96,535,500	6%
Developer Margin	\$28,207,000	\$26,748,400	(5%)	\$30,835,500	\$30,778,700	(0%)	\$17,012,000	\$15,746,400	(7%)	\$18,558,300	\$18,029,400	(3%)
Total Costs (net of land)	\$118,396,400	\$117,843,600	(0%)	\$128,075,100	\$134,454,200	5%	\$100,677,900	\$99,812,500	(1%)	\$109,274,400	\$114,564,900	5%
Residual Land Value (RLV)	\$15,922,600	\$9,529,700	(40%)	\$18,760,400	\$12,111,100	(35%)	\$15,050,000	\$7,306,000	(51%)	\$16,972,200	\$8,084,400	(52%)
RLV as Percentage of Revenue	12%	7%		13%	8%		13%	7%		13%	7%	
Existing Land Value (SLI) ²	\$4,500,000			\$4,500,000			\$4,500,000			\$4,500,000		
Value Created by Zoning Change	\$11,422,600	\$11,422,600		\$14,260,400	\$14,260,400		\$10,550,200	\$10,550,200		\$12,472,400	\$12,472,400	
Value Captured by Public Benefits		(\$6,392,900)			(\$6,649,300)			(\$7,744,100)			(\$8,888,000)	
% Value Capture		56%			47%			73%			71%	
Project Returns												
RLV/ Unit	\$124,400	\$74,500		\$146,600	\$94,600		\$117,600	\$57,100		\$132,600	\$63,200	
Developer Margin as % of Total Development Cost	27%	27%		27%	27%		N/A	N/A		N/A	N/A	
Return on Cost (for rental)	N/A	N/A		N/A	N/A		5.6%	5.6%		5.5%	5.5%	
Developer Margin as % of Net Proceeds	21%	21%		21%	21%		N/A	N/A		N/A	N/A	

Note: Numbers in summary financial model are rounded, and some totals may not precisely match or add up due to rounding.

1. Reflects carrying cost of special taxes during lease up. Ongoing impact of the special tax is reflected as an annual expense in the Revenues section (if applicable).

2. Reflects existing value as 1-story building on SLI-zoned parcel (SLI allows for light industrial uses).

Table 7.4 Summary of Financial Model for Residential - Tier D

Site Area	15,000 SF
Zoning Change Under Central SoMa Plan	
Existing Zoning	MUO
Existing Height	85 Feet
Proposed Zoning	MUO
Proposed Height Limit	400 Feet
Prior Use on Site	Industrial
Development Program	
Description	Res. Highrise
Building Height	400 Feet
Residential Units (Total)	217 Units
Average Unit Size	1,061 NSF
Building Size (NSF)	230,150 NSF
Building Size GSF (without parking)	315,010 GSF
FAR	21.0
Parking Ratio	0.5 Spaces per Unit
Total Parking Spaces	117
Parking Construction Type (# of levels)	Underground (2 levels)

Residential - Tier D	Baseline	Proposed Requirements	
BMR Provision - Fee or On-Site %	Fee	Fee	
BMR Provision - Fee %	17%	33%	
Tenure	Owner	Owner	
Summary of Financial Results	Total	Total	% Change from Baseline
Revenues			
Residential For-Sale	\$304,603,600	\$304,603,600	0%
Residential Rental	\$0	\$0	-
Office	\$0	\$0	-
Retail	\$5,312,300	\$5,042,100	(5%)
Total Revenues	\$309,915,900	\$309,645,700	(0%)
Hard and Soft Costs			
Hard Construction Costs	\$127,651,000	\$127,651,000	0%
Tenant Improvements/ Lease Up Costs	\$675,000	\$675,000	0%
Development Impact Fees/ Other Costs	\$22,791,000	\$43,423,600	91%
<i>Central SoMa TDR Purchase (proposed)</i>	\$0	\$0	-
<i>Central SoMa Add'l Impact Fee (proposed)</i>	\$0	\$6,300,200	-
<i>Central SoMa Community Facilities Fee (proposed)</i>	\$0	\$409,500	-
<i>Central SoMa Mello-Roos Special Tax Cost (proposed) ¹</i>	\$0	\$2,048,700	-
<i>Affordable Housing Fee</i>	\$12,616,400	\$24,490,600	94%
<i>Other</i>	\$10,174,600	\$10,174,600	0%
Environmental and Transportation Review	\$119,000	\$119,000	0%
Construction Financing	\$21,609,500	\$21,609,500	0%
Other Soft Costs	\$31,912,800	\$31,912,800	0%
Total Hard and Soft Costs	\$204,758,300	\$225,390,900	10%
Developer Margin	\$68,181,500	\$68,122,000	(0%)
Total Costs (net of land)	\$272,939,800	\$293,512,900	8%
Residual Land Value (RLV)	\$36,976,100	\$16,132,800	(56%)
RLV as Percentage of Revenue	12%	5%	
Existing Land Value (85' MUO) ²	\$9,000,000		
Value Created by Zoning Change	\$27,976,100	\$27,976,100	
<i>Value Captured by Public Benefits</i>		(\$20,843,400)	
<i>% Value Capture</i>		75%	
Project Returns			
RLV/ Unit	\$170,400	\$74,300	
Developer Margin as % of Total Development Cost	28%	28%	
Return on Cost (for Rental)	N/A	N/A	
Developer Margin as % of Net Proceeds	22%	22%	

Note: Numbers in summary financial model are rounded, and some totals may not precisely match or add up due to rounding.

1. Reflects carrying cost of special taxes during lease up. Ongoing impact of the special tax is reflected as an annual expense in the Revenues section (if applicable).

2. Reflects existing value as 85' MUO-zoned parcel (MUO allows for office or residential development).

List of Appendices

Appendix A: Development Assumptions, Methodology and Information Sources

- **Appendix Table A1: Development Assumptions**
- **Appendix A2: Methodology and Information Sources**

Appendix B: Supporting Financial Models for Central SoMa Financial Analysis

Appendix Table B1 Series: Financial Models - Office

- Appendix Table B1.1 Financial Model for Office - Tier A
- Appendix Table B1.2 Financial Model for Office - Tier B

Appendix Table B2 Series: Financial Models- Residential

Residential - Tier A Financial Models

- Appendix Table B2.1.1 Residential - Tier A - Condo On-Site
- Appendix Table B2.1.2 Residential - Tier A - Condo Fee
- Appendix Table B2.1.3 Residential - Tier A - Rental On-Site
- Appendix Table B2.1.4 Residential - Tier A - Rental Fee

Residential Tier B Financial Models

- Appendix Table B2.2.1 Residential - Tier B - Condo On-Site
- Appendix Table B2.2.2 Residential - Tier B - Condo Fee
- Appendix Table B2.2.3 Residential - Tier B - Rental On-Site
- Appendix Table B2.2.4 Residential - Tier B - Rental Fee

Residential - Tier C Financial Models

- Appendix Table B2.3.1 Residential - Tier C - Condo On-Site
- Appendix Table B2.3.2 Residential - Tier C - Condo Fee
- Appendix Table B2.3.3 Residential - Tier C - Rental On-Site
- Appendix Table B2.3.4 Residential - Tier C - Rental Fee

Residential - Tier D Financial Models

- Appendix Table B2.4 Residential - Tier D - Condo Fee

Appendix Table B3 Series: Financial Models for Existing Land Values

- Appendix Table B3.1 Existing Land Value for Residential 55'MUO
- Appendix Table B3.2 Existing Land Value for Residential 85'MUO
- Appendix Table B3.3 Development Assumptions for Existing Land Values

Appendix A: Development Assumptions, Methodology and Information Sources

Appendix Table A1: Development Assumptions.....	Appendix A1-Page 1
Appendix A2: Methodology and Information Sources	Appendix A2-Page 1

Appendix Table A1 Development Assumptions (2015 Dollars)

General Development Assumptions (Height)	Office - Tier A&B	Residential - Tier A&B	Residential Tier C	Residential - Tier D
Primary Land Use Type	Office	Residential	Residential	Residential
Construction Type	High-Rise 160'	Mid-Rise 85'	High-Rise 160'	High-Rise 400'
Geography	Central SoMa Office	Central SoMa Res.	Central SoMa Large Res.	Central SoMa Large Res.
Land Use	Office	Mixed-use	Mixed-use	Mixed-use
Housing Type / Units or Nonresidential SF	N/A 219,200	Owner 60	Owner 128	Owner 217
Development Costs				
Hard Construction Costs				
Residential		\$300 /GSF	\$325 /GSF	\$350 /GSF
Office	\$250 /GSF			
Retail (and PDR)	\$225 /GSF	\$225 /GSF	\$225 /GSF	\$225 /GSF
Parking	\$140 /GSF	\$140 /GSF	\$160 /GSF	\$160 /GSF
Stacker cost	\$15,000 /space	\$15,000 /space	\$15,000 /space	\$15,000 /space
Parking Construction Type	Underground (1 level)	Underground (1 level)	Underground (2 levels)	Underground (2 levels)
Hard Construction Costs/ GSF	\$293 /GSF	\$353 /GSF	\$384 /GSF	\$405 /GSF
Office Tenant Improvements/Lease Up Costs	\$85 /LSF			
Retail Tenant Improvements/Lease Up Costs	\$100 /LSF	\$100 /LSF	\$100 /LSF	\$100 /LSF
Direct Construction Costs/ NSF	\$412 /NSF	\$458 /NSF	\$485 /NSF	\$542 /NSF
Direct Construction Costs/ Unit	NA /Unit	\$363,000 /Unit	\$480,000 /Unit	\$591,000 /Unit
Soft Costs				
Construction Financing				
Construction Loan (Average Outstanding Balance)	60.0%	60.0%	60%	60%
Construction Timing- Condominium		30 Months	40 Months	50 Months
Construction Timing- Apartment/Office	36 Months	24 Months	30 Months	
Construction Interest Rate	5.0%	5.0%	5.0%	5.0%
Loan Fee (Points) as a % of Loan Amount	1.0%	1.25%	1.0%	1.0%
Other Soft Costs /Condo (% of Hard Costs)	25%	25%	25%	25%
Other Soft Cost /Rental (% of Hard Cost)	18%	18%	18%	18%
Target Returns- Office and Condominiums				
Target Return on Total Development Cost	19%	23%	27%	29%
Developer Margin (as a % of Value/Net Proceeds)	16%	19%	21%	22%
Target Returns- Office and Apartments				
Target Return on Cost	6.25%	5.50%	5.50%	5.50%
Revenue Assumptions				
Typical Residential Unit Size		719 /NSF	936 /NSF	1,061 /NSF
Sale Price Per Unit		\$880,775 Per Unit	\$1,170,000 Per Unit	\$1,485,400 Per Unit
Sales Price / NSF		\$1,225 /NSF	\$1,250 /NSF	\$1,400 /NSF
Sales Expense Rate (Condo)		5.5%	5.5%	5.5%
Residential Rental				
Annual Lease Rate/SF		\$69.00 /NSF	\$70.00 /NSF	
Vacancy Rate - Residential (Market Rate)		5.0%	5.0%	
Vacancy Rate - Residential (BMR)		2.0%	2.0%	
Net Operating Income		\$44.85 /NSF	\$45.50	
Capitalization Rate		4.5%	4.5%	
Typical Market Value/SF		\$997 /NSF	\$1,011	
Sales Expense Rate (Rental)		3.5%	3.5%	
Non-Residential Sales Expense	3.5%	3.5%	3.5%	
Office				
Annual Lease Rate/SF (Full Service)	\$75.00 /NSF			
Vacancy Rate	10.0%			
Operating Expense (% of leasing revenue)	32.0%			
Net Operating Income	\$43.50 /NSF			
Capitalization Rate	5.0%			
Typical Market Value/SF	\$870 /NSF			
Retail				
Annual Lease Rate/SF (NNN)	\$60.00 /NSF	\$60.00 /NSF	\$60.00 /NSF	\$60.00 /NSF
Vacancy Rate	10.0%	10.0%	10.0%	10.0%
Operating Expense (% of leasing revenue)	10.0%	10.0%	10.0%	10.0%
Net Operating Income	\$48.00 /NSF	\$48.00 /NSF	\$48.00 /NSF	\$48.00 /NSF
Capitalization Rate	6.0%	6.0%	6.0%	6.0%
Typical Market Value/SF	\$800 /NSF	\$800 /NSF	\$800 /NSF	\$800 /NSF
PDR				
Annual Lease Rate/SF (NNN)	\$24.00 /NSF			
Vacancy Rate	10.0%			
Operating Expense (% of leasing revenue)	10.0%			
Net Operating Income	\$19.20 /NSF			
Capitalization Rate	6.0%			
Typical Market Value/SF	\$320 /NSF			
Parking Revenue/Space/year				
Residential		\$4,200	\$4,200	\$4,200
Retail (and PDR)	\$1,800	\$1,800	\$1,800	\$1,800
Office	\$5,400			
Parking Operating Exp. (as % of Gross Revenues)	30.0%	30.0%	30.0%	30.0%

Source: San Francisco Planning Department, San Francisco Municipal Transportation Agency, San Francisco Office of the Controller, San Francisco Office of Economic and Workforce Development, San Francisco Mayor's Office of Housing and Community Development, San Francisco Unified School District, San Francisco Public Utilities Commission, Keyser Marston Associates, The Concord Group, Polaris Pacific, The Mark Company, CBRE, Colliers International and DTZ Retail Terranomics, Clifford Advisory and Seifel Consulting Inc.

Appendix A2: Methodology and Information Sources

This appendix summarizes the methodology and sources of information used to evaluate the potential impact of the proposed Central SoMa Plan (Plan) on prototypical development types (prototypes) that would likely be developed in the Central SoMa neighborhood if the Plan were to be adopted.¹

As described in the accompanying report, a pro forma analysis of residual land values was performed to evaluate how the proposed requirements of the Plan would increase development costs and affect overall development feasibility, as measured by changes in residual land value (RLV).

Working in close collaboration with City Planning Department staff, Seifel performed the RLV analysis, which included the following steps and information sources, each of which is further described below:

- A. Selection of Prototypes
- B. Preparation of Residual Land Value (RLV) Models
- C. Overview of Development Assumptions for RLV Analysis
- D. Information Sources for RLV Analysis

The final page of this appendix presents the list of information sources and acknowledgments of professionals that provided information that informed this analysis. Appendix B contains the supporting financial models for the Central SoMa financial analysis.

A. Selection of Prototypes

A variety of prototypical development types (prototypes) were evaluated for potential inclusion in the study, based on a review of development pipeline data and an analysis of infill sites that may be suitable for development (sites currently vacant or with existing buildings that are 1-2 stories tall). Based on a comprehensive analysis of prototypical projects, six prototypes were ultimately selected for analysis, representing a variety of lot sizes, building heights, development sizes, land use, zoning designations and locations. Two of these prototypes represent office development and four represent residential developments (each with retail on the ground floor).

1. Definition of Development Program

A customized development program for each prototype was created based on one of three typical “soft sites” within the Central SoMa neighborhood, which are parcels where the existing uses are significantly lower intensity than the development potential under the proposed Plan.² For each soft site, the lot size and an assumed zoning designation were used to a) calculate the potential building envelope, b) define what would likely be built on the ground floor and on the upper floors, c) determine the likely location and number of parking spaces (including the potential use of stackers) and d) estimate gross and net building square footage, after taking account for key building requirements, including open space requirements and vertical building step backs that reduce floor plates as the building increases in height. A brief overview of the prototypical building types, building efficiencies and parking is summarized below.

¹ Central SoMa is a subarea located within the Downtown and Eastern Neighborhoods Plan Areas of the City of San Francisco, which consists of the rectangle bounded by Market Street, Townsend Street, 2nd Street and 6th Street. Most of the proposed Plan changes are only applicable to the Eastern Neighborhoods portion of the Plan Area, although transportation improvements extend to the Downtown portion as well.

² Although soft sites were analyzed in order to develop and test key development assumptions related to development capacity, the prototypes are designed to generally reflect what may be developed within Central SoMa.

a. Building/Construction Type

Five general building types—organized by height and construction type—encompass the majority of developments being built in San Francisco. The prototypes were created to reflect how development in Central SoMa is most likely to occur within these representative building types.

- **Low-Rise 40-58 Feet:** This development type has the greatest geographic presence throughout the City and the greatest variety in size of development. Most Low-Rise development is residential, ranging from small projects with 5 or fewer units to large, 200-unit projects. As the Plan would allow rezoning of Low-Rise development sites and would allow increased heights of 85 feet or higher, this development type was only analyzed in order to determine a baseline existing land value for sites that are currently zoned for 55 feet Mixed Use Office (MUO), as further described below.
- **Mid-Rise 65-68 Feet:** This development type has become more prevalent in the City, particularly in Eastern Neighborhoods Plan Area. Development for this building type is predominately residential (typically with 20 units or more) but some smaller office buildings are being built at this height. No development prototype was analyzed at this height because the focus of the analysis was on the rezoning of sites to higher heights of 85 feet or higher.
- **Mid-Rise 80-85 Feet:** This development type has also become more prevalent in the City's easternmost neighborhoods. Development for this building type is predominately residential (typically with 50 units or more), although new office buildings are also occasionally built within this height range. Residential Tier A and Tier B represent this type of construction. This development type was also used to determine a baseline existing land value for sites that are currently zoned for 85 feet MUO, as further described below.
- **High-Rise 120-160 Feet:** Primarily allowed in the downtown, eastern SoMa and Mission Bay areas, both office and residential buildings are being developed at this height. Office Prototype Tier A and B, as well as Residential Tier C represents this type of construction.
- **High-Rise Above 240 Feet:** Only allowed in a few neighborhoods, primarily in the financial district and eastern SoMa areas. Residential Tier D represents this type of construction, as the Central SoMa Plan would allow increased heights up to 400 feet.

Notably, this list represents general building types, but the frequency of each type varies by use. It is more common to see residential buildings at a range of building sizes and types, while office development is more limited to mid-rise and high-rise buildings with larger floorplates.

b. Building Efficiency

Building efficiency refers to the percentage of building square footage that is sellable or rentable (net square footage or NSF) as compared to overall gross building square feet (GSF), reflecting a deduction for common area space such as lobbies, hallways and community spaces. Smaller projects tend to have lower efficiencies due to the high proportion of common area, and high-rise projects also tend to have lower efficiencies due to life safety measures and slim building profiles. Building efficiencies range from 75 percent (%) to 80% for the residential prototypes, with high-rise construction being the least efficient. Building efficiencies for the office prototypes are 90%.³

³ For the purposes of this analysis, the calculated building efficiencies were used to represent the leasable square footage for both residential and office uses. In the case of office, this is likely a conservative assumption as often a portion of common area, such as bathrooms, are included within the leasable area that is used to calculate the rent a tenant must pay. Based on a review of the development pro formas and discussions with office developers, the assumed efficiencies are within the range of what is typically being used by developers.

c. Parking

The overall amount of parking provided and related construction costs are impacted by factors such as building heights, the number of units, and the applicable zoning requirements. In recent years, developers have been increasingly using mechanical lift equipment that enables multiple parking spaces to be located in the same parking space footprint, often referred to as parking “stackers.” In addition, the ratio of parking spaces per unit (or per building GSF) has decreased over the past decade as a result of changes in City zoning, as well as changes in consumer preference and development feasibility.

The parking ratio for residential units is assumed at 0.5 parking spaces per unit according to the proposed Plan requirements, and the parking is assumed to be provided underground (one or two levels below grade depending on project size) to allow the ground floor to be used for retail, lobby and other uses. The use of mechanical parking lifts is assumed for those prototypes where it would be more cost effective to use lifts rather than build an additional level or underground parking. Without the use of stackers, the typical amount of building area per parking space is about 400 square feet.

Parking in the two office prototypes is also assumed to be underground, but is limited to one-level below grade, and the number of parking spaces is calculated based on the lot size divided by approximately 400 square feet per space, which is approximately equal to the maximum amount of parking allowed for the office and retail components according to the Plan.⁴

B. Preparation of Residual Land Value (RLV) Models

The residual land value (RLV) is equal to the difference between what a developer expects to receive in revenues, (e.g., sale of condominium units after taking into account sales related expenses) less all costs associated with developing the buildings (e.g., predevelopment costs, hard construction costs, financing, developer overhead, marketing/sales costs, other soft construction costs and developer margin or return).

In summary, the RLV is calculated using the following formula, which represents a static basis for determining project feasibility (rather than a dynamic cash flow model):

Revenues (based on sales prices for condominiums or development value for rental property less sales-related costs)

Less: Basic Development Costs (including hard construction, tenant improvements, development impact fees, other development related costs, financing and other soft costs)

Less: Developer Margin (which represents the margin (or return) that needs to be achieved in order for the project to be considered potentially feasible by the development community)

= Residual Land Value (RLV)

The RLV models analyze and compare the residual land value for each prototype under two development scenarios as follows:

- **Baseline:** This scenario reflects the existing public benefits required in the Central SoMa Plan Area per the Eastern Neighborhoods plan. The RLV models estimate the value that would be

⁴ The Central SoMa plan limits residential parking to a ratio of .5 spaces per unit, office parking to 1 space per 3500 square feet of office and retail to 1 space per 1500 square feet of retail. The parking ratio for PDR uses is assumed to be the same as retail. These parking ratios are assumed for both the Baseline and Proposed Requirements scenarios although parking under existing zoning may be permitted to exceed these maximums.

created if the zoning changes proposed in the plan were adopted without changing any development requirements. The baseline is based on the fee rates and affordable housing requirements that were in place as of June 2015, as further described below.

- Proposed Requirements: This scenario reflects the proposed increased requirements for each of the public benefits identified in the draft plan.

C. Overview of Development Assumptions for RLV Analysis

The next four sections describe how the revenues, basic development costs, developer margin and RLV were projected for each prototype. Appendix Table A-1 presents the key development assumptions used to analyze the residential and office prototypes.

Sensitivity analysis was performed during 2015 on various development assumptions, and the RLV results for the baseline scenarios were compared to data on land sales comparables in order to inform the analysis. These findings are considered to be generally representative of real estate feasibility given a long-range view of real estate cycles in San Francisco. However, every development project in San Francisco has its own unique set of circumstances that cannot be accounted for in a pro forma model of a generalized development prototype, so the actual financial impacts on new development may vary from the estimates presented in this analysis.

1. Revenues

Development revenues were developed based on a review of market data for condominium sales and for apartment, office and retail rental property in San Francisco, interviews with developers and market professionals, as well as a review of numerous developer pro formas. The Concord Group, Polaris Pacific, The Mark Company and RealAnswers (formerly RealFacts) were key sources of market data for residential products, while CBRE, Colliers International and DTZ Retail Terranomics were key sources of market data for office and retail products. While many economists project continued growth in sales values and rental rates in the coming years, development revenues for the financial analysis are based on 2015 market values and have not been trended into the future to reflect price escalation due to inflation or market improvement. Revenues are equal to potential sales prices for condominiums or development values for rental property less sales expenses, as further described below.⁵

a. Condominium

Condominium sales prices vary based on location, unit size, building amenities, and whether or not units have a view premium,⁶ among other factors. Sales prices for each development prototype are based on anticipated sales value per net square foot for a typical new development of comparable height, target market, and unit size in developments located near Central SoMa. As the bedroom mix and average size of units is quite different from prototype to prototype, these assumptions have also been adjusted to take into account that smaller units (such as studios) have higher pricing per square foot as compared to larger units. In addition, the 400' high-rise prototype (Residential Tier D) is assumed to have luxury penthouse units on the top floors of the building that will command high premium values.

⁵ Although soft sites were analyzed in order to develop and test key development assumptions, potential revenues for each prototype are designed to generally reflect potential prices and rents within the broader geographic areas and were also tested against minimum development feasibility thresholds provided by the development community.

⁶ Buildings with higher heights command higher prices due to view premiums that increase as building heights increase.

Condominium market sales prices range from \$1,225/NSF (mid-rise) to \$1,400/NSF (high-rise), and these sales prices are assumed to include the cost of parking. The financial analysis assumes that developers either provide below market rate (BMR) housing units on-site (affordable to households at 90% Area Median Income or AMI) or alternatively pay a fee instead of providing units.

