From: Kirk Whitelaw
To: Major, Erica (BOS)
Subject: Letter in support of Balboa Reservoir
Date: Monday, July 27, 2020 12:34:53 PM

Erica Major,

I am a resident of San Francisco and would like to register my support for the Balboa Reservoir project.

This is a rare opportunity for hundreds of families to secure an affordable place to live in our increasingly unaffordable city.

Making sure our essential workers are able to stay in San Francisco and continue to be part of the fabric of our community is more important than ever. Balboa Reservoir will be a huge help.

The inclusion of a childcare center on the site and the addition of public spaces for that everyone can use is also very welcome. I appreciate that great pains have been taken to keep these homes closely integrated with the wider neighborhood - this is a development where everyone will be included.

Placing these homes on the site of the CCSF overflow parking lot is a good use of public land. The City has proceeded wisely in assembling the mix of housing on the site and maximizing the number of affordable homes.

I strongly encourage the Board of Supervisors to endorse this project.

Thank you for taking the time to consider this submission.

Sincerely,

Kirk Whitelaw
kwhitela@gmail.com
538 38th Ave
San Francisco, California 94112

From: Annie De Lancie
To: Major, Erica (BOS)
Subject: Letter in support of Balboa Reservoir
Date: Monday, July 27, 2020 12:58:45 PM

Erica Major,

I am a resident of San Francisco and would like to register my support for the Balboa Reservoir project.

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I strongly encourage the Board of Supervisors to endorse this project.

Thank you for taking the time to consider this submission.

Sincerely,

Annie De Lancie
annie@delancie.org
638 34th Ave
San Francisco, California 94121

From: Paul Anderson
To: Major, Erica (BOS)
Subject: Balboa Reservoir project
Date: Monday, July 27, 2020 1:44:00 PM

To **The Board of Supervisors:**

I am homeowner living about a mile from the Balboa Reservoir housing project. I would like to register my strong support for this project and the ordinances amending the General Plan and the Planning Code that are being considered by the Board of Supervisors today.

Covid 19 has not eliminated the long-standing housing shortage in San Francisco. The west side of San Francisco is under-developed. Most of its housing stock was built prior to 1940 and is rapidly aging with outdated wiring and plumbing. We need to encourage balanced new developments such as the Balboa Reservoir project that are close to public transportation and facilities like City College and which will bring additional business to the merchants on the West side.

Please allow this long-delayed project to move forward.

Thank you,

Paul Anderson

From:	Christina Yanuaria
To:	aft@aft2121.org
Subject:	Oppose the Balboa Reservoir Project
Date:	Monday, July 27, 2020 1:46:08 PM

Dear Leaders and Elected Officials and Representatives,

I am writing to ask you to *support public education* by voting NO on the Balboa Reservoir Project.

Public land does not belong in the hands of private corporations, period.

While the project of providing affordable housing is absolutely noble and needed, *selling public land* is NOT necessary to achieve this goal. The end, in this case, does not justify the means.

At a time when real estate in San Francisco is easily 10x higher per square foot of its bay area neighbors, the City should not be selling land at a discount to a corporation.

Creating de facto segregation by building separate market rate and affordable units is not only inconsistent with San Francisco's inclusionary housing policy, but also *flies in the face of current calls for equity and end to discrimination and oppression on all fronts.* Furthermore the Home Owners Association would become the main owners of market rate, the origins of which are rooted in racism.

This project will also cause irreparable harm to a public institution of education: City College of San Francisco. The Balboa Reservoir is a critical point of accessibility and equity (!) for commuter students, staff, and faculty access to CCSF by providing essential parking. Without first ensuring viable (as defined by students, staff, and faculty) transportation options, *this project perpetuates the exclusive history of access to higher education- antithetical to the mission of public education and to the City College of San Francisco.*

To be clear, this issue is NOT about whether or not to provide affordable housing.
The issue IS NOT TO SELL public land to a private developer. There are OTHER options that would allow the land to remain in public domain while still providing accessible and affordable housing. Undoubtedly, this will take time; but please resist the urge to approve what appears to be the path of least resistance with the private developer.

Please oppose this project. Say Yes to **Public Lands for Public Good**- NO to the Balboa

Reservoir Project.

Sincerely,

Christina Yanuaria
Pronouns: She/Her
ESL City College of San Francisco
Womxn's Support Collective
LinkedIn

"If you have come here to help me, you are wasting your time. But if you have come because your liberation is bound up with mine, then let us work together." Lilla Watson

From:	Zoe Eichen
To:	Major, Erica (BOS); Wong, Linda (BOS)
Subject:	Balboa Reservoir
Date:	Monday, July 27, 2020 2:14:17 PM

Hello.

I am Zoellen Eichen, a resident of District 11 and CCSF student. I oppose the delegation of Balboa Reservoir to AvalonBay to build luxury housing.

I have been going to CCSF since the summer of 2019, and have deeply appreciated the existence of baloba reservoir, where my classmates have been able to park their cars and I have been able to take well needed walk breaks between classes. This space is crucial to the livelihoods of the students of CCSF, and even Riordan High School. Allowing a large, 8,000 square foot development of housing would disturb all the students of both schools and serve fewer people than it would benefit. AvalonBay claims to have affordable housing, but SFExaminer and AMI find that the housing units proposed will mostly not be affordable for the people with combined salaris under $133,000 (only about 200/1100 units is not a promising majority). While we still need affordable housing, this is not affordable housing.

If CCSF is able to use the bond money they have to keep the reservoir, they will be able to serve crucial needs of education for the residents of San Francisco. Many students rely on FreeCity, making a valuable education affordable and accessible, and leading people to resources like jobs and where to find rent and community. Keeping Balboa Reservoir would be beneficial to the accessibility of the campus and therefore the community. I demand that the committee takes the importance of CCSF land, and allocate the budget to save Balboa Reservoir for the student body.

Sincerely,

Ms. Zoellen Eichen

From: Justin Sun
To: Major, Erica (BOS)
Subject: Letter in support of Balboa Reservoir
Date: Monday, July 27, 2020 5:03:43 PM

Erica Major,

I am a resident of San Francisco and would like to register my support for the Balboa Reservoir project.

This is a rare opportunity for hundreds of families to secure an affordable place to live in our increasingly unaffordable city.

Making sure our essential workers are able to stay in San Francisco and continue to be part of the fabric of our community is more important than ever. Balboa Reservoir will be a huge help.

The inclusion of a childcare center on the site and the addition of public spaces for that everyone can use is also very welcome. I appreciate that great pains have been taken to keep these homes closely integrated with the wider neighborhood - this is a development where everyone will be included.

Placing these homes on the site of the CCSF overflow parking lot is a good use of public land. The City has proceeded wisely in assembling the mix of housing on the site and maximizing the number of affordable homes.

I strongly encourage the Board of Supervisors to endorse this project.

Thank you for taking the time to consider this submission.

Sincerely,

Justin Sun
justinsun31@gmail.com
2363 24th Avenue
San Francisco, California 94116

From: David Hecht
To: Major, Erica (BOS)
Subject: Letter in support of Balboa Reservoir
Date: Monday, July 27, 2020 10:06:54 PM

Erica Major,

I am a thirty-three year resident of San Francisco and would like to register my support for the Balboa Reservoir housing project.

This is a rare opportunity for hundreds of families to secure an affordable place to live in our increasingly unaffordable and fractured city.

Making sure our essential workers are able to stay in San Francisco and continue to be part of the fabric of our community is more important than ever. Balboa Reservoir will be a huge help.

The inclusion of a childcare center on the site and the addition of public spaces for that everyone can use is also very welcome. I appreciate that great pains have been taken to keep these homes closely integrated with the wider neighborhood - this is a development where everyone will be included.

Placing these homes on the site of the CCSF overflow parking lot is a more efficient use of this public land. The City has proceeded wisely in assembling the mix of housing on the site and maximizing the number of affordable homes.

I strongly encourage the Board of Supervisors to endorse this project.

Thank you for taking the time to consider this submission.

Sincerely,

David Hecht
dhechtca@gmail.com
475 Frederick Street
San Francisco, California 94117

From: Hannah Behm
To: Major, Erica (BOS)
Subject: Letter in support of Balboa Reservoir
Date: Tuesday, July 28, 2020 9:05:40 AM

Erica Major,

I am a resident of San Francisco and would like to register my support for the Balboa Reservoir project.

This is a rare opportunity for hundreds of families to secure an affordable place to live in our increasingly unaffordable city.

Making sure our essential workers are able to stay in San Francisco and continue to be part of the fabric of our community is more important than ever. Balboa Reservoir will be a huge help.

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I strongly encourage the Board of Supervisors to endorse this project.

Thank you for taking the time to consider this submission.

Sincerely,

Hannah Behm
hannahbehm29@gmail.com
501 38th Ave #104
San Francisco, California 94121

From:	Kathy Howard
To:	Haney, Matt (BOS); MandelmanStaff, [BOS]; Mar, Gordon (BOS); Peskin, Aaron (BOS); Preston, Dean (BOS); Fewer, Sandra (BOS); Ronen, Hillary; Safai, Ahsha (BOS); Stefani, Catherine (BOS); Walton, Shamann (BOS); Yee, Norman (BOS); Board of Supervisors, (BOS); Major, Erica (BOS); Wong, Linda (BOS)
Subject:	Balboa Reservoir Project -- should be 100% affordable housing and land should be retained by the City
Date:	Tuesday, July 28, 2020 11:43:10 AM

Supervisors,

It is very short-sighted to privatize such a large public parcel of land as the Balboa Reservoir for market rate housing.

The ONLY housing that should be built on public land must be deeply affordable to long-time residents and educators. The construction of mostly market-rate housing development on the Balboa Reservoir would be a major step backwards toward the gentrification of some of the last affordable neighborhoods in San Francisco. I think that the City will regret this in the future.

To repeat, any development on public land should be 100% affordable and the land should be retained by the City in perpetuity.

Thank you for your consideration.

Katherine Howard
District 4

From: Stephanie Hill
To: Major, Erica (BOS)
Subject: Letter in support of Balboa Reservoir
Date: Tuesday, July 28, 2020 4:35:55 PM

Erica Major,

I am a resident of San Francisco and would like to register my support for the Balboa Reservoir project.

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I strongly encourage the Board of Supervisors to endorse this project.

Thank you for taking the time to consider this submission.

Sincerely,

Stephanie Hill
stephanie.e.hill@gmail.com
1496 Guerrero
San Francisco, California 94110

From:	Stuart Flashman
To:	Major, Erica (BOS)
Subject:	Letter to Land Use and Transportation Committee on agenda items 3,4,7, & 8
Date:	Monday, July 27, 2020 11:45:58 AM
Attachments:	7-27-20 letter to LUTC.pdf PastedGraphic-1.png
Importance:	High

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Please provide the committee members with the attached letter. I will be calling in under Item 7 to address the letter's subject.

Environmental, Land Use, and Elections Law

Serving public interest and private clients since 1990

Stuart Flashman
Attorney

Law Offices of Stuart Flashman
5626 Ocean View Drive
Oakland, CA 94618-1533

tel: (510) 652-5373
fax: (510) 652-5373

stu@stuflash.com

Law Offices of
Stuart M. Flashman
5626 Ocean View Drive
Oakland, CA 94618-1533
(510) 652-5373 (voice & FAX)
e-mail: stu@stuflash.com

Delivery via email to: Erica.Major@sfgov.org

July 27, 2020

Land Use and Transportation
Committee
San Francisco Board of Supervisors
San Francisco City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Re: Agenda items 3 (200213), 5 (200630), 7 (200635), and 8 (200422).

