

FILE NO. 161013

Petitions and Communications received from September 12, 2016, through September 19, 2016, for reference by the President to Committee considering related matters, or to be ordered filed by the Clerk on September 27, 2016.

Personal information that is provided in communications to the Board of Supervisors is subject to disclosure under the California Public Records Act and the San Francisco Sunshine Ordinance. Personal information will not be redacted.

From Mayor Lee, designating Supervisor Farrell as Acting-Mayor from September 15, 2016, until September 17, 2016. Copy: Each Supervisor. (1)

From Clerk of the Board, reporting that the following individual has submitted a Form 700 Statement: (2)

Rosemary E. Dilger - Legislative Aide - Assuming Office

From Clerk of the Board, reporting that the following agencies have submitted 2016 Local Agency Biennial Conflict of Interest Code Review reports: (3)

Children and Families Commission
Fine Arts Museums of San Francisco
Human Services Agency
Retirement

From Police Department, submitting a Federal Grant Budget Revision report. Copy: Each Supervisor. (4)

From Airport, regarding Emergency Repairs of Storm Drain Pump Station 2 Outfall Structure. Copy: Each Supervisor. (5)

From Office of the Treasurer and Tax Collector, submitting Monthly Pooled Investment Report for August 2016. Copy: Each Supervisor. (6)

From the Clerk of the Board, submitting 60 Day Receipt of responses for Civil Grand Jury Report "San Francisco Homeless Health and Housing: A Crisis Unfolding on Our Streets." Copy: Each Supervisor. (7)

From the Clerk of the Board, regarding Civil Grand Jury's reply to Department/Agency Responses regarding "Officer-Involved Shootings". Copy: Each Supervisor. (8)

From the Clerk of the Board, reporting 60 Day Receipt of responses for Civil Grand Jury Report, "Drinking Water Safety in San Francisco: A Reservoir of Good Practice." Copy: Each Supervisor. (9)

From Controller, submitting September 2016 preliminary report on Inclusionary Housing Working Group. File No. 160255. Copy: Each Supervisor. (10)

From San Francisco Municipal Transportation Agency, regarding Chapter 14B Local Business Enterprise (LBE) Annual Report. Copy: Each Supervisor. (11)

From San Francisco Residential Rent Stabilization and Arbitration Board, submitting FY2015-2016 Annual Report. Copy: Each Supervisor. (12)

From State of California Fish and Game Commission, submitting notice of proposed changes in regulations for federal groundfish and associated species. Copy: Each Supervisor. (13)

From State of California, Board of State and Community Corrections, submitting 2014-2016 Biennial Inspection report. Copy: Each Supervisor. (14)

From Sonja Trauss, regarding Midtown Terrace downzoning. File No. 160426. Copy: Each Supervisor. (15)

From concerned citizens, regarding proposed ordinance prohibiting first story Business or Professional Service uses in the West Portal Avenue Neighborhood Commercial District for 45 days. 3 letters. File No. 160894. Copy: Each Supervisor. (16)——

From concerned citizens, regarding conditional use appeal - 2785 San Bruno Avenue. 4 letters. File No. 160918. Copy: Each Supervisor. (17)

From concerned citizens, regarding legislation to preserve historic Van Ness Avenue streetlamps. 11 letters. File No. 160993. Copy: Each Supervisor. (18)

From Dave Massen, regarding revenue-neutral carbon tax. Copy: Each Supervisor. (19)

From concerned citizens, submitting signatures for petition titled, "Stop SFMTA." 4,323rd signer. Copy: Each Supervisor. (20)

OFFICE OF THE MAYOR
SAN FRANCISCO



Bos-11, Aides,
COB, Deputat, Dep. C.A.
EDWIN M. LEE *Mayers*
MAYOR *affine*

September 15, 2016

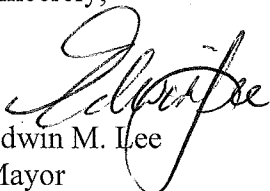
Ms. Angela Calvillo
San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102

Dear Ms. Calvillo,

Pursuant to Charter Section 3.100, I hereby designate Supervisor Mark Farrell as Acting-Mayor from the time I leave the State of California on Thursday, September 15, at 2:40 p.m., until Saturday, September 17, at 7:55 p.m.

In the event I am delayed, I designate Supervisor Mark Farrell to continue to be the Acting-Mayor until my return to California.

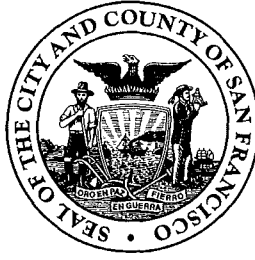
Sincerely,


Edwin M. Lee
Mayor

cc: Mr. Dennis Herrera, City Attorney

RECEIVED
EDWIN M. LEE
SAN FRANCISCO
2016 SEP 15 AM 10:22
AK

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 544-5227

MEMORANDUM

Date: September 19, 2016
To: Members, Board of Supervisors
From: Angela Calvillo, Clerk of the Board
Subject: Form 700

This is to inform you that the following individual has submitted a Form 700 Statement:

Rosemary E. Dilger – Legislative Aide – Assuming Office

September 27, 2016 Communications Page

From the Clerk of the Board, agencies that have submitted a 2016 Local Agency Biennial
Conflict of Interest Code Review Report:

Children and Families Commission
Fine Arts Museums of San Francisco
Human Services Agency
Retirement

**2016 Local Agency Biennial Notice
Conflict of Interest Code Review Report**

Name of Agency: Children and Families Commission

Mailing Address: 1390 Market Street, Ste. 318

Contact Person: Kahala Drain

Office Phone No: 415-934-4849

E-mail: Kahala.Drain@First5sf.org

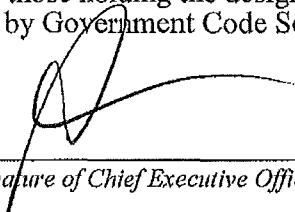
This agency has reviewed its conflict-of-interest code and has determined that:

☒ **An amendment is required. The following amendments are necessary:**
(Check all that apply.)

- ☐ Include new positions (including consultants) that must be designated.
- ☐ Revise disclosure categories.
- ☐ Revise the titles of existing positions.
- ☐ Delete positions that have been abolished.
- ☒ Delete positions that no longer make or participate in making governmental decisions.
- ☐ Other (describe) _____

☐ **No amendment is required.**

The agency's code accurately designates all positions that make or participate in the making of governmental decisions; the disclosure categories assigned to those positions accurately require the disclosure of all investments, business positions, interests in real property, and sources of gifts and income that may foreseeably be affected materially by the decisions made by those holding the designated positions; and the code includes all other provisions required by Government Code Section 87302.



Signature of Chief Executive Officer

9.19.14

Date

Complete this notice regardless of how recently your code was approved or amended.

Please return this notice no later than **August 31, 2016**, via e-mail (PDF) or inter-office mail to:

Clerk of the Board
Board of Supervisors
ATTN: Rachel Gosiengfiao
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102
E-mail: rachel.gosiengfiao@sfgov.org

[Print](#)

San Francisco Campaign and Governmental Conduct Code

SEC. 3.1-160. CHILDREN AND FAMILIES FIRST COMMISSION.

<i>Designated Positions</i>	<i>Disclosure Categories</i>
Member, Commission	1
Executive Director	1
Deputy Director Delete position	1

Remove No longer exists.

(Added by Ord. 71-00, File No. 000358, App. 4/28/2000; amended by Ord. 80-07, File No. 070122, App. 4/19/2007)

(Derivation: Former Administrative Code Section 58.150)

**2016 Local Agency Biennial Notice
Conflict of Interest Code Review Report**

Fine Arts Museums of San Francisco

Name of Agency: _____
Mailing Address: Hagiwara Tea Garden Drive, San Francisco, CA 94118
Contact Person: Megan Bourne Title: Secretary, Board of Trustees
Office Phone No: 415-750-3669
E-mail: mbourne@famsf.org

This agency has reviewed its conflict-of-interest code and has determined that:

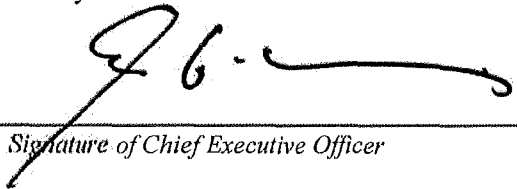
☐ **An amendment is required. The following amendments are necessary:**

(Check all that apply.)

- ☐ Include new positions (including consultants) that must be designated.
- ☐ Revise disclosure categories.
- ☐ Revise the titles of existing positions.
- ☐ Delete positions that have been abolished.
- ☐ Delete positions that no longer make or participate in making governmental decisions.
- ☐ Other *(describe)* _____

☒ **No amendment is required.**

The agency's code accurately designates all positions that make or participate in the making of governmental decisions; the disclosure categories assigned to those positions accurately require the disclosure of all investments, business positions, interests in real property, and sources of gifts and income that may foreseeably be affected materially by the decisions made by those holding the designated positions; and the code includes all other provisions required by Government Code Section 87302.



Signature of Chief Executive Officer

September 14, 2016

Date

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Please return this notice no later than **August 31, 2016**, via e-mail (PDF) or inter-office mail to:

Clerk of the Board
Board of Supervisors
ATTN: Rachel Gosiengfiao
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102
E-mail: rachel.gosiengfiao@sfgov.org

**2016 Local Agency Biennial Notice
Conflict of Interest Code Review Report**

Name of Agency: Human Services Agency
Mailing Address: 170 Otis Street, San Francisco, CA 94103
Contact Person: Dan Kaplan Title: Deputy Director for Administration
Office Phone No: 415-557-5641
E-mail: daniel.kaplan@sfgov.org

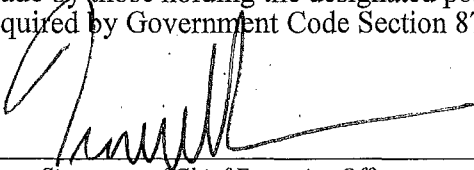
This agency has reviewed its conflict-of-interest code and has determined that:

x An amendment is required. The following amendments are necessary:
(Check all that apply.)

- ☒ Include new positions (including consultants) that must be designated.
- ☐ Revise disclosure categories.
- ☒ Revise the titles of existing positions.
- ☒ Delete positions that have been abolished.
- ☐ Delete positions that no longer make or participate in making governmental decisions.
- ☒ Other (describe): Reflect transfer of Function to Department of Homelessness and supportive Housing

☐ **No amendment is required.**

The agency's code accurately designates all positions that make or participate in the making of governmental decisions; the disclosure categories assigned to those positions accurately require the disclosure of all investments, business positions, interests in real property, and sources of gifts and income that may foreseeably be affected materially by the decisions made by those holding the designated positions; and the code includes all other provisions required by Government Code Section 87302.



Signature of Chief Executive Officer



Date

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Please return this notice no later than **August 31, 2016**, via e-mail (PDF) or inter-office mail to:

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Board of Supervisors
ATTN: Rachel Gosiengfiao
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102
E-mail: rachel.gosiengfiao@sfgov.org

City and County of San Francisco



Edwin M. Lee, Mayor

Human Services Agency

Department of Human Services
Department of Aging and Adult Services

Trent Rhorer, Executive Director

Re: Changes to HSA's Conflict of Interest Code Review

We will need to revise the Designated Positions Section of the Human Services page (Please see the table below). The changes eliminate positions that no longer exist, include new positions that influence expenditures, and shift everyone to reporting category 1 which comes out of discussions that HSA has had with the City Attorney's Office in dealing with past potential conflict of interest cases.

Designated Positions	Disclosure Category
Members, Human Services Commission	1
Executive Director, Human Services Agency	1
Director, Office of Early Care and Education	1
Deputy Directors	1
Contracts Director	1
Facilities/Operations Director	1
Information Technology Director	1
Personnel Director	1
Budget Director	1
Finance Director	1
Program Integrity/Investigations Director	1
County Adult Assistance Director	1
MediCal Program Director	1
CalFresh Program Director	1
CalWorks/Workforce Development Program Director	1
Family and Childrens' Services Program Directors	1

**2016 Local Agency Biennial Notice
Conflict of Interest Code Review Report**

Name of Agency: Retirement
Mailing Address: 1145 Market Street, 7th Floor, San Francisco, CA 94103
Contact Person: Norm Nickens Title: Commission Secretary
Office Phone No: 487-7025
E-mail: norm.nickens@sfgov.org

This agency has reviewed its conflict-of-interest code and has determined that:

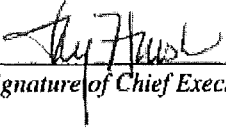
☒ **An amendment is required. The following amendments are necessary:**

(Check all that apply.)

- ☒ Include new positions (including consultants) that must be designated.
- ☐ Revise disclosure categories.
- ☐ Revise the titles of existing positions.
- ☐ Delete positions that have been abolished.
- ☐ Delete positions that no longer make or participate in making governmental decisions.
- ☐ Other (describe) _____

☐ **No amendment is required.**

The agency's code accurately designates all positions that make or participate in the making of governmental decisions; the disclosure categories assigned to those positions accurately require the disclosure of all investments, business positions, interests in real property, and sources of gifts and income that may foreseeably be affected materially by the decisions made by those holding the designated positions; and the code includes all other provisions required by Government Code Section 87302.


Signature of Chief Executive Officer

9/16/2016
Date

Complete this notice regardless of how recently your code was approved or amended.

Please return this notice no later than **August 31, 2016**, via e-mail (PDF) or inter-office mail to:

Clerk of the Board
Board of Supervisors
ATTN: Rachel Gosiengfiao
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102
E-mail: rachel.gosiengfiao@sfgov.org

SEC. 3.1-410***Designated Positions******Disclosure Categories***

Member, Retirement Board	See Sec. 3.1-510
Commission Secretary	See Sec. 3.1-510
Executive Director	See Sec. 3.1-510
Deputy Director (Administration) <i>Deputy Executive Director</i>	1
Actuarial Services Coordinator	1
Compliance Manager	1
Finance Manager	1
IT Manager	2
Chief Investment Officer	See Sec. 3.1-510
Managing Director	See Sec. 3.1-510
<i>Director</i>	<i>See Sec. 3.1-510</i>
Senior Portfolio Manager	1
Senior Investment Officer	1
Security Analyst	1
Deferred Compensation Manager	1

SEC. 3.1-510***Designated Positions******Disclosure Categories***

Member, Retirement Board*	1
Commission Secretary, Retirement System*	1
Executive Director, Retirement System*	1
Chief Investment Officer, Retirement System*	1
Managing Director, Retirement System*	1
<i>Director, Retirement System*</i>	<i>1</i>
Treasurer	1
Chief Assistant Treasurer*	1
Cash Mgmt. and Investment Officer, Treasurer-Tax Collector's Office*	1
Asst. Cash Mgmt. and Investment Officer, Treasurer-Tax Collector's Office*	1

BOS-11, B+F
Clerk

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

2016 SEP 13 AM 9:20

BY JB

Reports
Log,
CPAGE

Memo

DATE: September 12, 2016
TO: Clerk of the Board of Supervisors
CC: Tina Cen, Controller's Office
FROM: Fannie Yeung, Grants Analyst, SFPD *FY*
RE: Grant Budget Revision
2015 DNA Backlog Reduction Grant (PCFDDBR-16PC)

In accordance with Administrative Code Section 10.170-1(F), this memo serves to notify the Board of Supervisors of a Federal grant line item budget revision in excess of 15% requiring funding agency approval.

Attached is a copy of budget revision documentation submitted to the funding agency.



Modify Budget GAN



[All Active](#)

[Change Requested](#)

[Approved](#)

[Denied](#)

[Draft](#)

[Create Grant Adjustment](#)

[Help/Frequently Asked Questions](#)

US DEPARTMENT OF JUSTICE
OFFICE OF JUSTICE PROGRAMS

GRANT ADJUSTMENT NOTICE

Grantee Information			
Grantee Name:	San Francisco City & County Police Department	Project Period:	01/01/2016 - 12/31/2017
Grantee Address:	1 DR CARLTON GOODLETT PL SUITE 496-CITY HALL SAN FRANCISCO, 94102	Program Office:	NIJ
Grantee DUNS Number:	12-080-2983	Grant Manager:	Alan Spanbauer
Grantee EIN:	94-6000417	Application Number(s):	2015-90407-CA-DN
Vendor #:	946000417	Award Number:	2015-DN-BX-0002
Project Title:	FY 2015 DNA Backlog Reduction Grant - San Francisco	Award Amount:	\$419,630.00
Budget Modification			
* All editable Budget fields must contain a numeric value.			
Categories	Approved Budget	Requested Changes to Budget	Revised Budget
A. Personnel	\$36036	\$23295	\$59331
B. Fringe Benefits	\$2865	\$1953	\$4818
C. Travel	\$9058	\$0	\$9058
D. Equipment	\$183790	\$-19903	\$163887
E. Supplies	\$0	\$0	\$0
F. Construction	\$0	\$0	\$0
G. Contractual	\$13000	\$-13000	\$0
H. Other	\$174881	\$7655	\$182536
TOTAL DIRECT COST	\$419630	\$0	\$419630
Total Direct Costs = (Sum of lines A-H)			
INDIRECT COST	\$0	\$0	\$0
TOTAL PROJECT COST			
	\$419630	\$0	\$419630
Total Project Costs = Total Direct Costs + Indirect Cost			
Total Project Costs = Federal Funds Approved + Non-Federal Funds + Program Income			
FEDERAL FUNDS APPROVED	\$419630		\$419630
NON-FEDERAL FUNDS APPROVED	\$0	\$0	\$0
PROGRAM INCOME		\$0	

\$	0	\$	0	
*Required Justification for Budget Modification				
We are requesting a budget modification to: 1. Move funds from (G) Consultants/Contracts to (A) Personnel & (B) Fringe Benefits and (H) Other Costs: Instead of contracting with Marshall University to provide validation services, a				
Attachments:				
Filename:	User:	Timestamp:	Action:	
4 - Budget Detail and Narrative, revised 8-19-16.xls	SFPDNIJ	08/19/2016 12:30 PM	Delete Attachment	
3 - Program Narrative-Revised - 8-19-16.docx	SFPDNIJ	08/19/2016 12:30 PM	Delete Attachment	
Actions:				
<input type="button" value="Close"/>				
<input type="button" value="Printer Friendly Version"/>				
Audit Trail:				
Description:	Role:	User:	Timestamp:	Note:
Approved-Final	OCFMD - Supervisor	ParkW	09/12/2016 10:04 AM	View Note
Submitted	PO - Grant Manager	SFPDNIJ	08/19/2016 12:31 PM	View Note
Draft	EXTERNAL - External User	SFPDNIJ	08/19/2016 12:30 PM	View Note
Draft	EXTERNAL - External User	SFPDNIJ	08/19/2016 12:28 PM	View Note

San Francisco International Airport

September 14, 2016

Mr. Larry Mazzola
President, Airport Commission
San Francisco International Airport
P.O. Box 8097
San Francisco, CA 94128

Subject: Emergency Repairs of Storm Drain Pump Station 2 Outfall Structure

Dear Commissioner Mazzola:

This letter is to notify you that I am declaring an emergency due to unforeseeable and unexpected deterioration of the outfall timber structure for the Storm Drain Pump Station 2 (SDPS 2) located at the Sea Plane Harbor. The San Francisco International Airport (Airport) will undertake the emergency work described in more detail below. The preliminary cost estimate of the emergency construction work is \$90,000.