The average BMR price is calculated based on the MOHCD published sample BMR sales price schedule given the assumed bedroom mix, and the affordable housing fee per unit is similarly calculated based on the MOHCD fee schedule per unit. See Section C.2.c for more information on the affordable housing scenarios analyzed in this plan.

b. Apartment

Residential rental revenues for apartments are translated to a potential market value for each rental prototype based on stabilized net operating income (NOI) divided by a market capitalization rate. NOI equals gross income from the rental of apartments and parking spaces, less a standard vacancy allowance (5% for market rate units and 2% for BMR units), and less operating expenses (estimated at 30% of rental revenues). Capitalization rates are assumed at 4.5%, or 0.5% above the current going in cap rate for San Francisco Class A multifamily developments, according to Integra Realty Resources (IRR) Viewpoint 2015. This cap rate cushion is used for all residential rental scenarios and takes into account potential changes in interest rates and measures of risk by the investment community.

The monthly rental rate for the rental prototypes is assumed to range from \$5.50/NSF to \$5.83/NSF (\$66/NSF to \$70/NSF per year) based on market comparables for recently built institutional grade properties in the Eastern Neighborhoods where most new apartments are located. Parking revenues are assumed to be \$350 per space per month based on discussions with developers and pro forma review

As the bedroom mix and average unit size differs from prototype to prototype, average rental rates have also been adjusted to reflect the fact that buildings with a greater proportion of larger two- and three-bedroom units typically generate lower rents on a per square foot basis, given renters' sensitivity to overall monthly rents, particularly for two- and three-bedroom units.

The apartment prototypes are assumed to either pay an affordable housing fee or provide BMR housing units on-site, affordable to households at 55% Area Median Income. The average rent for BMR units is calculated based on the MOHCD published BMR rent schedule without utilities given the assumed bedroom mix, and the affordable housing fee per unit is calculated based on the MOHCD fee schedule per unit.

c. Office

Office revenues are translated to a potential market value for office based on stabilized net operating income (NOI) divided by a market capitalization rate. Given the significant demand from larger, technology-oriented tenants, pro formas for office developments are now more commonly using triple net rents (NNN) or something akin to modified gross (MG) rather than full service (FS) rents to calculate NOI. For purposes of this analysis, the following assumptions are made based on interviews with office developers active in the Central SoMa area and a review of pro formas for downtown office buildings submitted in response to the Transbay Joint Powers Authority developer solicitations.

Monthly office rental rates are assumed at \$6.25/NSF (or \$75/NSF/year) for full service office rents.⁷ Office NOI for the 160 foot office prototypes, Office Tier A and B, are calculated based on these annual

⁷ Given the significant demand from larger, technology-oriented tenants, office projects may be rented to a corporate technology company (tenant) where the tenant assumes most of the operating expenses rather than the landlord. In this case,

office rents, less a vacancy allowance of 10% and less landlord expenses (including non-reimbursable operating costs, replacement reserves and contingency) at 32% of rental revenues. This results in an NOI of \$43.50/NSF.

Parking revenues are assumed to be \$450 per space per month with parking operating expenses at 30% of parking revenues. Capitalization rates are assumed at 5%, which is 0.5% above the current going in cap rate for San Francisco Class A CBD office, according to IRR Viewpoint 2015.

d. Retail and PDR

Retail and PDR revenues translated to a potential market value based on stabilized net operating income (NOI) divided by a market capitalization rate. NOI equals gross income from rents and parking spaces associated with retail or PDR uses.

Monthly retail rental rates are assumed at \$5.00/NSF NNN. Annual NOI is calculated based on \$60/NSF (annual rent) less a vacancy allowance of 10% and less landlord expenses (including non-reimbursable operating costs, replacement reserves and contingency) at 10% of rental revenues. This results in NOI at \$48/NSF.

Monthly PDR rental rates are assumed at \$2.00/NSF NNN. Annual NOI is calculated based on \$24/NSF per year less a vacancy allowance of 10% and less landlord expenses (including non-reimbursable operating costs, replacement reserves and contingency) at 10% of rental revenues. This results in NOI at \$19.20/NSF.

Monthly parking revenues are assumed at \$150 per space, with parking operating expenses at 30% of parking revenues, reflecting the fact that parking revenues for retail and PDR are not anticipated to represent a significant source of income. Capitalization rates for both retail and PDR are assumed at 6%, which is 0.5% above the current going in cap rate for San Francisco Class A neighborhood retail according to IRR Viewpoint 2015. This cap rate is also considered reasonable for PDR given historical industrial transactions in San Francisco.

e. Sales Expenses

Sales expenses include brokerage fees and City transfer taxes, and these expenses are deducted from the sales and rental revenue proceeds in order to calculate net development revenues. Transfer taxes are based on the City's transfer tax schedule, which is calculated according to building value, and are assumed to be paid by the developer. All of the condominium prototypes are assumed to have sales expenses equal to 5.5% of sales price, representing an allowance for transfer tax and other sales related expenses. Office, apartment and retail uses are assumed to have sales expenses equal to 3.5% percent of sales price, representing an allowance for transfer tax and brokerage fees.

2. Development Costs

Development costs consist of five key categories: (a) hard construction costs and tenant improvements (collectively referred to as direct costs); (b) development impact fees and other costs; (c) environmental and transportation review costs; (d) construction financing; and, (e) other soft costs. Land costs are

the rent may be quoted on a triple net rents (NNN) or modified gross (MG) rent basis rather than full service (FS) rent. The assumed full service rent is similar to a triple net rent of \$54 per year with a 10% allowance for landlord operating, lease-up and other expenses.

calculated based on the RLV, as described above. Direct construction costs represent the majority of development costs.⁸

a. Direct Construction Costs

Direct construction costs include hard construction costs related to building, parking and site work (including general contractor overhead, profit and general conditions) plus tenant improvements. As the type and location of parking varies significantly across building types, parking hard construction costs are estimated separately from the hard construction costs for the residential, retail and/or office components. The parking costs were then added to the hard construction costs for each land use by prototype and compared with developer pro formas and contractor estimates for projects in this building type, as well as information on 2015 construction costs provided by the San Francisco Department of Building Inspection.

Tenant improvements are assumed to be the landlord or developer's share of what is required to be installed in order to accommodate occupancy by retail and/or office tenants. The following costs for each building and land use type were developed based on interviews with a range of developers and general contractors, recent development pro formas and information on construction costs provided by the San Francisco Department of Building Inspection.

Office Hard Construction and Tenant Improvements

- **High-Rise 160 Feet:** Type I construction with added life safety requirements at \$250/GSF plus landlord paid tenant improvements at \$85/NSF)

Direct construction costs for the office prototypes are \$412/NSF, inclusive of costs related to ground floor retail, parking and tenant improvements, as further described below.

Residential Hard Construction

- **Low-Rise 55-58 Feet:** Type V over Type I podium construction at \$290/GSF of Residential Area.⁹
- **Mid-Rise 80-85 Feet:** Type I construction at \$300/GSF of Residential Area.
- **High-Rise 120-160 Feet:** Type I construction at \$325/GSF of Residential Area (reflects added life safety requirements plus construction premium for smaller sized upper floors).
- **High-Rise Above 240 Feet:** Type I construction at \$350/GSF of Residential Area (reflects added life safety requirements plus construction premium for additional smaller sized upper floors).

Direct construction costs for the residential prototypes range from about \$450/NSF to \$545/NSF, inclusive of costs related to ground floor retail, parking and tenant improvements, as further described below.

According to interviews with general contractors and developers, typical condominiums cost about 5% or more per square foot of residential gross building area than apartments because they have higher finishes and amenities, and some of this additional cost may be recaptured during the sales process as

⁸ Development cost information was provided by the San Francisco Department of Building Inspection and a range of real estate professionals, including developer members of the Urban Land Institute, SPUR and San Francisco Housing Action Coalition, as well as general contractors (including Webcor, Cahill, Swinerton and Build GC).

⁹ This construction cost assumes construction labor at prevailing wages and assumes there may be substantial site improvements, including demolition costs for the existing industrial building, which will need be spread over a small number of units, as the 55 foot MUO prototype only contains 36 units.

unit upgrades.¹⁰ Rental units are typically smaller in size than condominium developments, and therefore typically cost more per square foot due to the higher ratio of kitchen and bathrooms to overall square footage. Based on reviewing numerous developer pro formas for both condominium and rental units, the above construction costs are assumed to be within the range of current construction costs for both condominium and rental units taking into account differences in unit sizes and building efficiencies. In addition, as separately noted below, a contingency allowance of 10% is added to these costs to reflect the preliminary nature of these estimates.

Retail and PDR Hard Construction and Tenant Improvements

- **Retail on Ground Floor:** Podium construction at \$225/GSF plus landlord paid Tenant Improvements (TI) at \$100/NSF
- **PDR on Ground Floor:** Podium construction at \$225/GSF. Given the low rent levels assumed for PDR space and the industrial nature of its uses, no landlord paid TIs are assumed for PDR.

Parking Hard Construction

- Underground Parking (1 level below grade at \$140/GSF of Parking Area).
- Underground Parking (2 level below grade at \$160/GSF of Parking Area).
- Stackers (assumes puzzle stackers at cost of \$15,000 per space for parking lift system plus additional costs related to mechanical and electrical systems, plus site accommodations).

Hard Construction Cost Contingency

- A 10% contingency was added to all hard construction cost estimates, including parking.

b. Development Impact Fees

Development impact fees include all of the applicable citywide fees as well as area plan fees. For each prototype, the model assumes a variable level of fees under the two scenarios described earlier:

- **Baseline:** The baseline scenario assumes the applicable fee rates effective in 2015, which include the Transportation Sustainability Fee, Eastern Neighborhoods Fee, Child Care Fee, Water and Wastewater Capacity Charges, Jobs-Housing Linkage Fee, Affordable Housing Fee and School Fees.¹¹ It also assumes the provision of public art at 1% of development value (in lieu of payment of the Public Art Fee). Where applicable, prior use fee credits and area plan change of use fees were calculated.
- **Proposed Requirements:** This scenario assumes all of the baseline fees plus the new and increased fees that are proposed as part of the Central SoMa plan, which include the proposed new Central SoMa Fee and Community Facilities Fee, as well as increased Affordable Housing Fee requirements (described further below).

¹⁰ Penthouses and luxury condominiums with higher quality materials and finishes typically have higher associated construction costs as compared to rental units, and customized upgrades are typically paid by the buyer. The construction costs for the Residential Tier D high-rise take into account the larger average unit sizes for with this condominium prototype.

¹¹ The Transportation Sustainability Fee and Childcare Fee have been assumed at the recently adopted rates as of 2015. The City's affordable housing requirements are modeled as of 2015 and do not reflect the adoption of Proposition C in 2016. (Proposition C increased affordable housing requirements for private developers of new market-rate housing projects of 25 or more units, until the Board of Supervisors passes an ordinance changing those requirements, and authorized the Board of Supervisors to change affordable housing requirements by ordinance.)

c. Affordable Housing

In order to achieve the Plan's goal of ensuring that 33% of residential units are affordable, development that receives significant upzoning through the Central SoMa plan is proposed to provide higher levels of affordable housing than is currently required by the Eastern Neighborhoods plan. Projects may elect to meet the requirement either through the provision of increased Below-Market Rate (BMR) housing units on-site or the payment of a higher level of affordable housing fees.

Under the Baseline Scenario (which utilizes affordable housing requirements from 2015), 12% of units must be provided onsite or a housing fee must be paid that is equal to the MOHCD housing fee multiplied by 20% of total units for projects less than 120 feet in height and 17% for projects 120 feet and above. For projects paying the Affordable Housing Fee, rates are based on MOHCD's 2015 Affordable Housing Fee Schedule, multiplied by an applicable percentage of units for each tier of development. For projects with on-site BMR units, the required number of BMR units is calculated per the Inclusionary Housing Program requirements (Planning Code Section 415) by multiplying the required percentage of BMR units by the total number of units, rounding up to the nearest whole unit for any fractional units greater than 0.5.

Under the Proposed Requirements, the percentage of onsite BMR units and the percentage fee requirement is proposed to increase overall, varying by tier of residential development.

d. Transfer of Development Rights

In a number of zoning districts in San Francisco, developers may elect to obtain a Transfer of Development Rights (TDR), which is a voluntary, market-based program that allows developers or other interested parties to purchase additional development capacity from other specified "donor" sites (often a site with historic preservation status), thereby increasing the size of their project. These transfers are subject to negotiation between private entities so the costs of purchase vary. Based on research on recent TDR transactions, this analysis assumes a market price of \$25/square foot. Under the Proposed Requirements, certain types of office development would need to purchase TDRs for a specified amount of floor area.

e. Mello-Roos Community Facilities District (CFD)

The Central SoMa Plan proposes to establish a Mello-Roos Community Facilities District (CFD), whereby some new developments that receive upzoning through the plan would be subject to a CFD special tax charged on a per square foot basis. The CFD program is anticipated to be levied and implemented in a similar manner to the CFD for the Transit Center District Plan (TCDP) Area. The proposed Central SoMa CFD special tax would apply to the upper development tiers (Office Tier B and Residential Tiers C & D). Proposed rates for residential uses are \$2.59 (residential rental) and \$6.44 per square foot (residential condo), while nonresidential uses would pay \$4.48 per square foot.¹² Affordable housing (BMR) units and PDR space are proposed to be exempt. The total property tax burden of the CFD special taxes combined with the City's existing property tax rate is assumed to be less than 1.75% of assessed value, which is within industry standards and comparable to the TCDP CFD in San Francisco.

¹² Based on the CFD special tax structure for the Transit Center, the special tax rate for residential is multiplied by net (habitable) square feet while gross building square feet is used for retail and office uses. (April 10, 2017: Please note the corrected reference to the proposed special tax for residential condo of \$6.44/square foot. This appendix (Appendix A-2) has been updated to indicate that the proposed special tax for residential condo is \$6.44/square foot, consistent with the proposed rates published in the main report and used in the financial analysis.)

Broadly, the CFD special tax could affect RLV in two potential ways:¹³

- The payment of CFD special taxes during the lease-up or sales period increases development costs, which correspondingly decreases RLV. This increased cost to developers (the “carrying cost”) is included within the pro forma under the section “Development Impact Fees/Other Costs.”
- The ongoing annual special tax payments decrease potential net operating income, which decreases potential net proceeds and correspondingly decreases RLV, as further described below. The impact of the CFD special tax is factored into the calculation of “Net Operating Income,” which is used to calculate net proceeds.

The public amenities and infrastructure that will be funded by the CFD and neighborhood impact fees, will improve Central SoMa and help enhance future development values, which is anticipated to help offset the financial impact of the special tax in the future.

For prototypes modeled as residential condominiums, the developer is assumed to pay the CFD special tax for all units starting at Certificate of Occupancy until units are sold, at which point the individual homeowners would fully assume the annual special tax burden.¹⁴ (See section C.2.g for information on assumed unit absorption rates.)¹⁵

For rental property (apartments, office and retail), the developer is similarly assumed to pay the CFD special tax starting at Certificate of Occupancy until the building is leased. Upon lease-up, the developer (and ultimate landlord) could pass all or a portion of the special tax payments to tenants or would need to incorporate the special tax into annual operating expenses. Given that the lease-up period and sharing of operating expenses between landlord and tenant vary significantly among rental uses, the costs attributable to the CFD special tax payments prior to lease up are modeled differently for the various prototypes.¹⁶

The ongoing annual special tax payments could decrease potential net operating income, which decreases potential net proceeds and correspondingly decreases RLV. The impact of the CFD is assumed to be equal to the CFD special tax rate multiplied by gross square foot multiplied by a factor of 50%,

¹³ The exact terms of the proposed Central SoMa Mello-Roos CFD and Special Tax are yet to be determined. As a guide, this analysis assumes that the administration of the tax may occur similarly to the Transit Center District Mello-Roos. This analysis assumes that the special tax may be assessed on buildings starting in the next succeeding fiscal year after the first Certificate of Occupancy.

¹⁴ For condominiums, special taxes are ultimately paid by the owners and are not assumed to impact sales values because the proposed total property tax burden with Mello-Roos does not exceed a reasonable market standard, considered to be between 1.5-1.75% in San Francisco, and the proposed improvements in Central SoMa will help enhance property values.

¹⁵ In actuality, the obligation may be lower or higher depending on when the special tax burden is levied, the absorption period and how long the developer assumes the obligation for the special tax. The development cost related to the CFD for Residential Tier C is assumed to be equivalent on average to one year's worth of a special tax obligation on all units, while Residential Tier D is assumed to be equivalent to 1.33 year's worth of a special tax obligation on all units to reflect its longer absorption period and lengthened pre-sale period.

¹⁶ Similarly, this obligation may be lower or higher depending on how quickly space is leased, and the special tax is factored in to operating expenses. The development cost related to the CFD for apartments is assumed to be equivalent to one year's worth of a special tax obligation on all units adjusted by 50%, assuming a portion of the special tax can begin to be passed-through during the first year after CFO. The development cost related to the CFD for office is assumed to be equivalent to one year's worth of a special tax obligation, while retail is assumed to be equivalent to two year's worth of a special tax obligation given that retail typically takes longer to lease-up. No CFD special tax obligation is assumed for BMR units or PDR space.

because all or a portion of the special tax could potentially be passed on to tenants. The following formula presents how the CFD is factored into the calculation of net proceeds, which in turn affects RLV:

Revenues (based on annual rental payments)

Less: Vacancy Allowance

Less: Operating Expense Allowance

Less: Mello-Roos Special Tax (excluding BMR units and adjusted by 50% to account for partial pass-through to tenants)

= Net Operating Income (NOI)

Sales Value = NOI Divided by Capitalization Rate (for each property type)

Less: Sales Cost

= Net Proceeds

Less: Development Costs

= Residual Land Value (RLV)

The following table illustrates the potential decrease in RLV at varying CFD special tax rates for an apartment unit of 900 square feet in size.

Sample Value Reduction on Residential Apartment RLV due to Mello-Roos CFD

Potential Annual CFD Special Tax Rate	\$1.00	\$2.00	\$3.00	\$4.00	\$5.00	\$6.00	\$7.00
Average Unit Size	900	900	900	900	900	900	900
Annual Special Tax Payment	\$900	\$1,800	\$2,700	\$3,600	\$4,500	\$5,400	\$6,300
50% Pass-through Adjustment	\$450	\$900	\$1,350	\$1,800	\$2,250	\$2,700	\$3,150
Potential Value Reduction*	\$10,000	\$20,000	\$30,000	\$40,000	\$50,000	\$60,000	\$70,000

* Based on capitalized net operating income at an assumed 4.5% cap rate for residential property.

f. Environmental and Transportation Review Costs

While a relatively minor component of the development costs, environmental and transportation review costs were estimated by City staff for each of the prototypes and factored into the analysis.

g. Construction Financing and Predevelopment Carry Savings

Construction financing typically represents the major source of capital that pays for development costs during construction. Construction terms vary depending on market conditions, developer financial capacity, developer track record and the construction lender.¹⁷ The construction interest rate is assumed at 5% for all prototypes with a loan fee of 1-1.25%, depending on loan size.

The construction loan amount is calculated based on an approximate loan to value of 50% or about 60-65% of development cost. The construction loan interest is calculated at an average outstanding balance of 60% of development costs. The term of the construction loan is directly related to project timing, as the construction loan is the primary source of capital during the construction and absorption phase (sales for condominiums and lease-up for rentals).

¹⁷ This analysis does not include financing costs for predevelopment carry or mezzanine financing.

The construction period for each prototype increases according to development size and complexity, with construction periods assumed to range from about 22-24 months (smaller, low-rise and mid-rise buildings) to 30 months (larger, high-rise buildings). Absorption for each prototype is based on recent market trends and interviews with developers. Office absorption is assumed to average 200,000-250,000 square feet per year. Residential absorption is assumed to range between 8-9 units per year for condominiums (depending on project size) and 20 units per month for apartments, with 2-4 months of pre-sales or pre-lease depending on project size.

h. Other Soft Costs

Other soft costs include all other indirect construction costs such as architectural design, engineering, legal fees, building permit fees, marketing and other sales/leasing related development costs. These costs are calculated as a percentage of hard construction costs based on a review of pro formas and interviews with developers and real estate professionals. Other soft costs for the residential condominium prototypes are assumed at 25% of hard construction costs while rental prototypes (both residential and commercial) that have less extensive sales and marketing costs are assumed at 18% of hard construction costs.

3. Developer Margin

Developers, lenders and investors evaluate and measure developer margins or returns in several ways. For commercial rental property, the typical most important static return measure is referred to as Return on Cost (or Yield on Cost), which is measured based on Net Operating Income (NOI) divided by total development costs.¹⁸ The target yield or return on cost has ranged between 5-7% for apartments and between 6-7% for office in San Francisco over the past ten years, based on a review of project pro formas and discussions with developers and equity investors. These returns take in to account the size and scale of development, as well as the building's long-term cash flow potential.

For condominium properties, the most typical static return metrics used by developers are return on development cost or return on net sales proceeds. Return on development cost is calculated by dividing the potential return (or developer margin) by the total development cost. Return on net sales proceeds is calculated by dividing the potential return by net proceeds (residential sales proceeds less sales related expenses).

Based on input from real estate developers, equity investors and lenders, and discussions with City staff, developer returns for the prototypes are based on the following target returns.

- Office: Target developer margin as measured by return on development cost at 19% or 16% on return on net value. The target return on cost for office prototypes is 6.25% based on the assumption that the office space will be substantially pre-leased given the building size for the office prototypes and their location south of market in the technology corridor.
- Residential rental: Target return on cost as measured by net operating income divided by total development costs, based on a threshold return on cost (or yield on cost) of 5.5%.¹⁹
- Residential condominiums: Target returns vary according to the complexity and size of development (typically correlated with height) as risk and required return on capital increase correspondingly:

¹⁸ NOI is equal to rental income less vacancy less operating expenses.

¹⁹ Return on cost was used as the key return metric for apartments. As the residential cap rate is assumed at 4.5%, this yields a tighter developer margin as the difference between the assumed cap rate and target return on cost is .75%, whereas some developers and capital providers will aim to achieve a higher differential (or spread).

- **Low-Rise 55 Feet:** Assumed at 21% return on development cost or 17% threshold for return on net sales for condominiums.
- **Mid-Rise, 85 Feet:** Assumed at 23% return on development cost, or 19% threshold for return on net sales for condominiums.
- **High-Rise, 160 Feet:** Assumed at 27% return on development cost or 21% threshold for return on net sales for condominiums
- **High-Rise above 240 Feet:** Assumed at 29% return on development cost or 22% threshold for return on net sales for condominiums
- **Retail:** Target returns in mixed-use projects are assumed to be the same as the predominant land use.

4. Existing Land Values

As described above, the residual land value (RLV) is equal to the difference between what a developer expects to receive in revenues less all costs associated with developing the buildings. Land residual models for each prototype were created to compare the potential financial impact on RLV under the Baseline and the Proposed Requirements scenarios. These RLV values are also compared with an associated existing land value for each development prototypes, in order to calculate the value created due to the zoning changes proposed in the Plan (described further in Section 5 below).

a. Existing Land Value for Sites Zoned Mixed Use

Several of the prototypes assume that the current zoning is mixed use office or MUO (nonresidential prototype for Tier A, and Residential prototypes for Tiers A&D). In these cases, the existing land value is derived from a pro forma analysis that models the RLV under current MUO zoning. The two prototypes analyzed are for a 10,000 square foot site with MUO zoning at 85 feet and at 55 feet.

The development potential for the site at 85 feet MUO zoning was first analyzed under both an office and a residential scenario to determine the potential revenue generation from the site, and a residual land value analysis was performed for each scenario. (The residential scenario was analyzed as both condominium and rental housing.) The residential scenario generated higher RLV as compared to the office scenario, and office would not likely be a preferred use given the small floor plates. The existing land value was established based on the average of the RLV results for the residential scenarios, which is approximately \$9 million (equivalent to about \$140,000 per unit or \$600 per square foot of land area). This land value is considered to be a reasonable estimate of existing land value as it is within the range of land acquisition prices based on land sales comparables in eastern SoMa assembled by Clifford Advisory LLC in 2014-2015.

The existing land value for the site at 55 feet MUO zoning was similarly analyzed, but only residential scenarios were analyzed given the above findings. The existing land value was established based on the average of the RLV results for the residential rental and condominium scenarios or \$5.2 million, or approximately \$140,000 per unit, which is also within the range of reasonable market land values according to Clifford Advisory.