Dear Committee Members Peskin, Safai, and Preston,

I am the attorney representing appellants Madeline Mueller, Alvin Ja, and Wynd Kaufmyn, who have appealed the Planning Commission's certification of the Final Subsequent EIR for the Balboa Reservoir Project. However, this letter is not directly about that appeal. I will be writing separately to the entire Board of Supervisors on that issue. Instead, this letter addresses the merits of the Balboa Reservoir Project that is on your agenda today, as well as other items addressing the City's pressing need for more affordable housing, and specifically affordable housing for educators.

The Planning Department attempts to focus your attention on the 50% portion of the Balboa Reservoir Project's residential units that would be affordable (low or moderate, or middle-income households). However, given that the land is currently in public ownership, equal attention should be paid to the roughly 50% of the project site that would be devoted to market-rate units. Essentially, that 50% of the property will be permanently lost to the City and unavailable to build *any* affordable units. You will be sacrificing half of the project site to a for-profit developer in order to build a limited number of affordable units on the other half.

What the Planning Department has *refused* to consider is the option of building a phased, 100% affordable *public* project that could potentially build affordable units – and specifically affordable units for educators, staff, and students at City College of San Francisco, over the entire project site. Not only would this have far greater impact on the well-documented and unmet need for more affordable units, but those units, which would serve residents who could walk to their school/workplace, would have far less environmental impact than the proposed project.

At today's hearing, you will hear from Joseph Smooke, a well-known expert on affordable housing whom some of you may already know. He has studied this site and concluded that it can support a phased, 100% affordable, publicly-owned residential project. That conclusion should not be ignored.

Others will provide you with more of the details of this alternative project. My purpose in this letter is simply to urge you to not blindly accept the Planning Department's recommendation to move the currently proposed project forward towards final approval. Before considering approving this project, you should give serious consideration to a phased, public, 100% affordable alternative. It would provide far greater benefit to City College, and the City.

Respectfully,

Stuart M. Flashman

Stuart M. Flashman

From:	Stuart Flashman
To:	Major, Erica (BOS)
Cc:	BOS Legislation, (BOS)
Subject:	Letter to Land Use and Transportation Committee on agenda items 3,4,7, & 8
Date:	Monday, July 27, 2020 11:47:58 AM
Attachments:	7-27-20 letter to LUTC.pdf PastedGraphic-1.png
Importance:	High

Please provide the committee members with the attached letter. I will be calling in under Item 7 to address the letter's subject.

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Serving public interest and private clients since 1990

Stuart Flashman
Attorney

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(510) 652-5373 (voice & FAX)
e-mail: stu@stuflash.com

Delivery via email to: Erica.Major@sfgov.org

July 27, 2020

Land Use and Transportation
Committee
San Francisco Board of Supervisors
San Francisco City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

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Respectfully,

Stuart M. Flashman

Stuart M. Flashman

From:	Leslie Simon
To:	Major, Erica (BOS)
Subject:	Fw: URGENT: Alternative Plan for the Balboa Reservoir including 550 100% affordable units
Date:	Monday, July 27, 2020 1:38:54 PM
Attachments:	BalboaReservoir-Picture-Alternative-WithLinks.pdf Att. I Smooke Letter & Resume.pdf Att. 2 Berkson Report.pdf

Dear Erica Major,

Please file the following message into the official record of the July 27 Land Use and Public Transportation Committee.

Thanks!

Best,
Leslie Simon

Leslie Simon
Cell: 415-377-5330
San Francisco

----- Forwarded Message -----
From: Leslie Simon <simscha@sbcglobal.net>
To: Dean Preston <dean.preston@sfgov.org>; Ahsha Safai <ahsha.safai@sfgov.org>; Aaron Peskin <aaron.peskin@sfgov.org>
Cc: Gordon Mar <gordon.mar@sfgov.org>
Sent: Monday, July 27, 2020, 01:18:13 PM PDT
Subject: URGENT: Alternative Plan for the Balboa Reservoir including 550 100% affordable units

Dear Supervisors Peskin Preston, and Safai,

Though I know you cannot make recommendations today for the General Plan Amendments Balboa Reservoir Project (#200635) or the Planning Code and Zoning Map Balboa Reservoir Special Use District (#200422) because of the pending CEQA appeal, I hope you will consider information I am offering here as you contemplate these measures going forward.

Please consider the letter from community housing developer Joseph Smooke, whose attached letter outlines how 550 units of 100% more deeply affordable housing than Avalon Bay proposes can be funded WITHOUT cross financing from *unneeded* market rate development. I also have attached the Berkson Financial Feasibility Report, which Joseph references in his letter.

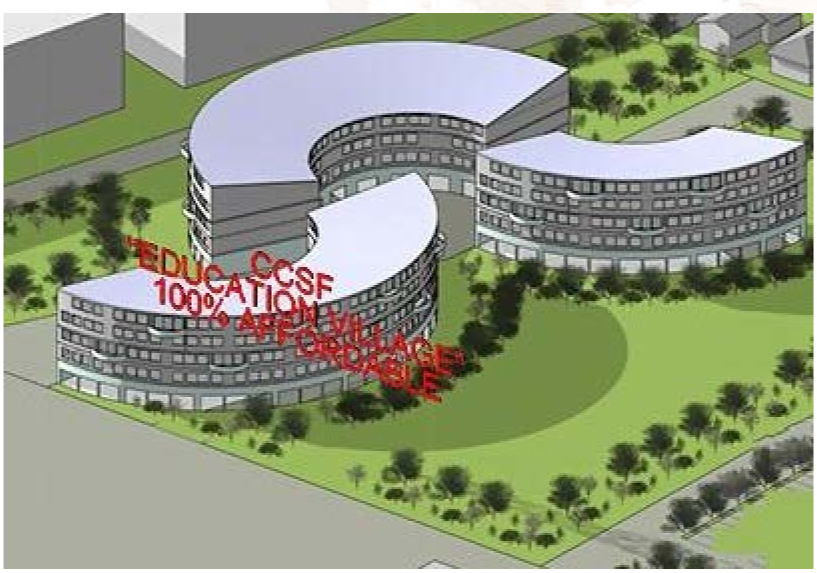
Below is an artist's rendering of what could be possible on the site and from a bird's eye. I have also attached a pdf with the bird-s eye view of this design and links to Joseph's letter as well as to the letter you received from Public Lands for Public Good and the Defend City

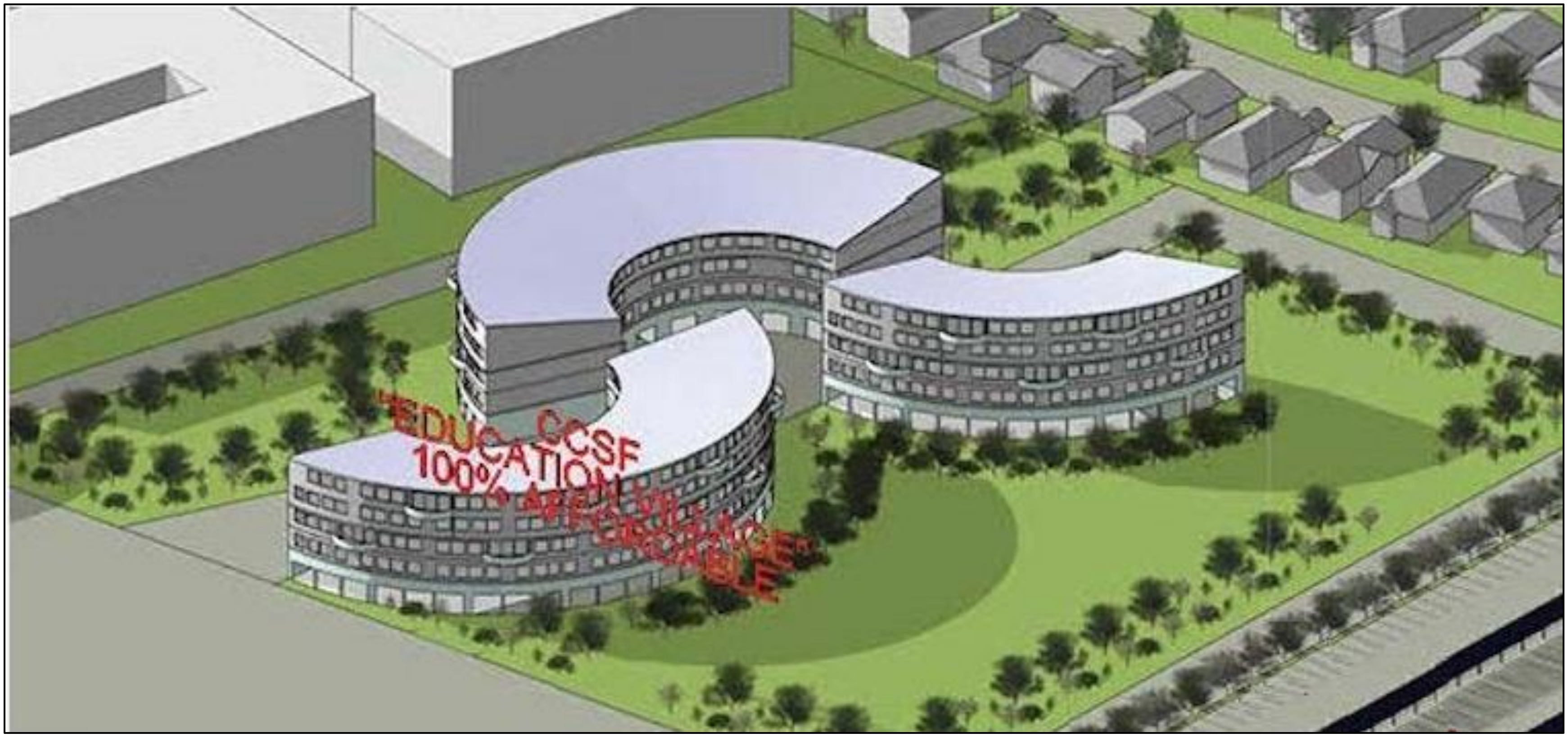
College Allliance.

Thank you for your kind consideration.

Best,
Leslie Simon
Faculty, City College of San Francisco

Leslie Simon
Cell: 415-377-5330
San Francisco





Link to Joseph Smooke's letter
https://documentcloud.adobe.com/link/review?uri=urn:aaid:scds:US:35fcb4e9-20c6-40e4-a6bc-97ae2068f720

Link to Berkson Financial Feasibility Study (referenced in Joseph's letter)
https://documentcloud.adobe.com/link/review?uri=urn:aaid:scds:US:abe328e5-0319-476f-ad75-5e80ecafd5de

Link to Public Lands for Public Good + Defend City College Alliance letter
https://documentcloud.adobe.com/link/review?uri=urn:aaid:scds:US:92fe9a79-3fa3-4016-894a-ec077d8dc931

21 July 2020

Public Lands for Public Good
Defend City College Alliance

Re: Balboa Reservoir Development Proposal
Legislative Files 200422, 200423, 200635, 200740

Dear Public Lands for Public Good and Defend City College Alliance:

Please accept this letter of my analysis as to why the Board of Supervisors should reject the Balboa Reservoir Project as proposed when the above referenced legislative files relating to this project come to the Board for a vote. I submit this letter as a professional with years of experience in many different facets of real estate development, primarily as a developer of affordable housing in San Francisco (resume attached).

