DOWNTOWN SAN FRANCISCO PARK, RECREATION, AND OPEN SPACE DEVELOPMENT IMPACT FEE NEXUS STUDY

FINAL REPORT

A Report to

PLANNING DEPARTMENT
CITY AND COUNTY OF SAN FRANCISCO

Prepared by

HAUSRATH ECONOMICS GROUP

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1212 BROADWAY, SUITE 1500, OAKLAND, CA 94612-1817
T: 510.839.8383 F: 510.839.8415

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Overview and Summary

People living in new housing and working in new buildings in Downtown San Francisco will add to demand for park, recreation, and open space facilities. In addition, visitors to Downtown San Francisco—shoppers, tourists, conventioneers, people coming to dine out or enjoy entertainment downtown, people coming for business meetings and any number of other reasons—are another important component of demand for Downtown park and open space facilities. New facilities and improvements to existing facilities are required to accommodate the additional demand for park, recreation, and open space facilities from the increase in park users accommodated by the housing, office, retail, hotel, and institutional development expected to occur in Downtown San Francisco. Without an increase to the facility inventory, facility standards and levels of service for all park users will deteriorate.

The impact fee documented in this study is proposed to be applied in Downtown San Francisco to fund the park, recreation, and open space facility needs attributable to the additional resident population and employment accommodated by new residential and non-residential development in the Downtown Area. See **Map 1** at the end of this report. Although Downtown visitors—those who do not work or live in the area—are a particularly important component of the usage of Downtown parks and open spaces, there is no data or information measuring non-resident, non-worker visitor use of parks and open space in San Francisco. Without a reliable basis for allocating the costs of needed park facilities to visitors, this study adjusts (reduces) the total facility cost by 10 percent as a reasonable approximation of the share of total costs attributable to visitor use. The adjusted cost is the cost basis for the maximum justifiable impact fee.

The fee would be imposed on both residential and non-residential development not yet under construction, permitted, or approved for development in Downtown San Francisco. San Francisco's park, recreation, and open space facilities serve residents of the City as well as people who work in the City. The analysis calculates fee amounts per square foot of new development that are proportional to the relative demand associated with residents and workers and to household sizes and the density of employment (and therefore of park and recreation facility use) for different types of non-residential development.

The development fee would not be imposed in Zone 1 of the Transbay Redevelopment Project Area. Instead, the Redevelopment Agency would contribute an equivalent amount of funding and/or park, recreation, and open space improvements in the Transit Center District Plan Area.

Table S.1 summarizes the maximum justifiable impact fee schedule documented in this study.

TABLE S.1
PROPOSED DOWNTOWN PARK, RECREATION, AND OPEN SPACE DEVELOPMENT IMPACT FEE
(maximum justified amount)

Land Use	Maximum Justified Fee Amount
Residential	$4,046 per unit
	$2.70 per gross sq. ft.[a]
Cultural, Institutional, Educational	$10.01 per gross sq. ft.
Hotel	$4.29 per gross sq. ft.
Industrial/PDR	$5.25 per gross sq. ft.
Medical	$13.90 per gross sq. ft.
Office	$12.95 per gross sq. ft.
Retail	$10.21 per gross sq. ft.

[a] Residential fee per gross square foot assuming 1,500 square feet per unit.

The proposed Downtown Park, Recreation, and Open Space Fee would supersede the existing Downtown Park Fee (Planning Code Section 412.5, formerly Section 139(a)). That fee was created in 1985 as part of the *Downtown Plan* in order to provide "financial resources to acquire and develop public park and recreation facilities which will be necessary to service the burgeoning daytime population in these districts".[1] The fee of $2.00 per square foot is imposed on new office development in downtown districts; the fee amount has remained the same since it was first established. Since 1985, a total of $11.3 million in fee revenue has been collected for the Downtown Park Special and $8.4 million has been spent on park improvements.[2]

The proposed fee relies on existing citywide standards documented in other impact fee studies conducted for the City and County of San Francisco. The facility cost analysis is updated to be more appropriate to Downtown San Francisco. The fee schedule documented in this study represents the maximum fee that the nexus analysis supports as justified to be applied to new development in Downtown San Francisco.

This report provides the documentation required under the California Mitigation Fee Act—AB 1600, enacted in California Government Code Sections 66000 – 66025—to identify the purpose of the proposed fee, describe the facilities and improvements that the fee would support, and demonstrate a reasonable relationship between: planned new development and the use of the fee, the type of new development planned and the need for facilities to accommodate growth, and the amount of the fee and the cost of facilities and improvements.

[1] San Francisco Planning Code, Section 412.5, Downtown Special Park Fund.

[2] City and County of San Francisco, Controller's Office, *FY 2009-10 Development Impact Fee Report*, January 24, 2011.

Findings

Purpose of the fee

The purpose of the Downtown Park, Recreation, and Open Space development impact fee would be to provide funding from new development to increase the supply of park, recreation, and open space facilities to serve the needs attributable to growth in Downtown San Francisco. Standards developed by the Recreation and Park Department indicate the amount of facilities required to meet the needs of population and employment growth in the City. The increased supply of park, recreation, and open space facilities would maintain these existing facility standards. The increase in the facility inventory funded by the development fee would be directly related to the needs associated with Downtown growth. Fee revenue would not be used to correct existing deficiencies.