The existing land value for a 35,000 square foot site with 85 feet MUO zoning was estimated based on the RLV calculation for the 10,000 square foot site with 85 foot MUO zoning, as described above, and proportionately increased by the site size (35,000/10,000 square feet or 3.5 times greater).

b. Existing Land Value for Industrial Property

For the prototypes that assume the existing zoning is industrial (nonresidential prototype for Tier B and residential prototypes for Tiers B & C), the land value was derived from land appraisal information provided by the real estate appraisal firm Clifford Advisory LLC in 2014-2015. Clifford Advisory assembled sales transactions for industrially zoned land and buildings in Central SoMa and the nearby neighborhoods from 2007 through 2014, which included property transactions prior to and after the economic recession. An analysis of these transactions indicated the following:

- Very few sales of industrial property had occurred in Central SoMa from 2007 to 2014 on sites zoned SLI or SALI. Thus, the geographic area was broadened to include transactions in the nearby neighborhoods of West SoMa, Potrero and northern portions of the Bayview.
- Industrial land and building prices decreased dramatically during the recession but began increasing again starting in 2012.
- Parcel sizes for the comparable sales ranged from about 2,000 square feet to about 35,000 square feet, with a median parcel size of 8,000 square feet.²⁰
- Only a few of the property transactions were for vacant sites, while most properties had improvements in the form of existing building(s) on the site.
- The improvement ratios (building size divided by parcel size) for sales with industrial buildings ranged from .5 to 2.0 with a median improvement ratio of 1.2.
- The indicated 2015 market value for industrial property based on historical sales transaction trends was estimated to be in the range of \$250 to \$300 per square foot of building area.
- This 2015 value range was confirmed using an income valuation approach based on the following assumptions for typical industrial properties in the South of Market area:
 - 85%-90% industrial space with 10-15% dedicated to office uses related to industrial use.
 - Market rents between \$1.80-\$2.20 per square foot per month (industrial gross), with operating expense ratios ranging from 20-25%, vacancy allowance at 5% and capitalization rates ranging from 6-6.75%.

Based on a review of soft sites with SLI and SALI zoning in Central SoMa, the Planning Department chose three parcel sizes of 10,000, 15,000 and 35,000 square feet as being most representative of properties that might be upzoned and redeveloped.²¹ These prototypical sites are assumed to have a 1.0 improvement ratio, or the equivalent of a 1-story industrial building covering 100% of the parcel. Based on the appraisal data described above, an existing land value of \$300 per building square foot (higher end of the value range) was used for each industrial site, which yielded the following values: \$3,000,000 for the 10,000-square-foot site, \$4,500,000 for the 15,000-square-foot site and \$10,500,000 for the 35,000-square-foot site.

²⁰ Where there was evidence that a property was purchased with the intent of rezoning the property to residential or office uses, these transactions were not considered comparable and omitted from the sales comparables, as the purpose of this valuation was to determine existing value as an industrial use.

²¹ City staff conducted an analysis of typical "soft sites" in the Plan area, which are considered underutilized due to current or future zoning that allows a substantially higher intensity of development than is currently present. This analysis includes assumptions about the redevelopment potential of current uses on a site (for instance, existing residential developments would not be considered developable, while a lot that has a small retail building and surface parking might). Factors that influenced the determination of soft sites included lot area, existing land uses (e.g. parking lot, industrial property, etc.), and existing/proposed zoning districts and height limits. Based on this analysis, staff selected three typical Central SoMa soft sites, representing lot sizes of 10,000, 15,000, and 35,000 square feet.

5. Calculation of Value Capture

The value created from the zoning changes in the Plan is the difference between the residual land value under the Baseline scenario and the existing land value:

Value Created by Zoning Change

RLV Under Baseline Scenario

Less: Existing Land Value (Under Existing Zoning)

= Value Created from Zoning Change

The difference in RLV under the two scenarios (Baseline and Proposed Requirements) is then compared in order to calculate the value captured by the public benefits under the Proposed Requirements scenario:

Value Captured by Public Benefits

RLV Under Proposed Requirements Scenario

Less: RLV Under Proposed Baseline Scenario

= Value Captured by Public Benefits

% Value Capture = Value Captured by Public Benefits ÷ Value Created by the Zoning Change

The percent value capture is then compared to the target threshold of 50-75% for each of the prototypes under alternative scenarios. The detailed findings from the financial analysis are presented in a series of tables in the appendices as described on page 1 of this appendix.

6. Limitations to this Analysis

The approach and methodology for the financial analysis was developed in consultation with City staff, and it reflects the input of numerous professionals who are actively engaged in real estate development in San Francisco, as well as the information sources listed in Section D. As described in the accompanying report, the data and analysis presented in the report and appendices have been gathered from the most reliable sources currently available and are designed to represent realistic development conditions as of June 2015, taking into account a long-range view of real estate cycles in San Francisco.

While the calculations in the pro forma analysis are based on reasonable assumptions, they may not reflect actual future revenue and costs for real estate development in San Francisco. In addition, the models assume a set of public requirements that have been proposed by the Planning Department as of August 2016 for each tier of development, but the Planning Commission and/or Board of Supervisors may modify the requirements from what has been proposed in the future. Though Seifel Consulting has made reasonable efforts to verify the accuracy of the information and financial results, no warranty is given or implied as to their accuracy. This financial analysis has been developed for the sole purpose of advising the Planning Department on the implementation of the Central SoMa Plan.

D. Information Sources for RLV Analysis

Association of Bay Area Government (ABAG), Projections 2013.

Clifford Advisory, Land Value in Eastern Neighborhoods, April 14, 2008, plus updated data on land sales comparables and guidance on residual land value calculations provided during 2014 and 2015.

Integra Realty Resources, Viewpoint, 2015 Real Estate Value Trends.

Interviews with residential and office developers, as well as a range of general contractors, many of whom are members of the Urban Land Institute, SPUR and San Francisco Housing Action Coalition.

Interviews supplemented by reports on market trends: CBRE, Colliers International, Cushman Wakefield (and formerly DTZ Retail and Terranomics), Polaris Pacific, RealAnswers (formerly RealFacts), The Concord Group, The Mark Company, and relevant market data from various business publications.

Keyser Marston Associates, Citywide Inclusionary Housing Study, July 2006.

Keyser Marston Associates, Sensitivity Analysis of New Development Impact Fees on Project Economics, August 12, 2008.

San Francisco Office of Community Investment and Infrastructure (OCII), staff reports to OCII Board regarding review of development proposals for Transbay Blocks 5, 6-7 and 8.

San Francisco Planning Department, Development Pipeline Data, Q3 2014.

San Francisco Planning Department, Housing Inventory Report, 2014.

San Francisco Planning Department and San Francisco Redevelopment Agency, Draft Transit Center District Plan, November 2009.

San Francisco Planning Department, TCDP Implementation Package, including Draft Administrative Code Amendments and Draft Implementation Program Document, 2012

Seifel Consulting, Eastern Neighborhoods Impact Fee and Affordable Housing Analysis, May 2008.

Seifel Consulting, Inclusionary Housing Financial Analysis, December 2012

Urban Land Institute, Finance for Real Estate Development, Charles Long, 2011.

San Francisco City Departments

- San Francisco Department of Building Inspection (SFDBI)
- San Francisco Planning Department (Planning Department)
- San Francisco Mayor's Office of Housing and Community Development
- San Francisco Municipal Transportation Agency (SFMTA)
- San Francisco Office of the Controller
- San Francisco Office of Economic and Workforce Development (OEWD)
- San Francisco Planning Department (Planning Department)
- San Francisco Public Utilities Commission (SFPUC)

Appendix B: Supporting Financial Models for Central SoMa Financial Analysis

Appendix B Page

Appendix Table B1 Series: Financial Models – Office

- Appendix Table B1.1 Financial Model for Office - Tier A Page 1
- Appendix Table B1.2 Financial Model for Office - Tier B Page 4

Appendix Table B2 Series: Financial Models- Residential

Residential - Tier A Financial Models

- Appendix Table B2.1.1 Residential - Tier A - Condo On-Site Page 7
- Appendix Table B2.1.2 Residential - Tier A - Condo Fee..... Page 10
- Appendix Table B2.1.3 Residential - Tier A - Rental On-Site Page 13
- Appendix Table B2.1.4 Residential - Tier A - Rental Fee..... Page 16

Residential Tier B Financial Models

- Appendix Table B2.2.1 Residential - Tier B - Condo On-Site Page 19
- Appendix Table B2.2.2 Residential - Tier B - Condo Fee..... Page 22
- Appendix Table B2.2.3 Residential - Tier B - Rental On-Site..... Page 25
- Appendix Table B2.2.4 Residential - Tier B - Rental Fee Page 28

Residential - Tier C Financial Models

- Appendix Table B2.3.1 Residential - Tier C - Condo On-Site Page 31
- Appendix Table B2.3.2 Residential - Tier C - Condo Fee..... Page 34
- Appendix Table B2.3.3 Residential - Tier C - Rental On-Site..... Page 37
- Appendix Table B2.3.4 Residential - Tier C - Rental Fee..... Page 40

Residential - Tier D Financial Models

- Appendix Table B2.4 Residential - Tier D - Condo Fee Page 43

Appendix Table B3 Series: Financial Models for Existing Land Values

- Appendix Table B3.1 Existing Land Value for Residential 55'MUO Page 46
- Appendix Table B3.2 Existing Land Value for Residential 85'MUO Page 47
- Appendix Table B3.3 Development Assumptions for Existing Land Values Page 48

Appendix Table B1.1 Financial Model for Office - Tier A

Development Program	160' Office - Tier A	
	Baseline	Proposed Requirements
Site Area and Constraints		
Lot Size	35,000 SF	35,000 SF
Residential Density	0 Units/Acre	0 Units/Acre
Ground Floor Lot Coverage	100%	100%
Residential Lot Coverage	-	-
Development Program		
Description	High-Rise	High-Rise
Height	160 Feet	160 Feet
Total Floors	11 Floors	11 Floors
Non-Residential Efficiency	90%	90%
Residential Units per Floor	0	0
# of Residential units	0 Units	0 Units
BMR units	0 Units	0 Units
% BMR	-	-
Residential (NSF)	0 NSF	0 NSF
Residential (GSF)	0 GSF	0 GSF
Average Unit Size	0 Av. Unit SF	0 Av. Unit SF
Office		
Size (GSF)	243,600 GSF	243,600 GSF
Leasable SF	219,200 LSF	219,200 LSF
Retail		
Size (GSF)	24,800 GSF	9,650 GSF
Leasable SF	22,300 LSF	8,675 LSF
Location	1st Floor	1st Floor
PDR (LSF)	0	13,625
Building Size GSF (without parking)	268,400	266,875
Building Size NSF	241,500	241,500
FAR	7.7	7.2
Parking		
Residential	0 Spaces	0 Spaces
Office	70 Spaces	70 Spaces
CarShare	1 Spaces	1 Spaces
Retail	13 Spaces	13 Spaces
Loading	2	2 Spaces
Total parking	86 Spaces	86 Spaces
Type	Underground (1 level)	Underground (1 level)

Revenue	160' Office - Tier A			
	Baseline	Proposed Requirements	Difference	Percent
Revenue				
Residential				
MR Sales Proceeds	\$0	\$0	\$0	-
<u>AH Sales Proceeds</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Total Sales Proceeds	\$0	\$0	\$0	-
Less Sales Expense	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Residential Sales Proceeds	\$0	\$0	\$0	-
Residential - Rental				
MR Rent Revenue	\$0	\$0	\$0	-
BMR Rent Revenue	\$0	\$0	\$0	-
Parking Revenue	\$0	\$0	\$0	-
Less Vacancy	\$0	\$0	\$0	-
Less Operating Expenses	\$0	\$0	\$0	-
Property Tax	\$0	\$0	\$0	-
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Operating Income	\$0	\$0	\$0	-
Sales Value	\$0	\$0	\$0	-
<u>Less Sales Expense</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Residential Proceeds	\$0	\$0	\$0	-
Office				
Rent Revenue	\$16,440,000	\$16,440,000	\$0	0%
Parking Revenue	\$378,000	\$378,000	\$0	0%
Less Vacancy	(\$1,644,000)	(\$1,644,000)	\$0	0%
Less Operating Expenses	(\$5,374,200)	(\$5,374,200)	\$0	0%
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Operating Income	\$9,799,800	\$9,799,800	\$0	0%
Sales Value	\$195,996,000	\$195,996,000	\$0	0%
<u>Less Sales Expense</u>	<u>(\$6,859,860)</u>	<u>(\$6,859,860)</u>	<u>\$0</u>	<u>0%</u>
Net Office Proceeds	\$189,136,140	\$189,136,140	\$0	0%
Retail (and PDR)				
Rent Revenue	\$1,339,200	\$847,500	(\$491,700)	(37%)
Parking Revenue	\$23,400	\$23,400	\$0	0%
Less Vacancy	(\$133,920)	(\$84,750)	\$49,170	(37%)
Less Operating Expenses	(\$140,940)	(\$91,770)	\$49,170	(35%)
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Operating Income	\$1,087,740	\$694,380	(\$393,360)	(36%)
Sales Value	\$18,129,000	\$11,573,000	(\$6,556,000)	(36%)
<u>Less Sales Expense</u>	<u>(\$634,515)</u>	<u>(\$405,055)</u>	<u>\$229,460</u>	<u>(36%)</u>
Net Retail Proceeds	\$17,494,485	\$11,167,945	(\$6,326,540)	(36%)
Total Net Proceeds	\$206,630,625	\$200,304,085	(\$6,326,540)	(3%)
Value (Net Proceeds) Per NSF	\$856	\$829	(\$26)	(3%)

Costs & Project Returns	160' Office - Tier A			
	Baseline	Proposed Requirement	Difference	Percent
Development Cost				
Demolition	\$0	\$0	\$0	-
On/Offsite Improvements	\$0	\$0	\$0	-
Hard Construction Costs	\$78,540,000	\$78,540,000	\$0	0%
Residential	\$0	\$0	\$0	-
Office	\$60,900,000	\$60,900,000	\$0	0%
Retail (and PDR)	\$5,600,000	\$5,600,000	\$0	0%
Parking	\$4,900,000	\$4,900,000	\$0	0%
Hard Cost Contingency	\$7,140,000	\$7,140,000	\$0	0%
Tenant Improvements	\$20,864,000	\$19,499,500	(\$1,364,500)	(7%)
Office	\$18,632,000	\$18,632,000	\$0	0%
Retail (and PDR)	<u>\$2,232,000</u>	<u>\$867,500</u>	<u>(\$1,364,500)</u>	<u>(61%)</u>
Subtotal: Direct Costs	\$99,404,000	\$98,039,500	(\$1,364,500)	(1%)
Soft Costs				
Environmental and Transportation Review	\$884,000	\$884,000	\$0	0%
Development Impact Fees/ Other Costs	\$17,204,614	\$19,365,882	\$2,161,268	13%
Central SoMa TDR Purchase (proposed)	\$0	\$0	\$0	-
Central SoMa Area Plan Fee (proposed)	\$0	\$3,482,188	\$3,482,188	-
Central SoMa Community Facilities Fee (proposed)	\$0	\$443,188	\$443,188	-
Central SoMa Mello-Roos Special Tax Cost (proposed) ¹	\$0	\$0	\$0	-
Affordable Housing Fee	\$0	\$0	\$0	-
Transportation Sustainability Fee	\$4,743,986	\$3,998,570	(\$745,416)	(16%)
Eastern Neighborhood (Tier 3)	\$4,432,716	\$3,767,558	(\$665,159)	(15%)
Jobs-Housing Linkage Fee	\$6,409,724	\$6,070,061	(\$339,663)	(5%)
Childcare Fee	\$294,756	\$294,756	\$0	0%
Downtown Parks Fee	\$0	\$0	\$0	-
Public Art Fee	\$941,880	\$931,646	(\$10,234)	(1%)
School Impact Fee	\$100,956	\$97,320	(\$3,636)	(4%)
Wastewater/Water Capacity Charges	\$280,596	\$280,596	\$0	0%
Construction Financing	\$10,832,520	\$10,730,183	(\$102,338)	(1%)
Other Soft Costs	\$14,137,200	\$14,137,200	\$0	0%
Developer Margin	\$33,060,900	\$32,048,654	(\$1,012,246)	(3%)
Total Cost	\$175,523,234	\$175,205,418	(\$317,816)	(0%)
Residual Land Value (RLV)	\$31,107,391	\$25,098,667	(\$6,008,724)	(19%)
<i>RLV as a Percentage of Revenue</i>	15%	13%	(3%)	(17%)
Developer Margin as % of Total Development Cost	19%	19%		
Return (Yield) on Cost	6.3%	6.2%		
Developer Margin as % of Net Proceeds	16%	16%		
Existing Land Value (MUO)²	\$21,000,000			
Value Created by Zoning Change	\$10,107,391	\$10,107,391		
<i>Value Captured by Public Benefits</i>		(\$6,008,724)		
<i>% Value Captured</i>		59%		
Residual Land Value	\$31,107,391	\$25,098,667	(\$6,008,724)	(19%)
<i>Per Gross Building Square Foot</i>	\$116	\$94	(\$22)	(19%)
<i>Per Net Building Square Foot</i>	\$129	\$104	(\$25)	(19%)
<i>Per Lot Square Foot</i>	\$889	\$717	(\$172)	(19%)

1. Reflects carrying cost of special taxes during lease up. Ongoing impact of the special tax is reflected as an annual expense in the Revenues section (if applicable).

2. Reflects existing value as 85' MUO-zoned parcel (MUO allows for office or residential development).

Appendix Table B1.2 Financial Model for Office - Tier B

Development Program	160' Office - Tier B	
	Baseline	Proposed Requirements
Site Area and Constraints		
Lot Size	35,000 SF	35,000 SF
Residential Density	0 Units/Acre	0 Units/Acre
Ground Floor Lot Coverage	100%	100%
Residential Lot Coverage	-	-
Development Program		
Description	High-Rise	High-Rise
Height	160 Feet	160 Feet
Total Floors	11 Floors	11 Floors
Non-Residential Efficiency	90%	90%
Residential Units per Floor	0	0
# of Residential units	0 Units	0 Units
BMR units	0 Units	0 Units
% BMR	-	-
Residential (NSF)	0 NSF	0 NSF
Residential (GSF)	0 GSF	0 GSF
Average Unit Size	0 Av. Unit SF	0 Av. Unit SF
Office		
Size (GSF)	243,600 GSF	243,600 GSF
Leasable SF	219,200 LSF	219,200 LSF
Retail		
Size (GSF)	24,800 GSF	9,650 GSF
Leasable SF	22,300 LSF	8,675 LSF
Location	1st Floor	1st Floor
PDR (LSF)	0	13,625
Building Size GSF (without parking)	268,400	266,875
Building Size NSF	241,500	241,500
FAR	7.7	7.2
Parking		
Residential	0 Spaces	0 Spaces
Office	70 Spaces	70 Spaces
CarShare	1 Spaces	1 Spaces
Retail	13 Spaces	13 Spaces
Loading	2 Spaces	2 Spaces
Total parking	86 Spaces	86 Spaces
Type	Underground (1 level)	Underground (1 level)

Development Program	160' Office - Tier B			
	Baseline	Proposed Requirements	Difference	Percent
Revenue				
Residential				
MR Sales Proceeds	\$0	\$0	\$0	-
<u>AH Sales Proceeds</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Total Sales Proceeds	\$0	\$0	\$0	-
<u>Less Sales Expense</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Residential Sales Proceeds	\$0	\$0	\$0	-
Residential - Rental				
MR Rent Revenue	\$0	\$0	\$0	-
BMR Rent Revenue	\$0	\$0	\$0	-
Parking Revenue	\$0	\$0	\$0	-
Less Vacancy	\$0	\$0	\$0	-
Less Operating Expenses	\$0	\$0	\$0	-
Property Tax	\$0	\$0	\$0	-
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Operating Income	\$0	\$0	\$0	-
Sales Value	\$0	\$0	\$0	-
<u>Less Sales Expense</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Residential Proceeds	\$0	\$0	\$0	-
Office				
Rent Revenue	\$16,440,000	\$16,440,000	\$0	0%
Parking Revenue	\$378,000	\$378,000	\$0	0%
Less Vacancy	(\$1,644,000)	(\$1,644,000)	\$0	0%
Less Operating Expenses	(\$5,374,200)	(\$5,374,200)	\$0	0%
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>(\$545,664)</u>	<u>(\$545,664)</u>	-
Net Operating Income	\$9,799,800	\$9,254,136	(\$545,664)	(6%)
Sales Value	\$195,996,000	\$185,082,720	(\$10,913,280)	(6%)
<u>Less Sales Expense</u>	<u>(\$6,859,860)</u>	<u>(\$6,477,895)</u>	<u>\$381,965</u>	<u>(6%)</u>
Net Office Proceeds	\$189,136,140	\$178,604,825	(\$10,531,315)	(6%)
Retail (and PDR)				
Rent Revenue	\$1,339,200	\$847,500	(\$491,700)	(37%)
Parking Revenue	\$23,400	\$23,400	\$0	0%
Less Vacancy	(\$133,920)	(\$84,750)	\$49,170	(37%)
Less Operating Expenses	(\$140,940)	(\$91,770)	\$49,170	(35%)
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>(\$21,616)</u>	<u>(\$21,616)</u>	-
Net Operating Income	\$1,087,740	\$672,764	(\$414,976)	(38%)
Sales Value	\$18,129,000	\$11,212,733	(\$6,916,267)	(38%)
<u>Less Sales Expense</u>	<u>(\$634,515)</u>	<u>(\$392,446)</u>	<u>\$242,069</u>	<u>(38%)</u>
Net Retail Proceeds	\$17,494,485	\$10,820,288	(\$6,674,197)	(38%)
Total Net Proceeds	\$206,630,625	\$189,425,112	(\$17,205,513)	(8%)
Value (Net Proceeds) Per NSF	\$856	\$784	(\$71)	(8%)

Development Program	160' Office - Tier B			
	Baseline	Proposed Requirement	Difference	Percent
Development Cost				
Demolition	\$0	\$0	\$0	-
On/Offsite Improvements	\$0	\$0	\$0	-
Hard Construction Costs	\$78,540,000	\$78,540,000	\$0	0%
Residential	\$0	\$0	\$0	-
Office	\$60,900,000	\$60,900,000	\$0	0%
Retail (and PDR)	\$5,600,000	\$5,600,000	\$0	0%
Parking	\$4,900,000	\$4,900,000	\$0	0%
Hard Cost Contingency	\$7,140,000	\$7,140,000	\$0	0%
Tenant Improvements	\$20,864,000	\$19,499,500	(\$1,364,500)	(7%)
Office	\$18,632,000	\$18,632,000	\$0	0%
Retail (and PDR)	<u>\$2,232,000</u>	<u>\$867,500</u>	<u>(\$1,364,500)</u>	<u>(61%)</u>
Subtotal: Direct Costs	\$99,404,000	\$98,039,500	(\$1,364,500)	(1%)
Soft Costs				
Environmental and Transportation Review	\$884,000	\$884,000	\$0	0%
Development Impact Fees/ Other Costs	\$17,204,614	\$18,661,737	\$1,457,122	8%
Central SoMa TDR Purchase (proposed)	\$0	\$1,093,750	\$1,093,750	-
Central SoMa Area Plan Fee (proposed)	\$0	\$506,500	\$506,500	-
Central SoMa Community Facilities Fee (proposed)	\$0	\$443,188	\$443,188	-
Central SoMa Mello-Roos Special Tax Cost (proposed) ¹	\$0	\$1,177,792	\$1,177,792	-
Affordable Housing Fee	\$0	\$0	\$0	-
Transportation Sustainability Fee	\$4,743,986	\$3,998,570	(\$745,416)	(16%)
Eastern Neighborhood (Tier 3)	\$4,432,716	\$3,767,558	(\$665,159)	(15%)
Jobs-Housing Linkage Fee	\$6,409,724	\$6,070,061	(\$339,663)	(5%)
Childcare Fee	\$294,756	\$294,756	\$0	0%
Downtown Parks Fee	\$0	\$0	\$0	-
Public Art Fee	\$941,880	\$931,646	(\$10,234)	(1%)
School Impact Fee	\$100,956	\$97,320	(\$3,636)	(4%)
Wastewater/Water Capacity Charges	\$280,596	\$280,596	\$0	0%
Construction Financing	\$10,832,520	\$10,730,183	(\$102,338)	(1%)
Other Soft Costs	\$14,137,200	\$14,137,200	\$0	0%
Developer Margin	\$33,060,900	\$30,308,018	(\$2,752,882)	(8%)
Total Cost	\$175,523,234	\$172,760,637	(\$2,762,597)	(2%)
Residual Land Value (RLV)	\$31,107,391	\$16,664,475	(\$14,442,915)	(46%)
<i>RLV as a Percentage of Revenue</i>	15%	9%	(6%)	(42%)
Developer Margin as % of Total Development Cost	19%	19%		
Return (Yield) on Cost	6.3%	6.2%		
Developer Margin as % of Net Proceeds	16%	16%		
Existing Land Value (SLI)²	\$10,500,000			
Value Created by Zoning Change	\$20,607,391	\$20,607,391		
<i>Value Captured by Public Benefits</i>		(\$14,442,915)		
<i>% Value Captured</i>		70%		
Residual Land Value	\$31,107,391	\$16,664,475	(\$14,442,915)	(46%)
<i>Per Gross Building Square Foot</i>	\$116	\$62	(\$53)	(46%)
<i>Per Net Building Square Foot</i>	\$129	\$69	(\$60)	(46%)
<i>Per Lot Square Foot</i>	\$889	\$476	(\$413)	(46%)

1. Reflects carrying cost of special taxes during lease up. Ongoing impact of the special tax is reflected as an annual expense in the Revenues section (if applicable).

