



SAN FRANCISCO PLANNING DEPARTMENT

December 9, 2016

Ms. Angela Calvillo, Clerk of the Board
Honorable Supervisor Kim
Board of Supervisors
City and County of San Francisco
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**Re: Supplemental Transmittal Relating to Transmittal of BOS File No: 161066 - 950-974 Market Street and 180 Jones Street
BOS File No. 161066**

Dear Ms. Calvillo and Honorable Supervisor Kim:

On December 1, 2016 the Planning Department sent a transmittal regarding the proposed Ordinance related to the development project at 950-974 Market Street and 180 Jones Street. Since that date, Department staff has continued to study the Ordinance with the assistance of the Mayor's Office of Housing and Community Development. Through this subsequent transmittal, we are providing supplemental information for the Board to consider in its deliberations.

While the analysis in our previous transmittal was largely cost information provided by the project sponsor in regards to costs of BMR unit production alone, a broader analysis of both total development costs and revenues provides a better understanding of the impacts of the proposed ordinance on the overall development project. In summary, the "base" project without the Ordinance that contains 31 on-site BMR units would yield a profit of \$14.7 million to the project sponsor. The project enabled by the proposed Ordinance with 68 smaller off-site BMR units would yield a profit of \$17.1 million to the project sponsor.

As stated in the Department's December 1st transmittal, the Planning Commission recommended that the staff perform further analysis in order to ensure that any additional value conferred to the project sponsor through the proposed Ordinance be recaptured by the City. This analysis indicates that the additional value conferred to the project sponsor is approximately \$2.4 million, as more fully set forth below.

Sincerely,

A handwritten signature in blue ink, appearing to read "AM-Rodgers", followed by a horizontal line.

AnMarie Rodgers
Senior Policy Advisor

Regarding 180 Jones Street Affordable
Housing Fund, and 950-974 Market Street

TOTAL DEVELOPMENT COST ANALYSIS*

TABLE 1: PROJECT WITHOUT PROPOSED ORDINANCE		
31 On-Site BMR Units (80% AMI, ownership)		
PROJECT COSTS	Construction & Soft Costs	\$ (175,138,000)
	Non-Potable Water System Cost	\$ (1,750,000)
	Section 415 In-Lieu Fee	\$ 0
	TDR Payment	\$ 0
	Jobs Housing Linkage Fee	\$ (400,000)
	Total Costs	\$ (177,288,000)
PROJECT REVENUES	Projected BMR Unit Revenue (2019\$)	\$ 10,282,461
	Sales Costs for BMR Units	\$ (565,535)
	Projected Market-Rate Unit Revenue (2019\$)	\$ 192,916,903
	Sales Costs for Market-Rate Units	\$ (10,610,430)
	Total Revenue	\$ 192,023,399
	Surplus / (Loss)	\$ 14,735,399

Under the above analysis, the surplus after costs and revenues for the residential component of the project total \$14.7 million.

TABLE 2: PROJECT WITH ORDINANCE		
68 BMR Units at 180 Jones (40%-60% AMI – Rental)		
PROJECT COSTS	Construction & Soft Costs	\$ (175,138,000)
	Non-Potable Water System Cost	\$ (1,750,000)
	Section 415 In-Lieu Fee	\$ (15,002,196)
	TDR Payment	\$ (700,000)
	Jobs Housing Linkage Fee	\$ (400,000)
	Total Costs	\$ (192,990,196)
ORDINANCE CREDITS AND DEBITS	Non-Potable Water Cost	\$ 1,750,000
	TDR Payment	\$ 700,000
	Value of Delayed 415 In-Lieu Fee Payment	\$ 800,000
	Gift to City	\$ (2,000,000)
	Total Credit / (Debit)	\$ 1,250,000
	Costs Less Credits	\$ (191,740,196)
PROJECT REVENUE	Projected Market-Rate Unit Revenue (2019\$)	\$ 220,999,838
	Sales Costs for Market-Rate Units	\$ (12,154,991)
	Total Revenue	\$ 208,844,847
	Surplus / (Loss)	\$ 17,104,651

Under the above analysis, the surplus after costs and revenues less credits conferred through the proposed ordinance for the residential component of the project total \$17.1 million.

cc: Deputy City Attorneys Andrea Ruiz-Esquide and Jon Givner
Alisa Somera, Office of the Clerk of the Board

*Project costs information provided by the project sponsor.