Use of fee revenue

The impact fee would provide funding for new and improved facilities to meet the needs attributable to the increase in park users in Downtown expected through the year 2030. The fee revenue would be used to acquire land, develop park and recreation facilities, and improve existing park facilities in lieu of acquisition. Costs funded by the fees may also include project administration, management, design, and engineering.

Relationship between the use of the fee and the type of new development

There is a demonstrated benefit to new development of the park, recreation, and open space facilities funded by the fee. Park, recreation, and open space facilities are critical components of any community's quality of life. They sustain the social, physical, and mental health of residents and workers and provide economic benefits, as well. These qualities are established in the *Recreation and Open Space Element of the San Francisco General Plan* and in the *Downtown Plan.*[3]

The Parks, Recreation, and Open Space impact fee is calculated on the basis of the service population of park users that benefit from the facility inventory and facility improvements that would be funded by the fee revenue. The impact fee revenue would be used to pay for facilities required to meet the needs generated by new residential development and population growth and new non-residential development and employment growth in Downtown San Francisco thereby providing a benefit to the development types on which the fee is imposed.

Relationship between the need for park, recreation and open space facilities and the type of new development

New residential and non-residential development in Downtown San Francisco accommodates increases in the number of residents and workers located downtown. Those people will use park, recreation, and open space facilities for relaxing, exercising, socializing, eating, soaking up the sun, walking the dog, playing with children, appreciating nature, participating in sports, and enjoying entertainment, among other pastimes. In addition, adequate open space provides essential relief from the density and congestion associated with downtown high-rise

[3] San Francisco Planning Department, *Recreation and Open Space Element*, An Element of the General Plan of the City and County of San Francisco, Revised Draft June 2011 and *Downtown Plan*, An Area Plan of the General Plan.

development. If the facility inventory were not expanded or improved to accommodate increased demand, then the level of service for all park users would deteriorate as the increased activity associated with growth and new development would occur within the confines of constrained existing facilities. Furthermore, as new development occurs, additional park and open space facilities are needed Downtown to maintain the quality of urban experience that makes Downtown San Francisco an attractive place to do business, live, and visit.

Relationship between the amount of fee payments and the cost of park, recreation, and open space facilities

The need for park, recreation, and open space facilities attributable to Downtown growth has been estimated using existing citywide per capita facility standards that are a reasonable and established means of estimating level of service. Costs are based on factors that reflect the unique characteristics of the downtown development pattern, including the cost of land and the cost of improvements typical of downtown parks and open space. The estimate of the park user service population that is the basis for the fee calculation accounts for the fact that both residents and workers have the opportunity to use and benefit from park, recreation, and open space facilities. In fact, since much of the Downtown is primarily commercial use, the majority of users of many major downtown open spaces consists of workers, by contrast to most other parts of the City, where residents predominate. The fee amounts are also adjusted to account for the fact that visitors to the Downtown are another important source of demand for and use of Downtown parks and open space. Since no data are currently available measuring this use and allowing allocation of some of the cost to development that attracts visitors, facility costs are reduced by a factor chosen to reasonably account for visitor use. Using the appropriate service population to calculate per capita costs assures that the associated fees will be levied on types of development that create a demand for and benefit from these facilities and that the fee will be proportional to that demand. Furthermore, employment density factors that vary by land use and household size and housing unit size factors used in the fee calculations mean that fee amounts are sensitive to land use and to the square footage of new development. The fees are assessed per square foot of new development so impact fee payments are related directly to the size of proposed projects, and therefore to the relative impact and demand for open space attributable to that development.

DOWNTOWN GROWTH SCENARIO

Downtown San Francisco, including the Transit Center District Plan Area, is expected to accommodate a substantial amount of the population and employment growth projected for San Francisco. **Map 1** at the end of this report shows the boundaries of the Downtown area defined for this analysis.[4] The growth scenario reflects state, regional, and local policy priorities directing new development to dense urban centers served by transit, as well as the other market factors favoring San Francisco: important business location, central location well-connected to other parts of the region, diverse and walkable neighborhoods, cultural and entertainment attractions, range of housing options, reputation for tolerance and acceptance, and opportunities for immigrants and other newcomers.

[4] The Downtown area is defined by Traffic Analysis Zone (TAZ) boundaries because the land use allocation that is the basis for growth scenarios for subareas of the City used for area planning, transportation analysis and other purposes is based on the TAZ unit.

Building on market trends and planning efforts, an additional 16,000 households and 32,000 residents are expected in the Downtown area between 2005 and 2030 (see **Table 1**).[5] This is a substantial percentage increase—40 percent for households and 50 percent for population. The increase in housing and population downtown is 25 – 30 percent of the total growth projected for the City, as the share of the City's population living downtown is expected to continue to increase over time.