2. Reflects existing value as 1-story building on SLI-zoned parcel (SLI allows for light industrial uses).

Appendix Table B2.1.1 Residential - Tier A - Condo On-Site

Development Program	85' Residential - Tier A	
	Baseline	Proposed Requirements
Site Area and Constraints		
Lot Size	10,000 SF	10,000 SF
Lot Acreage	0.23 Acres	0.23 Acres
Residential Density	261 Units/Acre	261 Units/Acre
Ground Floor Lot Coverage	100%	100%
Residential Lot Coverage	-	-
Development Program		
Description	Mid-Rise	Mid-Rise
Height	85 Feet	85 Feet
Total Floors	8 Floors	8 Floors
Residential Efficiency	76%	76%
Residential Floors	7 Floors	7 Floors
Units per Floor	9	9
# of Residential units	60 Units	60 Units
BMR units	7 Units	10 Units
% BMR	12%	17%
Average AMI	90%	90%
Residential (NSF)	43,125 NSF	43,125 NSF
Residential (GSF)	55,550 GSF	55,550 GSF
Type	Owner	Owner
Location	2nd & Higher Floor	2nd & Higher Floor
MR Units	53	50
Average Unit Size	719 Av. Unit SF	719 Av. Unit SF
Office		
Size (GSF)	0 GSF	0 GSF
Leasable SF	0 LSF	0 LSF
Retail		
Size (GSF)	5,000 GSF	5,000 GSF
Leasable SF	4,500 LSF	4,500 LSF
Location	1st Floor	1st Floor
PDR (LSF)	0	0
Building Size GSF (without parking)	60,550	60,550
Building Size NSF	47,625	47,625
FAR	6.1	6.1
Parking		
Residential	30 Spaces	30 Spaces
Office	0 Spaces	0 Spaces
CarShare	0 Spaces	0 Spaces
Retail	3 Spaces	3 Spaces
Loading	1 Spaces	1 Spaces
Total parking	34 Spaces	34 Spaces
Stackers	30 Spaces	30 Spaces
Type	Underground (1 level)	Underground (1 level)
Onsite Inclusionary Housing	Yes	Yes

Appendix Table B2.1.1 Residential - Tier A - Condo On-Site (page 2 of 3)

Revenues	85' Residential - Tier A			
	Baseline	Proposed Requirements	Difference	Percent
Revenue				
Residential				
MR Sales Proceeds	\$46,681,075	\$44,038,750	(\$2,642,325)	(6%)
<u>AH Sales Proceeds</u>	<u>\$1,897,000</u>	<u>\$2,710,000</u>	<u>\$813,000</u>	<u>43%</u>
Total Sales Proceeds	\$48,578,075	\$46,748,750	(\$1,829,325)	(4%)
<u>Less Sales Expense</u>	<u>(\$2,671,794)</u>	<u>(\$2,571,181)</u>	<u>\$100,613</u>	<u>(4%)</u>
Net Residential Sales Proceeds	\$45,906,281	\$44,177,569	(\$1,728,712)	(4%)
Residential - Rental				
MR Rent Revenue	\$0	\$0	\$0	-
BMR Rent Revenue	\$0	\$0	\$0	-
Parking Revenue	\$0	\$0	\$0	-
Less Vacancy	\$0	\$0	\$0	-
Less Operating Expenses	\$0	\$0	\$0	-
Property Tax	\$0	\$0	\$0	-
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Operating Income	\$0	\$0	\$0	-
Sales Value	\$0	\$0	\$0	-
<u>Less Sales Expense</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Residential Proceeds	\$0	\$0	\$0	-
Office				
Rent Revenue	\$0	\$0	\$0	-
Parking Revenue	\$0	\$0	\$0	-
Less Vacancy	\$0	\$0	\$0	-
Less Operating Expenses	\$0	\$0	\$0	-
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Operating Income	\$0	\$0	\$0	-
Sales Value	\$0	\$0	\$0	-
<u>Less Sales Expense</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Office Proceeds	\$0	\$0	\$0	-
Retail (and PDR)				
Rent Revenue	\$270,000	\$270,000	\$0	0%
Parking Revenue	\$5,400	\$5,400	\$0	0%
Less Vacancy	(\$27,000)	(\$27,000)	\$0	0%
Less Operating Expenses	(\$28,620)	(\$28,620)	\$0	0%
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Operating Income	\$219,780	\$219,780	\$0	0%
Sales Value	\$3,663,000	\$3,663,000	\$0	0%
<u>Less Sales Expense</u>	<u>(\$128,205)</u>	<u>(\$128,205)</u>	<u>\$0</u>	<u>0%</u>
Net Retail Proceeds	\$3,534,795	\$3,534,795	\$0	0%
Total Net Proceeds	\$49,441,076	\$47,712,364	(\$1,728,712)	(3%)
Value Per NSF	\$1,038	\$1,002	(\$36)	(3%)

Costs & Project Returns	85' Residential - Tier A			
	Baseline	Proposed Requirements	Difference	Percent
Development Cost				
Demolition	\$0	\$0	\$0	-
On/Offsite Improvements	\$0	\$0	\$0	-
Hard Construction Costs	\$21,357,600	\$21,357,600	\$0	0%
Residential	\$16,665,000	\$16,665,000	\$0	0%
Office	\$0	\$0	\$0	-
Retail	\$1,125,000	\$1,125,000	\$0	0%
Parking	\$1,626,000	\$1,626,000	\$0	0%
Hard Cost Contingency	\$1,941,600	\$1,941,600	\$0	0%
Tenant Improvements	\$450,000	\$450,000	\$0	0%
Office	\$0	\$0	\$0	-
Retail	\$450,000	\$450,000	\$0	0%
Subtotal: Direct Costs	\$21,807,600	\$21,807,600	\$0	0%
Soft Costs				
Environmental and Transportation Review	\$119,000	\$119,000	\$0	0%
Development Impact Fees/ Other Costs	\$1,919,397	\$1,998,112	\$78,715	4%
Central SoMa TDR Purchase (proposed)	\$0	\$0	\$0	-
Central SoMa Area Plan Fee (proposed)	\$0	\$0	\$0	-
Central SoMa Community Facilities Fee (proposed)	\$0	\$78,715	\$78,715	-
Central SoMa Mello-Roos Special Tax Cost (proposed) ¹	\$0	\$0	\$0	-
Affordable Housing Fee	\$0	\$0	\$0	-
Transportation Sustainability Fee	\$444,057	\$444,057	\$0	0%
Eastern Neighborhood (Tier 3)	\$1,127,331	\$1,127,331	\$0	0%
Jobs-Housing Linkage Fee	\$0	\$0	\$0	-
Childcare Fee	\$27,775	\$27,775	\$0	0%
Downtown Parks Fee	\$0	\$0	\$0	-
Public Art Fee	\$0	\$0	\$0	-
School Impact Fee	\$162,851	\$162,851	\$0	0%
Wastewater/Water Capacity Charges	\$157,383	\$157,383	\$0	0%
Construction Financing	\$2,365,519	\$2,365,519	\$0	0%
Other Soft Costs	\$5,339,400	\$5,339,400	\$0	0%
Developer Margin	\$9,393,804	\$9,065,349	(\$328,455)	(3%)
Total Cost	\$40,944,720	\$40,694,980	(\$249,740)	(1%)
Residual Land Value (RLV)	\$8,496,356	\$7,017,384	(\$1,478,972)	(17%)
<i>RLV as a Percentage of Revenue</i>	17%	15%	(2%)	(14%)
Developer Margin as % of Total Development Cost	23%	23%		
Return (Yield) on Cost	N/A	N/A		
Developer Margin as % of Net Proceeds	19%	19%		
Existing Land Value (55' MUO) ²	\$5,700,000			
Value Created by Zoning Change	\$2,796,356	\$2,796,356		
<i>Value Captured by Public Benefits</i>		(\$1,478,972)		
<i>% Value Captured</i>		53%		
Residual Land Value	\$8,496,356	\$7,017,384	(\$1,478,972)	(17%)
<i>RLV/ unit</i>	\$141,606	\$116,956	(\$24,650)	(17%)
<i>Per Gross Building Square Foot</i>	\$140	\$116	(\$24)	(17%)
<i>Per Net Building Square Foot</i>	\$178	\$147	(\$31)	(17%)
<i>Per Lot Square Foot</i>	\$850	\$702	(\$148)	(17%)

1. Reflects carrying cost of special taxes during lease up. Ongoing impact of the special tax is reflected as an annual expense in the Revenues section (if applicable).

2. Reflects existing value as 55' MUO-Zoned parcel (MUO allows for office or residential development).

Appendix Table B2.1.2 Residential - Tier A - Condo Fee

Development Program	85' Residential - Tier A	
	Baseline	Proposed Requirements
Site Area and Constraints		
Lot Size	10,000 SF	10,000 SF
Lot Acreage	0.23 Acres	0.23 Acres
Residential Density	261 Units/Acre	261 Units/Acre
Ground Floor Lot Coverage	100%	100%
Residential Lot Coverage	-	-
Development Program		
Description	Mid-Rise	Mid-Rise
Height	85 Feet	85 Feet
Total Floors	8 Floors	8 Floors
Residential Efficiency	76%	76%
Residential Floors	7 Floors	7 Floors
Units per Floor	9	9
# of Residential units	60 Units	60 Units
BMR units	0 Units	0 Units
% BMR	0%	0%
Average AMI	-	-
Residential (NSF)	43,125 NSF	43,125 NSF
Residential (GSF)	55,550 GSF	55,550 GSF
Type	Owner	Owner
Location	2nd & Higher Floor	2nd & Higher Floor
MR Units	60	60
Average Unit Size	719 Av. Unit SF	719 Av. Unit SF
Office		
Size (GSF)	0 GSF	0 GSF
Leasable SF	0 LSF	0 LSF
Retail		
Size (GSF)	5,000 GSF	5,000 GSF
Leasable SF	4,500 LSF	4,500 LSF
Location	1st Floor	1st Floor
PDR (LSF)	0	0
Building Size GSF (without parking)	60,550	60,550
Building Size NSF	47,625	47,625
FAR	6.1	6.1
Parking		
Residential	30 Spaces	30 Spaces
Office	0 Spaces	0 Spaces
CarShare	0 Spaces	0 Spaces
Retail	3 Spaces	3 Spaces
Loading	1 Spaces	1 Spaces
Total parking	34 Spaces	34 Spaces
Stackers	30 Spaces	30 Spaces
Type	Underground (1 level)	Underground (1 level)
Onsite Inclusionary Housing	No	No

Revenues	85' Residential - Tier A			
	Baseline	Proposed Requirements	Difference	Percent
Revenue				
Residential				
MR Sales Proceeds	\$52,846,500	\$52,846,500	\$0	0%
<u>AH Sales Proceeds</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Total Sales Proceeds	\$52,846,500	\$52,846,500	\$0	0%
<u>Less Sales Expense</u>	<u>(\$2,906,558)</u>	<u>(\$2,906,558)</u>	<u>\$0</u>	<u>0%</u>
Net Residential Sales Proceeds	\$49,939,943	\$49,939,943	\$0	0%
Residential - Rental				
MR Rent Revenue	\$0	\$0	\$0	-
BMR Rent Revenue	\$0	\$0	\$0	-
Parking Revenue	\$0	\$0	\$0	-
Less Vacancy	\$0	\$0	\$0	-
Less Operating Expenses	\$0	\$0	\$0	-
Property Tax	\$0	\$0	\$0	-
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Operating Income	\$0	\$0	\$0	-
Sales Value	\$0	\$0	\$0	-
<u>Less Sales Expense</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Residential Proceeds	\$0	\$0	\$0	-
Office				
Rent Revenue	\$0	\$0	\$0	-
Parking Revenue	\$0	\$0	\$0	-
Less Vacancy	\$0	\$0	\$0	-
Less Operating Expenses	\$0	\$0	\$0	-
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Operating Income	\$0	\$0	\$0	-
Sales Value	\$0	\$0	\$0	-
<u>Less Sales Expense</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Office Proceeds	\$0	\$0	\$0	-
Retail (and PDR)				
Rent Revenue	\$270,000	\$270,000	\$0	0%
Parking Revenue	\$5,400	\$5,400	\$0	0%
Less Vacancy	(\$27,000)	(\$27,000)	\$0	0%
Less Operating Expenses	(\$28,620)	(\$28,620)	\$0	0%
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0%</u>
Net Operating Income	\$219,780	\$219,780	\$0	0%
Sales Value	\$3,663,000	\$3,663,000	\$0	0%
<u>Less Sales Expense</u>	<u>(\$128,205)</u>	<u>(\$128,205)</u>	<u>\$0</u>	<u>0%</u>
Net Retail Proceeds	\$3,534,795	\$3,534,795	\$0	0%
Total Net Proceeds	\$53,474,738	\$53,474,738	\$0	0%
Value Per NSF	\$1,123	\$1,123	\$0	0%

Costs & Project Returns	85' Residential - Tier A			
	Baseline	Proposed Requirements	Difference	Percent
Development Cost				
Demolition	\$0	\$0	\$0	-
On/Offsite Improvements	\$0	\$0	\$0	-
Hard Construction Costs	\$21,357,600	\$21,357,600	\$0	0%
Residential	\$16,665,000	\$16,665,000	\$0	0%
Office	\$0	\$0	\$0	-
Retail	\$1,125,000	\$1,125,000	\$0	0%
Parking	\$1,626,000	\$1,626,000	\$0	0%
Hard Cost Contingency	\$1,941,600	\$1,941,600	\$0	0%
Tenant Improvements	\$450,000	\$450,000	\$0	0%
Office	\$0	\$0	\$0	-
Retail	<u>\$450,000</u>	<u>\$450,000</u>	<u>\$0</u>	<u>0%</u>
Subtotal: Direct Costs	\$21,807,600	\$21,807,600	\$0	0%
Soft Costs				
Environmental and Transportation Review	\$119,000	\$119,000	\$0	0%
Development Impact Fees/ Other Costs	\$5,411,397	\$6,886,912	\$1,475,515	27%
Central SoMa TDR Purchase (proposed)	\$0	\$0	\$0	-
Central SoMa Area Plan Fee (proposed)	\$0	\$0	\$0	-
Central SoMa Community Facilities Fee (proposed)	\$0	\$78,715	\$78,715	-
Central SoMa Mello-Roos Special Tax Cost (proposed) ¹	\$0	\$0	\$0	-
Affordable Housing Fee	\$3,492,000	\$4,888,800	\$1,396,800	40%
Transportation Sustainability Fee	\$444,057	\$444,057	\$0	0%
Eastern Neighborhood (Tier 3)	\$1,127,331	\$1,127,331	\$0	0%
Jobs-Housing Linkage Fee	\$0	\$0	\$0	-
Childcare Fee	\$27,775	\$27,775	\$0	0%
Downtown Parks Fee	\$0	\$0	\$0	-
Public Art Fee	\$0	\$0	\$0	-
School Impact Fee	\$162,851	\$162,851	\$0	0%
Wastewater/Water Capacity Charges	\$157,383	\$157,383	\$0	0%
Construction Financing	\$2,365,519	\$2,365,519	\$0	0%
Other Soft Costs	\$5,339,400	\$5,339,400	\$0	0%
Developer Margin	\$10,160,200	\$10,160,200	\$0	0%
Total Cost	\$45,203,116	\$46,678,631	\$1,475,515	3%
Residual Land Value (RLV)	\$8,271,622	\$6,796,107	(\$1,475,515)	(18%)
<i>RLV as a Percentage of Revenue</i>	15%	13%	(3%)	(18%)
Developer Margin as % of Total Development Cost	23%	23%		
Return (Yield) on Cost	N/A	N/A		
Developer Margin as % of Net Proceeds	19%	19%		
Existing Land Value (55' MUO) ²	\$5,700,000			
Value Created by Zoning Change	\$2,571,622	\$2,571,622		
<i>Value Captured by Public Benefits</i>		(\$1,475,515)		
<i>% Value Captured</i>		57%		
Residual Land Value	\$8,271,622	\$6,796,107	(\$1,475,515)	(18%)
<i>RLV/ unit</i>	\$137,860	\$113,268	(\$24,592)	(18%)
<i>Per Gross Building Square Foot</i>	\$137	\$112	(\$24)	(18%)
<i>Per Net Building Square Foot</i>	\$174	\$143	(\$31)	(18%)
<i>Per Lot Square Foot</i>	\$827	\$680	(\$148)	(18%)

1. Reflects carrying cost of special taxes during lease up. Ongoing impact of the special tax is reflected as an annual expense in the Revenues section (if applicable).

2. Reflects existing value as 55' MUO-Zoned parcel (MUO allows for office or residential development).

Appendix Table B2.1.3 Residential - Tier A - Rental On-Site

Development Program	85' Residential - Tier A	
	Baseline	Proposed Requirements
Site Area and Constraints		
Lot Size	10,000 SF	10,000 SF
Lot Acreage	0.23 Acres	0.23 Acres
Residential Density	261 Units/Acre	261 Units/Acre
Ground Floor Lot Coverage	100%	100%
Residential Lot Coverage	-	-
Development Program		
Description	Mid-Rise	Mid-Rise
Height	85 Feet	85 Feet
Total Floors	8 Floors	8 Floors
Residential Efficiency	76%	76%
Residential Floors	7 Floors	7 Floors
Units per Floor	9	9
# of Residential units	60 Units	60 Units
BMR units	7 Units	10 Units
% BMR	12%	17%
Average AMI	55%	55%
Residential (NSF)	43,125 NSF	43,125 NSF
Residential (GSF)	55,550 GSF	55,550 GSF
Type	Rental	Rental
Location	2nd & Higher Floor	2nd & Higher Floor
MR Units	53	50
Average Unit Size	719 Av. Unit SF	719 Av. Unit SF
Office		
Size (GSF)	0 GSF	0 GSF
Leasable SF	0 LSF	0 LSF
Retail		
Size (GSF)	5,000 GSF	5,000 GSF
Leasable SF	4,500 LSF	4,500 LSF
Location	1st Floor	1st Floor
PDR (LSF)	0	0
Building Size GSF (without parking)	60,550	60,550
Building Size NSF	47,625	47,625
FAR	6.1	6.1
Parking		
Residential	30 Spaces	30 Spaces
Office	0 Spaces	0 Spaces
CarShare	0 Spaces	0 Spaces
Retail	3 Spaces	3 Spaces
Loading	1 Spaces	1 Spaces
Total parking	34 Spaces	34 Spaces
Stackers	30 Spaces	30 Spaces
Type	Underground (1 level)	Underground (1 level)
Onsite Inclusionary Housing	Yes	Yes

Appendix Table B2.1.3 Residential - Tier A - Rental On-Site (page 2 of 3)

Revenues	85' Residential - Tier A			
	Baseline	Proposed Requirements	Difference	Percent
Revenue				
Residential				
MR Sales Proceeds	\$0	\$0	\$0	-
<u>AH Sales Proceeds</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Total Sales Proceeds	\$0	\$0	\$0	-
<u>Less Sales Expense</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Residential Sales Proceeds	\$0	\$0	\$0	-
Residential - Rental				
MR Rent Revenue	\$2,629,383	\$2,480,550	(\$148,833)	(6%)
BMR Rent Revenue	\$91,395	\$130,564	\$39,169	43%
Parking Revenue	\$126,000	\$126,000	\$0	0%
Less Vacancy	(\$129,641)	(\$121,416)	\$8,225	(6%)
Less Operating Expenses	(\$854,033)	(\$821,134)	\$32,899	(4%)
Property Tax	\$0	\$0	\$0	-
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Operating Income	\$1,863,103	\$1,794,564	(\$68,540)	(4%)
Sales Value	\$41,402,293	\$39,879,191	(\$1,523,103)	(4%)
<u>Less Sales Expense</u>	<u>(\$1,449,080)</u>	<u>(\$1,395,772)</u>	<u>\$53,309</u>	<u>(4%)</u>
Net Residential Proceeds	\$39,953,213	\$38,483,419	(\$1,469,794)	(4%)
Office				
Rent Revenue	\$0	\$0	\$0	-
Parking Revenue	\$0	\$0	\$0	-
Less Vacancy	\$0	\$0	\$0	-
Less Operating Expenses	\$0	\$0	\$0	-
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Operating Income	\$0	\$0	\$0	-
Sales Value	\$0	\$0	\$0	-
<u>Less Sales Expense</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Office Proceeds	\$0	\$0	\$0	-
Retail (and PDR)				
Rent Revenue	\$270,000	\$270,000	\$0	0%
Parking Revenue	\$5,400	\$5,400	\$0	0%
Less Vacancy	(\$27,000)	(\$27,000)	\$0	0%
Less Operating Expenses	(\$28,620)	(\$28,620)	\$0	0%
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Operating Income	\$219,780	\$219,780	\$0	0%
Sales Value	\$3,663,000	\$3,663,000	\$0	0%
<u>Less Sales Expense</u>	<u>(\$128,205)</u>	<u>(\$128,205)</u>	<u>\$0</u>	<u>0%</u>
Net Retail Proceeds	\$3,534,795	\$3,534,795	\$0	0%
Total Net Proceeds	\$43,488,008	\$42,018,214	(\$1,469,794)	(3%)
Value Per NSF	\$913	\$882	(\$31)	(3%)

Appendix Table B2.1.3 Residential - Tier A - Rental On-Site (page 3 of 3)

Costs & Project Returns	85' Residential - Tier A			
	Baseline	Proposed Requirements	Difference	Percent
Development Cost				
Demolition	\$0	\$0	\$0	-
On/Offsite Improvements	\$0	\$0	\$0	-
Hard Construction Costs	\$21,357,600	\$21,357,600	\$0	0%
Residential	\$16,665,000	\$16,665,000	\$0	0%
Office	\$0	\$0	\$0	-
Retail	\$1,125,000	\$1,125,000	\$0	0%
Parking	\$1,626,000	\$1,626,000	\$0	0%
Hard Cost Contingency	\$1,941,600	\$1,941,600	\$0	0%
Tenant Improvements	\$450,000	\$450,000	\$0	0%
Office	\$0	\$0	\$0	-
Retail	<u>\$450,000</u>	<u>\$450,000</u>	<u>\$0</u>	<u>0%</u>
Subtotal: Direct Costs	\$21,807,600	\$21,807,600	\$0	0%
Soft Costs				
Environmental and Transportation Review	\$119,000	\$119,000	\$0	0%
Development Impact Fees/ Other Costs	\$1,919,397	\$1,998,112	\$78,715	4%
Central SoMa TDR Purchase (proposed)	\$0	\$0	\$0	-
Central SoMa Area Plan Fee (proposed)	\$0	\$0	\$0	-
Central SoMa Community Facilities Fee (proposed)	\$0	\$78,715	\$78,715	-
Central SoMa Mello-Roos Special Tax Cost (proposed) ¹	\$0	\$0	\$0	-
Affordable Housing Fee	\$0	\$0	\$0	-
Transportation Sustainability Fee	\$444,057	\$444,057	\$0	0%
Eastern Neighborhood (Tier 3)	\$1,127,331	\$1,127,331	\$0	0%
Jobs-Housing Linkage Fee	\$0	\$0	\$0	-
Childcare Fee	\$27,775	\$27,775	\$0	0%
Downtown Parks Fee	\$0	\$0	\$0	-
Public Art Fee	\$0	\$0	\$0	-
School Impact Fee	\$162,851	\$162,851	\$0	0%
Wastewater/Water Capacity Charges	\$157,383	\$157,383	\$0	0%
Construction Financing	\$1,851,611	\$1,851,611	\$0	0%
Other Soft Costs	\$3,844,368	\$3,844,368	\$0	0%
Developer Margin	\$5,783,905	\$5,588,422	(\$195,483)	(3%)
Total Cost	\$35,325,881	\$35,209,114	(\$116,768)	(0%)
Residual Land Value (RLV)	\$8,162,127	\$6,809,100	(\$1,353,027)	(17%)
<i>RLV as a Percentage of Revenue</i>	19%	16%	(3%)	(14%)
Developer Margin as % of Total Development Cost	N/A	N/A		
Return (Yield) on Cost	5.5%	5.5%		
Developer Margin as % of Net Proceeds	N/A	N/A		
Existing Land Value (55' MUO) ²	<u>\$5,700,000</u>			
Value Created by Zoning Change	\$2,462,127	\$2,462,127		
<i>Value Captured by Public Benefits</i>		(\$1,353,027)		
% Value Captured		55%		
Residual Land Value	\$8,162,127	\$6,809,100	(\$1,353,027)	(17%)
<i>RLV/unit</i>	\$136,035	\$113,485	(\$22,550)	(17%)
<i>Per Gross Building Square Foot</i>	\$135	\$112	(\$22)	(17%)
<i>Per Net Building Square Foot</i>	\$171	\$143	(\$28)	(17%)
<i>Per Lot Square Foot</i>	\$816	\$681	(\$135)	(17%)

1. Reflects carrying cost of special taxes during lease up. Ongoing impact of the special tax is reflected as an annual expense in the Revenues section (if applicable).