Introduction

The Balboa Reservoir presents a unique opportunity for the people of this City. It is a large (16.4 acres), publicly owned site (SF Public Utilities Commission), adjacent to the main campus of City College of San Francisco and in close proximity to a major regional transit station. These are more than sixteen acres of blank canvas on which could be built something visionary. Instead the project that has been presented to the Board of Supervisors privatizes our public resources and lines a developer's pockets.

The proposed project describes 1,100 total units of which half (550 units) will be "below market rate" (affordable). What follows is a proposal for a project that would ensure that this public land is developed as 100% affordable housing.

One Hundred Percent Affordable Housing at the Balboa Reservoir

Affordable housing developers typically pay market price for land and then have to pay for their development to tie into existing infrastructure such as water, electricity, sewer, etc. This site has none of the typically available infrastructure to tie into, so building that infrastructure is a cost unique to this development. As we'll see, however, the narrative that these costs are a barrier to 100% affordable housing is false.

A typical affordable housing development budget assumes paying market value for the land. In this case, the PUC is required to sell the land for its full market value, unless the Board of Supervisors passes a resolution saying that the site should be sold for less than the market value in order to achieve a significant public benefit. There is a model for this type of transaction at 1100 Ocean where the MTA (another enterprise department) sold that site to MOHCD at a below market price in order to facilitate 100% affordable housing. This Balboa Reservoir site should follow that same template. This site should be sold to MOHCD for a below market price (as close to zero as possible) so the site stays in public ownership in order to facilitate 100% affordable housing.

Assuming the land is sold at or close to no cost to the affordable housing developer, they still have to deal with the infrastructure costs which are of course much higher than for a typical infill site. Thankfully, there are significant grant sources available from the State that can cover most of those costs. If the only State grant comes from the Infill Infrastructure Grant Program and is limited to $30M, this would cover all but $18M of the cost of the infrastructure which is estimated to be $48M over 3 phases. In order to cover those costs, if the project was 100% affordable housing, and the affordable housing developer paid $18M to cover those infrastructure costs instead of paying for the land, this would still be a bargain at $33,000/ unit for land associated costs (assuming 550 units).

Once the land and infrastructure have been paid for, the remaining financial challenge is to fund the construction of the affordable housing. Based on the Berkson Fiscal Feasibility Report (attached), the affordable housing construction should cost $348,000 per unit. Assuming that there will be some inflation in materials and labor costs, let's use $400,000 per unit for the purpose of this analysis. Since MOHCD typically provides roughly 35% of the total project cost, this would mean roughly $77M coming from MOHCD to pay for their portion of 550 units. At $140,000 per unit, this represents a bargain for the City because of the economy of scale and the low cost for land and infrastructure. If the City is not able to come up with $77M all at once, then the project could be built in 2 phases. This would mean $38.5M of MOHCD funding for each of 2 phases. If that's still too ambitious, it could be split into 3 phases of $25.7M each.

The remainder of the funding for each phase would come from a combination of LIHTC (low income housing tax credits), State grants, and other affordable housing capital subsidies for a total of about 45% of the project cost. The final 20% would come from a bank loan or through the sale of tax exempt bonds (if using LIHTCs from the non-competitive pool). This is a typical leveraging structure that MOHCD expects when it invests in affordable housing.

100% affordable housing is both visionary and financially feasible- using City resources to meet a critical need for the long term viability of our City. Unfortunately, however, the City has chosen to present for approval a scheme for privatizing this site. This is a strategy that benefits the for-profit developer greatly, but creates financial and policy problems for both the City and the people who might live at this proposed development.

The Development Agreement Should Not Be Approved

Under the deal as proposed, the City is not only selling more than sixteen acres of public land to a private developer at a heavily discounted rate ($11.4M), the Development Agreement says that the developer has no obligation to build anything at any time. Not only does the developer have no obligation to develop anything, but they have the ability to sell off any portion of the property. If the developer sells there is no requirement that they sell at a discounted amount. Most likely, if the current developer sells any portion of this development, the new developer would purchase at full market rate and might go back to the City to renegotiate this deal due to the different circumstances.

Rather than the City retaining ownership of the land and making sure that the housing gets built, and that the housing that is built is 100% affordable, under the proposed deal, the City literally gets a guaranty of nothing, while the developer gets a guaranty of future profits- either from the market rate housing they develop, or from selling the properties that have had a step up in market value because of the actions of the Board of Supervisors to enable this deal. The City potentially loses big, but the developer has no risk whatsoever and only stands to profit.

Additional Policy and Financial Concerns

If the developer does decide to proceed with building the housing that is outlined in the proposed project, the result will be a lesser public benefit than you think you are getting, which raises another level of financial and policy related problems.

This development has both rental and ownership components. The obligations for providing the affordable rental units seem fairly clear, On the ownership side, however, the developer has a few different options- one of which is not to provide the affordable units at all, but to pay a fee to the City in lieu of building any affordable ownership units. Therefore, we may get 530 affordable units at this site instead of 550.

Making matters worse, the affordable units don't even seem to meet the definition of "affordable" as defined in the City's "inclusionary" program. The inclusionary program sets "low income" rents as being affordable to households making 55% of AMI. This project is defining "low income" as 60% of AMI which is 5% more expensive. Low income is presented as a range of incomes, but the required average is 60%, not 55% of AMI.

The proposed project also has affordable units for "moderate income" households. The inclusionary program sets "moderate income" rents as being affordable to households earning 80% of AMI. This project is defining "moderate income" as 100% of AMI which is 20% more expensive. Moderate income is presented as a range of incomes, but the average is 100%, not 80% of AMI. Not only are these "low" and "moderate" income units more expensive than what are typically provided by developers providing "inclusionary" or "below market rate" units, but they set a bad policy precedent by redefining - or at least complicating- the definitions of "low income" and "moderate income."

Perhaps most insidious of all is the segregation and class divide that this project creates. Consider that the "affordable" units are all rental while there is a chance that there will be no affordable ownership units. The affordable units that are provided will all be built in buildings that are separate from the market rate units. In a typical market rate development with "inclusionary" units, those inclusionary (affordable) units are distributed throughout the building. They are literally "included" into the market rate development. What is proposed for this site should either be considered as "off site" inclusionary housing which would trigger a 30% requirement, or it should be viewed as a development with what is typically called a "poor door" situation where the upper income market rate residents go in through one door and the residents in the affordable units go in through a separate door. Inclusionary legislation is intentionally crafted to ensure that developers are not able to create these "poor door" conditions.

To make the segregation and class divide issues even worse, the open space at the center of the development is a privately owned public open space (POPOS). The owner and manager of this POPOS is the group of homeowners who live in the ownership units. What people do in the open space and at what hours are determined by the homeowners association for everyone who might live or visit.

For those who might be concerned about a 100% affordable housing development presenting a similar problem of segregation, this would be fallacy. A typical affordable housing development funded with Low Income Housing Tax Credits accommodates a range of residents' incomes. Large scale affordable housing developments are successful under nonprofit management and MOHCD oversight because of the high quality of the housing and the significant resources that are committed. These households like the ones at 1100 Ocean have a range of incomes and live in safe, high quality housing with dignity. Once residents move in, these developments invariably fit right in with the social and aesthetic fabric of the neighborhoods in which they are located.

The fact that this project has come so far through the approval in this form is beyond comprehension. The scheme of privatization without accountability, the confusing of definitions of what is "affordable" to guarantee higher levels of cash flow for the developer, and the segregation of wealthy and non-wealthy and of owner versus renter all add up to a misuse of public resources and of the public trust. As such my recommendation is to urge the Board of Supervisors to reject this development proposal and commit to a new development proposal that ensures 100% affordable housing is built at the Balboa Reservoir.

Sincerely,

Joseph Smooke
Consultant

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Joseph Smooke

[people. power. media]
Co-Founder, CEO, Producer, Photographer, Videographer
July 2012 to Present
Co-founded this nonprofit media organization that produces video news features and analyses about communities impacting public policy with a focus on housing and land use. Produced a six-part animation, "Priced Out" which has been featured in film festivals in San Francisco, Los Angeles, Chicago and New York City, and in workshops to more than 1,200 people.

Housing Rights Committee of San Francisco
Westside Program Director, 2015 - 2019
Led the expansion of Housing Rights Committee's community organizing and tenant counseling to the Richmond and Sunset Districts.

Supervisor David Campos, District 9
Legislative Aide, 2013, 2014, 2015
Worked three temporary terms of employment as an Aide to Supervisor Campos, focusing primarily on housing and land use issues.

The Philippine Reporter
Photographer and Writer, 2011 - 2014
Worked as staff photographer and writer for this newspaper in Toronto, Canada.

Supervisor Eric Mar, District 1
Legislative Aide, 2011
Staffed Supervisor Mar primarily for his work as Chair of the Land Use Committee.

Bernal Heights Neighborhood Center
Executive Director, 2005 - 2011
Housing Director, 1997 - 2005
Promoted to Executive Director of this multi-service community based nonprofit organization after leading its housing development and asset management work. Led the housing program's growth from small scale developments to being a citywide developer. Created the Small Sites Program and developed the first prototype small sites acquisition project. Also led the organization to become involved in land use planning.

Innovative Housing for Community
Housing Development Project Manager, 1993 - 1996
Developed and managed housing throughout San Francisco, Sonoma, Marin, San Mateo and Santa Clara Counties for this nonprofit provider of affordable, supportive, shared housing. Created the first affordable housing "green building" program in the Bay Area.

Skidmore Owings and Merrill
Job Captain, Architectural Designer
Los Angeles Office, 1988 - 1992
San Francisco Office, 1992 - 1993
Worked on all phases and aspects of large scale commercial and institutional buildings throughout the US and in Taiwan, including the Southern California Gas Company Tower and the Virginia State Library and Archives. Also worked on a large scale urban planning project in Changchun, China.