An additional 69,000 jobs are projected for the Downtown area during this planning horizon, bringing total downtown employment to 329,000 in 2030. Downtown employment growth represents about 30 percent of total employment growth projected for San Francisco (see **Table 1**). With the exception of the Transit Center District Plan Area, most of the Downtown business district is built out, so the share of total San Francisco employment located Downtown is projected to decline somewhat over time. Office employment in management, information, and professional services accounts for 75 percent of total employment growth Downtown from 2005 through 2030. Medical and health services and visitor lodging are projected to show the strongest pace of growth in the downtown area over this period while retail and entertainment, and cultural, institutional, and educational sectors grow at an average pace in the Downtown area.

SERVICE POPULATION / PARK USERS

San Francisco's park, recreation, and open space resources are used by and benefit both City residents and people who work in the City. This is particularly the case in Downtown San Francisco, where workers are by far the largest component of the daytime population. Therefore, the service population for this development impact fee analysis combines residents and workers into one estimate of "park users." As noted above, visitors are also an important element of the park user service population, particularly in Downtown San Francisco. There are currently no data sources that measure non-resident, non-worker visitor use in San Francisco parks. In the absence of such data, this study focuses on residents and workers and adjusts facility costs by a percentage to account for visitor use before the calculation of the maximum justifiable impact fee amount.

[5] The growth scenario used in this analysis is consistent with the growth scenario used in the *Transit Center District Plan Environmental Impact Report*. It is based on the regional scenario for growth published by the Association of Bay Area Governments (ABAG) in *Projections 2007*. In August 2009, ABAG published *Building Momentum: Projections and Priorities for 2009*, an updated set of population, household, and job forecasts for the Bay Area. The economic fundamentals behind longer-term regional growth and change remain the same in the updated forecasts. The 2009 series shows lower population and job totals in the short- to mid-term, representing the depth of the current recession, but economic recovery brings a stronger pace of growth in the longer term such that totals in 2030 and 2035 are on track with the regional totals in *Projections 2007*.

TABLE 1
GROWTH SCENARIO FOR DOWNTOWN SAN FRANCISCO
2005 – 2030

	2005	2030	Change	2006-2030 Percent Change	
Downtown					
Households	36,792	53,136	16,344	44%	
Household Population	60,671	93,115	32,444	53%	
					Percent of Total
Employment by Business Activity					
Management/Information/Professional Services	184,620	235,456	50,836	28%	74%
Retail/Entertainment	29,772	37,245	7,473	25%	11%
Visitor Lodging	11,910	16,495	4,585	38%	7%
Medical and Health Services	3,476	5,312	1,836	53%	3%
Cultural/Institutional/Educational	16,676	20,469	3,793	23%	5%
Production/Distribution/Repair	13,242	13,742	500	4%	1%
Total	**259,696**	**328,719**	**69,023**	**27%**	**100%**
San Francisco Total					
Households	**341,248**	**392,699**	**51,451**	15%	
Household Population	**779,549**	**912,039**	**132,490**	17%	
Employment	**552,000**	**793,300**	**241,300**	44%	
Downtown Percent of City Total					
Households	11%	14%	32%		
Household Population	8%	10%	24%		
Employment	47%	41%	29%		

NOTE: The Downtown area is defined to include the C-3 District covered by the *Downtown Plan* and adjacent areas relevant to the analysis of the Transit Center District Plan: Transbay, Rincon Hill, and Yerba Buena planning areas; other parts of the "Downtown" planning district (Civic Center, Union Square, Chinatown, Tenderloin); and most of East and West SoMa and the Central Corridor.

SOURCE: San Francisco Planning Department, Land Use Allocation 2007 (revised January 2010) and ABAG, *Projections 2007*, December 2006.

The estimate of the park user service population derives weighting factors to represent relative demand or benefit across four categories of people who use or benefit from park, recreation, and open space facilities. The relative weight of the four different categories is determined by hours-per-week as an indicator of the opportunity to use park, recreation, and open space facilities. For park, recreation, and open space facilities, the appropriate parameters are a 7-day week and 16-hour days, because the facilities are typically used on weekdays as well as weekends and not used at night.

The use of hours per week as a proxy measure for public service demand is common practice in facility impact fee analysis. The concept has been referred to as "functional population" in *Impact Fees: Principles and Practice of Proportionate Share Development Fees* (Nelson, Nicholas, and Juergensmeyer, 2009). This measure is used when there is no reliable information on facility users from surveys, calls for service, or public program registrations, for example. By using this measure, it is possible to establish reasonable relationships of *relative demand* differentiating residents, non-residents, and workers. As applied in this case, it is not intended to represent the actual hours of use or the times during which park facilities are open to the public, but rather to establish relative demand so that costs can be allocated equitably and proportional to relative demand across land uses.

Table 2 presents the park user demand analysis. Of the four park user categories, residents who do not work and residents who work in the City have the same opportunity to use park, recreation, and open space facilities: 112 hours per week (7 days × 16 hours per day). The other two park user categories—residents who work outside San Francisco and San Francisco workers who live outside the City have less opportunity to use City park, recreation, and open space facilities. Their per capita demand is therefore less than that of residents who do not work and residents who work in the City: 64 percent in the case of residents who work outside the City and 36 percent in the case of San Francisco workers who live outside the City. Note that there is no double-counting in this analysis; people who both live and work in San Francisco are counted once as workers.