The emergency work is essential to addressing an imminent threat of collapse of the outfall pipes into the Airport Sea Plane Harbor. The temporary support structure will have an estimated useful life of five years. For a long-term solution, the Airport will acquire environmental permits and design services for a new outfall support structure.

Background

The SDPS 2 processes the storm water from its tributary area, which covers approximately half the Airport. SDPS 2 supports runways, apron areas, airfield service roads, parking lots, and landside roads. Flooding will occur in these areas if SDPS 2 is off line. These circumstances constitute an imminent threat to Airport property because flooding will cause property damage at the public parking lots, cause flight delays, and may also cause accidents on the landside roadways.

On August 23, 2016, Airport staff observed significant deterioration of the outfall support structure for SDPS 2. Airport staff has concluded that the timber support structure needs immediate repairs at an estimated cost of \$90,000. Airport staff has analyzed the circumstances and determined that installation of additional new timber support members will prevent the outfall pipes from collapsing into the Sea Plane Harbor while a long-term replacement structure is designed and built.

Emergency Declaration

Administrative Code Section 6.60, subdivision (b) grants the Airport Director the authority to declare an emergency with immediate notice to the Board of Supervisors, the Mayor, the Controller, and the Commission. Section 6.60, subdivision (c), defines "emergency" to include: an unforeseeable and unexpected occurrence involving a clear and imminent danger, demanding immediate action to prevent or mitigate loss of or damage to life, health, property, or essential public services. Examples include weather conditions and tidal flooding necessitating immediate emergency repair to safeguard lives or property of the City. I have determined that the erosion damages meet these requirements and, on that basis, I am declaring an emergency.

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

EDWIN M. LEE
MAYOR

LARRY MAZZOLA
PRESIDENT

LINDA S. CRAYTON
VICE PRESIDENT

ELEANOR JOHNS

RICHARD J. GUGGENHIME

PETER A. STERN

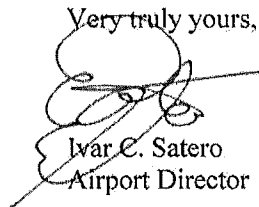
IVAR C. SATERO
AIRPORT DIRECTOR

Commissioner Mazzola
September 14, 2016
Page 2 of 2

The Airport Planning Division will secure the necessary regulatory permits from the US Army Corps of Engineers and the San Francisco Bay Conservation and Development Commission in order to perform this emergency repair. Both permitting processes have emergency permitting procedures.

If you have any questions or would like to discuss this matter, please do not hesitate to call me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Ivar C. Satero", is written over a circular stamp. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Ivar C. Satero
Airport Director

cc: Mayor Edwin M. Lee
Controller Ben Rosenfield
San Francisco Board of Supervisors
San Francisco Airport Commission

From: Board of Supervisors, (BOS)
To: BOS-Supervisors
Subject: FW: CCSF Monthly Pooled Investment Report for August 2016
Attachments: CCSF Monthly Pooled Investment Report for August 2016.pdf

From: Dion, Ichieh (TTX)
Sent: Thursday, September 15, 2016 9:07 AM
Subject: CCSF Monthly Pooled Investment Report for August 2016

Hello All -

Please find the CCSF Pooled Investment Report for the month of August attached for your use.

Thank you,

Ichieh Dion
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 140
San Francisco, CA 94102
415-554-5433

Office of the Treasurer & Tax Collector
City and County of San Francisco



José Cisneros, Treasurer

Pauline Marx, Chief Assistant Treasurer
Michelle Durgy, Chief Investment Officer

Investment Report for the month of August 2016

September 15, 2016

The Honorable Edwin M. Lee
Mayor of San Francisco
City Hall, Room 200
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

The Honorable Board of Supervisors
City and County of San Francisco
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

Ladies and Gentlemen,

In accordance with the provisions of California State Government Code, Section 53646, we forward this report detailing the City's pooled fund portfolio as of August 31, 2016. These investments provide sufficient liquidity to meet expenditure requirements for the next six months and are in compliance with our statement of investment policy and California Code.

This correspondence and its attachments show the investment activity for the month of August 2016 for the portfolios under the Treasurer's management. All pricing and valuation data is obtained from Interactive Data Corporation.

CCSF Pooled Fund Investment Earnings Statistics *

(in \$ million)	Current Month		Prior Month	
	Fiscal YTD	August 2016	Fiscal YTD	July 2016
Average Daily Balance	\$ 7,020	\$ 6,928	\$ 7,111	\$ 7,111
Net Earnings	9.57	4.76	4.81	4.81
Earned Income Yield	0.80%	0.81%	0.80%	0.80%

CCSF Pooled Fund Statistics *

(in \$ million)	% of	Book	Market	Wtd. Avg.	Wtd. Avg.	
Investment Type	Portfolio	Value	Value	Coupon	YTM	WAM
U.S. Treasuries	7.35%	\$ 498.2	\$ 500.6	0.86%	0.99%	244
Federal Agencies	53.48%	3,644.0	3,641.4	0.85%	0.77%	581
State & Local Government						
Agency Obligations	3.65%	249.1	248.6	1.08%	0.97%	398
Public Time Deposits	0.02%	1.2	1.2	0.89%	0.89%	232
Negotiable CDs	18.58%	1,265.1	1,265.4	0.95%	0.95%	141
Commercial Paper	6.88%	467.2	468.3	0.06%	1.01%	154
Medium Term Notes	4.60%	313.5	313.4	1.10%	0.77%	210
Money Market Funds	4.71%	320.6	320.6	0.30%	0.30%	1
Supranationals	0.73%	50.0	50.0	0.13%	0.85%	639
Totals	100.0%	\$ 6,808.7	\$ 6,809.5	0.81%	0.82%	395

In the remainder of this report, we provide additional information and analytics at the security-level and portfolio-level, as recommended by the California Debt and Investment Advisory Commission.

Very truly yours,

José Cisneros
Treasurer

cc: Treasury Oversight Committee: Aimee Brown, Ron Gerhard, Reeta Madhavan, Charles Perl
Ben Rosenfield, Controller, Office of the Controller
Tonia Lediju, Internal Audit, Office of the Controller
Cynthia Fong, Deputy Director for Finance & Administration, San Francisco County Transportation Authority
Carol Lu, Budget Analyst
San Francisco Public Library

* Please see last page of this report for non-pooled funds holdings and statistics.

Portfolio Summary

Pooled Fund

As of August 31, 2016

<i>(in \$ million)</i>							
Security Type	Par Value	Book Value	Market Value	Market/Book Price	Current % Allocation	Max. Policy Allocation	Compliant?
U.S. Treasuries	\$ 500.0	\$ 498.2	\$ 500.6	100.48	7.35%	100%	Yes
Federal Agencies	3,639.9	3,644.0	3,641.4	99.93	53.48%	100%	Yes
State & Local Government							
Agency Obligations	246.9	249.1	248.6	99.80	3.65%	20%	Yes
Public Time Deposits	1.2	1.2	1.2	99.81	0.02%	100%	Yes
Negotiable CDs	1,265.0	1,265.1	1,265.4	100.02	18.58%	30%	Yes
Bankers Acceptances	-	-	-	-	0.00%	40%	Yes
Commercial Paper	470.0	467.2	468.3	100.25	6.88%	25%	Yes
Medium Term Notes	312.9	313.5	313.4	99.97	4.60%	25%	Yes
Repurchase Agreements	-	-	-	-	0.00%	10%	Yes
Reverse Repurchase/							
Securities Lending Agreements	-	-	-	-	0.00%	\$75mm	Yes
Money Market Funds - Government	320.6	320.6	320.6	100.00	4.71%	10%	Yes
Money Market Funds - Prime	-	-	-	-	0.00%	5%	Yes
LAIF	-	-	-	-	0.00%	\$50mm	Yes
Supranationals	50.0	50.0	50.0	100.09	0.73%	5%	Yes
TOTAL	\$ 6,806.5	\$ 6,808.7	\$ 6,809.5	100.01	100.00%	-	Yes

The City and County of San Francisco uses the following methodology to determine compliance: Compliance is pre-trade and calculated on both a par and market value basis, using the result with the lowest percentage of the overall portfolio value. Cash balances are included in the City's compliance calculations.

Please note the information in this report does not include cash balances. Due to fluctuations in the market value of the securities held in the Pooled Fund and changes in the City's cash position, the allocation limits may be exceeded on a post-trade compliance basis. In these instances, no compliance violation has occurred, as the policy limits were not exceeded prior to trade execution.

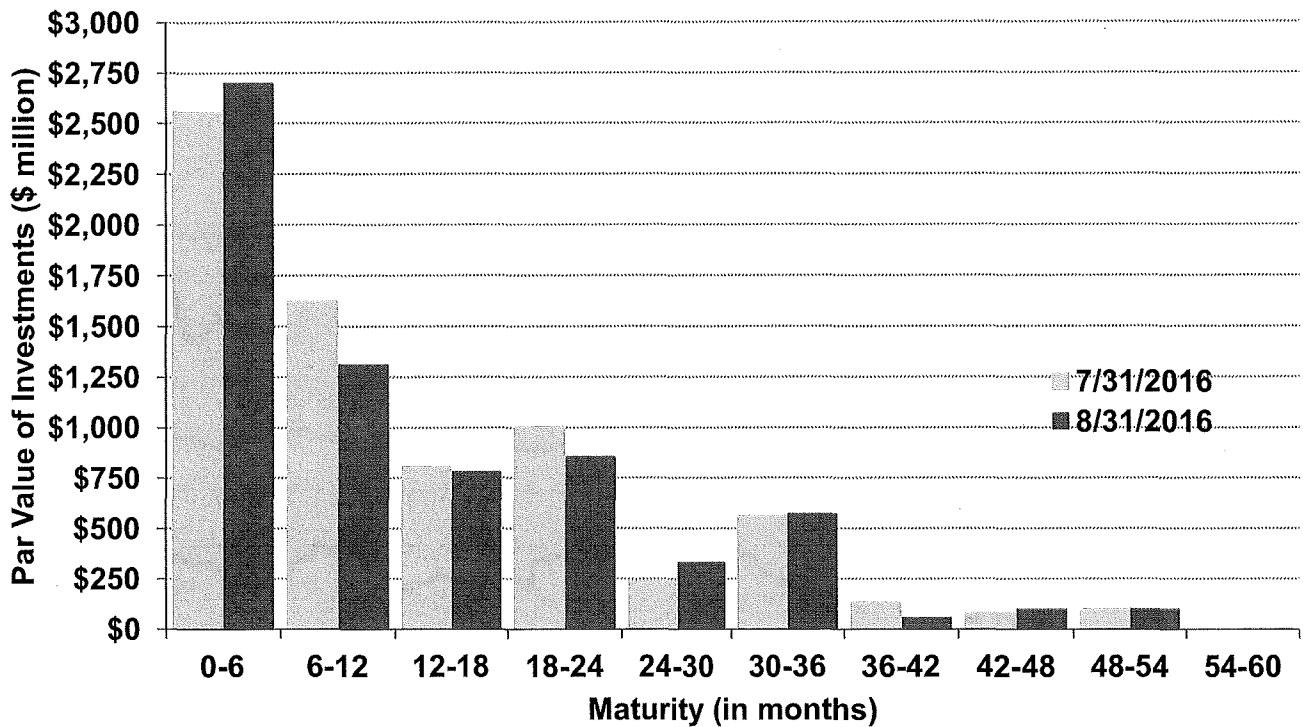
The full Investment Policy can be found at <http://www.sftreasurer.org/>, in the Reports & Plans section of the About menu.

Totals may not add due to rounding.