Awards and Recognitions

Outstanding Community Service, Coalition for San Francisco Neighborhoods, 2017

Dolores St Community Services Open Palm Award for BHNC, 2008

Central American Resource Center (CARECEN), 2007

Bank of America, Neighborhood Excellence Initiative, Local Hero Award, 2004

Education

University of California at Berkeley
Bachelor of Arts in Architecture, High Honors, 1988
Alpha Rho Chi, Departmental Award for Professional Promise

Boards of Directors and Active Affiliations

South of Market Community Action Network (SOMCAN), 2010 - Present
Chair of SOMCAN's Board

San Francisco Antidisplacement Coalition, 2016 - Present

Richmond District Rising, 2017 - Present
Steering Committee and Housing Committee

Westside Tenants Association, 2019 - Present

Community Housing Partnership, 2000 - 2006
Member, Board of Directors

Berkson Associates
Urban Economics
Policy Forensics & Forecasting
Planning & Policy Analysis

REPORT

BALBOA RESERVOIR PROJECT

FINDINGS OF FISCAL RESPONSIBILITY AND FEASIBILITY

Prepared for the City and County of San Francisco

Prepared by Berkson Associates

February 9, 2018

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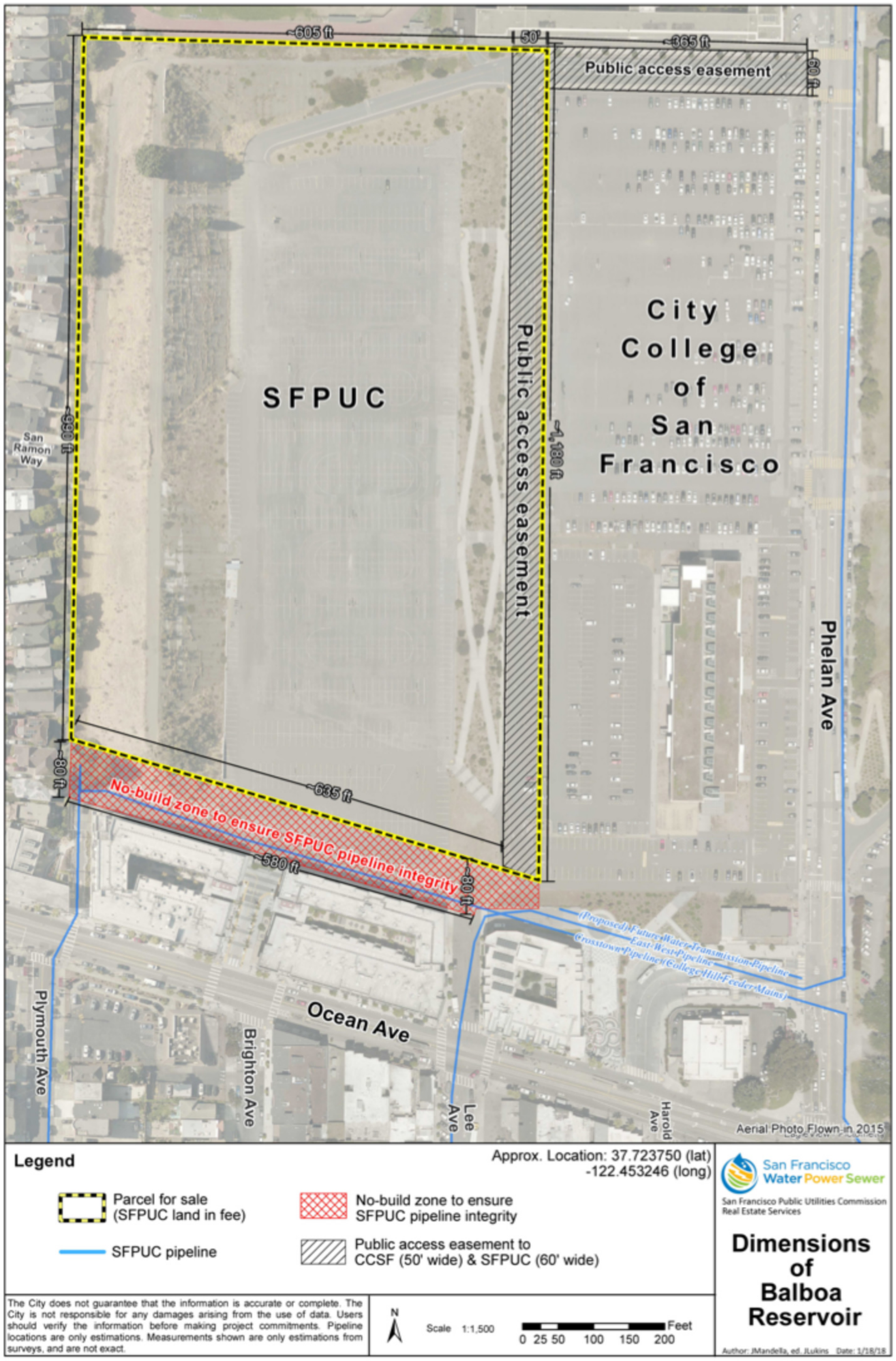
EXECUTIVE SUMMARY

Chapter 29 of the City's Administrative Code requires that the Board of Supervisors make findings of fiscal feasibility for certain development projects before the City's Planning Department may begin California Environmental Quality Act ("CEQA") review of those proposed projects. Chapter 29 requires consideration of five factors: (1) direct and indirect financial benefits of the project, including, to the extent applicable, cost savings and/or new revenues, including tax revenues generated by the proposed project; (2) the cost of construction; (3) available funding for the project; (4) the long term operating and maintenance cost of the project; and (5) debt load to be carried by the City department or agency.

This report provides information for the Board's consideration in evaluating the fiscal feasibility of a proposed development (the "Project") at the 17-acre Balboa Reservoir parcel shown in **Figure 1**. The City and County of San Francisco ("City), under the jurisdiction of the San Francisco Public Utilities Commission ("SFPUC"), owns the parcel ("Site"). The City has entered into exclusive negotiations with a team of developers led by BRIDGE Housing Corporation and AvalonBay Communities (the "Development Team") to create a mixed-income housing project (the "Project") at the Site. The Development Team would purchase the Site and build a mix of apartments, condos and townhouses.

Up to half of the units will be affordable to a range of low, moderate, and middle-income households occupying apartments and the condo units. The first 33 percent of units will be affordable units funded by value created by the Project; the additional affordable units, or up to 17 percent of total units, will be funded by public sources that could potentially include tax credits and other state sources, project-generated sources, future bonds, or the proposed gross receipts tax increase. For the purpose of the current analysis, a scenario consisting of 1,100 units, consistent with the Development Team's initial proposal, is evaluated; it is anticipated that subsequent environmental analysis will consider a range of alternatives.

Figure 1 Balboa Reservoir Project Areas



All dollar amounts are expressed in terms of 2017 purchasing power, unless otherwise noted. Information and assumptions are based on data available as of February 2018. Actual numbers may change depending on Project implementation and future economic and fiscal conditions.

FISCAL BENEFITS

The proposed Balboa Reservoir Project, if approved, will create approximately $4 million in new, annual ongoing general tax revenues to the City. After deducting required baseline allocations, and preliminary estimates of direct service costs described in **Chapter 3**, the Project as proposed will generate about $1.7 million annually to the City, in addition to about $1 million in other dedicated and restricted revenues. The fiscal results are largely proportional to the number of units, assuming the mix of affordable units remains constant. A reduction in the number of units would reduce the magnitude of the potential benefits, but the net impact on the City General Fund would remain positive.

The Project will generate an additional $400,000 annually to various other City funds (children's' fund, libraries, open space), and $600,000 annually to other restricted uses including SFMTA (parking taxes), public safety (sales taxes), and San Francisco Transportation Authority (sales taxes).

Additional one-time general revenues, including construction-related sales tax and construction gross receipts tax, total $3.3 million.

Based on standard fee rates, development impact fees total an estimated $23 million, although the City may agree to credit some of these fees back to the Project in consideration of public-serving improvements that the Project provides in kind. In addition, certain development fees, including childcare fees and bicycle facility in-lieu fees, could be offset by facilities constructed onsite, according to the City's standard impact fee policy. No affordable housing or jobs housing linkage fees are assumed due to the provision of affordable housing onsite.

The new general revenues will fund direct services needed by the Project, including police and fire/EMS services, and maintenance of roads dedicated to the City. Other services, including maintenance and security of parks and open space, will be funded directly by tenants of the Project. The estimated $1.7 million in net City general revenues, after deducting service costs and Charter-mandated baseline allocations of general revenues, will be available to the City to fund improved or expanded Citywide infrastructure, services and affordable housing. **Chapter 3** further describes fiscal revenue and expenditure estimates.

ECONOMIC BENEFITS

The Project will provide a range of direct and indirect economic benefits to the City. These benefits include a range of economic benefits such as new jobs, economic activity, and increased public and private expenditures as described in **Chapter 5** and summarized below:

- Over $560 million of construction activity and approximately 2,800 construction-related job-years during development, in addition to indirect and induced jobs.
- Approximately 1,100 new residential units, including up to 550 permanently affordable units. This housing is critical to economic growth in San Francisco and the region.

The Project will also create a small number of permanent non-construction jobs onsite related to parking facilities, landscape maintenance, and various services associated with the residential units.

DIRECT FINANCIAL BENEFITS TO THE SFPUC

The SFPUC, which has exclusive jurisdiction over the Site, will benefit financially from the sale of the Site. The land sale price will be negotiated to reflect the final development and public benefits program. The SFPUC may also realize increased revenues by providing power to the Project's residents.

NEW PUBLIC FACILITIES

The Project will construct parks and open spaces available to the general public. The Project also includes a childcare center that will be accessible by the public as well as the Project's residents.

OTHER BENEFITS

The Project may fall within the Ocean Avenue Community Benefits District (CBD), which assesses property owners to provide funding for a range of services within the neighborhood, including maintenance and cleaning of public rights of way, sidewalk operations and public safety, and District identity and streetscape improvements. Parcels within the CBD pay for and receive these services as participants in the CBD. The CBD’s applicability and associated tax rate will be determined prior to project approvals.

1. THE PROJECT & COSTS OF CONSTRUCTION

The Project will be constructed in two phases with Site preparation and construction planned to begin as early as 2021, Phase 1 units leased and sold as early as 2023, and Phase 2 units leased and sold by 2025, according to current plans. The Project and its development costs total at least $560 million, as described below. The Development Team will be responsible for planning, construction, marketing and operating the Project. The Development Team will reimburse the City for its costs incurred during the Project planning and environmental review process, including City staff costs. **Chapter 2** describes sources of funding to pay for development costs.

PROJECT DESCRIPTION

The Balboa Reservoir Site is an approximately 17-acre parcel that the City owns under the SFPUC's jurisdiction. The Site is located in the central southern portion of San Francisco, bounded by City College of San Francisco's Ocean Campus to the east, Riordan High School to the north, the Westwood Park neighborhood to the west, and the Avalon Ocean Avenue apartments to the south.

Plans for the Site's development envision a mixed-income housing Project. The Development Team would purchase the Site and build a mix of apartments, condos and townhouses.

Residential – This fiscal analysis assumes a scenario consisting of 1,100 total residential units. This scenario is based on the Development Team's response to the SFPUC Request for Proposals; environmental analysis will evaluate a range of units that may differ from the scenario in this report, and the Project's final unit count may also differ accordingly.

Affordable Housing – The Project proposes 50 percent of total units to be affordable, including 18 percent affordable to low-income households,[1] and 15 percent affordable to moderate-income households[2], for a subtotal of 33 percent affordable housing units. An additional 17 percent of units are proposed to be affordable to a combination of low, moderate, and middle-income households.

Parking – The fiscal analysis evaluates 1,010 parking spaces. Of the total spaces, 500 will be constructed in a parking garage and shared with the City College community.

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[1] Low-income rents would not exceed 55% of Area Median Income (AMI), and low-income for-sale prices would not exceed 80% of AMI.

[2] Moderate-income rents and sales prices would not exceed 120% of AMI.