TABLE 2
DOWNTOWN PARK, RECREATION, AND OPEN SPACE
SERVICE POPULATION WEIGHTING FACTORS

Park User Group [a]	Basis for demand factors: day-time hours per 7-day week for each user group	Hours per Week	Relative Demand, based on hours per week [b]
SF residents who do not work	7 days at 16 hours per day	112	**1.00**
SF residents who work outside SF	5 days at 8 hours per day plus 2 days at 16 hours per day	72	**0.64**
SF workers who live in SF	7 days at 16 hours per day	112	**1.00**
SF workers who live outside SF	5 days at 8 hours per day	40	**0.36**

[a] There is no double-counting. San Francisco workers who also live in San Francisco are counted once as workers.
[b] Relative to base demand defined by residents who do not work and San Francisco residents who work in San Francisco, each representing demand over 7 days at 16 hours per day.

Table 3 presents the estimate of the expected increase in Downtown area park user service population that is used in this development impact fee analysis. From the increase in Downtown residents and Downtown employment (Table 1), the four categories of park user are defined by population characteristics derived from the U.S. Census American Community Survey: percentage of San Francisco residents that do not work, percentage of residents that work outside San Francisco, percentage of San Francisco workers that live in San Francisco, and percentage of

workers that live outside San Francisco. After application of the relevant weighting factors, the increase of 32,000 residents translates to an expected increase of just over 17,000 park users, and the increase of 69,000 employees translates to an expected increase of about 50,000 park users, for a total of 67,000 additional park users in the Downtown area associated with population and employment growth through 2030.

TABLE 3
DOWNTOWN SAN FRANCISCO – 2005 - 2030
EXPECTED INCREASE IN PARK, RECREATION, AND OPEN SPACE USERS

Park User Category	Total Residents or Employees	ACS 5-year estimates 2005-2009 [a]	Residents / Employees by Category	Park, Recreation, and Open Space Usage Factor	Park, Recreation, and Open Space Users
	A	B	C = A × B	D	C × D
Residents [b]	32,444				
Non-workers		44.4%	14,408	1.00	14,408
Work outside SF		13.2%	4,293	0.64	2,760
Employment	69,023				
Live in SF		56.9%	39,301	1.00	39,301
Live outside SF		43.1%	29,722	0.36	10,615
Total					**67,083**

[a] Percentage of total San Francisco resident population or San Francisco workers by place of work from American Community Survey, 2005 - 2009 5-year estimates.
[b] There is no double-counting. San Francisco residents who work in San Francisco are counted as workers.

PROPOSED PARK, RECREATION, AND OPEN SPACE DEVELOPMENT IMPACT FEE

Approach/Methodology

The proposed Downtown Park, Recreation, and Open Space Fee would provide funding from new development in Downtown San Francisco to maintain existing citywide standards for park, recreation, and open space facilities. The proposed impact fee would satisfy the needs for these types of facilities and improvements attributable to the increase in park users accommodated by the new development in the Downtown area. The impact fee is calculated to allocate the costs of the needed facilities equitably to new residential and non-residential development commensurate with each uses's proportion of net impact and demand.

The development impact fee methodology has five steps:

- Identify existing facility standards
- Identify appropriate unit costs for facilities
- Estimate facility need and cost attributable to growth using per capita standards and unit costs

- Allocate total costs equitably to new development by calculating the cost per park user
- Determine the fee per square foot or per unit for each land use category by multiplying the cost per park user by the number of park users per square foot or per unit of new development by land use category

Facility needs and costs

Because the City's 10-year Capital Plan for recreation and parks is oriented almost entirely to funding existing needs for facility renewal, modernization, and renovation (funded primarily by local bond proceeds and state grants) and not to meeting the needs of new demand attributable to growth (particularly in the Downtown), the facility needs and costs attributable to growth are derived by applying relevant facility standards to growth projections. The analysis for the proposed Downtown Park, Recreation, and Open Space fee is based on the framework documented in the draft analysis for a recreation and parks development impact fee as part of the *Citywide Development Impact Fee Study.*[6] For that effort, the Recreation and Park Department defined existing citywide facility standards in terms of acres of land and equivalent improvements to existing facilities, consistent with national guidelines for park and recreation facilities as adapted to best fit local conditions.

The existing standard for Recreation and Parks Department-owned park and open space land is **4.32 acres per 1,000 residents.** However, as determined in the citywide *Recreation and Parks Development Impact Fee Justification Study*, it is not reasonable to assume that new development could provide funding adequate to increase the inventory of park land sufficient to maintain that standard over time, given the limited sites for land acquisition within the geographic constraints of San Francisco's city limits, the density of existing development, and high land values and costs. Therefore, existing park, recreation, and open space facility standards are expressed in terms of both land acquisition and improvements to existing facilities in lieu of land acquisition.