2. Reflects existing value as 55' MUO-Zoned parcel (MUO allows for office or residential development).

Appendix Table B2.1.4 Residential - Tier A - Rental Fee

Development Program	85' Residential - Tier A	
	Baseline	Proposed Requirements
Site Area and Constraints		
Lot Size	10,000 SF	10,000 SF
Lot Acreage	0.23 Acres	0.23 Acres
Residential Density	261 Units/Acre	261 Units/Acre
Ground Floor Lot Coverage	100%	100%
Residential Lot Coverage	-	-
Development Program		
Description	Mid-Rise	Mid-Rise
Height	85 Feet	85 Feet
Total Floors	8 Floors	8 Floors
Residential Efficiency	76%	76%
Residential Floors	7 Floors	7 Floors
Units per Floor	9	9
# of Residential units	60 Units	60 Units
BMR units	0 Units	0 Units
% BMR	0%	0%
Average AMI	-	-
Residential (NSF)	43,125 NSF	43,125 NSF
Residential (GSF)	55,550 GSF	55,550 GSF
Type	Rental	Rental
Location	2nd & Higher Floor	2nd & Higher Floor
MR Units	60	60
Average Unit Size	719 Av. Unit SF	719 Av. Unit SF
Office		
Size (GSF)	0 GSF	0 GSF
Leasable SF	0 LSF	0 LSF
Retail		
Size (GSF)	5,000 GSF	5,000 GSF
Leasable SF	4,500 LSF	4,500 LSF
Location	1st Floor	1st Floor
PDR (LSF)	0	0
Building Size GSF (without parking)	60,550	60,550
Building Size NSF	47,625	47,625
FAR	6.1	6.1
Parking		
Residential	30 Spaces	30 Spaces
Office	0 Spaces	0 Spaces
CarShare	0 Spaces	0 Spaces
Retail	3 Spaces	3 Spaces
Loading	1 Spaces	1 Spaces
Total parking	34 Spaces	34 Spaces
Stackers	30 Spaces	30 Spaces
Type	Underground (1 level)	Underground (1 level)
Onsite Inclusionary Housing	No	No

Revenues	85' Residential - Tier A			
	Baseline	Proposed Requirements	Difference	Percent
Revenue				
Residential				
MR Sales Proceeds	\$0	\$0	\$0	-
<u>AH Sales Proceeds</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Total Sales Proceeds	\$0	\$0	\$0	-
<u>Less Sales Expense</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Residential Sales Proceeds	\$0	\$0	\$0	-
Residential - Rental				
MR Rent Revenue	\$2,976,660	\$2,976,660	\$0	0%
BMR Rent Revenue	\$0	\$0	\$0	-
Parking Revenue	\$126,000	\$126,000	\$0	0%
Less Vacancy	(\$148,833)	(\$148,833)	\$0	0%
Less Operating Expenses	(\$930,798)	(\$930,798)	\$0	0%
Property Tax	\$0	\$0	\$0	-
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Operating Income	\$2,023,029	\$2,023,029	\$0	0%
Sales Value	\$44,956,200	\$44,956,200	\$0	0%
<u>Less Sales Expense</u>	<u>(\$1,573,467)</u>	<u>(\$1,573,467)</u>	<u>\$0</u>	<u>0%</u>
Net Residential Proceeds	\$43,382,733	\$43,382,733	\$0	0%
Office				
Rent Revenue	\$0	\$0	\$0	-
Parking Revenue	\$0	\$0	\$0	-
Less Vacancy	\$0	\$0	\$0	-
Less Operating Expenses	\$0	\$0	\$0	-
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Operating Income	\$0	\$0	\$0	-
Sales Value	\$0	\$0	\$0	-
<u>Less Sales Expense</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Office Proceeds	\$0	\$0	\$0	-
Retail (and PDR)				
Rent Revenue	\$270,000	\$270,000	\$0	0%
Parking Revenue	\$5,400	\$5,400	\$0	0%
Less Vacancy	(\$27,000)	(\$27,000)	\$0	0%
Less Operating Expenses	(\$28,620)	(\$28,620)	\$0	0%
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Operating Income	\$219,780	\$219,780	\$0	0%
Sales Value	\$3,663,000	\$3,663,000	\$0	0%
<u>Less Sales Expense</u>	<u>(\$128,205)</u>	<u>(\$128,205)</u>	<u>\$0</u>	<u>0%</u>
Net Retail Proceeds	\$3,534,795	\$3,534,795	\$0	0%
Total Net Proceeds	\$46,917,528	\$46,917,528	\$0	0%
Value Per NSF	\$985	\$985	\$0	0%

Costs & Project Returns	85' Residential - Tier A			
	Baseline	Proposed Requirements	Difference	Percent
Development Cost				
Demolition	\$0	\$0	\$0	-
On/Offsite Improvements	\$0	\$0	\$0	-
Hard Construction Costs	\$21,357,600	\$21,357,600	\$0	0%
Residential	\$16,665,000	\$16,665,000	\$0	0%
Office	\$0	\$0	\$0	-
Retail	\$1,125,000	\$1,125,000	\$0	0%
Parking	\$1,626,000	\$1,626,000	\$0	0%
Hard Cost Contingency	\$1,941,600	\$1,941,600	\$0	0%
Tenant Improvements	\$450,000	\$450,000	\$0	0%
Office	\$0	\$0	\$0	-
Retail	\$450,000	\$450,000	\$0	0%
Subtotal: Direct Costs	\$21,807,600	\$21,807,600	\$0	0%
Soft Costs				
Environmental and Transportation Review	\$119,000	\$119,000	\$0	0%
Development Impact Fees/ Other Costs	\$5,411,397	\$6,886,912	\$1,475,515	27%
Central SoMa TDR Purchase (proposed)	\$0	\$0	\$0	-
Central SoMa Area Plan Fee (proposed)	\$0	\$0	\$0	-
Central SoMa Community Facilities Fee (proposed)	\$0	\$78,715	\$78,715	-
Central SoMa Mello-Roos Special Tax Cost (proposed) ¹	\$0	\$0	\$0	-
Affordable Housing Fee	\$3,492,000	\$4,888,800	\$1,396,800	40%
Transportation Sustainability Fee	\$444,057	\$444,057	\$0	0%
Eastern Neighborhood (Tier 3)	\$1,127,331	\$1,127,331	\$0	0%
Jobs-Housing Linkage Fee	\$0	\$0	\$0	-
Childcare Fee	\$27,775	\$27,775	\$0	0%
Downtown Parks Fee	\$0	\$0	\$0	-
Public Art Fee	\$0	\$0	\$0	-
School Impact Fee	\$162,851	\$162,851	\$0	0%
Wastewater/Water Capacity Charges	\$157,383	\$157,383	\$0	0%
Construction Financing	\$1,851,611	\$1,851,611	\$0	0%
Other Soft Costs	\$3,844,368	\$3,844,368	\$0	0%
Developer Margin	\$6,240,031	\$6,240,031	\$0	0%
Total Cost	\$39,274,008	\$40,749,523	\$1,475,515	4%
Residual Land Value (RLV)	\$7,643,520	\$6,168,005	(\$1,475,515)	(19%)
<i>RLV as a Percentage of Revenue</i>	16%	13%	(3%)	(19%)
Developer Margin as % of Total Development Cost	N/A	N/A		
Return (Yield) on Cost	5.5%	5.5%		
Developer Margin as % of Net Proceeds	N/A	N/A		
Existing Land Value (55' MUO) ²	\$5,700,000			
Value Created by Zoning Change	\$1,943,520	\$1,943,520		
<i>Value Captured by Public Benefits</i>		(\$1,475,515)		
<i>% Value Captured</i>		76%		
Residual Land Value	\$7,643,520	\$6,168,005	(\$1,475,515)	(19%)
<i>RLV/ unit</i>	\$127,392	\$102,800	(\$24,592)	(19%)
<i>Per Gross Building Square Foot</i>	\$126	\$102	(\$24)	(19%)
<i>Per Net Building Square Foot</i>	\$160	\$130	(\$31)	(19%)
<i>Per Lot Square Foot</i>	\$764	\$617	(\$148)	(19%)

1. Reflects carrying cost of special taxes during lease up. Ongoing impact of the special tax is reflected as an annual expense in the Revenues section (if applicable).

2. Reflects existing value as 55' MUO-Zoned parcel (MUO allows for office or residential development).

Appendix Table B2.2.1 Residential - Tier B - Condo On-Site

Development Program	Residential - Tier B	
	Baseline	Proposed Requirements
Site Area and Constraints		
Lot Size	10,000 SF	10,000 SF
Lot Acreage	0.23 Acres	0.23 Acres
Residential Density	261 Units/Acre	261 Units/Acre
Ground Floor Lot Coverage	100%	100%
Residential Lot Coverage	-	-
Development Program		
Description	Mid-Rise	Mid-Rise
Height	85 Feet	85 Feet
Total Floors	8 Floors	8 Floors
Residential Efficiency	78%	78%
Residential Floors	7 Floors	7 Floors
Units per Floor	9	9
# of Residential units	60 Units	60 Units
BMR units	7 Units	12 Units
% BMR	12%	20%
Average AMI	90%	90%
Residential (NSF)	43,125 NSF	43,125 NSF
Residential (GSF)	55,550 GSF	55,550 GSF
Type	Owner	Owner
Location	2nd & Higher Floor	2nd & Higher Floor
MR Units	53	48
Average Unit Size	719 Av. Unit SF	719 Av. Unit SF
Office		
Size (GSF)	0 GSF	0 GSF
Leasable SF	0 LSF	0 LSF
Retail		
Size (GSF)	5,000 GSF	5,000 GSF
Leasable SF	4,500 LSF	4,500 LSF
Location	1st Floor	1st Floor
PDR (LSF)	0	0
Building Size GSF (without parking)	60,550	60,550
Building Size NSF	47,625	47,625
FAR	6.1	6.1
Parking		
Residential	30 Spaces	30 Spaces
Office	0 Spaces	0 Spaces
CarShare	0 Spaces	0 Spaces
Retail	3 Spaces	3 Spaces
Loading	1 Spaces	1 Spaces
Total parking	34 Spaces	34 Spaces
Stackers	30 Spaces	30 Spaces
Type	Underground (1 level)	Underground (1 level)
Onsite Inclusionary Housing	Yes	Yes

Revenues	Residential - Tier B			
	Baseline	Proposed Requirements	Difference	Percent
Revenue				
Residential				
MR Sales Proceeds	\$46,681,075	\$42,277,200	(\$4,403,875)	(9%)
<u>AH Sales Proceeds</u>	<u>\$1,897,000</u>	<u>\$3,252,000</u>	<u>\$1,355,000</u>	<u>71%</u>
Total Sales Proceeds	\$48,578,075	\$45,529,200	(\$3,048,875)	(6%)
<u>Less Sales Expense</u>	<u>(\$2,671,794)</u>	<u>(\$2,504,106)</u>	<u>\$167,688</u>	<u>(6%)</u>
Net Residential Sales Proceeds	\$45,906,281	\$43,025,094	(\$2,881,187)	(6%)
Residential - Rental				
MR Rent Revenue	\$0	\$0	\$0	-
BMR Rent Revenue	\$0	\$0	\$0	-
Parking Revenue	\$0	\$0	\$0	-
Less Vacancy	\$0	\$0	\$0	-
Less Operating Expenses	\$0	\$0	\$0	-
Property Tax	\$0	\$0	\$0	-
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>-</u>
Net Operating Income	\$0	\$0	\$0	-
Sales Value	\$0	\$0	\$0	-
<u>Less Sales Expense</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>-</u>
Net Residential Proceeds	\$0	\$0	\$0	-
Office				
Rent Revenue	\$0	\$0	\$0	-
Parking Revenue	\$0	\$0	\$0	-
Less Vacancy	\$0	\$0	\$0	-
Less Operating Expenses	\$0	\$0	\$0	-
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>-</u>
Net Operating Income	\$0	\$0	\$0	-
Sales Value	\$0	\$0	\$0	-
<u>Less Sales Expense</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>-</u>
Net Office Proceeds	\$0	\$0	\$0	-
Retail (and PDR)				
Rent Revenue	\$270,000	\$270,000	\$0	0%
Parking Revenue	\$5,400	\$5,400	\$0	0%
Less Vacancy	(\$27,000)	(\$27,000)	\$0	0%
Less Operating Expenses	(\$28,620)	(\$28,620)	\$0	0%
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0%</u>
Net Operating Income	\$219,780	\$219,780	\$0	0%
Sales Value	\$3,663,000	\$3,663,000	\$0	0%
<u>Less Sales Expense</u>	<u>(\$128,205)</u>	<u>(\$128,205)</u>	<u>\$0</u>	<u>0%</u>
Net Retail Proceeds	\$3,534,795	\$3,534,795	\$0	0%
Total Net Proceeds	\$49,441,076	\$46,559,889	(\$2,881,187)	(6%)
Value Per NSF	\$1,038	\$978	(\$60)	(6%)

Appendix Table B2.2.1 Residential - Tier B - Condo On-Site (page 3 of 3)

Costs & Project Returns	Residential - Tier B			
	Baseline	Proposed Requirements	Difference	Percent
Development Cost				
Demolition	\$0	\$0	\$0	-
On/Offsite Improvements	\$0	\$0	\$0	-
Hard Construction Costs	\$21,357,600	\$21,357,600	\$0	0%
Residential	\$16,665,000	\$16,665,000	\$0	0%
Office	\$0	\$0	\$0	-
Retail	\$1,125,000	\$1,125,000	\$0	0%
Parking	\$1,626,000	\$1,626,000	\$0	0%
Hard Cost Contingency	\$1,941,600	\$1,941,600	\$0	0%
Tenant Improvements	\$450,000	\$450,000	\$0	0%
Office	\$0	\$0	\$0	-
Retail	<u>\$450,000</u>	<u>\$450,000</u>	<u>\$0</u>	<u>0%</u>
Subtotal: Direct Costs	\$21,807,600	\$21,807,600	\$0	0%
Soft Costs				
Environmental and Transportation Review	\$119,000	\$119,000	\$0	0%
Development Impact Fees/ Other Costs	\$1,919,397	\$3,209,112	\$1,289,715	67%
Central SoMa TDR Purchase (proposed)	\$0	\$0	\$0	-
Central SoMa Area Plan Fee (proposed)	\$0	\$1,211,000	\$1,211,000	-
Central SoMa Community Facilities Fee (proposed)	\$0	\$78,715	\$78,715	-
Central SoMa Mello-Roos Special Tax Cost (proposed) ¹	\$0	\$0	\$0	-
Affordable Housing Fee	\$0	\$0	\$0	-
Transportation Sustainability Fee	\$444,057	\$444,057	\$0	0%
Eastern Neighborhood (Tier 3)	\$1,127,331	\$1,127,331	\$0	0%
Jobs-Housing Linkage Fee	\$0	\$0	\$0	-
Childcare Fee	\$27,775	\$27,775	\$0	0%
Downtown Parks Fee	\$0	\$0	\$0	-
Public Art Fee	\$0	\$0	\$0	-
School Impact Fee	\$162,851	\$162,851	\$0	0%
Wastewater/Water Capacity Charges	\$157,383	\$157,383	\$0	0%
Construction Financing	\$2,365,519	\$2,365,519	\$0	0%
Other Soft Costs	\$5,339,400	\$5,339,400	\$0	0%
Developer Margin	\$9,393,804	\$8,846,379	(\$547,426)	(6%)
Total Cost	\$40,944,720	\$41,687,010	\$742,289	2%
Residual Land Value (RLV)	\$8,496,356	\$4,872,879	(\$3,623,476)	(43%)
<i>RLV as a Percentage of Revenue</i>	17%	10%	(7%)	(39%)
Developer Margin as % of Total Development Cost	23%	23%		
Return (Yield) on Cost	N/A	N/A		
Developer Margin as % of Net Proceeds	19%	19%		
Existing Land Value (SLI)²	\$3,000,000			
Value Created by Zoning Change	\$5,496,356	\$5,496,356		
<i>Value Captured by Public Benefits</i>		(\$3,623,476)		
<i>% Value Captured</i>		66%		
Residual Land Value	\$8,496,356	\$4,872,879	(\$3,623,476)	(43%)
<i>RLV/ unit</i>	\$141,606	\$81,215	(\$60,391)	(43%)
<i>Per Gross Building Square Foot</i>	\$140	\$80	(\$60)	(43%)
<i>Per Net Building Square Foot</i>	\$178	\$102	(\$76)	(43%)
<i>Per Lot Square Foot</i>	\$850	\$487	(\$362)	(43%)

1. Reflects carrying cost of special taxes during lease up. Ongoing impact of the special tax is reflected as an annual expense in the Revenues section (if applicable).

2. Reflects existing value as 1-story building on SLI-Zoned parcel (SLI allows for light industrial uses).

Appendix Table B2.2.2 Residential - Tier B - Condo Fee

Development Program	Residential - Tier B	
	Baseline	Proposed Requirements
Site Area and Constraints		
Lot Size	10,000 SF	10,000 SF
Lot Acreage	0.23 Acres	0.23 Acres
Residential Density	261 Units/Acre	261 Units/Acre
Ground Floor Lot Coverage	100%	100%
Residential Lot Coverage	-	-
Development Program		
Description	Mid-Rise	Mid-Rise
Height	85 Feet	85 Feet
Total Floors	8 Floors	8 Floors
Residential Efficiency	78%	78%
Residential Floors	7 Floors	7 Floors
Units per Floor	9	9
# of Residential units	60 Units	60 Units
BMR units	0 Units	0 Units
% BMR	0%	0%
Average AMI	-	-
Residential (NSF)	43,125 NSF	43,125 NSF
Residential (GSF)	55,550 GSF	55,550 GSF
Type	Owner	Owner
Location	2nd & Higher Floor	2nd & Higher Floor
MR Units	60	60
Average Unit Size	719 Av. Unit SF	719 Av. Unit SF
Office		
Size (GSF)	0 GSF	0 GSF
Leasable SF	0 LSF	0 LSF
Retail		
Size (GSF)	5,000 GSF	5,000 GSF
Leasable SF	4,500 LSF	4,500 LSF
Location	1st Floor	1st Floor
PDR (LSF)	0	0
Building Size GSF (without parking)	60,550	60,550
Building Size NSF	47,625	47,625
FAR	6.1	6.1
Parking		
Residential	30 Spaces	30 Spaces
Office	0 Spaces	0 Spaces
CarShare	0 Spaces	0 Spaces
Retail	3 Spaces	3 Spaces
Loading	1 Spaces	1 Spaces
Total parking	34 Spaces	34 Spaces
Stackers	30 Spaces	30 Spaces
Type	Underground (1 level)	Underground (1 level)
Onsite Inclusionary Housing	No	No

Revenues	Residential - Tier B			
	Baseline	Proposed Requirements	Difference	Percent
Revenue				
Residential				
MR Sales Proceeds	\$52,846,500	\$52,846,500	\$0	0%
<u>AH Sales Proceeds</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Total Sales Proceeds	\$52,846,500	\$52,846,500	\$0	0%
<u>Less Sales Expense</u>	<u>(\$2,906,558)</u>	<u>(\$2,906,558)</u>	<u>\$0</u>	<u>0%</u>
Net Residential Sales Proceeds	\$49,939,943	\$49,939,943	\$0	0%
Residential - Rental				
MR Rent Revenue	\$0	\$0	\$0	-
BMR Rent Revenue	\$0	\$0	\$0	-
Parking Revenue	\$0	\$0	\$0	-
Less Vacancy	\$0	\$0	\$0	-
Less Operating Expenses	\$0	\$0	\$0	-
Property Tax	\$0	\$0	\$0	-
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Operating Income	\$0	\$0	\$0	-
Sales Value	\$0	\$0	\$0	-
<u>Less Sales Expense</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Residential Proceeds	\$0	\$0	\$0	-
Office				
Rent Revenue	\$0	\$0	\$0	-
Parking Revenue	\$0	\$0	\$0	-
Less Vacancy	\$0	\$0	\$0	-
Less Operating Expenses	\$0	\$0	\$0	-
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Operating Income	\$0	\$0	\$0	-
Sales Value	\$0	\$0	\$0	-
<u>Less Sales Expense</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Office Proceeds	\$0	\$0	\$0	-
Retail (and PDR)				
Rent Revenue	\$270,000	\$270,000	\$0	0%
Parking Revenue	\$5,400	\$5,400	\$0	0%
Less Vacancy	(\$27,000)	(\$27,000)	\$0	0%
Less Operating Expenses	(\$28,620)	(\$28,620)	\$0	0%
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0%</u>
Net Operating Income	\$219,780	\$219,780	\$0	0%
Sales Value	\$3,663,000	\$3,663,000	\$0	0%
<u>Less Sales Expense</u>	<u>(\$128,205)</u>	<u>(\$128,205)</u>	<u>\$0</u>	<u>0%</u>
Net Retail Proceeds	\$3,534,795	\$3,534,795	\$0	0%
Total Net Proceeds	\$53,474,738	\$53,474,738	\$0	0%
Value Per NSF	\$1,123	\$1,123	\$0	0%

Costs & Project Returns	Residential - Tier B			
	Baseline	Proposed Requirements	Difference	Percent
Development Cost				
Demolition	\$0	\$0	\$0	-
On/Offsite Improvements	\$0	\$0	\$0	-
Hard Construction Costs	\$21,357,600	\$21,357,600	\$0	0%
Residential	\$16,665,000	\$16,665,000	\$0	0%
Office	\$0	\$0	\$0	-
Retail	\$1,125,000	\$1,125,000	\$0	0%
Parking	\$1,626,000	\$1,626,000	\$0	0%
Hard Cost Contingency	\$1,941,600	\$1,941,600	\$0	0%
Tenant Improvements	\$450,000	\$450,000	\$0	0%
Office	\$0	\$0	\$0	-
Retail	<u>\$450,000</u>	<u>\$450,000</u>	<u>\$0</u>	<u>0%</u>
Subtotal: Direct Costs	\$21,807,600	\$21,807,600	\$0	0%
Soft Costs				
Environmental and Transportation Review	\$119,000	\$119,000	\$0	0%
Development Impact Fees/ Other Costs	\$5,411,397	\$8,970,912	\$3,559,515	66%
Central SoMa TDR Purchase (proposed)	\$0	\$0	\$0	-
Central SoMa Area Plan Fee (proposed)	\$0	\$1,211,000	\$1,211,000	-
Central SoMa Community Facilities Fee (proposed)	\$0	\$78,715	\$78,715	-
Central SoMa Mello-Roos Special Tax Cost (proposed) ¹	\$0	\$0	\$0	-
Affordable Housing Fee	\$3,492,000	\$5,761,800	\$2,269,800	65%
Transportation Sustainability Fee	\$444,057	\$444,057	\$0	0%
Eastern Neighborhood (Tier 3)	\$1,127,331	\$1,127,331	\$0	0%
Jobs-Housing Linkage Fee	\$0	\$0	\$0	-
Childcare Fee	\$27,775	\$27,775	\$0	0%
Downtown Parks Fee	\$0	\$0	\$0	-
Public Art Fee	\$0	\$0	\$0	-
School Impact Fee	\$162,851	\$162,851	\$0	0%
Wastewater/Water Capacity Charges	\$157,383	\$157,383	\$0	0%
Construction Financing	\$2,365,519	\$2,365,519	\$0	0%
Other Soft Costs	\$5,339,400	\$5,339,400	\$0	0%
Developer Margin	\$10,160,200	\$10,160,200	\$0	0%
Total Cost	\$45,203,116	\$48,762,631	\$3,559,515	8%
Residual Land Value (RLV)	\$8,271,622	\$4,712,107	(\$3,559,515)	(43%)
<i>RLV as a Percentage of Revenue</i>	15%	9%	(7%)	(43%)
Developer Margin as % of Total Development Cost	23%	23%		
Return (Yield) on Cost	N/A	N/A		
Developer Margin as % of Net Proceeds	19%	19%		
Existing Land Value (SLI) ²	\$3,000,000			
Value Created by Zoning Change	\$5,271,622	\$5,271,622		
<i>Value Captured by Public Benefits</i>		(\$3,559,515)		
<i>% Value Captured</i>		68%		
Residual Land Value	\$8,271,622	\$4,712,107	(\$3,559,515)	(43%)
<i>RLV/ unit</i>	\$137,860	\$78,535	(\$59,325)	(43%)
<i>Per Gross Building Square Foot</i>	\$137	\$78	(\$59)	(43%)
<i>Per Net Building Square Foot</i>	\$174	\$99	(\$75)	(43%)
<i>Per Lot Square Foot</i>	\$827	\$471	(\$356)	(43%)

1. Reflects carrying cost of special taxes during lease up. Ongoing impact of the special tax is reflected as an annual expense in the Revenues section (if applicable).