CONSTRUCTION COSTS AND ASSESSED VALUE

Table 1 summarizes development costs totaling at least $560 million,[3] which will be phased through buildout by 2025 depending on future market conditions. Taxable assessed value is estimated based on development cost, with affordable rental housing exempted from property taxes if serving households who earn no more than 80% of AMI . These costs and values provide the basis for estimates of various fiscal tax revenues and economic impacts.

Table 1 Summary of Construction Costs and Assessed Value

Item	Development Cost
Residential Buildings (1)	
Townhouses (Market-rate)	$60,598,000
Condos (Affordable)	$15,360,000
Apartments (Market-rate)	$169,412,000
Apartments (Moderate)	$87,818,000
Apartments (Low-income)	$88,031,000
Subtotal, Residential Buildings	$421,219,000
Other	
Parking - shared (500 spaces)	$13,830,000
Infrastructure (2)	$38,000,000
Other Costs (3)	$86,787,000
Total	**$559,836,000**
(less) Property Tax-Exempt	
Low-income Rental Units (up to 80% AMI)	($88,031,000)
Net Taxable Assessed Value	**$471,805,000**

(1) Includes building hard costs, residential parking, and site development. Site acquisition and community benefits are to be negotiated and are not included.
(2) Master infrastructure includes utilities, roads, grading, parks and open space.
(3) "Other Costs" include soft costs (eg legal, design, finance, furnishings and fixtures). Permits & Fees not included for purposes of A.V. estimates. *2/9/18*

3 Hard and soft development costs; land costs, community benefits and other mitigations are to be negotiated and are not estimated.

2. AVAILABLE FUNDING FOR THE PROJECT

As described in the prior chapter, development costs are anticipated to total $560 million or more over the course of Project buildout. Several financing mechanisms and sources will assure funding of these costs and development of the Project.

HORIZONTAL & VERTICAL DEVELOPMENT OF THE SITE

The Development Team will be responsible for funding all horizontal Site improvements, infrastructure and public facilities needed to serve the Project, and vertical building construction with the exception of a portion of the affordable housing, as described in the section that follows. In addition to Developer equity and private financing, Project-based sources of funding and/or reimbursement could include (but may not be not limited to) the following:

- **Net sales proceeds and lease revenues** -- Revenues generated by the Project will help to fund improvements and repay private sources of investment and debt.
- **Mello-Roos Community Facilities District (CFD)** -- Bond proceeds secured by CFD special taxes may help to fund infrastructure costs. CFD special taxes not required for CFD debt service may fund horizontal Site development costs on a "pay-as-you-go" basis.
- **State sources –** No direct City subsidy will be used to build the 33% of the Project's total housing units that must paid for by the Project. However, the Developer may access non-competitive state funding such as 4% tax credits and tax-exempt bonds

FUNDING OF AFFORDABLE HOUSING

As described above, 33% of the Project's total housing units will be affordable housing paid for by the Project, such as with Developer equity or revenues generated by the market-rate portion of the Project, or non-competitive state sources. This baseline 33% rate is based on Proposition K (2015), which set the expectation that housing on property sold by the City will have no less than this amount of affordable housing.

Up to an additional 17% of the Project's total housing units will be affordable housing paid for with non-Project funds. The Development Team's initial proposal estimated that a subsidy of approximately $26 million would be required to provide approximately 187 additional affordable housing units, although this cost is subject to change as a result of changes in construction costs, availability of state funding, the low income housing tax credit market, and the Project's unit count or affordable housing program.

Funding sources for this additional affordable housing could potentially include:

- **Gross Receipts Tax.** In June, 2018, San Francisco voters will consider a ballot measure that would raise funds for affordable housing by increasing the gross receipts tax rate for commercial space. If this measure is approved, the Project would be eligible to utilize a portion of the new affordable housing funds.
- **Project-Generated Sources.** As determined by fiscal feasibility analysis, the Project will generate net new General Fund revenue of approximately $1.7 million. A portion of this revenue could be reinvested back into the Project; the mechanism for this reinvestment could be an infrastructure financing district, an affordable housing investment plan pursuant to AB 1598, or a direct transfer from the City.
- **State Sources.** The Project could apply for one of several funding sources administered at the state level, such as the California's Affordable Housing and Sustainable Communities program and certain low income housing tax credit programs.
- **Bond Revenue.** In November, 2018, California voters will consider a $4 billion state affordable housing bond. In addition, local affordable housing bonds are likely to be proposed in San Francisco in upcoming years; most recently, in 2015, San Francisco voters approved a $310 million affordable housing bond.

OTHER MAINTENANCE FUNDING

In addition to the public tax revenues generated to fund public services and road maintenance, as described in the **Chapter 3** fiscal analysis, CFD special taxes (or HOA fees) will be paid by property owners to fund a range of public services including onsite parks and open space maintenance and operation.

3. FISCAL ANALYSIS: INFRASTRUCTURE MAINTENANCE & PUBLIC SERVICES

Development of the Project will create new public infrastructure including streets, parks and open space that will require ongoing maintenance. **Table 2** summarizes total annual general revenues created by the Project, and net revenues available after funding the Project's service costs. The fiscal results are largely proportional to the number of units, assuming the mix of affordable units remains constant. A reduction in the number of units would reduce the magnitude of the potential benefits and an increase in the number of units would increase their magnitude, but in either case the net impact on the City General Fund would remain positive.

Table 2 Estimated Annual Net General Revenues and Expenditures

Item	Annual Amount
Annual General Revenue	
Property Taxes (1)	$2,682,000
Property Tax in Lieu of VLF	$567,000
Property Transfer Tax	391,000
Sales Tax	261,000
Parking Tax (City 20% share)	95,000
Gross Receipts Tax	63,000
Subtotal, General Revenue	**$4,059,000**
(less) 20% Charter Mandated Baseline	($811,800)
Revenues to General Fund above Baseline	**$3,247,200**
Public Services Expenditures	
Parks and Open Space	*Project's taxes or fees*
Roads (maintenance, street cleaning)	76,000
Police (2)	855,000
Fire (2)	607,000
Subtotal, Services	**$1,538,000**
NET Annual General Revenues	**$1,709,200**
Annual Other Dedicated and Restricted Revenue	
Property Tax to Other SF Funds (1)	$413,000
Parking Tax (MTA 80% share)	$380,000
Public Safety Sales Tax	$130,000
SF Cnty Transportation Auth'y Sales Tax	$130,000
Subtotal	**$1,053,000**
TOTAL, Net General + Other SF Revenues	**$2,762,200**
Other Revenues	
Property Tax to State Education Rev. Fund (ERAF)	**$1,195,000**

(1) Property tax to General Fund at 57%. Other SF funds include the Childrens' Fund, Library Fund, and Open Space Acquisition.

(2) Police and Fire costs based on Citywide avg. cost per resident and per job.

2/9/18

As noted in the prior **Table 2**, certain service costs will be funded through special taxes or assessments paid by new development and managed by a master homeowners association (HOA). Other required public services, including additional police, fire and emergency medical services (EMS), as well as the maintenance of any new roads that are built by the Project and transferred to the City, will be funded by increased General Fund revenues from new development. MUNI/transportation services may also be affected and will be offset by a combination of service charges, local, regional and State funds.

Table 3 summarizes development impact fees and other one-time revenues during construction. The impact fee revenue will be dedicated and legally required to fund infrastructure and facilities targeted by each respective fee. Credits may be provided against certain fees to the extent that the Project builds qualifying infrastructure and public facilities onsite, for example, bicycle parking and childcare facilities. The City may also agree to credit some of these fees back to the Project in consideration of public-serving improvements that the Project provides in kind. Certain impact fee revenues may be used Citywide to address needs created by new development. No affordable housing in-lieu fees or jobs housing linkage fees are assumed due to the Project providing affordable units equal to 50 percent of total units.

Table 3 Estimated Impact Fees and One-Time Revenues

Item	Total Amount
City Development Impact Fees (1)	
Balboa Park Community Infrastructure	$9,371,000
Jobs Housing Linkage (2)	na
Affordable Housing (3)	provided onsite
Child Care (4)	$2,308,000
Bicycle Parking In-lieu	provided onsite
Transportation Sustainability Fee	$11,315,000
	$22,994,000
Other Fees	
San Francisco Unified School District	**$3,957,000**
Other One-Time Revenues	
Construction Sales Tax (1% Gen'l Fund)	$1,419,000
Gross Receipts Tax During Construction	$1,892,000
Total: Other One-Time Revenues	**$3,311,000**

(1) Impact fee rates as of Jan. 1, 2018. Refer to Table A-3 for additional detail.
(2) Linkage fee (commercial uses only) assumed offset by Project's affordable housing.
(3) Affordable housing will be provided on site.
(4) Child Care impact fee may be waived in consideration for the Project's on-site childcare center.

2/9/18

MAINTENANCE AND SERVICE COSTS

Actual costs will depend on the level of future service demands, and Citywide needs by City departments at the time of development and occupancy.

Public Open Space

The Project will include at least 4.0 acres of public parks and open spaces. The parks consist of a large open space of approximately 2 acres, and at least 1.5 acres, along with "gateway" green spaces to serve as gathering places that unite the Site with the surrounding neighborhoods.

The Recreation and Parks Department (RPD) may express interest in assuming ownership and/or operations and maintenance responsibilities for the proposed large open space, subject to agreement between the Project developer and the City. The developer may engage in discussions with RPD about potentially entering into such an arrangement as part of the Development Agreement. However, absent such an arrangement, the Project will fund the parks and open spaces' ongoing operating costs, including administration, maintenance, and utility costs using CFD services special taxes (or HOA fees) paid by property owners. A master homeowners association would be responsible for managing maintenance activities, as well as the programming of recreation activities not otherwise provided by the City. Specific service needs and costs will be determined based on the programming of the parks.

Police

The Project Site is served by the SFPD's Ingleside Station. The addition of the Project's new residents would likely lead the Ingleside Police District to request additional staffing. Over the past several decades, the SFPD has kept staffing levels fairly constant and manages changing service needs within individual districts by re-allocating existing capacity. If needed to serve new residents associated with the Project, additional officers would most likely be reassigned from other SFPD districts and/or hired to fill vacancies created by retirements.[4] [5] For purposes of this analysis, the Project's police service cost is estimated using the City's current per capita service rate.

Fire and EMS

The San Francisco Fire Department (SFFD) deploys services from the closest station with available resources, supplemented by additional resources based on the nature of the call. SFFD

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[4] Carolyn Welch, San Francisco Police Department, telephone interview, December 22, 2017.

[5] Jack Hart, San Francisco Police Department, telephone interview, January 3, 2017.

anticipates that it will require additional resources to serve the Site and its vicinity as that area's population grows, but it has not yet determined the anticipated costs.[6] The costs in this report have been estimated based on Citywide averages.

SFMTA

Using the City's Transportation Demand Management (TDM) Ordinance as a guide, the Project will include a TDM program that encourages the use of sustainable modes of transportation for residents and visitors. This approach will increase demand for and revenues to local public transit service, which includes the J, K, and M MUNI light rail lines and the 8, 29, 43, 49, and 88X bus lines. The Project will also be required to pay the Transportation Sustainability Fee and/or provide equivalent in-kind transportation benefits, as well as provide transportation mitigation measures required as a result of the environmental review process. Specific impacts on transit services, costs, and cost recovery will be studied and determined by the final development program, TDM plan, and environmental review findings.