Note that although these park facility standards are expressed per 1,000 *residents* (because that is the denominator most readily available and traditionally used to evaluate park facilities), they represent a measurement of existing conditions across all land uses and are thus a reasonable proxy for the standard across that broader service population. In other words, when expressed solely "per local resident," an existing standard that measures local park facilities designed to serve more than the local resident population—regional residents, workers, and other visitors, for example,—is likely to be higher (more acres per 1,000 residents) than a facility standard where the facilities and the resident service population were more closely aligned.

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[6] David Taussig & Associates, *Recreation and Parks Development Impact Fee Justification Study*, September 18, 2007 (updated January 7, 2008), part of the *Citywide Development Impact Fee Study, Consolidated Report*, March 2008. The *Citywide Development Impact Fee Study* conducted for the Office of the Controller (March 2008) included documentation of the basis for a recreation and park facility development fee to meet the needs of the additional residents and workers to be accommodated by new development in the City. Policy 6.1 of the *Draft Recreation and Open Space Element* lists the possibility of adopting this fee on a citywide basis as the first option among several innovative long-term funding mechanisms to ensure adequate resources to attain the policies and program of the open space element.

The standard for land acquisition is stated as **0.11 acres per 1,000 residents**, reflecting the Recreation and Parks Department's assessment of the amount of land that could reasonably be expected to be acquired and financed by new development over a 20-year planning horizon (about six acres).

In lieu of substantial acquisition to expand the inventory of park land, the Department developed the park improvement standard, at the existing ratio of Department-owned park land to population (4.32 acres per 1,000 residents). This standard is used to estimate the cost of improvements on land already owned by the City to meet the increased demand expected due to growth.

Table 4 presents the park, recreation, and open space facility needs associated with Downtown growth based on these existing facility standards.

TABLE 4
DOWNTOWN PARK, RECREATION, AND OPEN SPACE DEVELOPMENT IMPACT FEE
PARK, RECREATION, AND OPEN SPACE FACILITIES NEEDS

Facility Type	Facility Standard [a]	Facility Need based on Citywide Standard [b]
Park land [c]	.11 acres / 1,000 residents	3.57 acres
Park improvements [d]	4.32 acres / 1,000 residents	140.16 acres

[a] From the *Citywide Development Impact Fee Study: Recreation and Parks Development Impact Fee Justification Study*, David Taussig & Associates, Inc., September 2007 (updated January 2008).
[b] Standard per 1,000 residents multiplied by 2005 - 2030 increase in Downtown residents (32,444) divided by 1,000.
[c] Standard of .11 acres per 1,000 residents based on Recreation and Parks Department determination that 5.9 acres of park land could reasonably be assumed to be acquired to meet the needs associated with growth. New and expanded facilities in existing parks are proposed in-lieu of land acquisition. See the Park Improvement line item. See page VII-8 and VII-9 in the *Recreation and Parks Development Impact Fee Justification Study* (Taussig, September 2007/January 2008).
[d] Standard of 4.32 acres per 1,000 residents based on the existing ratio of Recreation and Parks Department owned land per 1,000 residents, as calculated in *Recreation and Parks Development Impact Fee Justification Study* (Taussig, September 2007/January 2008).

The total cost to provide these facilities to meet the needs attributable to Downtown growth between 2005 and 2030 is about $350 million. **Table 5** details the cost factors. There are three components to the total cost: cost to acquire park land; cost to provide park improvements on that land; and costs to provide improvements to existing parks and open space (in lieu of more costly land acquisition).

Land costs and some of the improvement costs are specific to Downtown San Francisco. These cost factors are based on a number of considerations unique to downtown park and open space facility planning. Suitable open land is particularly scarce in the downtown area, and land values are highest in this part of the City. Moreover, in lieu of land acquisition, some additional area of downtown open space is likely to be provided as space constructed above existing ground-level uses, necessitating higher than average development costs. In terms of improvements, the density of existing development, the intensity of mixed land uses and of downtown park use, as well as urban design factors specific to downtown require a range of types of hardscape and landscape improvements that are generally more costly than the improvements associated with less

TABLE 5
DOWNTOWN PARK, RECREATION, AND OPEN SPACE DEVELOPMENT IMPACT FEE
PARK, RECREATION, AND OPEN SPACE FACILITIES COSTS (2010 DOLLARS)

Facility Type	Facility Need	Cost per Square Foot (2010 dollars)	Facility Cost
Park land [a]	3.57 acres	$1,200	$186,550,000
Park improvements—new Downtown parks [b,c]	3.57 acres	$210	$32,646,000
Park improvements in lieu of acquisition [b]			
Downtown Park and Open Space [d]	29.40 acres	$85	$108,570,000
Other Park and Open Space [e]	110.76 acres	$5	$22,420,000
Total	140.16 acres		
Total Cost			**$350,186,000**

[a] Land cost estimate provided by the Planning Department based on comparable land sales of Downtown San Francisco (C-3 District) land between 2001 and 2011 (see Appendix **Table A.2** for data). Represents land acquisition or alternative of constructed above-ground park and open space facilities.