Portfolio Analysis

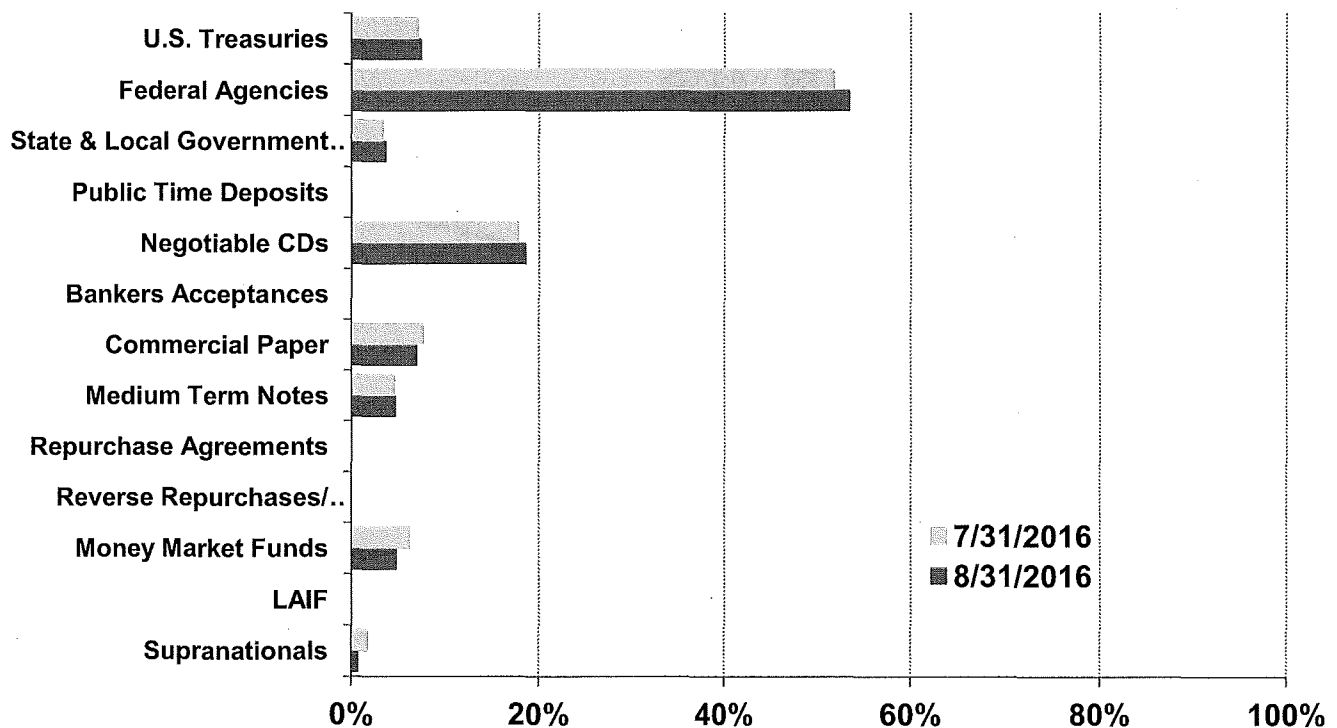
Pooled Fund

Par Value of Investments by Maturity

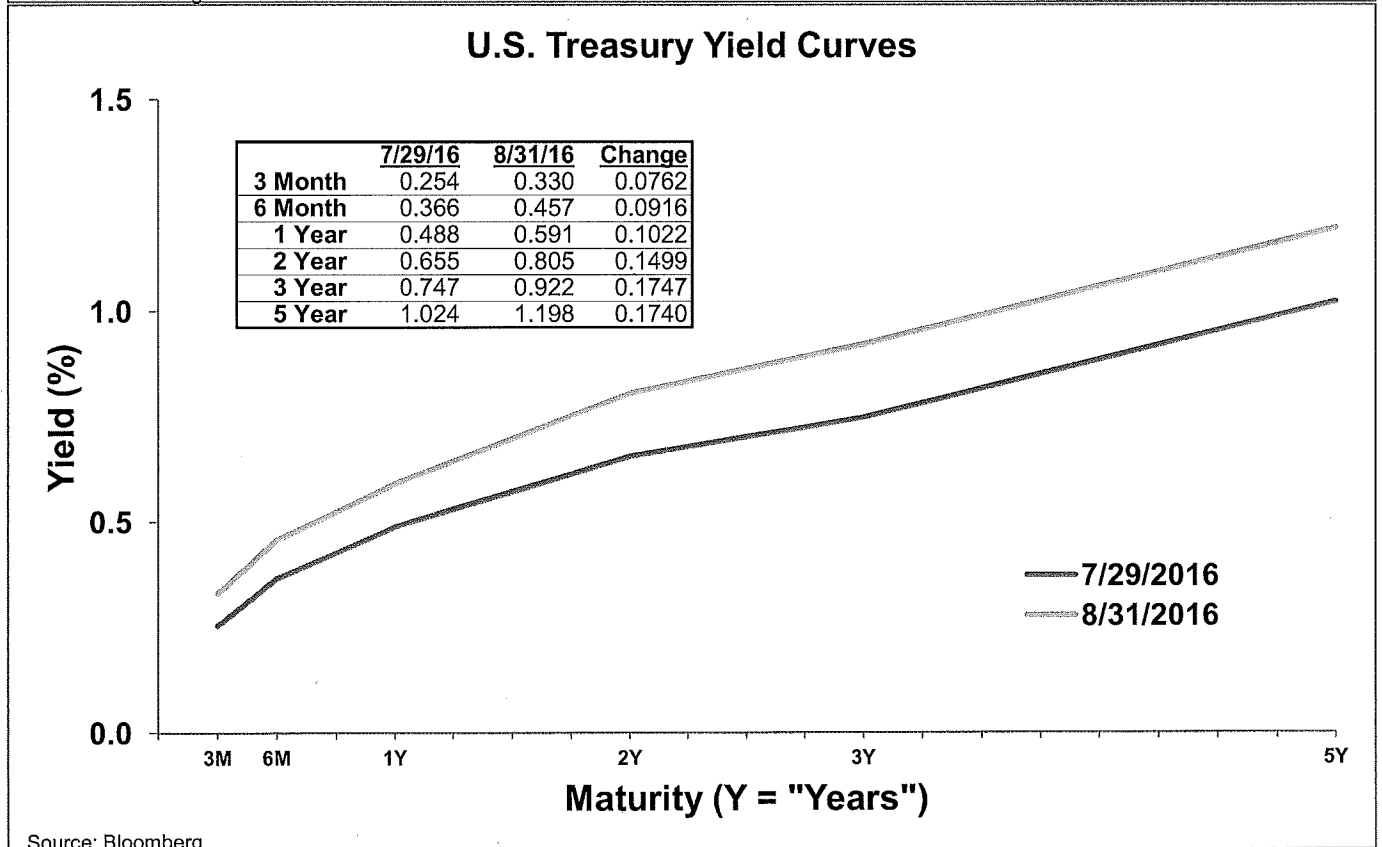
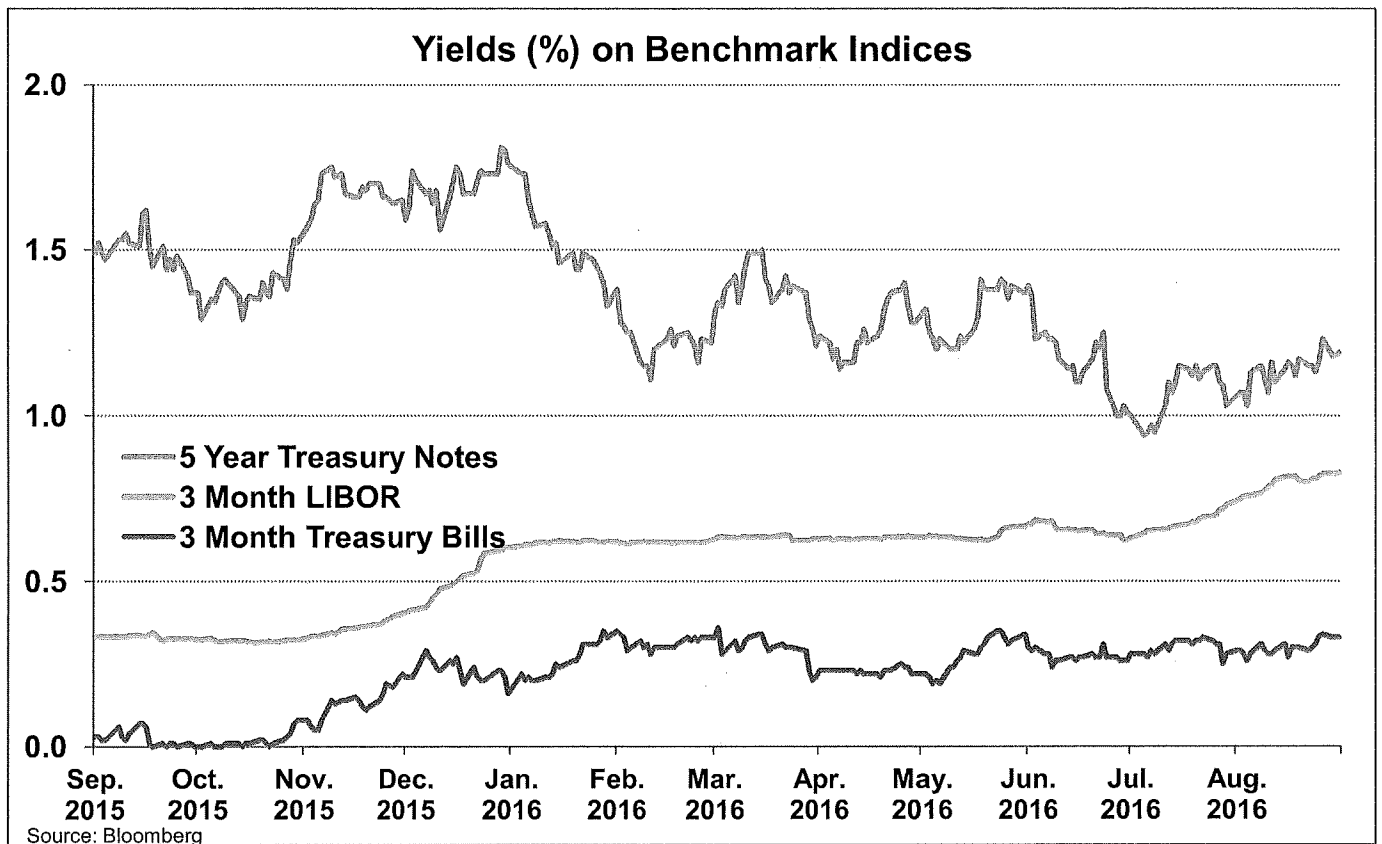


Callable bonds shown at maturity date.

Asset Allocation by Market Value



Yield Curves



Investment Inventory

Pooled Fund

As of August 31, 2016

Type of Investment	CUSIP	Issuer Name	Settle	Maturity	Duration	Coupon	Par Value	Book Value	Amortized	
			Date	Date					Book Value	Market Value
U.S. Treasuries	912828RJ1	US TSY NT	10/11/2011	9/30/2016	0.08	1.00	\$ 75,000,000	\$ 74,830,078	\$ 74,997,286	\$ 75,043,500
U.S. Treasuries	912828RM4	US TSY NT	12/26/2013	10/31/2016	0.17	1.00	25,000,000	25,183,594	25,010,592	25,029,250
U.S. Treasuries	912828RX0	US TSY NT	2/25/2014	12/31/2016	0.33	0.88	25,000,000	25,145,508	25,016,929	25,040,500
U.S. Treasuries	912828SJ0	US TSY NT	3/21/2012	2/28/2017	0.50	0.88	25,000,000	24,599,609	24,960,072	25,043,750
U.S. Treasuries	912828SJ0	US TSY NT	3/21/2012	2/28/2017	0.50	0.88	25,000,000	24,599,609	24,960,072	25,043,750
U.S. Treasuries	912828SJ0	US TSY NT	3/14/2012	2/28/2017	0.50	0.88	75,000,000	74,771,484	74,977,300	75,131,250
U.S. Treasuries	912828SM3	US TSY NT	4/4/2012	3/31/2017	0.58	1.00	50,000,000	49,835,938	49,981,000	50,125,000
U.S. Treasuries	912828TM2	US TSY NT	12/15/2015	8/31/2017	1.00	0.63	100,000,000	99,433,594	99,670,125	99,922,000
U.S. Treasuries	912828M72	US TSY NT	12/17/2015	11/30/2017	1.24	0.88	50,000,000	49,882,813	49,925,322	50,094,000
U.S. Treasuries	912828M72	US TSY NT	12/17/2015	11/30/2017	1.24	0.88	50,000,000	49,878,906	49,922,832	50,094,000
Subtotals					0.67	0.86	\$ 500,000,000	\$ 498,161,133	\$ 499,421,531	\$ 500,567,000
Federal Agencies	31315PQB8	FARMER MAC	10/29/2013	9/1/2016	0.00	1.50	\$ 7,000,000	\$ 7,156,240	\$ 7,000,000	\$ 7,000,000
Federal Agencies	3130A6BD8	FEDERAL HOME LOAN BANK	6/30/2016	9/9/2016	0.00	0.51	15,000,000	15,028,088	15,000,507	15,000,900
Federal Agencies	313370TW8	FEDERAL HOME LOAN BANK	10/11/2011	9/9/2016	0.00	2.00	25,000,000	25,727,400	25,003,242	25,008,750
Federal Agencies	3130A7KH7	FEDERAL HOME LOAN BANK	5/4/2016	9/29/2016	0.08	0.53	5,495,000	5,500,293	5,495,466	5,495,769
Federal Agencies	313378UB5	FEDERAL HOME LOAN BANK	10/23/2014	10/11/2016	0.11	1.13	5,000,000	5,060,200	5,003,349	5,004,600
Federal Agencies	3130A3CE2	FEDERAL HOME LOAN BANK	11/3/2014	10/14/2016	0.12	0.63	40,000,000	40,032,000	40,001,935	40,012,400
Federal Agencies	3130A6PZ4	FEDERAL HOME LOAN BANK	1/7/2016	10/28/2016	0.16	0.40	5,950,000	5,932,745	5,946,666	5,950,298
Federal Agencies	3130A3J70	FEDERAL HOME LOAN BANK	11/18/2015	11/23/2016	0.23	0.63	7,015,000	7,012,545	7,014,451	7,018,999
Federal Agencies	3130A3J70	FEDERAL HOME LOAN BANK	11/17/2014	11/23/2016	0.23	0.63	25,000,000	24,990,000	24,998,874	25,014,250
Federal Agencies	313381GA7	FEDERAL HOME LOAN BANK	11/30/2012	11/30/2016	0.25	0.57	23,100,000	23,104,389	23,100,270	23,106,699
Federal Agencies	313371PV2	FEDERAL HOME LOAN BANK	5/11/2016	12/9/2016	0.27	1.63	6,545,000	6,588,217	6,565,181	6,566,599
Federal Agencies	313371PV2	FEDERAL HOME LOAN BANK	11/6/2014	12/9/2016	0.27	1.63	25,000,000	25,513,000	25,066,475	25,082,500
Federal Agencies	313371PV2	FEDERAL HOME LOAN BANK	12/4/2014	12/9/2016	0.27	1.63	25,000,000	25,486,750	25,065,473	25,082,500
Federal Agencies	313371PV2	FEDERAL HOME LOAN BANK	12/12/2014	12/9/2016	0.27	1.63	25,000,000	25,447,500	25,060,855	25,082,500
Federal Agencies	313384T58	FED HOME LN DISCOUNT NT	6/21/2016	12/16/2016	0.29	0.00	24,625,000	24,566,557	24,566,557	24,600,375
Federal Agencies	3133XHZK1	FEDERAL HOME LOAN BANK	5/11/2016	12/16/2016	0.29	4.75	33,850,000	34,710,027	34,266,269	34,281,249
Federal Agencies	3130A12F4	FEDERAL HOME LOAN BANK	3/19/2014	12/19/2016	0.30	0.70	20,500,000	20,497,950	20,499,778	20,515,375
Federal Agencies	3134G5VG7	FREDDIE MAC	12/29/2014	12/29/2016	0.33	0.78	50,000,000	50,000,000	50,000,000	50,060,000
Federal Agencies	3134G33C2	FREDDIE MAC	1/3/2013	1/3/2017	0.34	0.60	50,000,000	50,000,000	50,000,000	50,002,000
Federal Agencies	3133ECB37	FEDERAL FARM CREDIT BANK	12/20/2012	1/12/2017	0.37	0.58	14,000,000	14,000,000	14,000,000	14,000,980
Federal Agencies	31315PWW5	FARMER MAC	5/4/2012	1/17/2017	0.38	1.01	49,500,000	49,475,250	49,498,013	49,577,220
Federal Agencies	3130A7T62	FEDERAL HOME LOAN BANK	4/20/2016	1/18/2017	0.38	0.55	9,000,000	8,999,825	8,999,771	9,000,000
Federal Agencies	3133EDRD6	FEDERAL FARM CREDIT BANK	12/12/2014	1/30/2017	0.08	0.45	50,000,000	49,981,400	49,996,399	49,991,500
Federal Agencies	3133786Q9	FEDERAL HOME LOAN BANK	1/10/2013	2/13/2017	0.45	1.00	67,780,000	68,546,456	67,864,592	67,933,861
Federal Agencies	3133EDFW7	FEDERAL FARM CREDIT BANK	2/27/2014	2/27/2017	0.07	0.55	50,000,000	50,000,000	50,000,000	50,031,500
Federal Agencies	3130A8D83	FEDERAL HOME LOAN BANK	6/2/2016	3/2/2017	0.01	0.52	25,000,000	25,000,000	25,000,000	25,009,250
Federal Agencies	3133782N0	FEDERAL HOME LOAN BANK	12/29/2015	3/10/2017	0.52	0.88	15,000,000	14,990,850	14,996,022	15,025,050
Federal Agencies	3133782N0	FEDERAL HOME LOAN BANK	6/2/2016	3/10/2017	0.52	0.88	22,185,000	22,256,119	22,203,191	22,222,049
Federal Agencies	3133782N0	FEDERAL HOME LOAN BANK	12/15/2014	3/10/2017	0.52	0.88	50,000,000	50,058,500	50,013,621	50,083,500
Federal Agencies	3133EDP30	FEDERAL FARM CREDIT BANK	10/3/2014	3/24/2017	0.07	0.56	26,000,000	26,009,347	26,002,112	26,013,780
Federal Agencies	3133EDZW5	FEDERAL FARM CREDIT BANK	10/29/2014	3/29/2017	0.08	0.54	25,000,000	24,999,750	24,999,941	25,010,250
Federal Agencies	31315PTQ2	FARMER MAC	4/10/2012	4/10/2017	0.61	1.26	12,500,000	12,439,250	12,492,647	12,547,875
Federal Agencies	3133ECLL6	FEDERAL FARM CREDIT BANK	4/17/2013	4/17/2017	0.63	0.60	10,000,000	10,000,000	10,000,000	9,997,600
Federal Agencies	31315PUQ0	FARMER MAC	4/26/2012	4/26/2017	0.65	1.13	10,500,000	10,500,000	10,500,000	10,533,180
Federal Agencies	3135G0JA2	FANNIE MAE	7/1/2016	4/27/2017	0.65	1.13	8,058,000	8,112,939	8,088,800	8,085,558
Federal Agencies	3137EADF3	FREDDIE MAC	5/14/2012	5/12/2017	0.69	1.25	25,000,000	25,133,000	25,018,448	25,118,000
Federal Agencies	31315PZQ5	FARMER MAC	12/28/2012	6/5/2017	0.76	1.11	9,000,000	9,122,130	9,020,883	9,028,800