Department of Public Works (DPW)

The Project will create new rights of way to provide access into and out of the Site and circulation within it. These improvements may be accepted by the City, provided that they are designed to standards approved by applicable City agencies, in which case DPW would be responsible for cleaning and maintaining them. Based on the anticipated type and intensity of these proposed rights of way, DPW is estimating annual maintenance costs[7]. For purposes of the current analysis, a Citywide average cost per mile of road provides an estimated cost.

The Project may also include some smaller roads and access points that would remain private, in which case the City would not be responsible for their ongoing operation and maintenance. Instead, special taxes paid by owners of Project buildings, for example as participants in a services CFD, could fund their maintenance. The services budget would be sized to pay for ongoing maintenance of facilities as well as periodic "life cycle" costs for repair and replacement of facilities.

[6] Olivia Scanlon, San Francisco Fire Department, telephone interview, February 8, 2018.

[7] Bruce Robertson, Department of Public Works, correspondence with City Project staff.

PUBLIC REVENUES

New tax revenues from the Project will include ongoing annual revenues and one-time revenues, as summarized in the prior tables. The revenues represent direct, incremental benefits of the Project. These tax revenues will help fund public improvements and services within the Project and Citywide. The following sections describe key assumptions and methodologies employed to estimate each revenue.

Charter Mandated Baseline Requirements

The City Charter requires that a certain share of various General Fund revenues be allocated to specific programs. An estimated 20 percent of revenue is shown deducted from General Fund discretionary revenues generated by the Project (in addition to the share of parking revenues dedicated to MTA, shown separately). While these baseline amounts are shown as a deduction, they represent an increase in revenue as a result of the Project to various City programs whose costs aren't necessarily directly affected by the Project, resulting in a benefit to these services.

Property Taxes

Property tax at a rate of 1 percent of value will be collected from the land and improvements constructed by the Project.[8] The City receives up to $0.65 in its General Fund and special fund allocations, of every property or possessory interest tax dollar collected. The State's Education Revenue Augmentation Fund (ERAF) receives $0.25 of every property tax dollar collected.

The remaining $0.10 of every property tax dollar collected, beyond the City's $0.65 share and the $0.25 State ERAF share, is distributed directly to other local taxing entities, including the San Francisco Unified School District, City College of San Francisco, the Bay Area Rapid Transit District and the San Francisco Bay Area Air Quality Management District. These distributions will continue and will increase as a result of the Project.

Upon the sale of a parcel, building, or individual unit constructed at the Project, the taxable value will be assessed at the new transaction price. The County Assessor will determine the assessed values; the estimates shown in this analysis are preliminary and may change depending on future economic conditions and the exact type, amount and future value of development.

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8 Ad valorem property taxes supporting general obligation bond debt in excess of this 1 percent amount and other assessments are excluded for purposes of this analysis. Such taxes require separate voter approval and proceeds are payable only for uses approved by the voters.

Certain properties, including non-profits providing low-income rental housing, are exempt from property tax.

It is likely that property taxes will also accrue during construction of infrastructure and individual buildings, depending on the timing of assessment and tax levy. These revenues have not been estimated.

Property Tax In-Lieu of Vehicle License Fees

In prior years, the State budget converted a significant portion of Motor Vehicle License Fee (VLF) subventions into property tax distributions; previously theses revenues were distributed by the State using a per-capita formula. Under the current formula, these distributions increase over time based on assessed value growth within a jurisdiction. Thus, these City revenues will increase proportionate to the increase in the assessed value added by the new development.

Sales Taxes

The City General Fund receives 1 percent of taxable sales. New residents will generate taxable sales to the City. In addition to the 1 percent sales tax received by every city and county in California, voter-approved local taxes dedicated to transportation purposes are collected. Two special districts, the San Francisco County Transportation Authority and the San Francisco Public Financing Authority (related to San Francisco Unified School District) also receive a portion of sales taxes (0.50 and 0.25 percent, respectively) in addition to the 1 percent local General Fund portion. The City also receives revenues from the State based on sales tax for the purpose of funding public safety-related expenditures.

Sales Taxes from Construction

During the construction phases of the Project, one-time revenues will be generated by sales taxes on construction materials and fixtures purchased in San Francisco. Sales tax will be allocated directly to the City and County of San Francisco in the same manner as described in the prior paragraph. Construction sales tax revenues may depend on the City's collection of revenues pursuant to a sub-permit issued by the State.

Transient Occupancy Tax (TOT)

Hotel Room Tax (also known as Transient Occupancy Tax or TOT) will be generated when hotel occupancies are enhanced by the residential uses envisioned for the Project, such as when friends and relatives come to San Francisco to visit Project residents but choose to stay at hotels. The City currently collects a 14 percent tax on room charges. However, given that no hotels are envisioned for the Project (out-of-town visitors to the Site will likely stay at hotels elsewhere in the City), the impact will not be direct and is excluded from this analysis.

Parking Tax

The City collects tax on parking charges at garages, lots, and parking spaces open to the public or dedicated to commercial users. The tax is 25 percent of the pre-tax parking charge. The revenue may be deposited to the General Fund and used for any purpose, however as a matter of City policy the SFMTA retains 80 percent of the parking tax revenue; the other 20 percent is available to the General Fund for allocation to special programs or purposes. This analysis assumes that parking spaces envisioned for the Project's 500-space shared parking garage will generate parking tax; no parking tax is assumed from the residential-only parking spaces. Off-site parking tax revenues that may be generated by visitors or new residents are not included.

Property Transfer Tax

The City collects a property transfer tax ranging from $2.50 on the first $500 of transferred value on transactions up to $250,000 to $15.00 per $500 on transactions greater than $25 million.

The fiscal analysis assumes that commercial apartment property sells once every ten to twenty years, or an average of about once every 15 years. For estimating purposes, it is assumed that sales are spread evenly over every year, although it is more likely that sales will be sporadic. An average tax rate has been applied to the average sales transactions to estimate the potential annual transfer tax to the City. Actual amounts will vary depending on economic factors and the applicability of the tax to specific transactions.

The for-sale units can re-sell independently of one another at a rate more frequent than rental buildings. This analysis conservatively assumes that the average condominium or townhouse will be sold to a new owner every ten years, on average.

Gross Receipts Tax

Commercial activity, including residential rental property, generates gross receipts taxes. Actual revenues from future gross receipt taxes will depend on a range of variables, including the amount of rental income. This analysis assumes the current gross receipts tax rate of 0.3% (applicable to revenues in the $2.5 million to $25 million range).

DEVELOPMENT IMPACT FEES

The Project will generate a number of one-time City impact fees including:

- **Balboa Park Community Infrastructure** (Planning Code Sec. 422) -- These fees "shall be used to design, engineer, acquire, improve, and develop pedestrian and streetscape improvements, bicycle infrastructure, transit, parks, plazas and open space, as defined in the

Balboa Park Community Improvements Program with the Plan Area. Funds may be used for childcare facilities that are not publicly owned or "publicly-accessible."[9]

- **Jobs Housing Linkage** (Planning Code Sec. 413)-- These fees apply only to commercial uses and are assumed to be offset by the affordable housing provided onsite.
- **Affordable Housing** (Planning Code Sec. 415) –All affordable housing will be provided on the Site, and therefore the Project will be exempt from the fees.
- **Child Care** (Planning Code Sec. 414, 414A) – A fee per square foot is charged to residential uses. It is likely that all or some portion of these fees will be offset and reduced by the value of childcare facilities constructed onsite.
- **Bicycle Parking In-lieu Fee** (Planning Code Sec. 430) -- This fee is assumed to be offset by facilities provided onsite.
- **Transit Sustainability Fee (TSF)** (Planning Code Sec. 411A) – This fee, effective December 25, 2015, replaced the Transit Impact Development Fee. It is a fee per square foot paid by residential and non-residential uses.

In addition to the impact fees charged by the City, utility connection and capacity charges will be collected based on utility consumption and other factors. Other fees will include school impact fees to be paid to the San Francisco Unified School District. The Project will also pay various permit and inspection fees to cover City costs typically associated with new development projects.

[9] San Francisco Planning Code, Article 4, Sec. 422.5(b)(1) Balboa Park Community Improvements Fund, Use of Funds.

4. DEBT LOAD TO BE CARRIED BY THE CITY AND THE SFPUC

No debt is anticipated to be incurred by the City or the SFPUC in connection with the Project. However, public financing or other non-Project sources will be required to achieve the target affordable housing rate of 50%, as described above. The City could potentially issue bonds in conjunction with several of these sources, subject to regulatory and/or voter approval, but a number of other financing options would allow the City to avoid issuing new debt.

5. BENEFITS TO THE CITY AND SFPUC

The Project will provide a range of direct and indirect benefits to the City and the SFPUC. These benefits include tax revenues that exceed service costs, as well as a range of other economic benefits such as new jobs, economic activity, and increased public and private expenditures.

FISCAL BENEFITS

As described in **Chapter 3**, the Project is anticipated to generate a net $1.7 million of annual general City tax revenues in excess of its estimated public service costs, in addition to about $1 million in other dedicated and restricted revenues. These revenues would be available for expansion of local and/or Citywide services and public facilities. Approximately 20 percent of revenues are allocated to "Baseline" costs, which represents a benefit to the City.

ECONOMIC BENEFITS TO THE CITY

New Permanent Jobs - The Project will create a small number of new jobs related to the parking facilities and services, childcare services at the childcare center, and landscape and other onsite maintenance services. The residential uses will also create janitorial and domestic service jobs. Because the Project is entirely residential, its economic "multiplier" effects are minimal.

Temporary Jobs - The construction of the Project will create short-term construction spending and construction jobs, estimated at 2,800 job-years.

New Housing Supply - Completion of approximately 1,100 residential units also will have the positive economic benefit of adding a significant amount to the City's total supply of housing. This provides increased access to housing for existing City residents, as well employees working within the City. Importantly, these approximately 1,100 units will include up to 550 units of affordable to low, moderate, and middle-income households, which are populations with acute housing needs in San Francisco.

DIRECT FINANCIAL BENEFITS TO THE CITY AND SFPUC

The Project will result in several direct financial benefits:

Proceeds from Property Sale -- The sale of the property currently owned by the City will generate net proceeds. The SFPUC will receive fair market value for the sale of the property.

Increased Sale of Public Power -- The SFPUC may provide electrical power to the Project's residents, generating net revenues to the SFPUC.

NEW PUBLIC FACILITIES

The Project will construct parks and open spaces, a shared parking garage, and a community room available to the general public. The Project also includes a childcare center that will be accessible by the public as well as the Project's residents. These facilities are expected to be utilized by the City College community and residents of surrounding neighborhoods.

OTHER BENEFITS

The Project may participate in the Ocean Avenue Community Benefits District (CBD) that provides funding for a range of services within the neighborhood, including maintenance and cleaning of public rights of way, sidewalk operations and public safety, and District identity and streetscape improvements. The CBD's applicability and associated tax rate will be determined prior to project approvals.