2. Reflects existing value as 1-story building on SLI-Zoned parcel (SLI allows for light industrial uses).

Appendix Table B2.2.3 Residential - Tier B - Rental On-Site

Development Program	Residential - Tier B	
	Baseline	Proposed Requirements
Site Area and Constraints		
Lot Size	10,000 SF	10,000 SF
Lot Acreage	0.23 Acres	0.23 Acres
Residential Density	261 Units/Acre	261 Units/Acre
Ground Floor Lot Coverage	100%	100%
Residential Lot Coverage	-	-
Development Program		
Description	Mid-Rise	Mid-Rise
Height	85 Feet	85 Feet
Total Floors	8 Floors	8 Floors
Residential Efficiency	78%	78%
Residential Floors	7 Floors	7 Floors
Units per Floor	9	9
# of Residential units	60 Units	60 Units
BMR units	7 Units	12 Units
% BMR	12%	20%
Average AMI	55%	55%
Residential (NSF)	43,125 NSF	43,125 NSF
Residential (GSF)	55,550 GSF	55,550 GSF
Type	Rental	Rental
Location	2nd & Higher Floor	2nd & Higher Floor
MR Units	53	48
Average Unit Size	719 Av. Unit SF	719 Av. Unit SF
Office		
Size (GSF)	0 GSF	0 GSF
Leasable SF	0 LSF	0 LSF
Retail		
Size (GSF)	5,000 GSF	5,000 GSF
Leasable SF	4,500 LSF	4,500 LSF
Location	1st Floor	1st Floor
PDR (LSF)	0	0
Building Size GSF (without parking)	60,550	60,550
Building Size NSF	47,625	47,625
FAR	6.1	6.1
Parking		
Residential	30 Spaces	30 Spaces
Office	0 Spaces	0 Spaces
CarShare	0 Spaces	0 Spaces
Retail	3 Spaces	3 Spaces
Loading	1 Spaces	1 Spaces
Total parking	34 Spaces	34 Spaces
Stackers	30 Spaces	30 Spaces
Type	Underground (1 level)	Underground (1 level)
Onsite Inclusionary Housing	Yes	Yes

Appendix Table B2.2.3 Residential - Tier B - Rental On-Site (page 2 of 3)

Revenues	Residential - Tier B			
	Baseline	Proposed Requirements	Difference	Percent
Revenue				
Residential				
MR Sales Proceeds	\$0	\$0	\$0	-
<u>AH Sales Proceeds</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Total Sales Proceeds	\$0	\$0	\$0	-
<u>Less Sales Expense</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Residential Sales Proceeds	\$0	\$0	\$0	-
Residential - Rental				
MR Rent Revenue	\$2,629,383	\$2,381,328	(\$248,055)	(9%)
BMR Rent Revenue	\$91,395	\$156,677	\$65,282	71%
Parking Revenue	\$126,000	\$126,000	\$0	0%
Less Vacancy	(\$129,641)	(\$115,933)	\$13,708	(11%)
Less Operating Expenses	(\$854,033)	(\$799,201)	\$54,832	(6%)
Property Tax	\$0	\$0	\$0	-
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Operating Income	\$1,863,103	\$1,748,870	(\$114,233)	(6%)
Sales Value	\$41,402,293	\$38,863,789	(\$2,538,505)	(6%)
<u>Less Sales Expense</u>	<u>(\$1,449,080)</u>	<u>(\$1,360,233)</u>	<u>\$88,848</u>	<u>(6%)</u>
Net Residential Proceeds	\$39,953,213	\$37,503,556	(\$2,449,657)	(6%)
Office				
Rent Revenue	\$0	\$0	\$0	-
Parking Revenue	\$0	\$0	\$0	-
Less Vacancy	\$0	\$0	\$0	-
Less Operating Expenses	\$0	\$0	\$0	-
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Operating Income	\$0	\$0	\$0	-
Sales Value	\$0	\$0	\$0	-
<u>Less Sales Expense</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Office Proceeds	\$0	\$0	\$0	-
Retail (and PDR)				
Rent Revenue	\$270,000	\$270,000	\$0	0%
Parking Revenue	\$5,400	\$5,400	\$0	0%
Less Vacancy	(\$27,000)	(\$27,000)	\$0	0%
Less Operating Expenses	(\$28,620)	(\$28,620)	\$0	0%
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Operating Income	\$219,780	\$219,780	\$0	0%
Sales Value	\$3,663,000	\$3,663,000	\$0	0%
<u>Less Sales Expense</u>	<u>(\$128,205)</u>	<u>(\$128,205)</u>	<u>\$0</u>	<u>0%</u>
Net Retail Proceeds	\$3,534,795	\$3,534,795	\$0	0%
Total Net Proceeds	\$43,488,008	\$41,038,351	(\$2,449,657)	(6%)
Value Per NSF	\$913	\$862	(\$51)	(6%)

Appendix Table B2.2.3 Residential - Tier B - Rental On-Site (page 3 of 3)

Costs & Project Returns	Residential - Tier B			
	Baseline	Proposed Requirements	Difference	Percent
Development Cost				
Demolition	\$0	\$0	\$0	-
On/Offsite Improvements	\$0	\$0	\$0	-
Hard Construction Costs	\$21,357,600	\$21,357,600	\$0	0%
Residential	\$16,665,000	\$16,665,000	\$0	0%
Office	\$0	\$0	\$0	-
Retail	\$1,125,000	\$1,125,000	\$0	0%
Parking	\$1,626,000	\$1,626,000	\$0	0%
Hard Cost Contingency	\$1,941,600	\$1,941,600	\$0	0%
Tenant Improvements	\$450,000	\$450,000	\$0	0%
Office	\$0	\$0	\$0	-
Retail	<u>\$450,000</u>	<u>\$450,000</u>	<u>\$0</u>	<u>0%</u>
Subtotal: Direct Costs	\$21,807,600	\$21,807,600	\$0	0%
Soft Costs				
Environmental and Transportation Review	\$119,000	\$119,000	\$0	0%
Development Impact Fees/ Other Costs	\$1,919,397	\$3,209,112	\$1,289,715	67%
Central SoMa TDR Purchase (proposed)	\$0	\$0	\$0	-
Central SoMa Area Plan Fee (proposed)	\$0	\$1,211,000	\$1,211,000	-
Central SoMa Community Facilities Fee (proposed)	\$0	\$78,715	\$78,715	-
Central SoMa Mello-Roos Special Tax Cost (proposed) ¹	\$0	\$0	\$0	-
Affordable Housing Fee	\$0	\$0	\$0	-
Transportation Sustainability Fee	\$444,057	\$444,057	\$0	0%
Eastern Neighborhood (Tier 3)	\$1,127,331	\$1,127,331	\$0	0%
Jobs-Housing Linkage Fee	\$0	\$0	\$0	-
Childcare Fee	\$27,775	\$27,775	\$0	0%
Downtown Parks Fee	\$0	\$0	\$0	-
Public Art Fee	\$0	\$0	\$0	-
School Impact Fee	\$162,851	\$162,851	\$0	0%
Wastewater/Water Capacity Charges	\$157,383	\$157,383	\$0	0%
Construction Financing	\$1,851,611	\$1,851,611	\$0	0%
Other Soft Costs	\$3,844,368	\$3,844,368	\$0	0%
Developer Margin	\$5,783,905	\$5,458,101	(\$325,804)	(6%)
Total Cost	\$35,325,881	\$36,289,792	\$963,911	3%
Residual Land Value (RLV)	\$8,162,127	\$4,748,559	(\$3,413,568)	(42%)
<i>RLV as a Percentage of Revenue</i>	19%	12%	(7%)	(38%)
Developer Margin as % of Total Development Cost	N/A	N/A		
Return (Yield) on Cost	5.5%	5.5%		
Developer Margin as % of Net Proceeds	N/A	N/A		
Existing Land Value (SLI) ²	\$3,000,000			
Value Created by Zoning Change	\$5,162,127	\$5,162,127		
<i>Value Captured by Public Benefits</i>		(\$3,413,568)		
% Value Captured		66%		
Residual Land Value	\$8,162,127	\$4,748,559	(\$3,413,568)	(42%)
<i>RLV/ unit</i>	\$136,035	\$79,143	(\$56,893)	(42%)
<i>Per Gross Building Square Foot</i>	\$135	\$78	(\$56)	(42%)
<i>Per Net Building Square Foot</i>	\$171	\$100	(\$72)	(42%)
<i>Per Lot Square Foot</i>	\$816	\$475	(\$341)	(42%)

1. Reflects carrying cost of special taxes during lease up. Ongoing impact of the special tax is reflected as an annual expense in the Revenues section (if applicable).

2. Reflects existing value as 1-story building on SLI-Zoned parcel (SLI allows for light industrial uses).

Appendix Table B2.2.4 Residential - Tier B - Rental Fee

Development Program	Residential - Tier B	
	Baseline	Proposed Requirements
Site Area and Constraints		
Lot Size	10,000 SF	10,000 SF
Lot Acreage	0.23 Acres	0.23 Acres
Residential Density	261 Units/Acre	261 Units/Acre
Ground Floor Lot Coverage	100%	100%
Residential Lot Coverage	-	-
Development Program		
Description	Mid-Rise	Mid-Rise
Height	85 Feet	85 Feet
Total Floors	8 Floors	8 Floors
Residential Efficiency	78%	78%
Residential Floors	7 Floors	7 Floors
Units per Floor	9	9
# of Residential units	60 Units	60 Units
BMR units	0 Units	0 Units
% BMR	0%	0%
Average AMI	-	-
Residential (NSF)	43,125 NSF	43,125 NSF
Residential (GSF)	55,550 GSF	55,550 GSF
Type	Rental	Rental
Location	2nd & Higher Floor	2nd & Higher Floor
MR Units	60	60
Average Unit Size	719 Av. Unit SF	719 Av. Unit SF
Office		
Size (GSF)	0 GSF	0 GSF
Leasable SF	0 LSF	0 LSF
Retail		
Size (GSF)	5,000 GSF	5,000 GSF
Leasable SF	4,500 LSF	4,500 LSF
Location	1st Floor	1st Floor
PDR (LSF)	0	0
Building Size GSF (without parking)	60,550	60,550
Building Size NSF	47,625	47,625
FAR	6.1	6.1
Parking		
Residential	30 Spaces	30 Spaces
Office	0 Spaces	0 Spaces
CarShare	0 Spaces	0 Spaces
Retail	3 Spaces	3 Spaces
Loading	1	1 Spaces
Total parking	34 Spaces	34 Spaces
Stackers	30 Spaces	30 Spaces
Type	Underground (1 level)	Underground (1 level)
Onsite Inclusionary Housing	No	No

Revenues	Residential - Tier B			
	Baseline	Proposed Requirements	Difference	Percent
Revenue				
Residential				
MR Sales Proceeds	\$0	\$0	\$0	-
<u>AH Sales Proceeds</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Total Sales Proceeds	\$0	\$0	\$0	-
<u>Less Sales Expense</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Residential Sales Proceeds	\$0	\$0	\$0	-
Residential - Rental				
MR Rent Revenue	\$2,976,660	\$2,976,660	\$0	0%
BMR Rent Revenue	\$0	\$0	\$0	-
Parking Revenue	\$126,000	\$126,000	\$0	0%
Less Vacancy	(\$148,833)	(\$148,833)	\$0	0%
Less Operating Expenses	(\$930,798)	(\$930,798)	\$0	0%
Property Tax	\$0	\$0	\$0	-
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Operating Income	\$2,023,029	\$2,023,029	\$0	0%
Sales Value	\$44,956,200	\$44,956,200	\$0	0%
<u>Less Sales Expense</u>	<u>(\$1,573,467)</u>	<u>(\$1,573,467)</u>	<u>\$0</u>	<u>0%</u>
Net Residential Proceeds	\$43,382,733	\$43,382,733	\$0	0%
Office				
Rent Revenue	\$0	\$0	\$0	-
Parking Revenue	\$0	\$0	\$0	-
Less Vacancy	\$0	\$0	\$0	-
Less Operating Expenses	\$0	\$0	\$0	-
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Operating Income	\$0	\$0	\$0	-
Sales Value	\$0	\$0	\$0	-
<u>Less Sales Expense</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Office Proceeds	\$0	\$0	\$0	-
Retail (and PDR)				
Rent Revenue	\$270,000	\$270,000	\$0	0%
Parking Revenue	\$5,400	\$5,400	\$0	0%
Less Vacancy	(\$27,000)	(\$27,000)	\$0	0%
Less Operating Expenses	(\$28,620)	(\$28,620)	\$0	0%
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Operating Income	\$219,780	\$219,780	\$0	0%
Sales Value	\$3,663,000	\$3,663,000	\$0	0%
<u>Less Sales Expense</u>	<u>(\$128,205)</u>	<u>(\$128,205)</u>	<u>\$0</u>	<u>0%</u>
Net Retail Proceeds	\$3,534,795	\$3,534,795	\$0	0%
Total Net Proceeds	\$46,917,528	\$46,917,528	\$0	0%
Value Per NSF	\$985	\$985	\$0	0%

Costs & Project Returns	Residential - Tier B			
	Baseline	Proposed Requirements	Difference	Percent
Development Cost				
Demolition	\$0	\$0	\$0	-
On/Offsite Improvements	\$0	\$0	\$0	-
Hard Construction Costs	\$21,357,600	\$21,357,600	\$0	0%
Residential	\$16,665,000	\$16,665,000	\$0	0%
Office	\$0	\$0	\$0	-
Retail	\$1,125,000	\$1,125,000	\$0	0%
Parking	\$1,626,000	\$1,626,000	\$0	0%
Hard Cost Contingency	\$1,941,600	\$1,941,600	\$0	0%
Tenant Improvements	\$450,000	\$450,000	\$0	0%
Office	\$0	\$0	\$0	-
Retail	<u>\$450,000</u>	<u>\$450,000</u>	<u>\$0</u>	<u>0%</u>
Subtotal: Direct Costs	\$21,807,600	\$21,807,600	\$0	0%
Soft Costs				
Environmental and Transportation Review	\$119,000	\$119,000	\$0	0%
Development Impact Fees/ Other Costs	\$5,411,397	\$8,970,912	\$3,559,515	66%
Central SoMa TDR Purchase (proposed)	\$0	\$0	\$0	-
Central SoMa Area Plan Fee (proposed)	\$0	\$1,211,000	\$1,211,000	-
Central SoMa Community Facilities Fee (proposed)	\$0	\$78,715	\$78,715	-
Central SoMa Mello-Roos Special Tax Cost (proposed) ¹	\$0	\$0	\$0	-
Affordable Housing Fee	\$3,492,000	\$5,761,800	\$2,269,800	65%
Transportation Sustainability Fee	\$444,057	\$444,057	\$0	0%
Eastern Neighborhood (Tier 3)	\$1,127,331	\$1,127,331	\$0	0%
Jobs-Housing Linkage Fee	\$0	\$0	\$0	-
Childcare Fee	\$27,775	\$27,775	\$0	0%
Downtown Parks Fee	\$0	\$0	\$0	-
Public Art Fee	\$0	\$0	\$0	-
School Impact Fee	\$162,851	\$162,851	\$0	0%
Wastewater/Water Capacity Charges	\$157,383	\$157,383	\$0	0%
Construction Financing	\$1,851,611	\$1,851,611	\$0	0%
Other Soft Costs	\$3,844,368	\$3,844,368	\$0	0%
Developer Margin	\$6,240,031	\$6,240,031	\$0	0%
Total Cost	\$39,274,008	\$42,833,523	\$3,559,515	9%
Residual Land Value (RLV)	\$7,643,520	\$4,084,005	(\$3,559,515)	(47%)
RLV as a Percentage of Revenue	16%	9%	(8%)	(47%)
Developer Margin as % of Total Development Cost	N/A	N/A		
Return (Yield) on Cost	5.5%	5.5%		
Developer Margin as % of Net Proceeds	N/A	N/A		
Existing Land Value (SLI) ²	<u>\$3,000,000</u>			
Value Created by Zoning Change	\$4,643,520	\$4,643,520		
Value Captured by Public Benefits		(\$3,559,515)		
% Value Captured		77%		
Residual Land Value	\$7,643,520	\$4,084,005	(\$3,559,515)	(47%)
RLV/ unit	\$127,392	\$68,067	(\$59,325)	(47%)
Per Gross Building Square Foot	\$126	\$67	(\$59)	(47%)
Per Net Building Square Foot	\$160	\$86	(\$75)	(47%)
Per Lot Square Foot	\$764	\$408	(\$356)	(47%)

1. Reflects carrying cost of special taxes during lease up. Ongoing impact of the special tax is reflected as an annual expense in the Revenues section (if applicable).

2. Reflects existing value as 1-story building on SLI-Zoned parcel (SLI allows for light industrial uses).

Appendix Table B2.3.1 Residential - Tier C - Condo On-Site

Development Program	160' Residential - Tier C	
	Baseline	Proposed Requirements
Site Area and Constraints		
Lot Size	15,000 SF	15,000 SF
Lot Acreage	0.34 Acres	0.34 Acres
Residential Density	372 Units/Acre	372 Units/Acre
Ground Floor Lot Coverage	100%	100%
Residential Lot Coverage	-	-
Development Program		
Description	Res. High-Rise	Res. High-Rise
Height	160 Feet	160 Feet
Total Floors	16 Floors	16 Floors
Residential Efficiency	79%	79%
Residential Floors	15 Floors	15 Floors
Units per Floor	9	9
# of Residential units	128 Units	128 Units
BMR units	15 Units	23 Units
% BMR	12%	18%
Average AMI	90%	90%
Residential (NSF)	119,825 NSF	119,825 NSF
Residential (GSF)	150,760 GSF	150,760 GSF
Type	Owner	Owner
Location	2nd & Higher Floor	2nd & Higher Floor
MR Units	113	105
Average Unit Size	936 Av. Unit SF	936 Av. Unit SF
Office		
Size (GSF)	0 GSF	0 GSF
Leasable SF	0 LSF	0 LSF
Retail		
Size (GSF)	7,500 GSF	7,500 GSF
Leasable SF	6,750 LSF	6,750 LSF
Location	1st Floor	1st Floor
PDR (LSF)	0	0
Building Size GSF (without parking)	158,260	158,260
Building Size NSF	126,575	126,575
FAR	10.6	10.6
Parking		
Residential	64 Spaces	64 Spaces
Office	0 Spaces	0 Spaces
CarShare	1 Spaces	1 Spaces
Retail	5 Spaces	5 Spaces
Loading	1	1 Spaces
Total parking	71 Spaces	71 Spaces
Stackers	60 Spaces	60 Spaces
Type	Underground (2 levels)	Underground (2 levels)
Onsite Inclusionary Housing	Yes	Yes

Appendix Table B2.3.1 Residential - Tier C - Condo On-Site (page 2 of 3)

Revenues	160' Residential - Tier C			
	Baseline	Proposed Requirements	Difference	Percent
Revenue				
Residential				
MR Sales Proceeds	\$132,210,000	\$122,850,000	(\$9,360,000)	(7%)
AH Sales Proceeds	\$4,305,000	\$6,601,000	\$2,296,000	53%
Total Sales Proceeds	\$136,515,000	\$129,451,000	(\$7,064,000)	(5%)
Less Sales Expense	(\$7,508,325)	(\$7,119,805)	\$388,520	(5%)
Net Residential Sales Proceeds	\$129,006,675	\$122,331,195	(\$6,675,480)	(5%)
Residential - Rental				
MR Rent Revenue	\$0	\$0	\$0	-
BMR Rent Revenue	\$0	\$0	\$0	-
Parking Revenue	\$0	\$0	\$0	-
Less Vacancy	\$0	\$0	\$0	-
Less Operating Expenses	\$0	\$0	\$0	-
Property Tax	\$0	\$0	\$0	-
Less Mello-Roos Special Tax	\$0	\$0	\$0	-
Net Operating Income	\$0	\$0	\$0	-
Sales Value	\$0	\$0	\$0	-
Less Sales Expense	\$0	\$0	\$0	-
Net Residential Proceeds	\$0	\$0	\$0	-
Office				
Rent Revenue	\$0	\$0	\$0	-
Parking Revenue	\$0	\$0	\$0	-
Less Vacancy	\$0	\$0	\$0	-
Less Operating Expenses	\$0	\$0	\$0	-
Less Mello-Roos Special Tax	\$0	\$0	\$0	-
Net Operating Income	\$0	\$0	\$0	-
Sales Value	\$0	\$0	\$0	-
Less Sales Expense	\$0	\$0	\$0	-
Net Office Proceeds	\$0	\$0	\$0	-
Retail (and PDR)				
Rent Revenue	\$405,000	\$405,000	\$0	0%
Parking Revenue	\$9,000	\$9,000	\$0	0%
Less Vacancy	(\$40,500)	(\$40,500)	\$0	0%
Less Operating Expenses	(\$43,200)	(\$43,200)	\$0	0%
Less Mello-Roos Special Tax	\$0	(\$16,800)	(\$16,800)	-
Net Operating Income	\$330,300	\$313,500	(\$16,800)	(5%)
Sales Value	\$5,505,000	\$5,225,000	(\$280,000)	(5%)
Less Sales Expense	(\$192,675)	(\$182,875)	\$9,800	(5%)
Net Retail Proceeds	\$5,312,325	\$5,042,125	(\$270,200)	(5%)
Total Net Proceeds	\$134,319,000	\$127,373,320	(\$6,945,680)	(5%)
Value Per NSF	\$1,061	\$1,006	(\$55)	(5%)

Appendix Table B2.3.1 Residential - Tier C - Condo On-Site (page 3 of 3)

Costs & Project Returns	160' Residential - Tier C			
	Baseline	Proposed Requirements	Difference	Percent
Development Cost				
Demolition	\$0	\$0	\$0	-
On/Offsite Improvements	\$0	\$0	\$0	-
Hard Construction Costs	\$60,736,390	\$60,736,390	\$0	0%
Residential	\$48,997,000	\$48,997,000	\$0	0%
Office	\$0	\$0	\$0	-
Retail	\$1,687,500	\$1,687,500	\$0	0%
Parking	\$4,530,400	\$4,530,400	\$0	0%
Hard Cost Contingency	\$5,521,490	\$5,521,490	\$0	0%
Tenant Improvements	\$675,000	\$675,000	\$0	0%
Office	\$0	\$0	\$0	-
Retail	<u>\$675,000</u>	<u>\$675,000</u>	<u>\$0</u>	<u>0%</u>
Subtotal: Direct Costs	\$61,411,390	\$61,411,390	\$0	0%
Soft Costs				
Environmental and Transportation Review	\$119,000	\$119,000	\$0	0%
Development Impact Fees/ Other Costs	\$5,067,960	\$5,973,821	\$905,861	18%
Central SoMa TDR Purchase (proposed)	\$0	\$0	\$0	-
Central SoMa Area Plan Fee (proposed)	\$0	\$0	\$0	-
Central SoMa Community Facilities Fee (proposed)	\$0	\$205,738	\$205,738	-
Central SoMa Mello-Roos Special Tax Cost (proposed) ¹	\$0	\$700,123	\$700,123	-
Affordable Housing Fee	\$0	\$0	\$0	-
Transportation Sustainability Fee	\$1,238,792	\$1,238,792	\$0	0%
Eastern Neighborhood (Tier 3)	\$3,000,584	\$3,000,584	\$0	0%
Jobs-Housing Linkage Fee	\$0	\$0	\$0	-
Childcare Fee	\$75,380	\$75,380	\$0	0%
Downtown Parks Fee	\$0	\$0	\$0	-
Public Art Fee	\$0	\$0	\$0	-
School Impact Fee	\$440,512	\$440,512	\$0	0%
Wastewater/Water Capacity Charges	\$312,692	\$312,692	\$0	0%
Construction Financing	\$8,406,941	\$8,406,941	\$0	0%
Other Soft Costs	\$15,184,098	\$15,184,098	\$0	0%
Developer Margin	\$28,206,990	\$26,748,397	(\$1,458,593)	(5%)
Total Cost	\$118,396,379	\$117,843,647	(\$552,732)	(0%)
Residual Land Value (RLV)	\$15,922,621	\$9,529,673	(\$6,392,948)	(40%)
RLV as a Percentage of Revenue	12%	7%	(4%)	(37%)
Developer Margin as % of Total Dev. Cost	27%	27%		
Return (Yield) on Cost	N/A	N/A		
Developer Margin as % of Net Proceeds	21%	21%		
Existing Land Value (SLI) ²	\$4,500,000			
Value Created by Zoning Change	\$11,422,621	\$11,422,621		
Value Captured by Public Benefits		(\$6,392,948)		
% Value Captured		56%		
Residual Land Value	\$15,922,621	\$9,529,673	(\$6,392,948)	(40%)
RLV/ unit	\$124,395	\$74,451	(\$49,945)	(40%)
Per Gross Building Square Foot	\$101	\$60	(\$40)	(40%)
Per Net Building Square Foot	\$126	\$75	(\$51)	(40%)
Per Lot Square Foot	\$1,062	\$635	(\$426)	(40%)

1. Reflects carrying cost of special taxes during lease up. Ongoing impact of the special tax is reflected as an annual expense in the Revenues section (if applicable).