[b] Because of different types of improvements and associated cost factors, park improvement costs are estimated separately for newly created downtown parks (3.57 acres), improvements to existing public parks located in the Downtown area, and improvements to parks elsewhere in the City. There are 29.4 acres of existing public park land in the Downtown area that would benefit from the improvements funded by this impact fee. The balance of the park improvement need would be satisfied on park and open space facilities elsewhere in the City.

[c] Costs for improvements to develop new Downtown parks and open space are based on the average cost per square foot for new park and open space facilities, as estimated in the *Transit Center District Plan*.

[d] Costs for improvements to existing Downtown parks and open space are based on costs for improvements to Portsmouth and St. Mary's Squares and the acres of land in those facilities, as estimated in the *Transit Center District Plan* .

[e] Costs for improvements to other existing park and open space facilities elsewhere in the City are estimated using the cost per acre for improvements in the *Citywide Development Impact Fee Study*, inflated to 2010 dollars using the San Francisco - Oakland - San Jose Metropolitan Area Consumer Price Index (all urban consumers).

intensively used neighborhood parks. Downtown parks are more heavily used than parks elsewhere in the City and must sustain a wide range of types of park users and urban activities. These unique conditions require more expensive improvements than the large expanses of grass, natural areas, or sports fields typical of larger neighborhood parks. Hardscaped plazas and intensively landscaped planters, often constructed on basement structures or garages, require expensive engineering solutions. Development costs per square foot for these types of downtown park and open space facilities are, therefore, substantially higher than those associated with the open grassy areas and sports fields associated with neighborhood park facilities.

There are three elements to the facility improvement cost. The first is the cost to develop the 3.57 acres needed of newly acquired Downtown facilities. The cost factor is the average cost per square foot to develop the new facilities identified in the Transit Center District Plan: City Park, 2nd and Howard Park, Transbay Park, Mission Square, and recreation facilities under the groundplane of bus ramps. The second set of improvements are to existing Downtown facilities that currently total about 29 acres. The cost factor is based on the estimate in the *Transit Center District Plan* for improvements to Portsmouth and St. Mary's Squares. Since the balance of the improvements would be to other Department-owned parks elsewhere in the City, a lower average cost factor is used, consistent with the park and recreation facility cost estimates prepared for the *Citywide Development Impact Fee Study*.

Cost allocation and fee schedule

There are no other identified sources of funding for expanding the supply of park, recreation, and open space facilities to meet the needs attributable to growth. All local funding is dedicated to meeting the needs of existing park users through modernization, renovation, and repair projects.[7]

The cost allocation process ensures that development fees equitably assign costs in proportion to demand and benefit. The increased supply of park, recreation, and open space facilities has been estimated to meet the demand (based on the existing citywide standard) attributable to service population growth accommodated by new development in Downtown San Francisco. That total cost for new facilities and improvements to existing facilities is allocated on a per capita basis across the projected increase in Downtown park users. The resultant average cost per park user is converted to a fee per square foot of new development using park use factors per square foot that reflect average household sizes and employment densities for different categories of non-residential development. (See **Table A.1** in the appendix for detail on these factors.)

Table 6 shows the calculation of the average facility cost per park user. Total costs are first reduced by 10 percent to account for that component of facility demand attributable to non-resident, non-worker visitors. Dividing the adjusted total facility cost by the expected growth in Downtown park users results in an average cost per user of about $4,700. Adding a percentage to account for necessary administrative and management costs for the fee and improvement program results in a total cost per park user of about $4,900.[8]

Table 7 presents the maximum justifiable park, recreation, and open space development fee schedule based on the forgoing analysis. The proposed maximum justifiable fees range from $2.70 per gross square foot for residential use to just under $13—$14 per gross square foot for office and medical uses.

Fee rates should be adjusted for inflation on an annual basis to ensure that fee revenue keeps up with increases in the cost of providing public facilities.

The proposed fee would apply to new residential and non-residential development in the Downtown Study Area (**Map 1**) not already subject to area plan fees for park, recreation and open space improvements or included in approved Redevelopment Project Areas.

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[7] City and County of San Francisco, *Proposed Capital Plan 2012- 2021*, March 14, 2011.

[8] Agency costs to manage, monitor, and update the impact fee program are allowed to be recovered in the fee amount charged if those costs are estimated in the impact fee documentation. Impact fee documentation studies typically use a percentage factor to estimate this cost, generally ranging from two percent to five percent of the facility cost. In San Francisco, methodologies vary. A five percent factor was used in the Eastern Neighborhoods nexus study and in the Citywide Child Care nexus study. In the Citywide Recreation and Park impact fee justification study the alternative of estimating the cost of one FTE required to administer and monitor the program for a 20-year implementation period was used. The *FY 2009-2010 Development Impact Fee Report* prepared by the City and County of San Francisco Controller's Office documents when administration, monitoring and other program implementation costs are allowed uses of funds under the various development impact fee programs in place in San Francisco.