Investment Inventory

Pooled Fund

Type of Investment	CUSIP	Issuer Name	Settle Date	Maturity Date	Duration	Coupon	Par Value	Book Value	Amortized Book Value	Market Value
Federal Agencies	313379FW4	FEDERAL HOME LOAN BANK	12/19/2014	6/9/2017	0.77	1.00	12,000,000	12,020,760	12,006,460	12,030,600
Federal Agencies	313379FW4	FEDERAL HOME LOAN BANK	12/29/2015	6/9/2017	0.77	1.00	20,600,000	20,594,026	20,596,821	20,652,530
Federal Agencies	3130A3SL9	FEDERAL HOME LOAN BANK	12/30/2014	6/15/2017	0.79	0.95	25,000,000	24,959,750	24,987,136	25,060,250
Federal Agencies	3133EAUW6	FEDERAL FARM CREDIT BANK	6/19/2012	6/19/2017	0.05	0.62	50,000,000	50,000,000	50,000,000	50,032,000
Federal Agencies	3133EEGH7	FEDERAL FARM CREDIT BANK	12/26/2014	6/26/2017	0.82	0.93	8,400,000	8,397,312	8,399,123	8,416,968
Federal Agencies	3137EADH9	FREDDIE MAC	5/25/2016	6/29/2017	0.83	1.00	15,000,000	15,035,850	15,026,977	15,043,650
Federal Agencies	3137EADH9	FREDDIE MAC	3/25/2014	6/29/2017	0.83	1.00	25,000,000	24,920,625	24,979,956	25,072,750
Federal Agencies	3134G5W50	FREDDIE MAC	12/30/2014	6/30/2017	0.83	1.00	50,000,000	50,000,000	50,000,000	50,138,000
Federal Agencies	3130A8L35	FEDERAL HOME LOAN BANK	6/24/2016	7/20/2017	0.88	0.75	25,000,000	25,000,000	25,000,000	25,002,750
Federal Agencies	3133ECV92	FEDERAL FARM CREDIT BANK	7/24/2013	7/24/2017	0.07	0.56	50,000,000	50,000,000	50,000,000	50,011,000
Federal Agencies	3133ECVG6	FEDERAL FARM CREDIT BANK	8/5/2013	7/26/2017	0.15	0.72	23,520,000	23,520,000	23,520,000	23,568,686
Federal Agencies	3135G0F24	FANNIE MAE	9/16/2015	8/16/2017	0.04	0.52	25,000,000	24,995,153	24,997,583	24,998,000
Federal Agencies	3133EEFX3	FEDERAL FARM CREDIT BANK	12/23/2014	8/23/2017	0.06	0.57	50,000,000	50,000,000	50,000,000	50,007,000
Federal Agencies	3137EADL0	FREDDIE MAC	3/25/2014	9/29/2017	1.07	1.00	25,000,000	24,808,175	24,941,287	25,071,750
Federal Agencies	3135G0F57	FANNIE MAE	10/5/2015	10/5/2017	0.01	0.51	25,000,000	24,992,356	24,995,827	24,991,500
Federal Agencies	3133EETS9	FEDERAL FARM CREDIT BANK	9/25/2015	10/19/2017	0.05	0.54	30,000,000	30,000,600	30,000,328	29,997,000
Federal Agencies	3130A6LZ8	FEDERAL HOME LOAN BANK	4/28/2016	10/26/2017	1.15	0.63	25,000,000	24,930,368	24,945,769	24,964,750
Federal Agencies	3133EEBR0	FEDERAL FARM CREDIT BANK	11/18/2014	11/13/2017	0.04	0.54	25,000,000	24,988,794	24,995,501	24,994,500
Federal Agencies	3133EEJ76	FEDERAL FARM CREDIT BANK	8/20/2015	11/13/2017	0.20	0.53	25,000,000	24,991,500	24,995,438	24,989,500
Federal Agencies	3134G44F2	FREDDIE MAC	5/21/2013	11/21/2017	1.22	0.80	50,000,000	50,000,000	50,000,000	49,990,000
Federal Agencies	3130A3HF4	FEDERAL HOME LOAN BANK	12/22/2014	12/8/2017	1.26	1.13	25,000,000	24,955,500	24,980,958	25,091,750
Federal Agencies	3137EADX4	FREDDIE MAC	12/11/2015	12/15/2017	1.28	1.00	25,000,000	24,969,000	24,980,177	25,062,250
Federal Agencies	3133EEFE5	FEDERAL FARM CREDIT BANK	12/19/2014	12/18/2017	1.29	1.13	50,000,000	49,914,500	49,963,067	50,202,000
Federal Agencies	3133EEMH0	FEDERAL FARM CREDIT BANK	5/27/2015	2/2/2018	0.01	0.55	4,000,000	3,999,480	3,999,725	3,998,440
Federal Agencies	3133EEMH0	FEDERAL FARM CREDIT BANK	2/2/2015	2/2/2018	0.01	0.55	35,000,000	34,978,893	34,990,005	34,986,350
Federal Agencies	3133EEAN0	FEDERAL FARM CREDIT BANK	11/5/2014	2/5/2018	0.01	0.54	25,000,000	25,000,000	25,000,000	24,986,250
Federal Agencies	3133EEAN0	FEDERAL FARM CREDIT BANK	11/5/2014	2/5/2018	0.01	0.54	25,000,000	24,991,750	24,996,375	24,986,250
Federal Agencies	3133EEAN0	FEDERAL FARM CREDIT BANK	11/5/2014	2/5/2018	0.01	0.54	50,000,000	49,983,560	49,992,776	49,972,500
Federal Agencies	3133EFNK9	FEDERAL FARM CREDIT BANK	11/9/2015	2/9/2018	0.02	0.58	25,000,000	24,994,315	24,996,366	25,004,000
Federal Agencies	3133EEN71	FEDERAL FARM CREDIT BANK	5/22/2015	3/22/2018	0.06	0.55	50,000,000	49,992,500	49,995,891	49,947,000
Federal Agencies	3133EEQ86	FEDERAL FARM CREDIT BANK	5/27/2015	3/26/2018	0.07	0.50	50,000,000	49,978,500	49,988,127	49,922,000
Federal Agencies	3133EEQ86	FEDERAL FARM CREDIT BANK	5/29/2015	3/26/2018	0.07	0.50	50,000,000	49,978,500	49,988,104	49,922,000
Federal Agencies	3133EFWG8	FEDERAL FARM CREDIT BANK	1/26/2016	3/26/2018	0.07	0.65	25,000,000	24,997,200	24,997,976	25,026,000
Federal Agencies	3133EEZC7	FEDERAL FARM CREDIT BANK	4/16/2015	4/16/2018	0.04	0.56	50,000,000	49,992,422	49,995,907	49,985,000
Federal Agencies	31331KJB7	FEDERAL FARM CREDIT BANK	2/2/2016	4/25/2018	1.61	3.00	14,230,000	14,876,184	14,707,684	14,730,327
Federal Agencies	3134G8XS3	FREDDIE MAC	7/22/2016	4/27/2018	1.64	1.05	23,630,000	23,688,583	23,630,000	23,587,702
Federal Agencies	3133EEU40	FEDERAL FARM CREDIT BANK	6/3/2015	5/3/2018	0.01	0.53	69,000,000	68,994,894	68,997,080	68,913,060
Federal Agencies	3135G0WJ8	FANNIE MAE	5/23/2013	5/21/2018	1.71	0.88	25,000,000	24,786,500	24,926,609	25,018,250
Federal Agencies	3130A8VL4	FEDERAL HOME LOAN BANK	8/24/2016	5/24/2018	1.72	1.00	10,000,000	10,000,000	10,000,000	9,976,300
Federal Agencies	3130A8VL4	FEDERAL HOME LOAN BANK	8/24/2016	5/24/2018	1.72	1.00	25,000,000	25,000,000	25,000,000	24,940,750
Federal Agencies	3134G9GG6	FREDDIE MAC	5/25/2016	5/25/2018	1.72	0.80	50,000,000	50,000,000	50,000,000	50,015,000
Federal Agencies	3134G9HC4	FREDDIE MAC	5/25/2016	5/25/2018	1.72	1.00	10,000,000	9,995,000	9,995,678	10,008,800
Federal Agencies	3133EFCT2	FEDERAL FARM CREDIT BANK	9/8/2015	6/8/2018	0.02	0.55	25,000,000	25,000,000	25,000,000	24,968,750
Federal Agencies	3133EFCT2	FEDERAL FARM CREDIT BANK	9/8/2015	6/8/2018	0.02	0.55	50,000,000	50,000,000	50,000,000	49,937,500
Federal Agencies	3133EEW48	FEDERAL FARM CREDIT BANK	6/11/2015	6/11/2018	0.03	0.56	50,000,000	49,996,000	49,997,635	49,926,500
Federal Agencies	3133EFSH1	FEDERAL FARM CREDIT BANK	12/18/2015	6/14/2018	1.77	1.17	25,000,000	24,952,250	24,965,803	25,115,500
Federal Agencies	3133EGGC3	FEDERAL FARM CREDIT BANK	6/20/2016	6/20/2018	0.05	0.63	25,000,000	25,000,000	25,000,000	24,995,250
Federal Agencies	3134G9RZ2	FREDDIE MAC	6/22/2016	6/22/2018	1.80	0.80	8,950,000	8,950,000	8,950,000	8,949,463
Federal Agencies	3134G9UY1	FREDDIE MAC	6/29/2016	6/29/2018	1.81	1.00	25,000,000	25,000,000	25,000,000	24,948,250
Federal Agencies	3134G9UY1	FREDDIE MAC	6/29/2016	6/29/2018	1.81	1.00	25,000,000	25,000,000	25,000,000	24,948,250

Investment Inventory

Pooled Fund

Type of Investment	CUSIP	Issuer Name	Settle Date	Maturity Date	Duration	Coupon	Par Value	Book Value	Amortized Book Value	Market Value
Federal Agencies	3133EGBQ7	FEDERAL FARM CREDIT BANK	5/19/2016	7/19/2018	0.05	0.64	25,000,000	25,000,000	25,000,000	24,995,500
Federal Agencies	3133EGBQ7	FEDERAL FARM CREDIT BANK	5/19/2016	7/19/2018	0.05	0.64	25,000,000	25,000,000	25,000,000	24,995,500
Federal Agencies	3130A8U50	FEDERAL HOME LOAN BANK	7/29/2016	7/25/2018	1.89	0.83	22,250,000	22,225,263	22,224,466	22,195,265
Federal Agencies	3134G9Q67	FREDDIE MAC	7/27/2016	7/27/2018	1.89	1.05	25,000,000	25,000,000	25,000,000	24,949,250
Federal Agencies	3134G9Q67	FREDDIE MAC	7/27/2016	7/27/2018	1.89	1.05	25,000,000	24,993,750	24,994,058	24,949,250
Federal Agencies	3136G2NZ6	FANNIE MAE	9/30/2015	9/28/2018	2.06	0.75	25,000,000	25,000,000	25,000,000	25,000,250
Federal Agencies	3136G2NZ6	FANNIE MAE	9/30/2015	9/28/2018	2.06	0.75	25,000,000	25,000,000	25,000,000	25,000,250
Federal Agencies	3133EGFK6	FEDERAL FARM CREDIT BANK	6/17/2016	10/17/2018	0.05	0.64	25,000,000	25,000,000	25,000,000	24,979,250
Federal Agencies	3133EGFK6	FEDERAL FARM CREDIT BANK	6/17/2016	10/17/2018	0.05	0.64	25,000,000	25,000,000	25,000,000	24,979,250
Federal Agencies	3134G82B4	FREDDIE MAC	11/23/2015	11/23/2018	2.21	0.75	25,000,000	25,000,000	25,000,000	24,997,500
Federal Agencies	3136G2C39	FANNIE MAE	12/30/2014	12/28/2018	2.29	1.63	15,000,000	15,000,000	15,000,000	15,048,900
Federal Agencies	3133EGDM4	FEDERAL FARM CREDIT BANK	6/2/2016	1/2/2019	0.01	0.66	25,000,000	25,000,000	25,000,000	24,988,500
Federal Agencies	3130A8VZ3	FEDERAL HOME LOAN BANK	7/28/2016	1/25/2019	2.37	1.05	25,000,000	25,000,000	25,000,000	24,948,000
Federal Agencies	3132X0EK3	FARMER MAC	1/25/2016	1/25/2019	0.15	0.81	25,000,000	25,000,000	25,000,000	25,029,750
Federal Agencies	3133EGBU8	FEDERAL FARM CREDIT BANK	5/25/2016	2/25/2019	0.07	0.70	50,000,000	50,000,000	50,000,000	50,006,500
Federal Agencies	3136G2XK8	FANNIE MAE	2/26/2016	2/26/2019	2.47	0.75	25,000,000	25,000,000	25,000,000	25,009,000
Federal Agencies	3136G2Y68	FANNIE MAE	2/26/2016	2/26/2019	2.47	0.75	15,935,000	15,927,033	15,928,399	15,934,681
Federal Agencies	3132X0ED9	FARMER MAC	1/19/2016	3/19/2019	0.05	0.72	40,000,000	40,000,000	40,000,000	39,988,000
Federal Agencies	3136G3FC4	FANNIE MAE	3/29/2016	3/29/2019	2.54	1.00	6,250,000	6,250,000	6,250,000	6,246,563
Federal Agencies	3134G8VT3	FREDDIE MAC	5/23/2016	4/25/2019	2.62	0.80	14,560,000	14,568,332	14,559,341	14,573,250
Federal Agencies	3134G9DB0	FREDDIE MAC	4/29/2016	4/29/2019	2.64	0.88	10,000,000	10,000,000	10,000,000	9,999,400
Federal Agencies	3134G9DB0	FREDDIE MAC	4/29/2016	4/29/2019	2.64	0.88	50,000,000	50,000,000	50,000,000	49,997,000
Federal Agencies	3136G3QP3	FANNIE MAE	5/24/2016	5/24/2019	2.68	1.25	10,000,000	10,000,000	10,000,000	10,009,200
Federal Agencies	3134G9LF2	FREDDIE MAC	6/7/2016	6/7/2019	2.74	0.75	75,000,000	75,000,000	75,000,000	74,996,250
Federal Agencies	3136G3NK7	FANNIE MAE	6/7/2016	6/7/2019	2.74	0.75	25,000,000	24,996,250	24,996,545	25,000,500
Federal Agencies	3136G3NM3	FANNIE MAE	6/7/2016	6/7/2019	2.74	0.75	50,000,000	50,000,000	50,000,000	49,863,500
Federal Agencies	3134G9QN0	FREDDIE MAC	6/14/2016	6/14/2019	2.75	0.88	12,500,000	12,500,000	12,500,000	12,493,500
Federal Agencies	3134G9QP5	FREDDIE MAC	6/14/2016	6/14/2019	2.75	1.00	11,500,000	11,500,000	11,500,000	11,500,000
Federal Agencies	3134G9QW0	FREDDIE MAC	6/14/2016	6/14/2019	2.74	1.28	50,000,000	50,000,000	50,000,000	50,057,000
Federal Agencies	3134G9YR2	FREDDIE MAC	7/12/2016	7/12/2019	2.83	0.85	50,000,000	50,000,000	50,000,000	49,929,000
Federal Agencies	3133EGED3	FEDERAL FARM CREDIT BANK	6/9/2016	8/9/2019	0.02	0.69	25,000,000	25,000,000	25,000,000	24,971,000
Federal Agencies	3133EGED3	FEDERAL FARM CREDIT BANK	6/9/2016	8/9/2019	0.02	0.69	25,000,000	25,000,000	25,000,000	24,971,000
Federal Agencies	3134G94F1	FREDDIE MAC	8/15/2016	8/15/2019	2.92	1.00	25,000,000	25,000,000	25,000,000	24,952,000
Federal Agencies	3135G0P23	FANNIE MAE	8/30/2016	8/23/2019	2.93	1.25	20,000,000	20,000,000	20,000,000	19,977,800
Federal Agencies	3136G3X59	FANNIE MAE	8/23/2016	8/23/2019	2.94	1.10	25,000,000	25,000,000	25,000,000	24,932,250
Federal Agencies	3134G9GS0	FREDDIE MAC	5/26/2016	8/26/2019	2.94	1.25	25,000,000	25,000,000	25,000,000	25,017,750
Federal Agencies	3134G8TG4	FREDDIE MAC	4/11/2016	10/11/2019	3.03	1.50	15,000,000	15,000,000	15,000,000	15,016,350
Federal Agencies	3136G3LV5	FANNIE MAE	5/26/2016	11/26/2019	3.17	1.35	8,950,000	8,950,000	8,950,000	8,964,141
Federal Agencies	3134G9VR5	FREDDIE MAC	7/6/2016	1/6/2020	3.30	1.00	25,000,000	25,000,000	25,000,000	24,952,750
Federal Agencies	3136G3TK1	FANNIE MAE	7/6/2016	4/6/2020	3.54	0.88	25,000,000	25,000,000	25,000,000	24,959,500
Federal Agencies	3132X0AT8	FARMER MAC	6/5/2015	6/2/2020	0.01	0.64	41,000,000	41,000,000	41,000,000	40,782,290
Federal Agencies	3136G3TG0	FANNIE MAE	6/30/2016	6/30/2020	3.75	1.15	15,000,000	15,000,000	15,000,000	14,986,050
Federal Agencies	3133EFTX5	FEDERAL FARM CREDIT BANK	12/24/2015	12/24/2020	0.07	0.85	100,000,000	100,000,000	100,000,000	100,091,000
Subtotals					0.88	0.85	\$ 3,639,878,000	\$ 3,644,010,142	\$ 3,640,676,748	\$ 3,641,433,981
State/Local Agencies	91411SJ19	UNIVERSITY OF CALIFORNIA	7/5/2016	9/1/2016	0.00	0.00	\$ 37,000,000	\$ 36,973,175	\$ 36,973,175	\$ 37,000,000
State/Local Agencies	91411SJC5	UNIVERSITY OF CALIFORNIA	7/14/2016	9/12/2016	0.03	0.00	9,450,000	9,443,070	9,443,070	9,448,816
State/Local Agencies	91411SJC5	UNIVERSITY OF CALIFORNIA	7/15/2016	9/12/2016	0.03	0.00	23,000,000	22,983,414	22,983,414	22,997,119
State/Local Agencies	13063CPM6	CALIFORNIA ST	12/9/2014	11/1/2016	0.17	0.75	44,000,000	44,046,200	44,004,067	43,994,280
State/Local Agencies	91412GL45	UNIV OF CALIFORNIA CA REVENUE	6/30/2016	5/15/2017	0.70	0.65	5,505,000	5,505,000	5,505,000	5,499,660