2. Reflects existing value as 1-story building on SLI-Zoned parcel (SLI allows for light industrial uses).

Appendix Table B2.3.2 Residential - Tier C - Condo Fee

Development Program	160' Residential - Tier C	
	Baseline	Proposed Requirements
Site Area and Constraints		
Lot Size	15,000 SF	15,000 SF
Lot Acreage	0.34 Acres	0.34 Acres
Residential Density	372 Units/Acre	372 Units/Acre
Ground Floor Lot Coverage	100%	100%
Residential Lot Coverage	-	-
Development Program		
Description	High-Rise	High-Rise
Height	160 Feet	160 Feet
Total Floors	16 Floors	16 Floors
Residential Efficiency	79%	79%
Residential Floors	15 Floors	15 Floors
Units per Floor	9	9
# of Residential units	128 Units	128 Units
BMR units	0 Units	0 Units
% BMR	0%	0%
Average AMI	-	-
Residential (NSF)	119,825 NSF	119,825 NSF
Residential (GSF)	150,760 GSF	150,760 GSF
Type	Owner	Owner
Location	2nd & Higher Floor	2nd & Higher Floor
MR Units	128	128
Average Unit Size	936 Av. Unit SF	936 Av. Unit SF
Office		
Size (GSF)	0 GSF	0 GSF
Leasable SF	0 LSF	0 LSF
Retail		
Size (GSF)	7,500 GSF	7,500 GSF
Leasable SF	6,750 LSF	6,750 LSF
Location	1st Floor	1st Floor
PDR (LSF)	0	0
Building Size GSF (without parking)	158,260	158,260
Building Size NSF	126,575	126,575
FAR	10.6	10.6
Parking		
Residential	64 Spaces	64 Spaces
Office	0 Spaces	0 Spaces
CarShare	1 Spaces	1 Spaces
Retail	5 Spaces	5 Spaces
Loading	1	1 Spaces
Total parking	71 Spaces	71 Spaces
Stackers	60 Spaces	60 Spaces
Type	Underground (2 levels)	Underground (2 levels)
Onsite Inclusionary Housing	No	No

Revenues	160' Residential - Tier C			
	Baseline	Proposed Requirements	Difference	Percent
Revenue				
Residential				
MR Sales Proceeds	\$149,760,000	\$149,760,000	\$0	0%
<u>AH Sales Proceeds</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Total Sales Proceeds	\$149,760,000	\$149,760,000	\$0	0%
<u>Less Sales Expense</u>	<u>(\$8,236,800)</u>	<u>(\$8,236,800)</u>	<u>\$0</u>	<u>0%</u>
Net Residential Sales Proceeds	\$141,523,200	\$141,523,200	\$0	0%
Residential - Rental				
MR Rent Revenue	\$0	\$0	\$0	-
BMR Rent Revenue	\$0	\$0	\$0	-
Parking Revenue	\$0	\$0	\$0	-
Less Vacancy	\$0	\$0	\$0	-
Less Operating Expenses	\$0	\$0	\$0	-
Property Tax	\$0	\$0	\$0	-
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Operating Income	\$0	\$0	\$0	-
Sales Value	\$0	\$0	\$0	-
<u>Less Sales Expense</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Residential Proceeds	\$0	\$0	\$0	-
Office				
Rent Revenue	\$0	\$0	\$0	-
Parking Revenue	\$0	\$0	\$0	-
Less Vacancy	\$0	\$0	\$0	-
Less Operating Expenses	\$0	\$0	\$0	-
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Operating Income	\$0	\$0	\$0	-
Sales Value	\$0	\$0	\$0	-
<u>Less Sales Expense</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Office Proceeds	\$0	\$0	\$0	-
Retail (and PDR)				
Rent Revenue	\$405,000	\$405,000	\$0	0%
Parking Revenue	\$9,000	\$9,000	\$0	0%
Less Vacancy	(\$40,500)	(\$40,500)	\$0	0%
Less Operating Expenses	(\$43,200)	(\$43,200)	\$0	0%
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>(\$16,800)</u>	<u>(\$16,800)</u>	-
Net Operating Income	\$330,300	\$313,500	(\$16,800)	(5%)
Sales Value	\$5,505,000	\$5,225,000	(\$280,000)	(5%)
<u>Less Sales Expense</u>	<u>(\$192,675)</u>	<u>(\$182,875)</u>	<u>\$9,800</u>	<u>(5%)</u>
Net Retail Proceeds	\$5,312,325	\$5,042,125	(\$270,200)	(5%)
Total Net Proceeds	\$146,835,525	\$146,565,325	(\$270,200)	(0%)
Value Per NSF	\$1,160	\$1,158	(\$2)	(0%)

Costs & Project Returns	160' Residential - Tier C			
	Baseline	Proposed Requirements	Difference	Percent
Development Cost				
Demolition	\$0	\$0	\$0	-
On/Offsite Improvements	\$0	\$0	\$0	-
Hard Construction Costs	\$60,736,390	\$60,736,390	\$0	0%
Residential	\$48,997,000	\$48,997,000	\$0	0%
Office	\$0	\$0	\$0	-
Retail	\$1,687,500	\$1,687,500	\$0	0%
Parking	\$4,530,400	\$4,530,400	\$0	0%
Hard Cost Contingency	\$5,521,490	\$5,521,490	\$0	0%
Tenant Improvements	\$675,000	\$675,000	\$0	0%
Office	\$0	\$0	\$0	-
Retail	<u>\$675,000</u>	<u>\$675,000</u>	<u>\$0</u>	<u>0%</u>
Subtotal: Direct Costs	\$61,411,390	\$61,411,390	\$0	0%
Soft Costs				
Environmental and Transportation Review	\$119,000	\$119,000	\$0	0%
Development Impact Fees/ Other Costs	\$12,118,200	\$18,554,061	\$6,435,862	53%
Central SoMa TDR Purchase (proposed)	\$0	\$0	\$0	-
Central SoMa Area Plan Fee (proposed)	\$0	\$0	\$0	-
Central SoMa Community Facilities Fee (proposed)	\$0	\$205,738	\$205,738	-
Central SoMa Mello-Roos Special Tax Cost (proposed) ¹	\$0	\$838,764	\$838,764	-
Affordable Housing Fee	\$7,050,240	\$12,441,600	\$5,391,360	76%
Transportation Sustainability Fee	\$1,238,792	\$1,238,792	\$0	0%
Eastern Neighborhood (Tier 3)	\$3,000,584	\$3,000,584	\$0	0%
Jobs-Housing Linkage Fee	\$0	\$0	\$0	-
Childcare Fee	\$75,380	\$75,380	\$0	0%
Downtown Parks Fee	\$0	\$0	\$0	-
Public Art Fee	\$0	\$0	\$0	-
School Impact Fee	\$440,512	\$440,512	\$0	0%
Wastewater/Water Capacity Charges	\$312,692	\$312,692	\$0	0%
Construction Financing	\$8,406,941	\$8,406,941	\$0	0%
Other Soft Costs	\$15,184,098	\$15,184,098	\$0	0%
Developer Margin	\$30,835,460	\$30,778,718	(\$56,742)	(0%)
Total Cost	\$128,075,089	\$134,454,208	\$6,379,120	5%
Residual Land Value (RLV)	\$18,760,436	\$12,111,117	(\$6,649,320)	(35%)
RLV as a Percentage of Revenue	13%	8%	(5%)	(35%)
Developer Margin/Total Dev. Cost	27%	27%		
Return (Yield) on Cost	N/A	N/A		
Developer Margin/Net Proceeds	21%	21%		
Existing Land Value (SLI) ²	\$4,500,000			
Value Created by Zoning Change	\$14,260,436	\$14,260,436		
Value Captured by Public Benefits		(\$6,649,320)		
% Value Captured		47%		
Residual Land Value	\$18,760,436	\$12,111,117	(\$6,649,320)	(35%)
RLV/ unit	\$146,566	\$94,618	(\$51,948)	(35%)
Per Gross Building Square Foot	\$119	\$77	(\$42)	(35%)
Per Net Building Square Foot	\$148	\$96	(\$53)	(35%)
Per Lot Square Foot	\$1,251	\$807	(\$443)	(35%)

1. Reflects carrying cost of special taxes during lease up. Ongoing impact of the special tax is reflected as an annual expense in the Revenues section (if applicable).

2. Reflects existing value as 1-story building on SLI-Zoned parcel (SLI allows for light industrial uses).

Appendix Table B2.3.3 Residential - Tier C - Rental On-Site

Development Program	160' Residential - Tier C	
	Baseline	Proposed Requirements
Site Area and Constraints		
Lot Size	15,000 SF	15,000 SF
Lot Acreage	0.34 Acres	0.34 Acres
Residential Density	372 Units/Acre	372 Units/Acre
Ground Floor Lot Coverage	100%	100%
Residential Lot Coverage	-	-
Development Program		
Description	High-Rise	High-Rise
Height	160 Feet	160 Feet
Total Floors	16 Floors	16 Floors
Residential Efficiency	79%	79%
Residential Floors	15 Floors	15 Floors
Units per Floor	9	9
# of Residential units	128 Units	128 Units
BMR units	15 Units	23 Units
% BMR	12%	18%
Average AMI	55%	55%
Residential (NSF)	119,825 NSF	119,825 NSF
Residential (GSF)	150,760 GSF	150,760 GSF
Type	Rental	Rental
Location	2nd & Higher Floor	2nd & Higher Floor
MR Units	113	105
Average Unit Size	936 Av. Unit SF	936 Av. Unit SF
Office		
Size (GSF)	0 GSF	0 GSF
Leasable SF	0 LSF	0 LSF
Retail		
Size (GSF)	7,500 GSF	7,500 GSF
Leasable SF	6,750 LSF	6,750 LSF
Location	1st Floor	1st Floor
PDR (LSF)	0	0
Building Size GSF (without parking)	158,260	158,260
Building Size NSF	126,575	126,575
FAR	10.6	10.6
Parking		
Residential	64 Spaces	64 Spaces
Office	0 Spaces	0 Spaces
CarShare	1 Spaces	1 Spaces
Retail	5 Spaces	5 Spaces
Loading	1 Spaces	1 Spaces
Total parking	71 Spaces	71 Spaces
Stackers	60 Spaces	60 Spaces
Type	Underground (2 levels)	Underground (2 levels)
Onsite Inclusionary Housing	Yes	Yes

Appendix Table B2.3.3 Residential - Tier C - Rental On-Site (page 2 of 3)

Revenues	160' Residential - Tier C			
	Baseline	Proposed Requirements	Difference	Percent
Revenue				
Residential				
MR Sales Proceeds	\$0	\$0	\$0	-
<u>AH Sales Proceeds</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Total Sales Proceeds	\$0	\$0	\$0	-
<u>Less Sales Expense</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Residential Sales Proceeds	\$0	\$0	\$0	-
Residential - Rental				
MR Rent Revenue	\$7,403,760	\$6,879,600	(\$524,160)	(7%)
BMR Rent Revenue	\$205,989	\$315,850	\$109,861	53%
Parking Revenue	\$268,800	\$268,800	\$0	0%
Less Vacancy	(\$366,068)	(\$337,663)	\$28,405	(8%)
Less Operating Expenses	(\$2,363,565)	(\$2,239,275)	\$124,290	(5%)
Property Tax	\$0	\$0	\$0	-
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>(\$127,273)</u>	<u>(\$127,273)</u>	-
Net Operating Income	\$5,148,916	\$4,760,039	(\$388,877)	(8%)
Sales Value	\$114,420,356	\$105,778,648	(\$8,641,708)	(8%)
<u>Less Sales Expense</u>	<u>(\$4,004,712)</u>	<u>(\$3,702,253)</u>	<u>\$302,460</u>	<u>(8%)</u>
Net Residential Proceeds	\$110,415,643	\$102,076,395	(\$8,339,248)	(8%)
Office				
Rent Revenue	\$0	\$0	\$0	-
Parking Revenue	\$0	\$0	\$0	-
Less Vacancy	\$0	\$0	\$0	-
Less Operating Expenses	\$0	\$0	\$0	-
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Operating Income	\$0	\$0	\$0	-
Sales Value	\$0	\$0	\$0	-
<u>Less Sales Expense</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Office Proceeds	\$0	\$0	\$0	-
Retail (and PDR)				
Rent Revenue	\$405,000	\$405,000	\$0	0%
Parking Revenue	\$9,000	\$9,000	\$0	0%
Less Vacancy	(\$40,500)	(\$40,500)	\$0	0%
Less Operating Expenses	(\$43,200)	(\$43,200)	\$0	0%
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>(\$16,800)</u>	<u>(\$16,800)</u>	-
Net Operating Income	\$330,300	\$313,500	(\$16,800)	(5%)
Sales Value	\$5,505,000	\$5,225,000	(\$280,000)	(5%)
<u>Less Sales Expense</u>	<u>(\$192,675)</u>	<u>(\$182,875)</u>	<u>\$9,800</u>	<u>(5%)</u>
Net Retail Proceeds	\$5,312,325	\$5,042,125	(\$270,200)	(5%)
Total Net Proceeds	\$115,727,968	\$107,118,520	(\$8,609,448)	(7%)
Value Per NSF	\$914	\$846	(\$68)	(7%)

Appendix Table B2.3.3 Residential - Tier C - Rental On-Site (page 3 of 3)

Costs & Project Returns	160' Residential - Tier C			
	Baseline	Proposed Requirements	Difference	Percent
Development Cost				
Demolition	\$0	\$0	\$0	-
On/Offsite Improvements	\$0	\$0	\$0	-
Hard Construction Costs	\$60,736,390	\$60,736,390	\$0	0%
Residential	\$48,997,000	\$48,997,000	\$0	0%
Office	\$0	\$0	\$0	-
Retail	\$1,687,500	\$1,687,500	\$0	0%
Parking	\$4,530,400	\$4,530,400	\$0	0%
Hard Cost Contingency	\$5,521,490	\$5,521,490	\$0	0%
Tenant Improvements	\$675,000	\$675,000	\$0	0%
Office	\$0	\$0	\$0	-
Retail	<u>\$675,000</u>	<u>\$675,000</u>	<u>\$0</u>	<u>0%</u>
Subtotal: Direct Costs	\$61,411,390	\$61,411,390	\$0	0%
Soft Costs				
Environmental and Transportation Review	\$119,000	\$119,000	\$0	0%
Development Impact Fees/ Other Costs	\$5,067,960	\$5,468,170	\$400,211	8%
Central SoMa TDR Purchase (proposed)	\$0	\$0	\$0	-
Central SoMa Area Plan Fee (proposed)	\$0	\$0	\$0	-
Central SoMa Community Facilities Fee (proposed)	\$0	\$205,738	\$205,738	-
Central SoMa Mello-Roos Special Tax Cost (proposed) ¹	\$0	\$194,473	\$194,473	-
Affordable Housing Fee	\$0	\$0	\$0	-
Transportation Sustainability Fee	\$1,238,792	\$1,238,792	\$0	0%
Eastern Neighborhood (Tier 3)	\$3,000,584	\$3,000,584	\$0	0%
Jobs-Housing Linkage Fee	\$0	\$0	\$0	-
Childcare Fee	\$75,380	\$75,380	\$0	0%
Downtown Parks Fee	\$0	\$0	\$0	-
Public Art Fee	\$0	\$0	\$0	-
School Impact Fee	\$440,512	\$440,512	\$0	0%
Wastewater/Water Capacity Charges	\$312,692	\$312,692	\$0	0%
Construction Financing	\$6,134,891	\$6,134,891	\$0	0%
Other Soft Costs	\$10,932,550	\$10,932,550	\$0	0%
Developer Margin	\$17,012,011	\$15,746,422	(\$1,265,589)	(7%)
Total Cost	\$100,677,803	\$99,812,424	(\$865,378)	(1%)
Residual Land Value (RLV)	\$15,050,166	\$7,306,096	(\$7,744,070)	(51%)
RLV as a Percentage of Revenue	13%	7%	(6%)	(48%)
Developer Margin as % of Total Dev. Cost	N/A	N/A		
Return (Yield) on Cost	5.6%	5.6%		
Developer Margin as % of Net Proceeds	N/A	N/A		
Existing Land Value (SLI) ²	\$4,500,000			
Value Created by Zoning Change	\$10,550,166	\$10,550,166		
Value Captured by Public Benefits		(\$7,744,070)		
% Value Captured		73%		
Residual Land Value	\$15,050,166	\$7,306,096	(\$7,744,070)	(51%)
RLV/ unit	\$117,579	\$57,079	(\$60,501)	(51%)
Per Gross Building Square Foot	\$95	\$46	(\$49)	(51%)
Per Net Building Square Foot	\$119	\$58	(\$61)	(51%)
Per Lot Square Foot	\$1,003	\$487	(\$516)	(51%)

1. Reflects carrying cost of special taxes during lease up. Ongoing impact of the special tax is reflected as an annual expense in the Revenues section (if applicable).

2. Reflects existing value as 1-story building on SLI-Zoned parcel (SLI allows for light industrial uses).

Appendix Table B2.3.4 Residential - Tier C - Rental Fee

Development Program	160' Residential - Tier C	
	Baseline	Proposed Requirements
Site Area and Constraints		
Lot Size	15,000 SF	15,000 SF
Lot Acreage	0.34 Acres	0.34 Acres
Residential Density	372 Units/Acre	372 Units/Acre
Ground Floor Lot Coverage	100%	100%
Residential Lot Coverage	-	-
Development Program		
Description	High-Rise	High-Rise
Height	160 Feet	160 Feet
Total Floors	16 Floors	16 Floors
Residential Efficiency	79%	79%
Residential Floors	15 Floors	15 Floors
Units per Floor	9	9
# of Residential units	128 Units	128 Units
BMR units	0 Units	0 Units
% BMR	0%	0%
Average AMI	-	-
Residential (NSF)	119,825 NSF	119,825 NSF
Residential (GSF)	150,760 GSF	150,760 GSF
Type	Rental	Rental
Location	2nd & Higher Floor	2nd & Higher Floor
MR Units	128	128
Average Unit Size	936 Av. Unit SF	936 Av. Unit SF
Office		
Size (GSF)	0 GSF	0 GSF
Leasable SF	0 LSF	0 LSF
Retail		
Size (GSF)	7,500 GSF	7,500 GSF
Leasable SF	6,750 LSF	6,750 LSF
Location	1st Floor	1st Floor
PDR (LSF)	0	0
Building Size GSF (without parking)	158,260	158,260
Building Size NSF	126,575	126,575
FAR	10.6	10.6
Parking		
Residential	64 Spaces	64 Spaces
Office	0 Spaces	0 Spaces
CarShare	1 Spaces	1 Spaces
Retail	5 Spaces	5 Spaces
Loading	1	1 Spaces
Total parking	71 Spaces	71 Spaces
Stackers	60 Spaces	60 Spaces
Type	Underground (2 levels)	Underground (2 levels)
Onsite Inclusionary Housing	No	No

Revenues	160' Residential - Tier C			
	Baseline	Proposed Requirements	Difference	Percent
Revenue				
Residential				
MR Sales Proceeds	\$0	\$0	\$0	-
<u>AH Sales Proceeds</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Total Sales Proceeds	\$0	\$0	\$0	-
<u>Less Sales Expense</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Residential Sales Proceeds	\$0	\$0	\$0	-
Residential - Rental				
MR Rent Revenue	\$8,386,560	\$8,386,560	\$0	0%
BMR Rent Revenue	\$0	\$0	\$0	-
Parking Revenue	\$268,800	\$268,800	\$0	0%
Less Vacancy	(\$419,328)	(\$419,328)	\$0	0%
Less Operating Expenses	(\$2,596,608)	(\$2,596,608)	\$0	0%
Property Tax	\$0	\$0	\$0	-
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>(\$155,151)</u>	<u>(\$155,151)</u>	-
Net Operating Income	\$5,639,424	\$5,484,273	(\$155,151)	(3%)
Sales Value	\$125,320,533	\$121,872,725	(\$3,447,808)	(3%)
<u>Less Sales Expense</u>	<u>(\$4,386,219)</u>	<u>(\$4,265,545)</u>	<u>\$120,673</u>	<u>(3%)</u>
Net Residential Proceeds	\$120,934,315	\$117,607,180	(\$3,327,135)	(3%)
Office				
Rent Revenue	\$0	\$0	\$0	-
Parking Revenue	\$0	\$0	\$0	-
Less Vacancy	\$0	\$0	\$0	-
Less Operating Expenses	\$0	\$0	\$0	-
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Operating Income	\$0	\$0	\$0	-
Sales Value	\$0	\$0	\$0	-
<u>Less Sales Expense</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	-
Net Office Proceeds	\$0	\$0	\$0	-
Retail (and PDR)				
Rent Revenue	\$405,000	\$405,000	\$0	0%
Parking Revenue	\$9,000	\$9,000	\$0	0%
Less Vacancy	(\$40,500)	(\$40,500)	\$0	0%
Less Operating Expenses	(\$43,200)	(\$43,200)	\$0	0%
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>(\$16,800)</u>	<u>(\$16,800)</u>	-
Net Operating Income	\$330,300	\$313,500	(\$16,800)	(5%)
Sales Value	\$5,505,000	\$5,225,000	(\$280,000)	(5%)
<u>Less Sales Expense</u>	<u>(\$192,675)</u>	<u>(\$182,875)</u>	<u>\$9,800</u>	<u>(5%)</u>
Net Retail Proceeds	\$5,312,325	\$5,042,125	(\$270,200)	(5%)
Total Net Proceeds	\$126,246,640	\$122,649,305	(\$3,597,335)	(3%)
Value Per NSF	\$997	\$969	(\$28)	(3%)