TABLE 6
DOWNTOWN PARK, RECREATION, AND OPEN SPACE DEVELOPMENT IMPACT FEE FACILITY COST PER PARK USER (2010 DOLLARS)

Total Facility Cost	**$350,186,000**
Visitor adjustment (10 percent)[a]	($35,018,600)
Adjusted Facility Cost	**$315,167,400**
Park Users	
Residents	17,167
Workers	49,916
	67,083
Facility Cost per User	$4,698
5% for administration	$235
Total Cost per Park User	**$4,933**

[a] The visitor adjustment reduces total facility costs by a percentage judged reasonable as an estimate of the park and open space demand attributable to Downtown visitors. This adjustment is required because no data are available measuring visitor use of San Francisco park facilities.

TABLE 7
PROPOSED DOWNTOWN PARK, RECREATION, AND OPEN SPACE DEVELOPMENT IMPACT FEE (maximum justified amount)

Land Use	Cost per Park User	Parks Use Factors[a]	Maximum Justified Fee Amount
Residential	$4,933	0.82 per unit	$4,046 per unit
			$2.70 per gross sq. ft.[b]
Cultural, Institutional, Educational	$4,933	2.03 per 1,000 sq. ft.	$10.01 per gross sq. ft.
Hotel	$4,933	0.87 per 1,000 sq. ft.	$4.29 per gross sq. ft.
Industrial/PDR	$4,933	1.06 per 1,000 sq. ft.	$5.25 per gross sq. ft.
Medical	$4,933	2.82 per 1,000 sq. ft.	$13.90 per gross sq. ft.
Office	$4,933	2.62 per 1,000 sq. ft.	$12.95 per gross sq. ft.
Retail	$4,933	2.07 per 1,000 sq. ft.	$10.21 per gross sq. ft.

[a] See Appendix Table A.1 for detail on park use factors by land use.
[a] Residential fee per gross square foot assuming 1,500 square feet per unit.

APPENDIX A.1

PARK USE FACTORS BY LAND USE CATEGORY

Park use factors by land use are used to convert the facility cost per user to the impact fee per unit of development. **Table A.1** shows how the park use factors by land use are derived. The analysis is similar to the analysis in **Table 3**, although the estimating factors from the American Community Survey and the park, recreation, and open space weighting factors are applied to residents per unit and to employees per square foot instead of to total residents and employment. For each step, formulas indicate the relationship between the input factors and the results by land use. The results by land use translate per-user costs to fees per unit of new development in **Table 6**.

TABLE A.1

PARK, RECREATION, AND OPEN SPACE USE FACTORS, BY LAND USE

			Residential	
Persons per household [a]			1.55	A
SF residents who don't work [b]	44.4%	B	0.69	D = A × B
Park use factor [c]	1.00	C	0.69	E = C × D
SF residents who work outside SF [b]	13.2%	F	0.21	H = A × F
Park use factor [c]	0.64	G	0.13	I = G × H
Park users per unit			**0.82**	E + I

			Office		Retail		Hotel		Institutional		Medical		PDR	
Workers per 1,000 sq. ft. [d]			3.62	N_1	2.86	N_2	1.20	N_3	2.80	N_4	3.89	N_5	1.47	N_6
SF workers who live in SF [e]	56.9%	J	2.06	$O_1 = J \times N_1$	1.63	$O_2 = J \times N_2$	0.68	$O_3 = J \times N_3$	1.59	$O_4 = J \times N_4$	2.22	$O_5 = J \times N_5$	0.84	$O_6 = J \times N_6$
Park use factor [c]	1.00	K	2.06	$P_1 = K \times O_1$	1.63	$P_2 = K \times O_2$	0.68	$P_3 = K \times O_3$	1.59	$P_4 = K \times O_4$	2.22	$P_5 = K \times O_5$	0.84	$P_6 = K \times O_6$
SF workers who live outside SF [e]	43.1%	L	1.56	$Q_1 = L \times N_1$	1.23	$Q_2 = L \times N_2$	0.52	$Q_3 = L \times N_3$	1.21	$Q_4 = L \times N_4$	1.68	$Q_5 = L \times N_5$	0.63	$Q_6 = L \times N_6$
Park use factor [c]	0.36	M	0.56	$R_1 = M \times Q_1$	0.44	$R_2 = M \times Q_2$	0.19	$R_3 = M \times Q_3$	0.43	$R_4 = M \times Q_4$	0.60	$R_5 = M \times Q_5$	0.23	$R_6 = M \times Q_6$
Park users per 1,000 sq. ft.			**2.62**	$P_1 + R_1$	**2.07**	$P_2 + R_2$	**0.87**	$P_3 + R_3$	**2.03**	$P_4 + R_4$	**2.82**	$P_5 + R_5$	**1.06**	$P_6 + R_6$

[a] Determined by San Francisco Planning Department to best represent average household size for the Plan Area and Greater Downtown San Francisco, from the *Rincon Hill Plan EIR*.

[b] Percentage of total San Francisco resident population from American Community Survey, 2005 - 2009 5-year estimates.

[c] Park use factor derived from park user analysis, see Table 2.

[d] Determined by San Francisco Planning Department to best represent density factors appropriate to the Plan Area and Greater Downtown San Francisco, from the *Downtown San Francisco Market Demand, Growth Projections, and Capacity Analysis* (May 2008) and Land Use Allocation, 2007.