Investment Inventory

Pooled Fund

Type of Investment	CUSIP	Issuer Name	Settle Date	Maturity Date	Duration	Coupon	Par Value	Book Value	Amortized Book Value	Market Value
State/Local Agencies	91412GUU7	UNIV OF CALIFORNIA CA REVENUE	4/10/2014	5/15/2017	0.70	1.22	3,250,000	3,250,000	3,250,000	3,260,108
State/Local Agencies	13063CFC9	CALIFORNIA ST	11/5/2013	11/1/2017	1.15	1.75	16,500,000	16,558,905	16,517,223	16,642,230
State/Local Agencies	13063CPN4	CALIFORNIA ST	12/22/2014	11/1/2017	1.16	1.25	5,000,000	5,004,550	5,001,855	5,014,500
State/Local Agencies	13063CPN4	CALIFORNIA ST	11/25/2014	11/1/2017	1.16	1.25	50,000,000	50,121,500	50,048,283	50,145,000
State/Local Agencies	91412GL52	UNIV OF CALIFORNIA CA REVENUE	6/30/2016	5/5/2018	1.67	0.99	2,470,000	2,470,000	2,470,000	2,464,220
State/Local Agencies	91412GL60	UNIV OF CALIFORNIA CA REVENUE	6/30/2016	5/15/2019	2.66	1.23	2,000,000	2,000,000	2,000,000	1,993,140
State/Local Agencies	91412GSB2	UNIV OF CALIFORNIA CA REVENUE	10/5/2015	7/1/2019	2.77	1.80	4,180,000	4,214,443	4,206,066	4,223,012
State/Local Agencies	91412GSB2	UNIV OF CALIFORNIA CA REVENUE	10/2/2015	7/1/2019	2.77	1.80	16,325,000	16,461,640	16,428,179	16,492,984
State/Local Agencies	6055804W6	MISSISSIPPI ST	4/23/2015	10/1/2019	2.81	6.09	8,500,000	10,217,510	9,691,245	9,714,225
State/Local Agencies	977100CW4	WISCONSIN ST GEN FUND ANNUAL	8/16/2016	5/1/2020	3.58	1.45	18,000,000	18,000,000	18,000,000	17,891,820
State/Local Agencies	91412GF59	UNIV OF CALIFORNIA CA REVENUE	8/9/2016	5/15/2021	4.48	1.91	1,769,000	1,820,926	1,810,144	1,798,277
Subtotals					1.06	1.08	\$ 246,949,000	\$ 249,070,333	\$ 248,331,720	\$ 248,579,391
Public Time Deposits	PP5Z1EJS4	MISSION NATIONAL BK SF	2/19/2016	2/21/2017	0.22	0.86	\$ 240,000	\$ 240,000	\$ 240,000	\$ 240,000
Public Time Deposits	PP600XGA1	TRANS-PAC NATIONAL BK	3/21/2016	3/21/2017	0.55	1.05	240,000	240,000	240,000	240,000
Public Time Deposits	PPF00EG62	BANK OF SAN FRANCISCO	4/11/2016	4/11/2017	0.11	0.89	240,000	240,000	240,000	240,000
Public Time Deposits	PPQJ03J86	PREFERRED BANK LA CALIF	5/16/2016	5/16/2017	0.71	0.85	240,000	240,000	240,000	240,000
Public Time Deposits	PP7C0E3S1	UMPQUA BANK	6/29/2016	6/29/2017	0.83	0.79	240,000	240,000	240,000	240,000
Subtotals					0.48	0.89	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000
Negotiable CDs	06427E3U3	BANK OF MONTREAL CHICAGO	6/28/2016	9/21/2016	0.06	0.64	\$ 25,000,000	\$ 25,000,000	\$ 25,000,000	\$ 25,004,223
Negotiable CDs	06366CA32	BANK OF MONTREAL CHICAGO	3/31/2015	9/23/2016	0.06	0.78	25,000,000	25,000,000	25,000,000	25,006,882
Negotiable CDs	06366CA32	BANK OF MONTREAL CHICAGO	3/31/2015	9/23/2016	0.06	0.78	50,000,000	50,000,000	50,000,000	50,013,765
Negotiable CDs	06417HUW4	BANK OF NOVA SCOTIA HOUS	9/25/2014	9/23/2016	0.06	0.84	50,000,000	50,000,000	50,000,000	50,015,690
Negotiable CDs	06366CC48	BANK OF MONTREAL CHICAGO	4/7/2015	10/7/2016	0.02	0.76	50,000,000	50,000,000	50,000,000	50,020,979
Negotiable CDs	06417HVR4	BANK OF NOVA SCOTIA HOUS	10/7/2014	10/7/2016	0.10	0.86	50,000,000	50,000,000	50,000,000	50,026,026
Negotiable CDs	78009NB96	ROYAL BANK OF CANADA NY	4/20/2016	10/17/2016	0.13	0.85	25,000,000	25,000,000	25,000,000	25,016,113
Negotiable CDs	89113EE69	TORONTO DOMINION BANK NY	10/16/2015	10/17/2016	0.13	0.93	25,000,000	25,000,000	25,000,000	25,018,880
Negotiable CDs	89113EL79	TORONTO DOMINION BANK NY	2/12/2016	11/8/2016	0.19	1.00	25,000,000	25,069,012	25,001,290	25,030,989
Negotiable CDs	78009NXP6	ROYAL BANK OF CANADA NY	12/3/2015	12/2/2016	0.01	1.02	50,000,000	50,000,000	50,000,000	50,034,262
Negotiable CDs	89113EU20	TORONTO DOMINION BANK NY	12/7/2015	12/7/2016	0.02	1.01	50,000,000	50,000,000	50,000,000	50,035,596
Negotiable CDs	78009NSX5	ROYAL BANK OF CANADA NY	12/15/2014	12/15/2016	0.04	0.83	100,000,000	100,000,000	100,000,000	100,024,189
Negotiable CDs	96121TH27	WESTPAC BANKING CORP NY	12/22/2015	12/28/2016	0.08	0.99	50,000,000	50,000,000	50,000,000	50,040,236
Negotiable CDs	96121TH27	WESTPAC BANKING CORP NY	12/22/2015	12/28/2016	0.08	0.99	50,000,000	50,000,000	50,000,000	50,040,236
Negotiable CDs	78009NB54	ROYAL BANK OF CANADA NY	4/8/2016	1/4/2017	0.35	0.96	50,000,000	50,000,000	50,000,000	50,036,148
Negotiable CDs	78009NZD1	ROYAL BANK OF CANADA NY	1/25/2016	1/25/2017	0.07	1.03	25,000,000	25,000,000	25,000,000	25,028,976
Negotiable CDs	06427EM65	BANK OF MONTREAL CHICAGO	4/29/2016	2/1/2017	0.17	1.00	25,000,000	25,000,000	25,000,000	25,026,271
Negotiable CDs	89113E2G0	TORONTO DOMINION BANK NY	1/11/2016	2/1/2017	0.00	0.99	50,000,000	50,000,000	50,000,000	50,052,067
Negotiable CDs	89113WFC5	TORONTO DOMINION BANK NY	7/28/2016	2/1/2017	0.00	1.07	25,000,000	25,000,000	25,000,000	25,031,197
Negotiable CDs	96121TK64	WESTPAC BANKING CORP NY	2/4/2016	2/3/2017	0.43	1.02	50,000,000	50,000,000	50,000,000	50,057,351
Negotiable CDs	89113WAL0	TORONTO DOMINION BANK NY	5/11/2016	2/15/2017	0.46	1.00	40,000,000	40,000,000	40,000,000	40,046,070
Negotiable CDs	06417HE36	BANK OF NOVA SCOTIA HOUS	2/23/2015	2/23/2017	0.23	1.10	25,000,000	25,000,000	25,000,000	25,042,297
Negotiable CDs	06417HE36	BANK OF NOVA SCOTIA HOUS	2/23/2015	2/23/2017	0.23	1.10	25,000,000	25,000,000	25,000,000	25,042,297
Negotiable CDs	06427EX55	BANK OF MONTREAL CHICAGO	6/8/2016	3/6/2017	0.51	1.03	25,000,000	25,000,000	25,000,000	24,989,326
Negotiable CDs	78009NZW9	ROYAL BANK OF CANADA NY	3/10/2016	3/10/2017	0.03	1.02	50,000,000	50,000,000	50,000,000	49,976,697
Negotiable CDs	06427EDJ7	BANK OF MONTREAL CHICAGO	9/17/2015	3/17/2017	0.05	0.91	25,000,000	25,000,000	25,000,000	24,972,240
Negotiable CDs	78009ND94	ROYAL BANK OF CANADA NY	7/1/2016	3/27/2017	0.57	0.96	25,000,000	25,000,000	25,000,000	24,978,212
Negotiable CDs	89113EC79	TORONTO DOMINION BANK NY	10/2/2015	3/28/2017	0.08	0.87	50,000,000	50,000,000	50,000,000	49,931,618
Negotiable CDs	89113E5Z5	TORONTO DOMINION BANK NY	4/8/2016	4/12/2017	0.61	1.10	25,000,000	25,000,000	25,000,000	24,997,695
Negotiable CDs	06427K3A3	BANK OF MONTREAL CHICAGO	8/3/2016	5/3/2017	0.18	1.16	25,000,000	25,000,000	25,000,000	25,008,267

Investment Inventory

Pooled Fund

Type of Investment	CUSIP	Issuer Name	Settle Date	Maturity Date	Duration	Coupon	Par Value	Book Value	Amortized Book Value	Market Value
Negotiable CDs	06417HUR5	BANK OF NOVA SCOTIA HOUS	9/25/2014	9/25/2017	0.07	0.91	50,000,000	50,000,000	50,000,000	49,900,000
Negotiable CDs	06427EK91	BANK OF MONTREAL CHICAGO	4/25/2016	10/25/2017	0.07	1.24	50,000,000	50,000,000	50,000,000	49,909,100
Subtotals					0.14	0.95	\$ 1,265,000,000	\$ 1,265,069,012	\$ 1,265,001,290	\$ 1,265,353,898
Commercial Paper	06538BJ79	BANK TOKYO-MIT UFJ NY	7/5/2016	9/7/2016	0.00	0.00	\$ 30,000,000	\$ 29,971,200	\$ 29,971,200	\$ 29,997,950
Commercial Paper	06538BJK0	BANK TOKYO-MIT UFJ NY	7/12/2016	9/19/2016	0.05	0.00	40,000,000	39,957,067	39,957,067	39,991,800
Commercial Paper	06538BKH5	BANK TOKYO-MIT UFJ NY	4/19/2016	10/17/2016	0.13	0.00	30,000,000	29,865,758	29,865,758	29,984,283
Commercial Paper	06538BKX0	BANK TOKYO-MIT UFJ NY	5/3/2016	10/31/2016	0.17	0.00	25,000,000	24,886,875	24,886,875	24,980,833
Commercial Paper	06538BKX0	BANK TOKYO-MIT UFJ NY	5/4/2016	10/31/2016	0.17	0.00	25,000,000	24,887,500	24,887,500	24,980,833
Commercial Paper	06538BMF7	BANK TOKYO-MIT UFJ NY	6/20/2016	12/15/2016	0.29	0.00	40,000,000	39,814,089	39,814,089	39,938,167
Commercial Paper	89233GQ33	TOYOTA MOTOR CREDIT CORP	6/6/2016	3/3/2017	0.50	0.00	25,000,000	24,810,625	24,810,625	24,897,063
Commercial Paper	89233GQ66	TOYOTA MOTOR CREDIT CORP	6/9/2016	3/6/2017	0.51	0.00	25,000,000	24,812,500	24,812,500	24,895,375
Commercial Paper	89233GQ74	TOYOTA MOTOR CREDIT CORP	6/10/2016	3/7/2017	0.52	0.00	25,000,000	24,812,500	24,812,500	24,894,813
Commercial Paper	89233GR73	TOYOTA MOTOR CREDIT CORP	7/13/2016	4/7/2017	0.60	0.00	40,000,000	39,687,333	39,687,333	39,803,800
Commercial Paper	06538BRM7	BANK TOKYO-MIT UFJ NY	7/26/2016	4/21/2017	0.64	0.00	50,000,000	49,547,931	49,547,931	49,739,000
Commercial Paper	89233APL7	TOYOTA MOTOR CREDIT CORP	7/28/2016	4/21/2017	0.08	1.07	25,000,000	25,000,000	25,000,000	24,869,500
Commercial Paper	06538BS53	BANK TOKYO-MIT UFJ NY	8/9/2016	5/5/2017	0.68	0.00	25,000,000	24,755,285	24,755,285	24,824,042
Commercial Paper	06538BS53	BANK TOKYO-MIT UFJ NY	8/10/2016	5/5/2017	0.68	0.00	40,000,000	39,603,956	39,603,956	39,718,467
Commercial Paper	06538BSC8	BANK TOKYO-MIT UFJ NY	8/17/2016	5/12/2017	0.70	0.00	25,000,000	24,750,611	24,750,611	24,819,035
Subtotals					0.39	0.06	\$ 470,000,000	\$ 467,163,229	\$ 467,163,229	\$ 468,334,960
Medium Term Notes	89114QAL2	TORONTO-DOMINION BANK	12/15/2014	9/9/2016	0.02	1.12	\$ 18,930,000	\$ 19,016,132	\$ 18,931,087	\$ 18,930,947
Medium Term Notes	89114QAL2	TORONTO-DOMINION BANK	3/2/2015	9/9/2016	0.02	1.12	24,000,000	24,103,620	24,001,488	24,001,200
Medium Term Notes	9612E0DB0	WESTPAC BANKING CORP	10/10/2014	10/7/2016	0.02	0.75	50,000,000	50,000,000	50,000,000	50,000,000
Medium Term Notes	073928S46	BEAR STEARNS COS LLC	2/10/2016	11/21/2016	0.22	1.20	6,450,000	6,439,745	6,447,085	6,451,355
Medium Term Notes	36967FAB7	GENERAL ELECTRIC CO	1/9/2015	1/9/2017	0.11	0.94	20,000,000	20,000,000	20,000,000	20,020,000
Medium Term Notes	064159AM8	BANK OF NOVA SCOTIA	10/20/2015	1/12/2017	0.37	2.55	10,000,000	10,185,500	10,054,826	10,054,200
Medium Term Notes	90331HMC4	US BANK NA CINCINNATI	2/11/2016	1/30/2017	0.42	1.10	1,500,000	1,502,063	1,500,880	1,500,645
Medium Term Notes	90331HMC4	US BANK NA CINCINNATI	7/1/2016	1/30/2017	0.42	1.10	6,900,000	6,910,488	6,907,435	6,902,967
Medium Term Notes	90331HMC4	US BANK NA CINCINNATI	2/12/2016	1/30/2017	0.42	1.10	8,515,000	8,523,174	8,518,497	8,518,661
Medium Term Notes	90331HMC4	US BANK NA CINCINNATI	6/24/2016	1/30/2017	0.42	1.10	10,000,000	10,012,200	10,008,374	10,004,300
Medium Term Notes	36962G2F0	GENERAL ELECTRIC CO	4/8/2015	2/15/2017	0.21	0.99	3,791,000	3,789,138	3,790,542	3,794,412
Medium Term Notes	36962G2F0	GENERAL ELECTRIC CO	4/1/2015	2/15/2017	0.21	0.99	4,948,000	4,942,755	4,946,723	4,952,453
Medium Term Notes	89236TCC7	TOYOTA MOTOR CREDIT CORP	4/14/2015	2/16/2017	0.21	1.01	10,000,000	10,006,300	10,001,570	10,004,700
Medium Term Notes	89236TCC7	TOYOTA MOTOR CREDIT CORP	2/20/2015	2/16/2017	0.21	1.01	50,000,000	50,000,000	50,000,000	50,023,500
Medium Term Notes	91159HHD5	US BANCORP	2/3/2016	5/15/2017	0.70	1.65	3,090,000	3,111,908	3,102,010	3,101,711
Medium Term Notes	459200JD4	IBM CORP	2/19/2016	8/18/2017	0.22	1.25	25,000,000	25,000,000	25,000,000	25,093,750
Medium Term Notes	459200GJ4	IBM CORP	3/22/2016	9/14/2017	1.00	5.70	1,325,000	1,417,057	1,388,148	1,388,706
Medium Term Notes	911312AP1	UNITED PARCEL SERVICE	1/28/2016	10/1/2017	1.08	1.13	2,000,000	2,003,780	2,002,440	2,004,400
Medium Term Notes	459200HK0	IBM CORP	5/6/2016	2/8/2018	1.43	1.25	11,450,000	11,519,616	11,506,840	11,501,983
Medium Term Notes	89236TCY9	TOYOTA MOTOR CREDIT CORP	4/8/2016	4/6/2018	0.10	1.04	45,000,000	45,000,000	45,000,000	45,134,550
Subtotals					0.21	1.10	\$ 312,899,000	\$ 313,483,474	\$ 313,107,944	\$ 313,384,440
Money Market Funds	09248U718	BLACKROCK LIQUIDITY FUNDS T-FI	8/31/2016	9/1/2016	0.00	0.22	\$ 5,007,551	\$ 5,007,551	\$ 5,007,551	\$ 5,007,551
Money Market Funds	31607A703	FIDELITY INSTITUTIONAL MONEY M	8/31/2016	9/1/2016	0.00	0.30	310,389,566	310,389,566	310,389,566	310,389,566
Money Market Funds	61747C707	MORGAN STANLEY INSTITUTIONAL	8/31/2016	9/1/2016	0.00	0.27	5,219,548	5,219,548	5,219,548	5,219,548
Subtotals					0.00	0.30	\$ 320,616,665	\$ 320,616,665	\$ 320,616,665	\$ 320,616,665

Investment Inventory

Pooled Fund

Type of Investment	CUSIP	Issuer Name	Settle Date	Maturity Date	Duration	Coupon	Par Value	Book Value	Amortized Book Value	Market Value
Supranationals	45905UXQ2	INTL BK RECON & DEVELOP	7/27/2016	1/26/2018	0.07	0.64	\$ 25,000,000	\$ 25,000,000	\$ 25,000,000	\$ 24,996,500
Supranationals	459058ER0	INTL BK RECON & DEVELOP	10/7/2015	10/5/2018	2.07	1.00	25,000,000	24,957,500	24,970,320	25,008,000
Subtotals					1.07	0.82	\$ 50,000,000	\$ 49,957,500	\$ 49,970,320	\$ 50,004,500
Grand Totals					0.63	0.81	\$ 6,806,542,665	\$ 6,808,731,488	\$ 6,805,489,447	\$ 6,809,474,834