Appendix Table B2.3.4 Residential - Tier C - Rental Fee (page 3 of 3)

Costs & Project Returns	160' Residential - Tier C			
	Baseline	Proposed Requirements	Difference	Percent
Development Cost				
Demolition	\$0	\$0	\$0	-
On/Offsite Improvements	\$0	\$0	\$0	-
Hard Construction Costs	\$60,736,390	\$60,736,390	\$0	0%
Residential	\$48,997,000	\$48,997,000	\$0	0%
Office	\$0	\$0	\$0	-
Retail	\$1,687,500	\$1,687,500	\$0	0%
Parking	\$4,530,400	\$4,530,400	\$0	0%
Hard Cost Contingency	\$5,521,490	\$5,521,490	\$0	0%
Tenant Improvements	\$675,000	\$675,000	\$0	0%
Office	\$0	\$0	\$0	-
Retail	\$675,000	\$675,000	\$0	0%
Subtotal: Direct Costs	\$61,411,390	\$61,411,390	\$0	0%
Soft Costs				
Environmental and Transportation Review	\$119,000	\$119,000	\$0	0%
Development Impact Fees/ Other Costs	\$12,118,200	\$17,937,649	\$5,819,449	48%
Central SoMa TDR Purchase (proposed)	\$0	\$0	\$0	-
Central SoMa Area Plan Fee (proposed)	\$0	\$0	\$0	-
Central SoMa Community Facilities Fee (proposed)	\$0	\$205,738	\$205,738	-
Central SoMa Mello-Roos Special Tax Cost (proposed) ¹	\$0	\$222,351	\$222,351	-
Affordable Housing Fee	\$7,050,240	\$12,441,600	\$5,391,360	76%
Transportation Sustainability Fee	\$1,238,792	\$1,238,792	\$0	0%
Eastern Neighborhood (Tier 3)	\$3,000,584	\$3,000,584	\$0	0%
Jobs-Housing Linkage Fee	\$0	\$0	\$0	-
Childcare Fee	\$75,380	\$75,380	\$0	0%
Downtown Parks Fee	\$0	\$0	\$0	-
Public Art Fee	\$0	\$0	\$0	-
School Impact Fee	\$440,512	\$440,512	\$0	0%
Wastewater/Water Capacity Charges	\$312,692	\$312,692	\$0	0%
Construction Financing	\$6,134,891	\$6,134,891	\$0	0%
Other Soft Costs	\$10,932,550	\$10,932,550	\$0	0%
Developer Margin	\$18,558,256	\$18,029,448	(\$528,808)	(3%)
Total Cost	\$109,274,287	\$114,564,928	\$5,290,641	5%
Residual Land Value (RLV)	\$16,972,352	\$8,084,377	(\$8,887,976)	(52%)
RLV as a Percentage of Revenue	13%	7%	(7%)	(51%)
Developer Margin as % of Total Dev. Cost	N/A	N/A		
Return (Yield) on Cost	5.5%	5.5%		
Developer Margin as % of Net Proceeds	N/A	N/A		
Existing Land Value (SLI) ²	\$4,500,000			
Value Created by Zoning Change	\$12,472,352	\$12,472,352		
Value Captured by Public Benefits		(\$8,887,976)		
% Value Captured		71%		
Residual Land Value	\$16,972,352	\$8,084,377	(\$8,887,976)	(52%)
RLV/unit	\$132,597	\$63,159	(\$69,437)	(52%)
Per Gross Building Square Foot	\$107	\$51	(\$56)	(52%)
Per Net Building Square Foot	\$134	\$64	(\$70)	(52%)
Per Lot Square Foot	\$1,131	\$539	(\$593)	(52%)

1. Reflects carrying cost of special taxes during lease up. Ongoing impact of the special tax is reflected as an annual expense in the Revenues section (if applicable).

2. Reflects existing value as 1-story building on SLI-Zoned parcel (SLI allows for light industrial uses).

Appendix Table B2.4 Residential - Tier D - Condo Fee

Development Program	400' Residential - Tier D	
	Baseline	Proposed Requirements
Land Use	Res. High-Rise	Res. High-Rise
BMR Provision - On-Site % or Fee %	17%	33%
Site Area and Constraints		
Lot Size	15,000 SF	15,000 SF
Lot Acreage	0.34 Acres	0.34 Acres
Residential Density	630 Units/Acre	630 Units/Acre
Ground Floor Lot Coverage	100%	100%
Residential Lot Coverage	-	-
Development Program		
Description	Res. Highrise	Res. Highrise
Height	400 Feet	400 Feet
Total Floors	35 Floors	35 Floors
Building Efficiency (without parking)	75%	75%
Residential Floors	34 Floors	34 Floors
Units per Floor	6	6
# of Residential units (Size)	217 Units	217 Units
BMR units	0 Units	0 Units
% BMR	0%	0%
Average AMI	-	-
Residential (NSF)	230,150 NSF	230,150 NSF
Residential (GSF)	307,510 GSF	307,510 GSF
Type	Owner	Owner
Location	2nd & Higher Floor	2nd & Higher Floor
MR Units	217	217
Average Unit Size	1,061 Av. Unit SF	1,061 Av. Unit SF
Office		
Size	0 GSF	0 GSF
Leasable SF	0 LSF	0 LSF
Retail		
Size	7,500 GSF	7,500 GSF
Leasable SF	6,750 LSF	6,750 LSF
Location	1st Floor	1st Floor
PDR (LSF)	0	0
Building Size GSF (without parking)	315,010	315,010
Building Size NSF	236,900	236,900
FAR	21.0	21.0
Parking		
Residential	109 Spaces	109 Spaces
Office	0 Spaces	0 Spaces
CarShare (residential)	2 Spaces	2 Spaces
Retail	5 Spaces	5 Spaces
Loading	1 Spaces	1 Spaces
Total parking	117 Spaces	117 Spaces
Stackers	100 Spaces	100 Spaces
Type (# of levels)	Underground (2 levels)	Underground (2 levels)

Revenues	400' Residential - Tier D			
	Baseline	Proposed Requirements	Difference	Percent
Revenue				
Residential				
MR Sales Proceeds	\$322,331,800	\$322,331,800	\$0	0%
AH Sales Proceeds	\$0	\$0	\$0	-
Total Sales Proceeds	\$322,331,800	\$322,331,800	\$0	0%
<u>Less Sales Expense</u>	<u>(\$17,728,249)</u>	<u>(\$17,728,249)</u>	<u>\$0</u>	<u>0%</u>
Net Residential Sales Proceeds	\$304,603,551	\$304,603,551	\$0	0%
Residential - Rental				
MR Rent Revenue	\$0	\$0	\$0	-
BMR Rent Revenue	\$0	\$0	\$0	-
Parking Revenue	\$0	\$0	\$0	-
Less Vacancy	\$0	\$0	\$0	-
Less Operating Expenses	\$0	\$0	\$0	-
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>-</u>
Net Operating Income	\$0	\$0	\$0	-
Sales Value	\$0	\$0	\$0	-
<u>Less Sales Expense</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>-</u>
Net Residential Proceeds	\$0	\$0	\$0	-
Office				
Rent Revenue	\$0	\$0	\$0	-
Parking Revenue	\$0	\$0	\$0	-
Less Vacancy	\$0	\$0	\$0	-
Less Operating Expenses	\$0	\$0	\$0	-
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>-</u>
Net Operating Income	\$0	\$0	\$0	-
Sales Value	\$0	\$0	\$0	-
<u>Less Sales Expense</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>-</u>
Net Office Proceeds	\$0	\$0	\$0	-
Retail (and PDR)				
Rent Revenue	\$405,000	\$405,000	\$0	0%
Parking Revenue	\$9,000	\$9,000	\$0	0%
Less Vacancy	(\$40,500)	(\$40,500)	\$0	0%
Less Operating Expenses	(\$43,200)	(\$43,200)	\$0	0%
<u>Less Mello-Roos Special Tax</u>	<u>\$0</u>	<u>(\$16,800)</u>	<u>(\$16,800)</u>	<u>-</u>
Net Operating Income	\$330,300	\$313,500	(\$16,800)	(5%)
Sales Value	\$5,505,000	\$5,225,000	(\$280,000)	(5%)
<u>Less Sales Expense</u>	<u>(\$192,675)</u>	<u>(\$182,875)</u>	<u>\$9,800</u>	<u>(5%)</u>
Net Retail Proceeds	\$5,312,325	\$5,042,125	(\$270,200)	(5%)
Total Net Proceeds	\$309,915,876	\$309,645,676	(\$270,200)	(0%)
Value Per NSF	\$1,308	\$1,307	(\$1)	(0%)

Costs & Project Returns	400' Residential - Tier D			
	Baseline	Proposed Requirement	Difference	Percent
Development Cost				
Demolition	\$0	\$0	\$0	-
On/Offsite Improvements	\$0	\$0	\$0	-
Hard Construction Costs	\$127,651,040	\$127,651,040	\$0	0%
Residential	\$107,628,500	\$107,628,500	\$0	0%
Office	\$0	\$0	\$0	-
Retail	\$1,687,500	\$1,687,500	\$0	0%
Parking	\$6,730,400	\$6,730,400	\$0	0%
Hard Cost Contingency	\$11,604,640	\$11,604,640	\$0	0%
Tenant Improvements	\$675,000	\$675,000	\$0	0%
Office	\$0	\$0	\$0	-
Retail	<u>\$675,000</u>	<u>\$675,000</u>	<u>\$0</u>	<u>0%</u>
Subtotal: Direct Costs	\$128,326,040	\$128,326,040	\$0	0%
Soft Costs				
Environmental and Transportation Review	\$119,000	\$119,000	\$0	0%
Development Impact Fees/ Other Costs	\$22,790,961	\$43,423,638	\$20,632,677	91%
Central SoMa TDR Purchase (proposed)	\$0	\$0	\$0	-
Central SoMa Area Plan Fee (proposed)	\$0	\$6,300,200	\$6,300,200	-
Central SoMa Community Facilities Fee (proposed)	\$0	\$409,513	\$409,513	-
Central SoMa Mello-Roos Special Tax Cost (proposed) ¹	\$0	\$2,048,724	\$2,048,724	-
Affordable Housing Fee	\$12,616,380	\$24,490,620	\$11,874,240	94%
Transportation Sustainability Fee	\$2,608,787	\$2,608,787		
Eastern Neighborhood (Tier 3)	\$6,044,669	\$6,044,669	\$0	0%
Transit Impact Development Fee	\$0	\$0	\$0	-
Jobs-Housing Linkage Fee	\$0	\$0	\$0	-
Childcare Fee	\$153,755	\$153,755	\$0	0%
Downtown Parks Fee	\$0	\$0	\$0	-
Public Art Fee	\$0	\$0	\$0	-
School Impact Fee	\$896,654	\$896,654	\$0	0%
Wastewater/Water Capacity Charges	\$470,716	\$470,716	\$0	0%
Construction Financing	\$21,609,457	\$21,609,457	\$0	0%
Other Soft Costs	\$31,912,760	\$31,912,760	\$0	0%
Developer Margin	\$68,181,493	\$68,122,049	(\$59,444)	(0%)
Total Cost	\$272,939,711	\$293,512,943	\$20,573,233	8%
Residual Land Value (RLV)	\$36,976,165	\$16,132,733	(\$20,843,433)	(56%)
<i>RLV as a Percentage of Revenue</i>	12%	5%	(7%)	(56%)
Developer Margin as % of Total Development Cost	28%	28%		
Return (Yield) on Cost	N/A	N/A		
Developer Margin as % of Net Proceeds	22%	22%		
Existing Land Value (MUO) ²	\$9,000,000			
Value Created by Zoning Change	\$27,976,165	\$27,976,165		
<i>Value Captured by Public Benefits</i>		(\$20,843,433)		
<i>% Value Captured</i>		75%		
Residual Land Value	\$36,976,165	\$16,132,733	(\$20,843,433)	(56%)
RLV/ unit	\$170,397	\$74,344	(\$96,053)	(56%)
<i>Per Gross Building Square Foot</i>	\$117	\$51	(\$66)	(56%)
<i>Per Net Building Square Foot</i>	\$156	\$68	(\$88)	(56%)
<i>Per Lot Square Foot</i>	\$2,465	\$1,076	(\$1,390)	(56%)

1. Reflects carrying cost of special taxes during lease up. Ongoing impact of the special tax is reflected as an annual expense in the Revenues section (if applicable).

2. Reflects existing value as 85' MUO-zoned parcel (MUO allows for office or residential development).

Appendix Table B3.1 Existing Land Value for Residential 55' MUO

Site Area	
Lot Size	10,000 SF
Zoning Change Under Central SoMa Plan	
Existing Zoning	SLI
Existing Height	20 Feet
Proposed Zoning	MUO
Proposed Height Limit	55 Feet
Prior Use on Site	Industrial
Development Program	
Description	Res. Low-Rise
Building Height	55 Feet
Residential Units (Total)	36 Units
Average Unit Size	732 NSF
Building Size (NSF)	30,850 NSF
Building Size GSF (without parking)	38,050 GSF
Total Parking Spaces	23
Parking Construction Type (# of levels)	Underground (1 level)

	Condominium		Rental	
Existing Land Value Residential 55' MUO	Residential	Residential	Residential	Residential
BMR Provision - On-Site or Fee	On-Site	Fee	On-Site	Fee
BMR Provision - On-Site % or Fee %	12%	20%	12%	20%
Summary of Financial Results	Total	Total	Total	Total
Revenues				
Residential For-Sale	\$27,598,500	\$29,883,200	\$0	\$0
Residential Rental	\$0	\$0	\$23,822,700	\$25,745,100
Office	\$0	\$0	\$0	\$0
Retail	\$3,534,800	\$3,534,800	\$3,534,800	\$3,534,800
Total Revenues	\$31,133,300	\$33,418,000	\$27,357,500	\$29,279,900
Hard and Soft Costs				
Hard Construction Costs	\$13,074,100	\$13,074,100	\$13,074,100	\$13,074,100
Tenant Improvements/ Lease Up Costs	\$450,000	\$450,000	\$450,000	\$450,000
Development Impact Fees/ Other Costs	\$1,188,600	\$3,305,400	\$1,188,600	\$3,305,400
<i>Central SoMa TDR Purchase (proposed)</i>	\$0	\$0	\$0	\$0
<i>Central SoMa Area Plan Fee (proposed)</i>	\$0	\$0	\$0	\$0
<i>Central SoMa Community Facilities Fee (proposed)</i>	\$0	\$0	\$0	\$0
<i>Central SoMa Mello-Roos Special Tax Cost (proposed) ¹</i>	\$0	\$0	\$0	\$0
<i>Affordable Housing Fee</i>	\$0	\$2,116,800	\$0	\$2,116,800
<i>Other</i>	\$1,188,600	\$1,188,600	\$1,188,600	\$1,188,600
Environmental/ Transportation Review	\$119,000	\$119,000	\$119,000	\$119,000
Construction Financing	\$1,334,400	\$1,334,400	\$1,143,000	\$1,143,000
Other Soft Costs	\$3,268,500	\$3,268,500	\$2,353,300	\$2,353,300
Total Hard and Soft Costs	\$19,434,600	\$21,551,400	\$18,328,000	\$20,444,800
Developer Margin	\$5,417,200	\$5,814,700	\$3,570,200	\$3,821,000
Total Costs (net of land)	\$24,851,800	\$27,366,100	\$21,898,200	\$24,265,800
Residual Land Value (RLV)	\$6,281,500	\$6,051,900	\$5,459,300	\$5,014,100
RLV as Percentage of Revenue	20%	18%	20%	17%
Average Existing Land Value (MUO 55') ²	\$5,700,000	\$5,700,000	\$5,700,000	\$5,700,000
Project Returns				
Developer Margin as % of Net Proceeds	17%	17%	N/A	N/A
Return on Cost (for rental)	N/A	N/A	5.6%	5.6%
Developer Margin as a % of Total Development Cost	21%	21%	N/A	N/A

Note: Numbers in summary financial model are rounded, and some totals may not precisely match or add up due to rounding.

1. Reflects carrying cost of special taxes during lease up. Ongoing impact of the special tax is reflected as an annual expense in the Revenues section (if applicable).
2. The average existing land value for this parcel is equal to the rounded, average RLV for all four scenarios as calculated above.

Appendix Table B3.2 Existing Land Value Residential 85' MUO

Site Area	
Lot Size	15,000 SF
Zoning Change Under Central SoMa Plan	
Existing Zoning	SLI
Existing Height	85 Feet
Proposed Zoning	MUO
Proposed Height Limit	85 Feet
Prior Use on Site	Industrial
Development Program	
Description	Res. Midrise
Building Height	85 Feet
Residential Units (Total)	66 Units
Average Unit Size	948 NSF
Building Size (NSF)	69,300 NSF
Building Size GSF (without parking)	91,060 GSF
Total Parking Spaces	52
Parking Construction Type (# of levels)	Underground (1 level)

	Condominium		Rental	
Existing Land Value Residential 85' MUO	Residential	Residential	Residential	Residential
BMR Provision - On-Site or Fee	On-Site	Fee	On-Site	Fee
BMR Provision - On-Site % or Fee %	12%	20%	12%	20%
Summary of Financial Results	Total	Total	Total	Total
Revenues				
Residential For-Sale	\$64,408,200	\$70,952,100	\$0	\$0
Residential Rental	\$0	\$0	\$55,298,000	\$60,586,700
Office	\$0	\$0	\$0	\$0
Retail	\$5,271,800	\$5,271,800	\$5,271,800	\$5,271,800
Total Revenues	\$69,680,000	\$76,223,900	\$60,569,800	\$65,858,500
Hard and Soft Costs				
Hard Construction Costs	\$32,177,300	\$32,177,300	\$32,177,300	\$32,177,300
Tenant Improvements/ Lease Up Costs	\$675,000	\$675,000	\$675,000	\$675,000
Development Impact Fees/ Other Costs	\$2,654,500	\$6,982,000	\$2,654,500	\$6,982,000
<i>Central SoMa TDR Purchase (proposed)</i>	\$0	\$0	\$0	\$0
<i>Central SoMa Area Plan Fee (proposed)</i>	\$0	\$0	\$0	\$0
<i>Central SoMa Community Facilities Fee (proposed)</i>	\$0	\$0	\$0	\$0
<i>Central SoMa Mello-Roos Special Tax Cost (proposed)¹</i>	\$0	\$0	\$0	\$0
<i>Affordable Housing Fee</i>	\$0	\$4,327,500	\$0	\$4,327,500
<i>Other</i>	\$2,654,500	\$2,654,500	\$2,654,500	\$2,654,500
Environmental/ Transportation Review	\$119,000	\$119,000	\$119,000	\$119,000
Construction Financing	\$3,404,900	\$3,725,200	\$2,446,500	\$2,660,100
Other Soft Costs	\$8,213,100	\$8,213,100	\$5,913,400	\$5,913,400
Total Hard and Soft Costs	\$47,243,800	\$51,891,600	\$43,985,700	\$48,526,800
Developer Margin	\$13,239,200	\$14,482,500	\$8,055,800	\$8,759,200
Total Costs (net of land)	\$60,483,000	\$66,374,100	\$52,041,500	\$57,286,000
Residual Land Value (RLV)	\$9,197,000	\$9,849,800	\$8,528,300	\$8,572,500
RLV as Percentage of Revenue	13%	13%	14%	13%
Average Existing Land Value (85' MUO) ²	\$9,000,000	\$9,000,000	\$9,000,000	\$9,000,000
Project Returns				
Developer Margin as % of Net Proceeds	19%	19%	N/A	N/A
Return on Cost (for rental)	N/A	N/A	5.5%	5.5%
Developer Margin as a % of Total Development Cost	23%	23%	N/A	N/A

Note: Numbers in summary financial model are rounded, and some totals may not precisely match or add up due to rounding.

1. Reflects carrying cost of special taxes during lease up. Ongoing impact of the special tax is reflected as an annual expense in the Revenues section (if applicable).

2. The average existing land value for this parcel is equal to the rounded, average RLV for all four scenarios as calculated above.

Appendix Table B3.3 Development Assumptions for Existing Land Values (2015 Dollars)

General Development Assumptions (Height)	Residential MUO 55'	Residential MUO 85'
Primary Land Use Type	Residential	Residential
Construction Type	Mid-Rise 55'	Mid-Rise 85'
Geography	Central SoMa Res.	Central SoMa Med. Res.
Land Use	Mixed-use	Mixed-use
Housing Type / Units or Nonresidential SF	Rental 36	Rental 66
Development Costs		
Hard Construction Costs		
Residential	\$290 /GSF	\$300 /GSF
Office		
Retail (and PDR)	\$225 /GSF	\$225 /GSF
Parking	\$140 /GSF	\$140 /GSF
Stacker cost	\$15,000 /space	\$15,000 /space
Parking Construction Type	Underground (1 level)	Underground (1 level)
Hard Construction Costs/ GSF	\$344 /GSF	\$353 /GSF
Office Tenant Improvements/Lease Up Costs		
Retail Tenant Improvements/Lease Up Costs	\$100 /LSF	\$100 /LSF
Direct Construction Costs/ NSF	\$438 /NSF	\$464 /NSF
Direct Construction Costs/ Unit	\$375,668 /Unit	\$487,535 /Unit
Soft Costs		
Construction Financing		
Construction Loan (Average Outstanding Balance)	60.0%	60%
Ownership	27 Months	30 Months
Apartment/Office	24 Months	24 Months
Construction Interest Rate	5.0%	5.0%
Loan Fee (Points) as a % of Loan Amount	1.25%	1.25%
Other Soft Costs /Condo (% of Hard Costs)	25%	25%
Other Soft Cost /Rental (% of Hard Cost)	18%	18%
Target Returns- Office and Condominiums		
Target Return on Total Development Cost	21%	23%
Developer Margin (as a % of Value/Net Proceeds)	17%	19%
Target Returns- Office and Apartments		
Target Return on cost	5.50%	5.50%
Revenue Assumptions		
Typical Residential Unit Size	732 /NSF	948 /NSF
<i>Sale Price Per Unit</i>	<i>\$878,400 Per Unit</i>	<i>\$1,137,600 Per Unit</i>
Sales Price / NSF	\$1,200 /NSF	\$1,200 /NSF
Sales Expense Rate (Condo)	5.5%	5.5%
Residential Rental		
Annual Lease Rate/SF	\$67.00 /NSF	\$66.00 /NSF
Vacancy Rate - Residential (Market Rate)	5.0%	5.0%
Vacancy Rate - Residential (BMR)	2.0%	2.0%
Net Operating Income	\$43.55 /NSF	\$42.90 /NSF
Capitalization Rate	4.5%	4.5%
<i>Typical Market Value/SF</i>	<i>\$968 /NSF</i>	<i>\$953 /NSF</i>
Sales Expense Rate (Rental)	3.5%	3.5%
Non-Residential Sales Expense	3.5%	3.5%
Office		
Annual Lease Rate/SF (NNN)		
Vacancy Rate		
Operating Expense (% of leasing revenue)		
Net Operating Income		
Capitalization Rate		
<i>Typical Market Value/SF</i>		
Retail		
Annual Lease Rate/SF	\$60.00 /NSF	\$60.00 /NSF
Vacancy Rate	10.0%	10.0%
Operating Expense (% of leasing revenue)	10.0%	10.0%
Net Operating Income	\$48.00 /NSF	\$48.00 /NSF
Capitalization Rate	6.0%	6.0%
<i>Typical Market Value/SF</i>	<i>\$800 /NSF</i>	<i>\$800 /NSF</i>
PDR		
Annual Lease Rate/SF (NNN)		
Vacancy Rate		
Operating Expense (% of leasing revenue)		
Net Operating Income		
Capitalization Rate		
<i>Typical Market Value/SF</i>		
Parking Revenue/Space/year		
Residential	\$4,200	\$4,200
Retail (and PDR)	\$1,800	\$1,800
Office		
Parking Operating Exp. (as % of Gross Revenues)	30.0%	30.0%

Source: San Francisco Planning Department, San Francisco Municipal Transportation Agency, San Francisco Office of the Controller, San Francisco Office of Economic and Workforce Development, San Francisco Mayor's Office of Housing and Community Development, San Francisco Unified School District, San Francisco Public Utilities Commission, Keyser Marston Associates, The Concord Group, Polaris Pacific, The Mark Company, CBRE, Colliers International and DTZ Retail Terranomics, Clifford Advisory and Seifel Consulting Inc.