APPENDIX A: FISCAL ANALYSIS

Table of Contents
Balboa Reservoir

Table 1
Fiscal Results Summary, Ongoing Revenues and Expenditures
Balboa Reservoir

Item	Annual Amount
Annual General Revenue	
Property Taxes (1)	$2,682,000
Property Tax in Lieu of VLF	$567,000
Property Transfer Tax	391,000
Sales Tax	261,000
Parking Tax (City 20% share)	95,000
Gross Receipts Tax	63,000
Subtotal, General Revenue	**$4,059,000**
(less) 20% Charter Mandated Baseline	($811,800)
Revenues to General Fund above Baseline	**$3,247,200**
Public Services Expenditures	
Parks and Open Space	*Project's taxes or fees*
Roads (maintenance, street cleaning)	76,000
Police (2)	855,000
Fire (2)	607,000
Subtotal, Services	**$1,538,000**
NET Annual General Revenues	**$1,709,200**
Annual Other Dedicated and Restricted Revenue	
Property Tax to Other SF Funds (1)	$413,000
Parking Tax (MTA 80% share)	$380,000
Public Safety Sales Tax	$130,000
SF Cnty Transportation Auth'y Sales Tax	$130,000
Subtotal	**$1,053,000**
TOTAL, Net General + Other SF Revenues	**$2,762,200**
Other Revenues	
Property Tax to State Education Rev. Fund (ERAF)	**$1,195,000**

(1) Property tax to General Fund at 57%. Other SF funds include the Childrens' Fund, Library Fund, and Open Space Acquisition.
(2) Police and Fire costs based on Citywide avg. cost per resident and per job.

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Table 2
Fiscal Results Summary, One-Time Revenues
Balboa Reservoir

Item	Total Amount
City Development Impact Fees (1)	
Balboa Park Community Infrastructure	$9,371,000
Jobs Housing Linkage (2)	na
Affordable Housing (3)	provided onsite
Child Care (4)	$2,308,000
Bicycle Parking In-lieu	provided onsite
Transportation Sustainability Fee	$11,315,000
	$22,994,000
Other Fees	
San Francisco Unified School District	**$3,957,000**
Other One-Time Revenues	
Construction Sales Tax (1% Gen'l Fund)	$1,419,000
Gross Receipts Tax During Construction	$1,892,000
Total: Other One-Time Revenues	**$3,311,000**

(1) Impact fee rates as of Jan. 1, 2018. Refer to Table A-3 for additional detail.
(2) Linkage fee (commercial uses only) assumed offset by Project's affordable housing.
(3) Affordable housing will be provided on site.
(4) Child Care impact fee may be waived in consideration for the Project's on-site childcare center.

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Table A-1a
Project Description Summary
Balboa Reservoir

Item (1)		**Units, Sq.Ft., or Spaces**	
Apartments			
Market Rate		483	units
Affordable		502	units
Total, Apts		985	units
Condos and Townhouses			
Market Rate Townhouses		67	units
Affordable Condos		48	units
Total, Condos and Townhouses		115	units
Total, Residential			units
Market Rate	50%	550	units
Affordable	50%	550	units
		1,100	units
Community Gathering Space		1,500	sq.ft.
Childcare Center (capacity for 100 children)		5,000	sq.ft.
Shared Garage		500	spaces
		175,000	sq.ft.

(1) Number of units and space are preliminary and for evaluation purposes only.
Further analysis may consider different development program scenarios.

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Table A-1b
Project Description Summary -- Affordable Units
Balboa Reservoir

Housing Category	**% of Total**	**Units (1)**
Baseline Affordable Apts.		
Low-Income (Bridge/Mission <55% AMI)	16%	174
Moderate-Income (Bridge <120% AMI)	15%	165
Total Baseline Affordable		339
Baseline Affordable Condos		
Low-Income (Habitat <80% AMI)	2%	24
Total Baseline Affordable	**33%**	**363**
Additional Affordable Apts.		
Low-Income (Bridge <20% & <55% AMI)	15%	163
Additional Affordable Condos		
Moderate-Income (Habitat <105% AMI)	2%	24
Total Additional Affordable	**17%**	**187**
Total Affordable	**50%**	**550**
Market-Rate Apts		483
Market-Rate Townhouses		67
Total, Market Rate	**50%**	**550**
TOTAL UNITS	**100%**	**1,100**

(1) Number of units and space are preliminary and for evaluation purposes only;
Further analysis may consider different development program scenarios.

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Table A-2
Population and Employment
Balboa Reservoir

Item	Assumptions		Total
Population	2.27	persons per unit (1)	2,497
Employment (FTEs)			
Residential (2)	27.9	units per FTE (2)	39
Parking	270	spaces per FTE (2)	2
Total			41
Construction (job-years) (5)	$559,836,000	Construction cost	2,754
TOTAL SERVICE POPULATION			
Residents			2,497
Employees (excluding construction jobs)			41
Total Service Population (Residents plus Employees)			2,538
CITYWIDE			
Residents (3)			874,200
Employees (4)			710,300
Service Population (Residents plus Employees)			1,584,500

(1) ABAG 2015 estimate (citywide); actual Project density will vary depending on unit size and mix.
(2) Residential jobs include building management, janitorial, cleaning/repair, childcare, and other domestic services. Factors based on comparable projects.
(3) Cal. Dept. of Finance, Rpt. E-1, 2017
(4) BLS QCEW State and County Map, 2016Q3.
(5) Construction job-years based on IMPLAN job factors.

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Table A-3
San Francisco City Development Impact Fee Estimate
Balboa Reservoir

Item			Total Sq.Ft. (1)	Total Fees
Residential	**Units**			
Market-Rate	550		605,000	
Moderate-Income	189		189,000	
Low-Income	361		342,950	
Total	1,100		1,136,950	
Other				
Childcare Facility	approximately		5,000	
Shared Parking (2)			175,000	
City Impact Fees (per gross building sq.ft.) (2)	**Fee Rate**			
Balboa Park Community Infrastructure				
Residential (3)	$11.32	/sq.ft.	794,000	$8,988,080
Non-Residential (3)	$2.13	/sq.ft.	180,000	$383,400
Jobs Housing Linkage (4)	na			na
Affordable Housing (5)	na			na
Child Care (6)	$2.03	/sq.ft.	1,136,950	$2,308,009
Bicycle Parking In-lieu Fee (7)	na			na
Transportation Sustainability Fee				
Residential (8)	$9.71	/sq.ft.	794,000	$7,709,740
Non-Residential (3)	$20.03	/sq.ft.	180,000	$3,605,400
Total				**$22,994,629**
Other Impact Fees (9)				
San Francisco Unified School District	$3.48	/sq.ft.	1,136,950	**$3,956,586**

(1) Residential fees assume approximately 950 to 1,100 sq.ft./unit. Mix of sizes will vary in final program.

(2) All impact fees are as of January 2018.

(3) Units affordable to a maximum 80% AMI exempt from Balboa Park Community Infrastructure Fee.
100% of non-residential assumed to be subject to TSF & Community Infrastructure Fee.

(4) Jobs Housing Linkage not applicable to residential.

(5) Plans anticipate affordable units sufficient to offset fee requirement.

(6) Child Care impact fee may be waived in consideration for the Project's on-site childcare facility.

(7) Bicycle facilities provided onsite, not subject to fee.

(8) Units affordable to a maximum 80% AMI exempt from Transportation Sustainability Fee (TSF).

(9) Additional utility fees and charges will be paid, depending on final Project design.

Sources: City of San Francisco, and Berkson Associates. *2/9/18*

Table A-4
Assessed Value Estimate
Balboa Reservoir

Item	Development Cost
Residential Buildings (1)	
Townhouses (Market-rate)	$60,598,000
Condos (Affordable)	$15,360,000
Apartments (Market-rate)	$169,412,000
Apartments (Moderate)	$87,818,000
Apartments (Low-income)	$88,031,000
Subtotal, Residential Buildings	$421,219,000
Other	
Parking - shared (500 spaces)	$13,830,000
Infrastructure (2)	$38,000,000
Other Costs (3)	$86,787,000
Total	**$559,836,000**
(less) Property Tax-Exempt	
Low-income Rental Units (up to 80% AMI)	($88,031,000)
Net Taxable Assessed Value	**$471,805,000**

(1) Includes building hard costs, residential parking, and site development. Site acquisition and community benefits are to be negotiated and are not included.
(2) Master infrastructure includes utilities, roads, grading, parks and open space.
(3) "Other Costs" include soft costs (eg legal, design, finance, furnishings and fixtures). Permits & Fees not included for purposes of A.V. estimates.

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Table A-5
Property Tax Estimate
Balboa Reservoir

Item	Assumptior	Total
Taxable Assessed Value (1)		**$471,805,000**
Gross Property Tax	1.0%	**$4,718,000**
Allocation of Tax		
General Fund	**56.84%**	**$2,682,000**
Childrens' Fund	3.75%	$177,000
Library Preservation Fund	2.50%	$118,000
Open Space Acquisition Fund	2.50%	$118,000
Subtotal, Other Funds	**8.75%**	**$413,000**
ERAF	25.33%	$1,195,000
SF Unified School District	7.70%	$363,000
Other	1.38%	$65,000
	34.41%	**$1,623,000**
Total, 1%	**100.00%**	**$4,718,000**
Other (bonds, debt, State loans, etc.)	**17.23%**	**$813,000**
TOTAL	**117.23%**	**$5,531,000**

Sources: City of San Francisco, and Berkson Associates *2/9/18*

Table A-6
Property Tax in Lieu of VLF Estimate
Balboa Reservoir

Item	Total
Citywide Total Assessed Value (1)	$231,000,000,000
Total Citywide Property Tax in Lieu of Vehicle License Fee (VLF) (2)	$233,970,000
Project Assessed Value	$559,836,000
Growth in Citywide AV due to Project	0.24%
TOTAL PROPERTY TAX IN LIEU OF VLF (3)	**$567,000**

(1) Based on the CCSF FY2017 total assessed value, Office of the Assessor-Controller, July 21, 2017.
(2) City and County of San Francisco Annual Appropriation Ordinance for Fiscal Year Ending June 30, 2018, page 127.

(3) Equals the increase in Citywide AV due to the Project multiplied by the current Citywide Property Tax In Lieu of VLF. No assumptions included about inflation and appreciation of Project or Citywide assessed values.

Sources: City of San Francisco, and Berkson Associates *2/9/18*

Table A-7
Property Transfer Tax
Balboa Reservoir

Item		Assumptions	Total
Annual Transfer Tax From Condo and Townhouses Sales			
Assessed Value (AV)	$75,958,000		
Annual Transactions	10.0%	*(avg. sale once/10 years)(4)*	$7,596,000
Transfer Tax From Condos and Townhouses	$3.40	/$500 (1)	$52,000
Market-Rate Apartments (5)			
Assessed Value (AV)	$169,400,000		
Avg. Sales Value	6.7%	*(avg.sale once/15 years)(3),(4)*	$11,293,000
Transfer Tax: Apartment Buildings (annual avg.)	$15.00	/$500 (2)	$339,000
TOTAL ONGOING TRANSFER TAX			**$391,000**

(1) Rates range from $2.50 per $500 of value for transactions up to $250k, $3.40 up to $1 million, to $3.75 per $500 of value for transactions from $1 million to $5 million; applies to sale of affordable and market-rate ownership units.

(2) Assumes rate applicable to sales > $25 million for market-rate apartment buildings.

(3) Actual sales will be periodic and for entire buildings; revenues have been averaged and spread annually for the purpose of this analysis.

(4) Turnover rates are estimated averages based on analysis of similar projects; actual % and value of sales will vary annually.