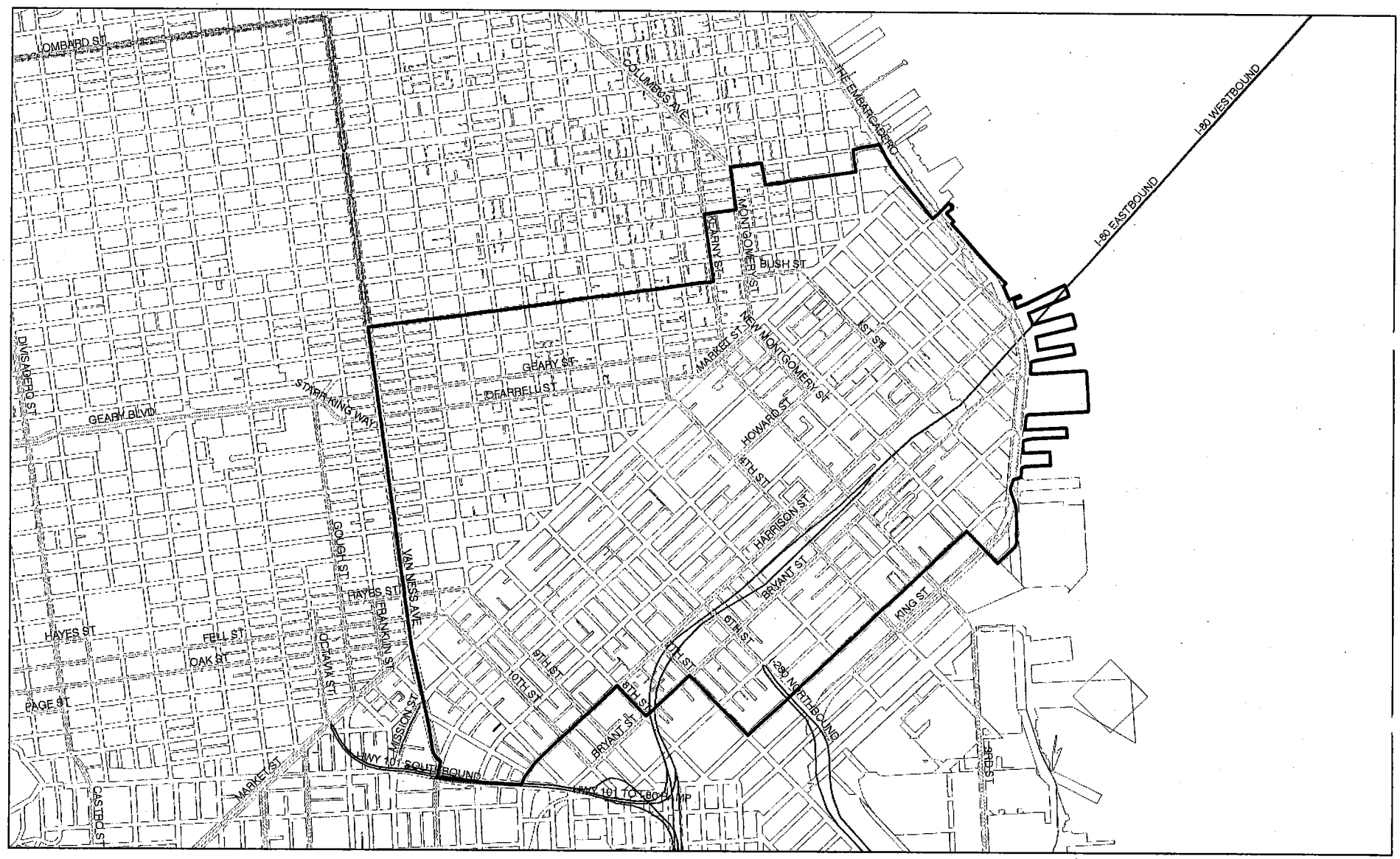
[e] Percentage of total people working in San Francisco by place of work from American Community Survey, 2005 - 2009 5-year estimates.

APPENDIX A.2

RECENT LAND SALES OF DEVELOPABLE PARCELS IN THE C-3 DISTRICTS

Address	Sale Year	Sales Price	Existing Building Square Footage	Lot Size (SF)	Price/Land SF
50 1st	2006	$ 26,000,000	144,000	18,288	$ 1,422
350 Mission	2006	$ 25,500,000	94,697	18,910	$ 1,348
516-526 Mission	2005	$ 15,000,000	-	4,776	$ 1,062
579-581 Market	2007	$ 11,150,000	28,042	7,750	$ 1,439
62 1st	2003	$ 9,700,000	70,680	11,506	$ 843
217 2nd	2007	$ 7,000,000	22,687	4,896	$ 1,430
972 Market	2005	$ 5,900,000	11,530	4,210	$ 1,401
943 Market	2006	$ 5,750,000	10,988	7,426	$ 774
				Average Price/SF	$ 1,215

Source: San Francisco Assessor's Office



Map 1 Downtown San Francisco Study Area

0 1,900 3,800 Feet

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