Monthly Investment Earnings

Pooled Fund

For month ended August 31, 2016

Type of Investment	CUSIP	Issuer Name	Par Value	Coupon	YTM ¹	Settle Date	Maturity Date	Earned Interest	Amort. Expense	Realized Gain/(Loss)	Earned Income /Net Earnings
U.S. Treasuries	912828RJ1	US TSY NT	\$ 75,000,000	1.00	1.05	10/11/11	9/30/16	\$ 63,525	\$ 2,901	\$ -	\$ 66,425
U.S. Treasuries	912828RM4	US TSY NT	25,000,000	1.00	0.74	12/26/13	10/31/16	21,060	(5,473)	-	15,587
U.S. Treasuries	912828RX0	US TSY NT	25,000,000	0.88	0.67	2/25/14	12/31/16	18,427	(4,337)	-	14,090
U.S. Treasuries	912828SJ0	US TSY NT	25,000,000	0.88	1.21	3/21/12	2/28/17	18,437	6,877	-	25,314
U.S. Treasuries	912828SJ0	US TSY NT	25,000,000	0.88	1.21	3/21/12	2/28/17	18,437	6,877	-	25,314
U.S. Treasuries	912828SJ0	US TSY NT	75,000,000	0.88	0.94	3/14/12	2/28/17	55,311	3,909	-	59,221
U.S. Treasuries	912828SM3	US TSY NT	50,000,000	1.00	1.07	4/4/12	3/31/17	42,350	2,791	-	45,141
U.S. Treasuries	912828TM2	US TSY NT	100,000,000	0.63	0.96	12/15/15	8/31/17	52,678	28,094	-	80,771
U.S. Treasuries	912828M72	US TSY NT	50,000,000	0.88	1.00	12/17/15	11/30/17	37,056	5,088	-	42,144
U.S. Treasuries	912828M72	US TSY NT	50,000,000	0.88	1.00	12/17/15	11/30/17	37,056	5,258	-	42,314
Subtotals			\$ 500,000,000					\$ 364,337	\$ 51,984	\$ -	\$ 416,321
Federal Agencies	313384C98	FED HOME LN DISCOUNT NT	\$ -	0.00	0.32	7/15/16	8/22/16	\$ 2,442	\$ -	\$ -	2,442
Federal Agencies	3137EACW7	FREDDIE MAC	-	2.00	0.61	12/3/15	8/25/16	9,825	(6,702)	-	3,123
Federal Agencies	3135G0YE7	FANNIE MAE	-	0.63	0.52	3/17/14	8/26/16	21,701	(3,493)	-	18,209
Federal Agencies	3.14E+32	FANNIE DISCOUNT NOTE	-	0.00	0.20	8/30/16	8/31/16	556	-	-	556
Federal Agencies	31315PQB8	FARMER MAC	7,000,000	1.50	0.70	10/29/13	9/1/16	8,750	(4,666)	-	4,084
Federal Agencies	3130A6BD8	FEDERAL HOME LOAN BANK	15,000,000	0.51	0.35	6/30/16	9/9/16	6,375	(1,965)	-	4,410
Federal Agencies	313370TW8	FEDERAL HOME LOAN BANK	25,000,000	2.00	1.39	10/11/11	9/9/16	41,667	(12,562)	-	29,104
Federal Agencies	3130A7KH7	FEDERAL HOME LOAN BANK	5,495,000	0.53	0.42	5/4/16	9/29/16	2,427	(516)	-	1,911
Federal Agencies	313378UB5	FEDERAL HOME LOAN BANK	5,000,000	1.13	0.51	10/23/14	10/11/16	4,708	(2,596)	-	2,113
Federal Agencies	3130A3CE2	FEDERAL HOME LOAN BANK	40,000,000	0.63	0.58	11/3/14	10/14/16	20,833	(1,395)	-	19,438
Federal Agencies	3137EADS5	FREDDIE MAC	-	0.88	0.57	3/3/14	10/14/16	4,861	184,749	(173,866)	15,744
Federal Agencies	3130A6P24	FEDERAL HOME LOAN BANK	5,950,000	0.40	0.76	1/7/16	10/28/16	1,983	1,813	-	3,797
Federal Agencies	3130A3J70	FEDERAL HOME LOAN BANK	7,015,000	0.63	0.66	11/18/15	11/23/16	3,654	205	-	3,859
Federal Agencies	3130A3J70	FEDERAL HOME LOAN BANK	25,000,000	0.63	0.64	11/17/14	11/23/16	13,021	421	-	13,441
Federal Agencies	313381GA7	FEDERAL HOME LOAN BANK	23,100,000	0.57	0.57	11/30/12	11/30/16	10,973	(93)	-	10,879
Federal Agencies	313371PV2	FEDERAL HOME LOAN BANK	6,545,000	1.63	0.48	5/11/16	12/9/16	8,863	(6,319)	-	2,544
Federal Agencies	313371PV2	FEDERAL HOME LOAN BANK	25,000,000	1.63	0.64	11/6/14	12/9/16	33,854	(20,815)	-	13,039
Federal Agencies	313371PV2	FEDERAL HOME LOAN BANK	25,000,000	1.63	0.65	12/4/14	12/9/16	33,854	(20,502)	-	13,352
Federal Agencies	313371PV2	FEDERAL HOME LOAN BANK	25,000,000	1.63	0.72	12/12/14	12/9/16	33,854	(19,056)	-	14,799
Federal Agencies	313384T58	FED HOME LN DISCOUNT NT	24,625,000	0.00	0.48	6/21/16	12/16/16	10,178	-	-	10,178
Federal Agencies	3133XHZK1	FEDERAL HOME LOAN BANK	33,850,000	4.75	0.48	5/11/16	12/16/16	133,990	(121,739)	-	12,251
Federal Agencies	3130A12F4	FEDERAL HOME LOAN BANK	20,500,000	0.70	0.70	3/19/14	12/19/16	11,958	63	-	12,022
Federal Agencies	3134G5VG7	FREDDIE MAC	50,000,000	0.78	0.78	12/29/14	12/29/16	32,500	-	-	32,500
Federal Agencies	3134G33C2	FREDDIE MAC	50,000,000	0.60	0.60	1/3/13	1/3/17	25,000	-	-	25,000
Federal Agencies	3133ECB37	FEDERAL FARM CREDIT BANK	14,000,000	0.58	0.58	12/20/12	1/12/17	6,767	-	-	6,767
Federal Agencies	31315PWW5	FARMER MAC	49,500,000	1.01	1.02	5/4/12	1/17/17	41,663	446	-	42,109
Federal Agencies	3130A7T62	FEDERAL HOME LOAN BANK	9,000,000	0.55	0.56	4/20/16	1/18/17	4,125	51	-	4,176
Federal Agencies	3133EDRD6	FEDERAL FARM CREDIT BANK	50,000,000	0.45	0.52	12/12/14	1/30/17	18,940	739	-	19,679
Federal Agencies	3133786Q9	FEDERAL HOME LOAN BANK	67,780,000	1.00	0.72	1/10/13	2/13/17	56,483	(15,893)	-	40,590
Federal Agencies	3133EDFW7	FEDERAL FARM CREDIT BANK	50,000,000	0.55	0.55	2/27/14	2/27/17	23,504	-	-	23,504
Federal Agencies	3130A8D83	FEDERAL HOME LOAN BANK	25,000,000	0.52	0.52	6/2/16	3/2/17	11,087	-	-	11,087
Federal Agencies	3133782N0	FEDERAL HOME LOAN BANK	15,000,000	0.88	0.93	12/29/15	3/10/17	10,938	649	-	11,587
Federal Agencies	3133782N0	FEDERAL HOME LOAN BANK	22,185,000	0.88	0.72	6/2/16	3/10/17	16,177	(2,968)	-	13,209
Federal Agencies	3133782N0	FEDERAL HOME LOAN BANK	50,000,000	0.88	0.82	12/15/14	3/10/17	36,458	(2,222)	-	34,236
Federal Agencies	3133EDP30	FEDERAL FARM CREDIT BANK	26,000,000	0.56	0.50	10/3/14	3/24/17	12,017	(321)	-	11,696
Federal Agencies	3133EDZW5	FEDERAL FARM CREDIT BANK	25,000,000	0.54	0.55	10/29/14	3/29/17	11,160	9	-	11,168
Federal Agencies	31315PTQ2	FARMER MAC	12,500,000	1.26	1.36	4/10/12	4/10/17	13,125	1,031	-	14,156
Federal Agencies	3133ECLL6	FEDERAL FARM CREDIT BANK	10,000,000	0.60	0.60	4/17/13	4/17/17	5,000	-	-	5,000

Monthly Investment Earnings

Pooled Fund

Type of Investment	CUSIP	Issuer Name	Par Value	Coupon	YTM ¹	Settle Date	Maturity Date	Earned Interest	Amort. Expense	Realized Gain/(Loss)	Earned Income /Net Earnings
Federal Agencies	31315PUQ0	FARMER MAC	10,500,000	1.13	1.13	4/26/12	4/26/17	9,844	-	-	9,844
Federal Agencies	3135G0JA2	FANNIE MAE	8,058,000	1.13	0.54	7/1/16	4/27/17	7,554	(4,012)	-	3,543
Federal Agencies	3137EADF3	FREDDIE MAC	25,000,000	1.25	1.14	5/14/12	5/12/17	26,042	(2,260)	-	23,781
Federal Agencies	31315PZQ5	FARMER MAC	9,000,000	1.11	0.80	12/28/12	6/5/17	8,325	(2,337)	-	5,988
Federal Agencies	313379FW4	FEDERAL HOME LOAN BANK	12,000,000	1.00	0.93	12/19/14	6/9/17	10,000	(713)	-	9,287
Federal Agencies	313379FW4	FEDERAL HOME LOAN BANK	20,600,000	1.00	1.02	12/29/15	6/9/17	17,167	351	-	17,517
Federal Agencies	3130A3SL9	FEDERAL HOME LOAN BANK	25,000,000	0.95	1.02	12/30/14	6/15/17	19,792	1,389	-	21,181
Federal Agencies	3133EAUW6	FEDERAL FARM CREDIT BANK	50,000,000	0.62	0.62	6/19/12	6/19/17	26,556	-	-	26,556
Federal Agencies	3133EEGH7	FEDERAL FARM CREDIT BANK	8,400,000	0.93	0.94	12/26/14	6/26/17	6,510	91	-	6,601
Federal Agencies	3137EADH9	FREDDIE MAC	15,000,000	1.00	0.78	5/25/16	6/29/17	12,500	(2,778)	-	9,722
Federal Agencies	3137EADH9	FREDDIE MAC	25,000,000	1.00	1.10	3/25/14	6/29/17	20,833	2,064	-	22,898
Federal Agencies	3134G5W50	FREDDIE MAC	50,000,000	1.00	1.00	12/30/14	6/30/17	41,667	-	-	41,667
Federal Agencies	3130A8L35	FEDERAL HOME LOAN BANK	25,000,000	0.75	0.75	6/24/16	7/20/17	15,625	-	-	15,625
Federal Agencies	3133ECV92	FEDERAL FARM CREDIT BANK	50,000,000	0.56	0.56	7/24/13	7/24/17	23,110	-	-	23,110
Federal Agencies	3133ECVG6	FEDERAL FARM CREDIT BANK	23,520,000	0.72	0.72	8/5/13	7/26/17	14,603	-	-	14,603
Federal Agencies	3135G0F24	FANNIE MAE	25,000,000	0.52	0.54	9/16/15	8/16/17	10,867	215	-	11,081
Federal Agencies	3133EEFX3	FEDERAL FARM CREDIT BANK	50,000,000	0.57	0.57	12/23/14	8/23/17	23,574	-	-	23,574
Federal Agencies	3137EADL0	FREDDIE MAC	25,000,000	1.00	1.22	3/25/14	9/29/17	20,833	4,631	-	25,465
Federal Agencies	3135G0F57	FANNIE MAE	25,000,000	0.51	0.53	10/5/15	10/5/17	10,831	324	-	11,155
Federal Agencies	3133EETS9	FEDERAL FARM CREDIT BANK	30,000,000	0.54	0.54	9/25/15	10/19/17	13,594	(25)	-	13,569
Federal Agencies	3130A6LZ8	FEDERAL HOME LOAN BANK	25,000,000	0.63	0.82	4/28/16	10/26/17	13,021	4,003	-	17,024
Federal Agencies	3133EEBR0	FEDERAL FARM CREDIT BANK	25,000,000	0.54	0.57	11/18/14	11/13/17	11,326	318	-	11,644
Federal Agencies	3133EEJ76	FEDERAL FARM CREDIT BANK	25,000,000	0.53	0.56	8/20/15	11/13/17	11,370	323	-	11,693
Federal Agencies	3134G44F2	FREDDIE MAC	50,000,000	0.80	0.80	5/21/13	11/21/17	33,333	-	-	33,333
Federal Agencies	3130A3HF4	FEDERAL HOME LOAN BANK	25,000,000	1.13	1.19	12/22/14	12/8/17	23,438	1,275	-	24,712
Federal Agencies	3137EADX4	FREDDIE MAC	25,000,000	1.00	1.06	12/11/15	12/15/17	20,833	1,307	-	22,141
Federal Agencies	3133EEFE5	FEDERAL FARM CREDIT BANK	50,000,000	1.13	1.18	12/19/14	12/18/17	46,875	2,421	-	49,296
Federal Agencies	3133EEMH0	FEDERAL FARM CREDIT BANK	4,000,000	0.55	0.55	5/27/15	2/2/18	1,877	16	-	1,893
Federal Agencies	3133EEMH0	FEDERAL FARM CREDIT BANK	35,000,000	0.55	0.59	2/2/15	2/2/18	16,423	597	-	17,020
Federal Agencies	3133EEAN0	FEDERAL FARM CREDIT BANK	25,000,000	0.54	0.54	11/5/14	2/5/18	11,477	-	-	11,477
Federal Agencies	3133EEAN0	FEDERAL FARM CREDIT BANK	25,000,000	0.54	0.56	11/5/14	2/5/18	11,477	215	-	11,692
Federal Agencies	3133EEAN0	FEDERAL FARM CREDIT BANK	50,000,000	0.54	0.56	11/5/14	2/5/18	22,953	429	-	23,382
Federal Agencies	3133EFNK9	FEDERAL FARM CREDIT BANK	25,000,000	0.58	0.60	11/9/15	2/9/18	12,406	214	-	12,620
Federal Agencies	3133EEN71	FEDERAL FARM CREDIT BANK	50,000,000	0.55	0.56	5/22/15	3/22/18	22,840	225	-	23,065
Federal Agencies	3133EEQ86	FEDERAL FARM CREDIT BANK	50,000,000	0.50	0.52	5/27/15	3/26/18	21,389	645	-	22,033
Federal Agencies	3133EEQ86	FEDERAL FARM CREDIT BANK	50,000,000	0.50	0.52	5/29/15	3/26/18	21,389	646	-	22,035
Federal Agencies	3133EFWG8	FEDERAL FARM CREDIT BANK	25,000,000	0.65	0.66	1/26/16	3/26/18	14,002	110	-	14,112
Federal Agencies	3133EEZC7	FEDERAL FARM CREDIT BANK	50,000,000	0.56	0.57	4/16/15	4/16/18	23,455	214	-	23,670
Federal Agencies	31331KJB7	FEDERAL FARM CREDIT BANK	14,230,000	3.00	0.94	2/2/16	4/25/18	35,575	(24,639)	-	10,936
Federal Agencies	3134G8XS3	FREDDIE MAC	23,630,000	1.05	1.05	7/22/16	4/27/18	20,676	-	-	20,676
Federal Agencies	3133EEU40	FEDERAL FARM CREDIT BANK	69,000,000	0.53	0.54	6/3/15	5/3/18	31,612	149	-	31,761
Federal Agencies	3135G0WJ8	FANNIE MAE	25,000,000	0.88	1.05	5/23/13	5/21/18	18,229	3,629	-	21,858
Federal Agencies	3130A8VL4	FEDERAL HOME LOAN BANK	10,000,000	1.00	1.00	8/24/16	5/24/18	1,944	-	-	1,944
Federal Agencies	3130A8VL4	FEDERAL HOME LOAN BANK	25,000,000	1.00	1.00	8/24/16	5/24/18	4,861	-	-	4,861
Federal Agencies	3134G9ET0	FREDDIE MAC	-	1.00	1.00	5/25/16	5/25/18	4,667	-	-	4,667
Federal Agencies	3134G9GG6	FREDDIE MAC	50,000,000	0.80	0.80	5/25/16	5/25/18	33,333	-	-	33,333
Federal Agencies	3134G9HC4	FREDDIE MAC	10,000,000	1.00	1.03	5/25/16	5/25/18	8,333	212	-	8,546
Federal Agencies	3133EFCT2	FEDERAL FARM CREDIT BANK	25,000,000	0.55	0.55	9/8/15	6/8/18	11,788	-	-	11,788
Federal Agencies	3133EFCT2	FEDERAL FARM CREDIT BANK	50,000,000	0.55	0.55	9/8/15	6/8/18	23,576	-	-	23,576
Federal Agencies	3133EEW48	FEDERAL FARM CREDIT BANK	50,000,000	0.56	0.56	6/11/15	6/11/18	23,492	113	-	23,605
Federal Agencies	3133EFSSH1	FEDERAL FARM CREDIT BANK	25,000,000	1.17	1.25	12/18/15	6/14/18	24,375	1,628	-	26,003