(5) No transactions assumed for low-income and moderate-rate apartments owned by non-profits.

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Table A-8
Sales Tax Estimates
Balboa Reservoir

Item	Low-Income Apts (<55% AMI) Assumptions		Total	Moderate-Income Apts (<120% AMI) Assumptions		Total	Low-Income Condos (<80% AMI) Assumptions		Total
Taxable Sales From New Residential Uses									
Sale Price									
Average Annual Rent or Housing Payment (1)									
Average Household Income	50%	of AMI 2.27/hh	$47,700	110%	of AMI 2.27/hh	$104,900	70%	of AMI 2.27/hh	$66,700
Average HH Retail Expenditure (3)	27%		$12,900	27%		$28,300	27%		$18,000
New Households			337			165			24
Total New Retail Sales from Households			$4,347,000			$4,670,000			$432,000
New Taxable Retail Sales Captured in San Francisco (4)	80%	of retail expend.	$3,477,600	80%	of retail expend.	$3,736,000	80%	of retail expend.	$345,600
Net New Sales Tax to GF From Residential Uses	1.0%	tax rate	**$34,800**	1.0%	tax rate	**$37,400**	1.0%	tax rate	**$3,500**
TOTAL Sales Tax to General Fund (1%)			**$34,800**			**$37,400**			**$3,500**
Annual Sales Tax Allocation									
Sales Tax to the City General Fund	1.00%	tax rate	**$34,800**	1.00%	tax rate	**$37,400**	1.00%	tax rate	**$3,500**
Other Sales Taxes									
Public Safety Sales Tax	0.50%	tax rate	**$17,400**	0.50%	tax rate	**$18,700**	0.50%	tax rate	**$1,800**
San Francisco County Transportation Authority (6)	0.50%	tax rate	**$17,400**	0.50%	tax rate	**$18,700**	0.50%	tax rate	**$1,800**
SF Public Financing Authority (Schools) (6)	0.25%	tax rate	**$8,700**	0.25%	tax rate	**$9,400**	0.25%	tax rate	**$900**
One-Time Sales Taxes on Construction Materials and Supplies									
Total Development Cost									
Direct Construction Costs (exc. land, profit, soft costs, fees, etc.)									
Supply/Materials Portion of Construction Cost	60.00%								
San Francisco Capture of Taxable Sales	50.00%								
Sales Tax to San Francisco General Fund	1.0%	tax rate							

(1) Incomes from "2017 MAXIMUM INCOME BY HOUSEHOLD SIZE derived from the Unadjusted Area Median Income (AMI) for HUD Metro Fair Market Rent Area (HMFA) that Contains San Francisco". Affordable rents adjusted for average household size of 2.27.

(2) Avg. market rate apartment rent based on average for comparable project (AxioMetrics 12/17 survey). Estimated townhouse sale price from Berkson Associates, August 2017, avg. for new detached homes in San Francisco.

(3) Based on typical household spending as reported for the San Francisco MSA by the State Board of Equalization.

(4) Estimated portion of sales assumed to be captured within the City based on analyses prepared for comparable projects.

Source: Berkson Associates

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Table A-8
Sales Tax Estimates
Balboa Reservoir

Item	Moderate-Income Townhouses (<105% AMI)			Market-Rate Apts			Market-Rate Townhouses		
	Assumptions		Total	Assumptions		Total	Assumptions		Total
Taxable Sales From New Residential Uses									
Sale Price							$1,500,000	(2)	
Average Annual Rent or Housing Payment (1)				$3,300	/unit (2)	$39,600	$7,300	per household	$87,600
Average Household Income	100%	of AMI 2.27/hh	$95,400	30%		$132,000	30%		$292,000
Average HH Retail Expenditure (3)	27%		$25,800	27%		$35,600	27%		$78,800
New Households			24			483			67
Total New Retail Sales from Households			$619,000			$17,195,000			$5,280,000
New Taxable Retail Sales Captured in San Francisco (4)	80%	of retail expend	$495,200	80%	of retail exper	$13,756,000	80%	of retail expend	$4,224,000
Net New Sales Tax to GF From Residential Uses	1.0%	tax rate	**$5,000**	1.0%	tax rate	**$137,600**	1.0%	tax rate	**$42,200**
TOTAL Sales Tax to General Fund (1%)			**$5,000**			**$137,600**			**$42,200**
Annual Sales Tax Allocation									
Sales Tax to the City General Fund	1.00%	tax rate	**$5,000**	1.00%	tax rate	**$137,600**	1.00%	tax rate	**$42,200**
Other Sales Taxes									
Public Safety Sales Tax	0.50%	tax rate	**$2,500**	0.50%	tax rate	**$68,800**	0.50%	tax rate	**$21,100**
San Francisco County Transportation Authority (6)	0.50%	tax rate	**$2,500**	0.50%	tax rate	**$68,800**	0.50%	tax rate	**$21,100**
SF Public Financing Authority (Schools) (6)	0.25%	tax rate	**$1,300**	0.25%	tax rate	**$34,400**	0.25%	tax rate	**$10,600**

(1) Incomes from "2017 MAXIMUM INCOME BY HOUSEHOLD SIZE derived from the Unadjusted Area Median Income (AMI) for HUD Metro Fair Market Rent Area (HMFA) that Contains San Francisco". Affordable rents adjusted for average household size of 2.27.

(2) Avg. market rate apartment rent based on average for comparable project (AxioMetrics 12/17 survey). Estimated townhouse sale price from Berkson Associates, August 2017, avg. for new detached homes in San Francisco.

(3) Based on typical household spending as reported for the San Francisco MSA by the State Board of Equalization.

(4) Estimated portion of sales assumed to be captured within the City based on analyses prepared for comparable projects.

Source: Berkson Associates

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Table A-8
Sales Tax Estimates
Balboa Reservoir

Item	TOTAL
Taxable Sales From New Residential Uses	
Sale Price	na
Average Annual Rent or Housing Payment (1)	na
Average Household Income	na
Average HH Retail Expenditure (3)	na
New Households	1,100
Total New Retail Sales from Households	
New Taxable Retail Sales Captured in San Francisco (4)	
Net New Sales Tax to GF From Residential Uses	**$260,500**
TOTAL Sales Tax to General Fund (1%)	**$260,500**
Annual Sales Tax Allocation	
Sales Tax to the City General Fund	**$260,500**
Other Sales Taxes	
Public Safety Sales Tax	**$130,300**
San Francisco County Transportation Authority (6)	**$130,300**
SF Public Financing Authority (Schools) (6)	**$65,300**
One-Time Sales Taxes on Construction Materials and	
Total Development Cost	$559,836,000
Direct Construction Costs (exc. land, profit, soft costs, fees)	$473,049,000
Supply/Materials Portion of Construction Cost	$283,829,000
San Francisco Capture of Taxable Sales	$141,914,500
Sales Tax to San Francisco General Fund	**$1,419,000**

(1) Incomes from "2017 MAXIMUM INCOME BY HOUSEHOLD SIZE derived from the Unadjusted Area Median Income (AMI) for HUD Metro Fair Market Rent Area (HMFA) that Contains San Francisco". Affordable rents adjusted for average household size of 2.27.

(2) Avg. market rate apartment rent based on average for comparable project (AxioMetrics 12/17 survey). Estimated townhouse sale price from Berkson Associates, August 2017, avg. for new detached homes in San Francisco.

(3) Based on typical household spending as reported for the San Francisco MSA by the State Board of Equalization.

(4) Estimated portion of sales assumed to be captured within the City based on analyses prepared for comparable projects.

Source: Berkson Associates

Table A-9
Parking Tax
Balboa Reservoir

Item	Assumption		Total
Garage Revenue (2)			$1,900,000
Spaces (shared garage) (1)			500
Parking Revenues			
Annual Total (2)	$3,800	per year/space	$1,900,000
San Francisco Parking Tax (3)	25%	of revenue	**$475,000**
Parking Tax Allocation to General Fund/Special Programs	*20%*	*of tax proceeds*	$95,000
Parking Tax Allocation to Municipal Transp. Fund	*80%*	*of tax proceeds*	$380,000

(1) Shared spaces will be a mix of residents and City College parking.
(2) Based on estimated revenue from parking garage; actual hourly and daily revenue will vary depending on occupancy rates, turnover during the day, and long-term parking rates vs. hourly rates.
(3) 80 percent is transferred to the San Francisco Municipal Transportation Agency for public transit as mandated by Charter Section 16.110.

Source: Berkson Associates *2/9/18*

Table A-10
Gross Receipts Tax Estimates
Balboa Reservoir

Item	Total Gross Receipts	Gross Revenue Tier (1) up to $1m	$1m - $2.5m	$2.5m - $25m	$25m+	Gross Receipts Tax
Business Income						
Subtotal	na					na
Rental Income (2)						
Parking	$1,900,000	*0.285%*	*0.285%*	*0.300%*	*0.300%*	$5,700
Residential	$19,127,000	*0.285%*	*0.285%*	*0.300%*	*0.300%*	$57,381
Subtotal	$21,027,000					$63,081
Total Gross Receipts	**$21,027,000**					**$63,081**
Project Construction						
Total Development Value (3)	$559,836,000					
Direct Construction Cost (4)	$473,049,000	*0.300%*	*0.350%*	*0.400%*	*0.450%*	**$1,892,196**

(1) This analysis applies highlighted tax rate in tier for each use.
(2) See tables referenced in Table A-11.
(3) Based on total development cost.
(4) Direct construction costs exclude soft costs, community benefits and land.

Source: Berkson Associates *2/9/18*

Table A-11
Rental Income for Gross Receipts Tax Estimates
Balboa Reservoir

Item	Gross Sq.Ft. Units, or Space	Annual Avg. Rent	Total
Parking (excludes Gross Receipts Tax) (1)	500 spaces		$1,900,000
Market-Rate Apartments (2)	483 units	$39,600	$19,126,800
TOTAL			$21,026,800

(1) Refer to Table A-9 for additional parking detail.
(2) See Table A-8 for estimated market-rate apartment rents.

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Table A-12
Estimated City Services Costs
Balboa Reservoir

Item	City Total Budget	Cost per Service Pop. (1) or Mile	Factor		Total Cost
Citywide Service Population (1)			1,584,500	service pop.	
Project Service Population (1)			2,538	service pop.	
Citywide DPW Miles of Road (4)			981	miles	
Miles of Road in Project (estimated)			0.66	miles	
Fire Department (2)	$378,948,000	$239	2,538	service pop.	$607,000
Police Department (3)	$533,899,000	$337	2,538	service pop.	$855,000
Roads (4)	$112,200,000	$114,373	0.66	miles	$75,815
TOTAL					$1,462,000

(1) Service Population equals jobs plus residents (see Table A-2).
(2) Total fire budget (FY17-18 Adopted) excludes "Administration & Support Services", assuming no impact or additional administrative costs required due to Project.
(3) Total police budget (FY17-18 Adopted) excludes "Airport Police".
(4) Road costs (FY16-17) for $52.1 mill. street resurfacing capital expenditures and $60.1 mill. environmental services (pothole repair, sidewalks, graffiti, street sweeping, etc.).
Road miles from SFdata, https://data.sfgov.org/City-Infrastructure/Miles-Of-Streets/5s76-j52p/data

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