Monthly Investment Earnings

Pooled Fund

Type of Investment	CUSIP	Issuer Name	Par Value	Coupon	YTM ¹	Settle Date	Maturity Date	Earned Interest	Amort. Expense	Realized Gain/(Loss)	Earned Income /Net Earnings
Federal Agencies	3133EGGC3	FEDERAL FARM CREDIT BANK	25,000,000	0.63	0.63	6/20/16	6/20/18	13,273	-	-	13,273
Federal Agencies	3134G9RZ2	FREDDIE MAC	8,950,000	0.80	0.80	6/22/16	6/22/18	5,967	-	-	5,967
Federal Agencies	3134G9UY1	FREDDIE MAC	25,000,000	1.00	1.00	6/29/16	6/29/18	20,833	-	-	20,833
Federal Agencies	3134G9UY1	FREDDIE MAC	25,000,000	1.00	1.00	6/29/16	6/29/18	20,833	-	-	20,833
Federal Agencies	3133EGBQ7	FEDERAL FARM CREDIT BANK	25,000,000	0.64	0.64	5/19/16	7/19/18	13,481	-	-	13,481
Federal Agencies	3133EGBQ7	FEDERAL FARM CREDIT BANK	25,000,000	0.64	0.64	5/19/16	7/19/18	13,481	-	-	13,481
Federal Agencies	3130A8U50	FEDERAL HOME LOAN BANK	22,250,000	0.83	0.89	7/29/16	7/25/18	15,390	1,144	-	16,533
Federal Agencies	3134G9Q67	FREDDIE MAC	25,000,000	1.05	1.05	7/27/16	7/27/18	21,875	-	-	21,875
Federal Agencies	3134G9Q67	FREDDIE MAC	25,000,000	1.05	1.06	7/27/16	7/27/18	21,875	265	-	22,140
Federal Agencies	3136G2NZ6	FANNIE MAE	25,000,000	0.75	0.75	9/30/15	9/28/18	15,625	-	-	15,625
Federal Agencies	3136G2NZ6	FANNIE MAE	25,000,000	0.75	0.75	9/30/15	9/28/18	15,625	-	-	15,625
Federal Agencies	3133EGFK6	FEDERAL FARM CREDIT BANK	25,000,000	0.64	0.64	6/17/16	10/17/18	13,441	-	-	13,441
Federal Agencies	3133EGFK6	FEDERAL FARM CREDIT BANK	25,000,000	0.64	0.64	6/17/16	10/17/18	13,441	-	-	13,441
Federal Agencies	3134G82B4	FREDDIE MAC	25,000,000	0.75	0.75	11/23/15	11/23/18	15,625	-	-	15,625
Federal Agencies	3136G2C39	FANNIE MAE	15,000,000	1.63	1.63	12/30/14	12/28/18	20,313	-	-	20,313
Federal Agencies	3133EGDM4	FEDERAL FARM CREDIT BANK	25,000,000	0.66	0.66	6/2/16	1/2/19	14,099	-	-	14,099
Federal Agencies	3130A8VZ3	FEDERAL HOME LOAN BANK	25,000,000	1.05	1.05	7/28/16	1/25/19	21,875	-	-	21,875
Federal Agencies	3132X0EK3	FARMER MAC	25,000,000	0.81	0.81	1/25/16	1/25/19	17,534	-	-	17,534
Federal Agencies	3133EGBU8	FEDERAL FARM CREDIT BANK	50,000,000	0.70	0.70	5/25/16	2/25/19	28,896	-	-	28,896
Federal Agencies	3134G8K81	FREDDIE MAC	-	1.00	1.00	2/26/16	2/26/19	3,819	-	-	3,819
Federal Agencies	3134G8K81	FREDDIE MAC	-	1.00	1.00	2/26/16	2/26/19	8,681	-	-	8,681
Federal Agencies	3134G8LN7	FREDDIE MAC	-	0.75	0.75	2/26/16	2/26/19	13,021	-	-	13,021
Federal Agencies	3136G2XK8	FANNIE MAE	25,000,000	0.75	0.75	2/26/16	2/26/19	15,625	-	-	15,625
Federal Agencies	3136G2Y68	FANNIE MAE	15,935,000	0.75	0.77	2/26/16	2/26/19	9,959	225	-	10,185
Federal Agencies	3132X0ED9	FARMER MAC	40,000,000	0.72	0.72	1/19/16	3/19/19	24,683	-	-	24,683
Federal Agencies	3136G3FC4	FANNIE MAE	6,250,000	1.00	1.00	3/29/16	3/29/19	5,208	-	-	5,208
Federal Agencies	3134G8VT3	FREDDIE MAC	14,560,000	0.80	0.80	5/23/16	4/25/19	9,707	21	-	9,728
Federal Agencies	3134G9DB0	FREDDIE MAC	10,000,000	0.88	0.88	4/29/16	4/29/19	7,292	-	-	7,292
Federal Agencies	3134G9DB0	FREDDIE MAC	50,000,000	0.88	0.88	4/29/16	4/29/19	36,458	-	-	36,458
Federal Agencies	3136G3QP3	FANNIE MAE	10,000,000	1.25	1.25	5/24/16	5/24/19	10,417	-	-	10,417
Federal Agencies	3134G9LF2	FREDDIE MAC	75,000,000	0.75	0.75	6/7/16	6/7/19	46,875	-	-	46,875
Federal Agencies	3136G3NK7	FANNIE MAE	25,000,000	0.75	0.76	6/7/16	6/7/19	15,625	106	-	15,731
Federal Agencies	3136G3NM3	FANNIE MAE	50,000,000	0.75	0.75	6/7/16	6/7/19	31,250	-	-	31,250
Federal Agencies	3134G9QN0	FREDDIE MAC	12,500,000	0.88	0.88	6/14/16	6/14/19	9,115	-	-	9,115
Federal Agencies	3134G9QP5	FREDDIE MAC	11,500,000	1.00	1.00	6/14/16	6/14/19	9,583	-	-	9,583
Federal Agencies	3134G9QW0	FREDDIE MAC	50,000,000	1.28	1.28	6/14/16	6/14/19	53,333	-	-	53,333
Federal Agencies	3134G9YR2	FREDDIE MAC	50,000,000	0.85	0.85	7/12/16	7/12/19	35,417	-	-	35,417
Federal Agencies	3133EGED3	FEDERAL FARM CREDIT BANK	25,000,000	0.69	0.69	6/9/16	8/9/19	14,666	-	-	14,666
Federal Agencies	3133EGED3	FEDERAL FARM CREDIT BANK	25,000,000	0.69	0.69	6/9/16	8/9/19	14,666	-	-	14,666
Federal Agencies	3134G94F1	FREDDIE MAC	25,000,000	1.00	1.00	8/15/16	8/15/19	11,111	-	-	11,111
Federal Agencies	3135G0P23	FANNIE MAE	20,000,000	1.25	1.25	8/30/16	8/23/19	694	-	-	694
Federal Agencies	3136G3X59	FANNIE MAE	25,000,000	1.10	1.10	8/23/16	8/23/19	6,111	-	-	6,111
Federal Agencies	3134G9GS0	FREDDIE MAC	25,000,000	1.25	1.25	5/26/16	8/26/19	26,042	-	-	26,042
Federal Agencies	3134G8TG4	FREDDIE MAC	15,000,000	1.50	1.50	4/11/16	10/11/19	18,750	-	-	18,750
Federal Agencies	3136G3LV5	FANNIE MAE	8,950,000	1.35	1.35	5/26/16	11/26/19	10,069	-	-	10,069
Federal Agencies	3134G9VR5	FREDDIE MAC	25,000,000	1.00	1.00	7/6/16	1/6/20	20,833	-	-	20,833
Federal Agencies	3136G3TK1	FANNIE MAE	25,000,000	0.88	0.88	7/6/16	4/6/20	18,229	-	-	18,229
Federal Agencies	3132X0AT8	FARMER MAC	41,000,000	0.64	0.64	6/5/15	6/2/20	22,416	-	-	22,416
Federal Agencies	3136G3TG0	FANNIE MAE	15,000,000	1.15	1.15	6/30/16	6/30/20	14,375	-	-	14,375
Federal Agencies	3133EFTX5	FEDERAL FARM CREDIT BANK	100,000,000	0.85	0.85	12/24/15	12/24/20	71,192	-	-	71,192
Subtotals			\$3,639,878,000					\$2,586,144	\$ (60,893)	\$ (173,866)	\$ 2,351,385

Monthly Investment Earnings

Pooled Fund

Type of Investment	CUSIP	Issuer Name	Par Value	Coupon	YTM ¹	Settle Date	Maturity Date	Earned Interest	Amort. Expense	Realized Gain/(Loss)	Earned Income /Net Earnings
State/Local Agencies	612574DR1	MONTEREY PENINSULA CA CMNT	\$ -	0.98	0.98	5/7/13	8/1/16	\$ -	\$ -	\$ -	\$ -
State/Local Agencies	91411SJ19	UNIVERSITY OF CALIFORNIA	37,000,000	0.00	0.45	7/5/16	9/1/16	14,338	-	-	14,338
State/Local Agencies	91411SJC5	UNIVERSITY OF CALIFORNIA	9,450,000	0.00	0.44	7/14/16	9/12/16	3,580	-	-	3,580
State/Local Agencies	91411SJC5	UNIVERSITY OF CALIFORNIA	23,000,000	0.00	0.44	7/15/16	9/12/16	8,714	-	-	8,714
State/Local Agencies	13063CPM6	CALIFORNIA ST	44,000,000	0.75	0.69	12/9/14	11/1/16	27,500	(2,067)	-	25,433
State/Local Agencies	91412GL45	UNIV OF CALIFORNIA CA REVENUE	5,505,000	0.65	0.65	6/30/16	5/15/17	2,982	-	-	2,982
State/Local Agencies	91412GUU7	UNIV OF CALIFORNIA CA REVENUE	3,250,000	1.22	1.22	4/10/14	5/15/17	3,310	-	-	3,310
State/Local Agencies	13063CFC9	CALIFORNIA ST	16,500,000	1.75	1.66	11/5/13	11/1/17	24,063	(1,253)	-	22,809
State/Local Agencies	13063CPN4	CALIFORNIA ST	5,000,000	1.25	1.22	12/22/14	11/1/17	5,208	(135)	-	5,073
State/Local Agencies	13063CPN4	CALIFORNIA ST	50,000,000	1.25	1.17	11/25/14	11/1/17	52,083	(3,514)	-	48,570
State/Local Agencies	91412GL52	UNIV OF CALIFORNIA CA REVENUE	2,470,000	0.99	0.99	6/30/16	5/5/18	2,044	-	-	2,044
State/Local Agencies	91412GL60	UNIV OF CALIFORNIA CA REVENUE	2,000,000	1.23	1.23	6/30/16	5/15/19	2,047	-	-	2,047
State/Local Agencies	91412GSB2	UNIV OF CALIFORNIA CA REVENUE	4,180,000	1.80	1.57	10/5/15	7/1/19	6,256	(782)	-	5,474
State/Local Agencies	91412GSB2	UNIV OF CALIFORNIA CA REVENUE	16,325,000	1.80	1.56	10/2/15	7/1/19	24,433	(3,096)	-	21,337
State/Local Agencies	6055804W6	MISSISSIPPI ST	8,500,000	6.09	1.38	4/23/15	10/1/19	43,130	(32,825)	-	10,305
State/Local Agencies	977100CW4	WISCONSIN ST GEN FUND ANNUA	18,000,000	1.45	1.45	8/16/16	5/1/20	10,845	-	-	10,845
State/Local Agencies	91412GF59	UNIV OF CALIFORNIA CA REVENUE	1,769,000	1.91	1.40	8/9/16	5/15/21	2,065	(551)	-	1,514
Subtotals			\$ 246,949,000					\$ 232,598	\$ (44,224)	\$ -	\$ 188,374
Public Time Deposits	PP6J1O5Z6	IND & COMM BK OF CHINA	\$ -	0.75	0.75	8/10/15	8/10/16	\$ 44	\$ -	\$ -	\$ 44
Public Time Deposits	PP5Z1EJS4	MISSION NATIONAL BK SF	240,000	0.86	0.86	2/19/16	2/21/17	177	-	-	177
Public Time Deposits	PP600XGA1	TRANS-PAC NATIONAL BK	240,000	1.05	1.05	3/21/16	3/21/17	213	-	-	213
Public Time Deposits	PPF00EG62	BANK OF SAN FRANCISCO	240,000	0.89	0.89	4/11/16	4/11/17	184	-	-	184
Public Time Deposits	PPQJ03J86	PREFERRED BANK LA CALIF	240,000	0.85	0.85	5/16/16	5/16/17	173	-	-	173
Public Time Deposits	PP7C0E3S1	UMPQUA BANK	240,000	0.79	0.79	6/29/16	6/29/17	166	-	-	166
Subtotals			\$ 1,200,000					\$ 958	\$ -	\$ -	\$ 958
Negotiable CDs	06366CWA2	BANK OF MONTREAL CHICAGO	\$ -	0.72	0.72	2/12/15	8/12/16	\$ 5,468	\$ -	\$ -	\$ 5,468
Negotiable CDs	06427E3U3	BANK OF MONTREAL CHICAGO	25,000,000	0.64	0.64	6/28/16	9/21/16	13,778	-	-	13,778
Negotiable CDs	06366CA32	BANK OF MONTREAL CHICAGO	25,000,000	0.78	0.78	3/31/15	9/23/16	16,308	-	-	16,308
Negotiable CDs	06366CA32	BANK OF MONTREAL CHICAGO	50,000,000	0.78	0.78	3/31/15	9/23/16	32,616	-	-	32,616
Negotiable CDs	06417HUW4	BANK OF NOVA SCOTIA HOUS	50,000,000	0.84	0.84	9/25/14	9/23/16	36,246	-	-	36,246
Negotiable CDs	06366CC48	BANK OF MONTREAL CHICAGO	50,000,000	0.76	0.76	4/7/15	10/7/16	32,380	-	-	32,380
Negotiable CDs	06417HVR4	BANK OF NOVA SCOTIA HOUS	50,000,000	0.86	0.86	10/7/14	10/7/16	36,903	-	-	36,903
Negotiable CDs	78009NB96	ROYAL BANK OF CANADA NY	25,000,000	0.85	0.85	4/20/16	10/17/16	18,191	-	-	18,191
Negotiable CDs	89113EE69	TORONTO DOMINION BANK NY	25,000,000	0.93	0.93	10/16/15	10/17/16	20,001	-	-	20,001
Negotiable CDs	89113EL79	TORONTO DOMINION BANK NY	25,000,000	1.00	0.97	2/12/16	11/8/16	21,528	(588)	-	20,940
Negotiable CDs	78009NXP6	ROYAL BANK OF CANADA NY	50,000,000	1.02	1.02	12/3/15	12/2/16	43,736	-	-	43,736
Negotiable CDs	89113EU20	TORONTO DOMINION BANK NY	50,000,000	1.01	1.01	12/7/15	12/7/16	43,579	-	-	43,579
Negotiable CDs	78009NSX5	ROYAL BANK OF CANADA NY	100,000,000	0.83	0.83	12/15/14	12/15/16	71,688	-	-	71,688
Negotiable CDs	96121TH27	WESTPAC BANKING CORP NY	50,000,000	0.99	0.99	12/22/15	12/28/16	41,534	-	-	41,534
Negotiable CDs	96121TH27	WESTPAC BANKING CORP NY	50,000,000	0.99	0.99	12/22/15	12/28/16	41,534	-	-	41,534
Negotiable CDs	78009NB54	ROYAL BANK OF CANADA NY	50,000,000	0.96	0.96	4/8/16	1/4/17	41,333	-	-	41,333
Negotiable CDs	78009NZD1	ROYAL BANK OF CANADA NY	25,000,000	1.03	1.03	1/25/16	1/25/17	21,660	-	-	21,660
Negotiable CDs	06427EM65	BANK OF MONTREAL CHICAGO	25,000,000	1.00	1.00	4/29/16	2/1/17	21,452	-	-	21,452
Negotiable CDs	89113E2G0	TORONTO DOMINION BANK NY	50,000,000	0.99	0.99	1/11/16	2/1/17	42,793	-	-	42,793
Negotiable CDs	89113WFC5	TORONTO DOMINION BANK NY	25,000,000	1.04	1.04	7/28/16	2/1/17	22,446	-	-	22,446
Negotiable CDs	96121TK64	WESTPAC BANKING CORP NY	50,000,000	1.02	1.02	2/4/16	2/3/17	43,917	-	-	43,917
Negotiable CDs	89113WAL0	TORONTO DOMINION BANK NY	40,000,000	1.00	1.00	5/11/16	2/15/17	34,444	-	-	34,444
Negotiable CDs	06417HE36	BANK OF NOVA SCOTIA HOUS	25,000,000	1.10	1.10	2/23/15	2/23/17	21,125	-	-	21,125

Monthly Investment Earnings

Pooled Fund

Type of Investment	CUSIP	Issuer Name	Par Value	Coupon	YTM ¹	Settle Date	Maturity Date	Earned Interest	Amort. Expense	Realized Gain/(Loss)	Earned Income /Net Earnings
Negotiable CDs	06417HE36	BANK OF NOVA SCOTIA HOUS	25,000,000	1.10	1.10	2/23/15	2/23/17	21,125	-	-	21,125
Negotiable CDs	06427EX55	BANK OF MONTREAL CHICAGO	25,000,000	1.03	1.03	6/8/16	3/6/17	22,174	-	-	22,174
Negotiable CDs	78009NZW9	ROYAL BANK OF CANADA NY	50,000,000	1.02	1.02	3/10/16	3/10/17	43,528	-	-	43,528
Negotiable CDs	06427EDJ7	BANK OF MONTREAL CHICAGO	25,000,000	0.91	0.91	9/17/15	3/17/17	19,254	-	-	19,254
Negotiable CDs	78009ND94	ROYAL BANK OF CANADA NY	25,000,000	0.96	0.96	7/1/16	3/27/17	20,667	-	-	20,667
Negotiable CDs	89113EC79	TORONTO DOMINION BANK NY	50,000,000	0.87	0.87	10/2/15	3/28/17	37,613	-	-	37,613
Negotiable CDs	89113E5Z5	TORONTO DOMINION BANK NY	25,000,000	1.10	1.10	4/8/16	4/12/17	23,681	-	-	23,681
Negotiable CDs	06427K3A3	BANK OF MONTREAL CHICAGO	25,000,000	1.16	1.16	8/3/16	5/3/17	23,343	-	-	23,343
Negotiable CDs	06417HUR5	BANK OF NOVA SCOTIA HOUS	50,000,000	0.91	0.91	9/25/14	9/25/17	39,185	-	-	39,185
Negotiable CDs	06427EK91	BANK OF MONTREAL CHICAGO	50,000,000	1.24	1.24	4/25/16	10/25/17	52,362	-	-	52,362
Subtotals			\$1,265,000,000					\$ 1,027,590	\$ (588)	\$ -	\$ 1,027,002
Commercial Paper	19416EH34	COLGATE-PALMOLIVE CO	\$ -	0.00	0.31	8/2/16	8/3/16	\$ 172	\$ -	\$ -	\$ 172
Commercial Paper	06538BH89	BANK TOKYO-MIT UFJ NY	-	0.00	0.84	2/8/16	8/8/16	8,167	-	-	8,167
Commercial Paper	06538BH89	BANK TOKYO-MIT UFJ NY	-	0.00	0.42	7/29/16	8/8/16	2,042	-	-	2,042
Commercial Paper	06538BHA4	BANK TOKYO-MIT UFJ NY	-	0.00	0.43	7/29/16	8/10/16	3,225	-	-	3,225
Commercial Paper	36164JHN7	GE CAPITAL TREASURY LLC	-	0.00	0.37	7/18/16	8/22/16	5,396	-	-	5,396
Commercial Paper	59515MHQ1	MICROSOFT CORP	-	0.00	0.50	6/3/16	8/24/16	9,583	-	-	9,583
Commercial Paper	06538BJ79	BANK TOKYO-MIT UFJ NY	30,000,000	0.00	0.54	7/5/16	9/7/16	13,950	-	-	13,950
Commercial Paper	06538BJK0	BANK TOKYO-MIT UFJ NY	40,000,000	0.00	0.56	7/12/16	9/19/16	19,289	-	-	19,289
Commercial Paper	06538BKH5	BANK TOKYO-MIT UFJ NY	30,000,000	0.00	0.89	4/19/16	10/17/16	22,992	-	-	22,992
Commercial Paper	06538BKX0	BANK TOKYO-MIT UFJ NY	25,000,000	0.00	0.90	5/3/16	10/31/16	19,375	-	-	19,375
Commercial Paper	06538BKX0	BANK TOKYO-MIT UFJ NY	25,000,000	0.00	0.90	5/4/16	10/31/16	19,375	-	-	19,375
Commercial Paper	06538BMF7	BANK TOKYO-MIT UFJ NY	40,000,000	0.00	0.94	6/20/16	12/15/16	32,378	-	-	32,378
Commercial Paper	89233GQ33	TOYOTA MOTOR CREDIT CORP	25,000,000	0.00	1.02	6/6/16	3/3/17	21,743	-	-	21,743
Commercial Paper	89233GQ66	TOYOTA MOTOR CREDIT CORP	25,000,000	0.00	1.01	6/9/16	3/6/17	21,528	-	-	21,528
Commercial Paper	89233GQ74	TOYOTA MOTOR CREDIT CORP	25,000,000	0.00	1.01	6/10/16	3/7/17	21,528	-	-	21,528
Commercial Paper	89233GR73	TOYOTA MOTOR CREDIT CORP	40,000,000	0.00	1.06	7/13/16	4/7/17	36,167	-	-	36,167
Commercial Paper	06538BRM7	BANK TOKYO-MIT UFJ NY	50,000,000	0.00	1.22	7/26/16	4/21/17	52,097	-	-	52,097
Commercial Paper	89233APL7	TOYOTA MOTOR CREDIT CORP	25,000,000	1.07	1.07	7/28/16	4/21/17	22,489	-	-	22,489
Commercial Paper	06538BS53	BANK TOKYO-MIT UFJ NY	25,000,000	0.00	1.32	8/9/16	5/5/17	20,924	-	-	20,924
Commercial Paper	06538BS53	BANK TOKYO-MIT UFJ NY	40,000,000	0.00	1.34	8/10/16	5/5/17	32,511	-	-	32,511
Commercial Paper	06538BSC8	BANK TOKYO-MIT UFJ NY	25,000,000	0.00	1.35	8/17/16	5/12/17	13,958	-	-	13,958
Subtotals			\$ 470,000,000					\$ 398,888	\$ -	\$ -	\$ 398,888
Medium Term Notes	742718DV8	PROCTER & GAMBLE CO	\$ -	1.45	0.46	11/9/15	8/15/16	\$ 5,518	\$ (3,713)	\$ -	\$ 1,804
Medium Term Notes	89114QAL2	TORONTO-DOMINION BANK	18,930,000	1.12	-0.66	12/15/14	9/9/16	18,202	(4,211)	-	13,990
Medium Term Notes	89114QAL2	TORONTO-DOMINION BANK	24,000,000	1.12	-0.57	3/2/15	9/9/16	23,076	(5,767)	-	17,309
Medium Term Notes	9612E0DB0	WESTPAC BANKING CORP	50,000,000	0.75	0.75	10/10/14	10/7/16	31,950	-	-	31,950
Medium Term Notes	073928S46	BEAR STEARNS COS LLC	6,450,000	1.20	1.83	2/10/16	11/21/16	6,079	1,116	-	7,195
Medium Term Notes	36967FAB7	GENERAL ELECTRIC CO	20,000,000	0.94	0.94	1/9/15	1/9/17	16,268	-	-	16,268
Medium Term Notes	064159AM8	BANK OF NOVA SCOTIA	10,000,000	2.55	1.03	10/20/15	1/12/17	21,250	(12,779)	-	8,471
Medium Term Notes	90331HMC4	US BANK NA CINCINNATI	1,500,000	1.10	0.96	2/11/16	1/30/17	1,375	(181)	-	1,194
Medium Term Notes	90331HMC4	US BANK NA CINCINNATI	6,900,000	1.10	0.84	7/1/16	1/30/17	6,325	(1,526)	-	4,799
Medium Term Notes	90331HMC4	US BANK NA CINCINNATI	8,515,000	1.10	1.00	2/12/16	1/30/17	7,805	(718)	-	7,088
Medium Term Notes	90331HMC4	US BANK NA CINCINNATI	10,000,000	1.10	0.90	6/24/16	1/30/17	9,167	(1,719)	-	7,448
Medium Term Notes	36962G2F0	GENERAL ELECTRIC CO	3,791,000	0.99	1.08	4/8/15	2/15/17	2,941	85	-	3,026
Medium Term Notes	36962G2F0	GENERAL ELECTRIC CO	4,948,000	0.99	1.20	4/1/15	2/15/17	3,838	237	-	4,075
Medium Term Notes	89236TCC7	TOYOTA MOTOR CREDIT CORP	10,000,000	1.01	0.88	4/14/15	2/16/17	7,882	(290)	-	7,592
Medium Term Notes	89236TCC7	TOYOTA MOTOR CREDIT CORP	50,000,000	1.01	1.01	2/20/15	2/16/17	39,408	-	-	39,408
Medium Term Notes	91159HHD5	US BANCORP	3,090,000	1.65	1.09	2/3/16	5/15/17	4,249	(1,454)	-	2,794

Monthly Investment Earnings Pooled Fund

Type of Investment	CUSIP	Issuer Name	Par Value	Coupon	YTM ¹	Settle Date	Maturity Date	Earned Interest	Amort. Expense	Realized Gain/(Loss)	Earned Income /Net Earnings
Medium Term Notes	459200JD4	IBM CORP	25,000,000	1.25	1.25	2/19/16	8/18/17	24,869	-	-	24,869
Medium Term Notes	459200GJ4	IBM CORP	1,325,000	5.70	1.04	3/22/16	9/14/17	6,294	(5,179)	-	1,115
Medium Term Notes	911312AP1	UNITED PARCEL SERVICE	2,000,000	1.13	1.01	1/28/16	10/1/17	1,875	(191)	-	1,684
Medium Term Notes	459200HK0	IBM CORP	11,450,000	1.25	0.90	5/6/16	2/8/18	11,927	(3,356)	-	8,571
Medium Term Notes	89236TCY9	TOYOTA MOTOR CREDIT CORP	45,000,000	1.04	1.04	4/8/16	4/6/18	40,159	-	-	40,159
Subtotals			\$ 312,899,000					\$ 290,455	\$ (39,648)	\$ -	\$ 250,807
Money Market Funds	09248U718	BLACKROCK LIQUIDITY FUNDS T-F	\$ 5,007,551	0.22	0.22	1/15/13	9/1/16	\$ 945	\$ -	\$ -	\$ 945
Money Market Funds	31607A703	FIDELITY INSTITUTIONAL MONEY M	310,389,566	0.30	0.30	11/4/15	9/1/16	81,116	-	-	81,116
Money Market Funds	61747C707	MORGAN STANLEY INSTITUTIONAL	5,219,548	0.27	0.27	12/31/12	9/1/16	1,405	-	-	1,405
Subtotals			\$ 320,616,665					\$ 83,467	\$ -	\$ -	\$ 83,467
Supranationals	459516A67	INTERNATIONAL FINANCE CORP	\$ -	0.00	0.40	5/9/16	8/3/16	\$ 556	\$ -	\$ -	\$ 556
Supranationals	459516D31	INTERNATIONAL FINANCE CORP	-	0.00	0.33	7/29/16	8/24/16	10,542	-	-	10,542
Supranationals	45905UXQ2	INTL BK RECON & DEVELOP	25,000,000	0.64	0.64	7/27/16	1/26/18	13,295	-	-	13,295
Supranationals	459058ER0	INTL BK RECON & DEVELOP	25,000,000	1.00	1.07	10/7/15	10/5/18	20,833	1,204	-	22,038
Subtotals			\$ 50,000,000					\$ 45,226	\$ 1,204	\$ -	\$ 46,430
Grand Totals			\$ 6,806,542,665					\$ 5,029,662	\$ (92,164)	\$ (173,866)	\$ 4,763,632

¹ Yield to maturity is calculated at purchase

Investment Transactions

Pooled Fund

For month ended August 31, 2016

Transaction	Settle Date	Maturity	Type of Investment	Issuer Name	CUSIP	Par Value	Coupon	YTM	Price	Interest	Transaction
Purchase	8/1/2016	9/1/2016	Money Market Funds	BLACKROCK LIQUIDITY FUND	09248U718	\$ 893	0.10	0.10	\$ 100.00	\$ -	\$ 893
Purchase	8/2/2016	8/3/2016	Commercial Paper	COLGATE-PALMOLIVE CO	19416EH34	20,000,000	0.00	0.31	100.00	-	19,999,828
Purchase	8/3/2016	5/3/2017	Negotiable CDs	BANK OF MONTREAL CHICAGO	06427K3A3	25,000,000	1.16	1.16	100.00	-	25,000,000
Purchase	8/9/2016	5/5/2017	Commercial Paper	BANK TOKYO-MIT UFJ NY	06538BS53	25,000,000	0.00	1.32	99.02	-	24,755,285
Purchase	8/9/2016	5/15/2021	State/Local Agencies	UNIV OF CALIFORNIA CA RE	91412GF59	1,769,000	1.91	1.40	102.36	10,230	1,820,926
Purchase	8/10/2016	5/5/2017	Commercial Paper	BANK TOKYO-MIT UFJ NY	06538BS53	40,000,000	0.00	1.34	99.01	-	39,603,956
Purchase	8/15/2016	8/15/2019	Federal Agencies	FREDDIE MAC	3134G94F1	25,000,000	1.00	1.00	100.00	-	25,000,000
Purchase	8/16/2016	5/1/2020	State/Local Agencies	WISCONSIN ST GEN FUND AN	977100CW4	18,000,000	1.45	1.45	100.00	-	18,000,000
Purchase	8/17/2016	5/12/2017	Commercial Paper	BANK TOKYO-MIT UFJ NY	06538BSC8	25,000,000	0.00	1.35	99.00	-	24,750,611
Purchase	8/23/2016	8/23/2019	Federal Agencies	FANNIE MAE	3136G3X59	25,000,000	1.10	1.10	100.00	-	25,000,000
Purchase	8/24/2016	5/24/2018	Federal Agencies	FEDERAL HOME LOAN BANK	3130A8VL4	10,000,000	1.00	1.00	100.00	-	10,000,000
Purchase	8/24/2016	5/24/2018	Federal Agencies	FEDERAL HOME LOAN BANK	3130A8VL4	25,000,000	1.00	1.00	100.00	-	25,000,000
Purchase	8/30/2016	8/31/2016	Federal Agencies	FANNIE DISCOUNT NOTE	3.14E+32	100,000,000	0.00	0.20	100.00	-	99,999,444
Purchase	8/30/2016	8/23/2019	Federal Agencies	FANNIE MAE	3135G0P23	20,000,000	1.25	1.25	100.00	-	20,000,000
Purchase	8/31/2016	9/1/2016	Money Market Funds	FIDELITY INSTITUTIONAL M	31607A703	81,116	0.30	0.30	100.00	-	81,116
Purchase	8/31/2016	9/1/2016	Money Market Funds	MORGAN STANLEY INSTITUTI	61747C707	1,405	0.28	0.27	100.00	-	1,405
Subtotals						\$ 359,852,414	0.47	0.88	\$ 99.76	\$ 10,230	\$ 359,013,463
Sale	8/1/2016	9/1/2016	Money Market Funds	MORGAN STANLEY INSTITUTI	61747C707	\$ 50,000,000	0.26	0.26	\$ 100.00	\$ -	\$ 50,000,000
Sale	8/2/2016	9/1/2016	Money Market Funds	MORGAN STANLEY INSTITUTI	61747C707	25,000,000	0.28	0.27	100.00	-	25,000,000
Sale	8/9/2016	10/14/2016	Federal Agencies	FREDDIE MAC	3137EADS5	25,000,000	0.88	0.57	100.11	69,878	25,096,262
Sale	8/10/2016	9/1/2016	Money Market Funds	FIDELITY INSTITUTIONAL M	31607A703	40,000,000	0.30	0.30	100.00	-	40,000,000
Subtotals						\$ 140,000,000	0.38	0.33	\$ 100.02	\$ 69,878	\$ 140,096,262
Call	8/25/2016	5/25/2018	Federal Agencies	FREDDIE MAC	3134G9ET0	\$ 7,000,000	1.00	1.00	\$ 100.00	\$ -	\$ 7,000,000
Call	8/26/2016	2/26/2019	Federal Agencies	FREDDIE MAC	3134G8K81	5,500,000	1.00	1.00	100.00	-	5,500,000
Call	8/26/2016	2/26/2019	Federal Agencies	FREDDIE MAC	3134G8K81	12,500,000	1.00	1.00	100.00	-	12,500,000
Call	8/26/2016	2/26/2019	Federal Agencies	FREDDIE MAC	3134G8LN7	25,000,000	0.75	0.75	100.00	-	25,000,000
Subtotals						\$ 50,000,000	0.88	0.88	\$ 100.00	\$ -	\$ 50,000,000
Maturity	8/1/2016	8/1/2016	State/Local Agencies	MONTEREY PENINSULA CA CM	612574DR1	\$ 2,670,000	0.98	0.98	\$ 100.00	\$ 13,110	\$ 2,683,110
Maturity	8/3/2016	8/3/2016	Commercial Paper	COLGATE-PALMOLIVE CO	19416EH34	20,000,000	0.00	0.31	100.00	-	20,000,000
Maturity	8/3/2016	8/3/2016	Supranationals	INTERNATIONAL FINANCE CO	459516A67	25,000,000	0.00	0.40	100.00	-	25,000,000
Maturity	8/8/2016	8/8/2016	Commercial Paper	BANK TOKYO-MIT UFJ NY	06538BH89	25,000,000	0.00	0.42	100.00	-	25,000,000
Maturity	8/8/2016	8/8/2016	Commercial Paper	BANK TOKYO-MIT UFJ NY	06538BH89	50,000,000	0.00	0.84	100.00	-	50,000,000
Maturity	8/10/2016	8/10/2016	Commercial Paper	BANK TOKYO-MIT UFJ NY	06538BHA4	30,000,000	0.00	0.43	100.00	-	30,000,000
Maturity	8/10/2016	8/10/2016	Public Time Deposits	IND & COMM BK OF CHINA	PP6J1O5Z6	240,000	0.75	0.75	100.00	436	240,436
Maturity	8/12/2016	8/12/2016	Negotiable CDs	BANK OF MONTREAL CHICAGO	06366CWA2	25,000,000	0.72	0.72	100.00	15,410	25,015,410
Maturity	8/15/2016	8/15/2016	Medium Term Notes	PROCTER & GAMBLE CO	742718DV8	9,785,000	1.45	0.46	100.00	70,941	9,855,941
Maturity	8/22/2016	8/22/2016	Federal Agencies	FED HOME LN DISCOUNT NT	313384C98	13,081,000	0.00	0.32	100.00	-	13,081,000
Maturity	8/22/2016	8/22/2016	Commercial Paper	GE CAPITAL TREASURY LLC	36164JHN7	25,000,000	0.00	0.37	100.00	-	25,000,000
Maturity	8/24/2016	8/24/2016	Supranationals	INTERNATIONAL FINANCE CO	459516D31	50,000,000	0.00	0.33	100.00	-	50,000,000
Maturity	8/24/2016	8/24/2016	Commercial Paper	MICROSOFT CORP	59515MHQ1	30,000,000	0.00	0.50	100.00	-	30,000,000
Maturity	8/25/2016	8/25/2016	Federal Agencies	FREDDIE MAC	3137EACW7	7,369,000	2.00	0.61	100.00	73,690	7,442,690
Maturity	8/26/2016	8/26/2016	Federal Agencies	FANNIE MAE	3135G0YE7	50,000,000	0.63	0.52	100.00	156,250	50,156,250
Maturity	8/31/2016	8/31/2016	Federal Agencies	FANNIE DISCOUNT NOTE	3.14E+32	100,000,000	0.00	0.20	100.00	-	100,000,000
Subtotals						\$ 463,145,000	0.17	0.44	\$ 100.00	\$ 329,836	\$ 463,474,836
Interest	8/1/2016	2/1/2017	Negotiable CDs	BANK OF MONTREAL CHICAGO	06427EM65	\$ 25,000,000	0.88	0.88	\$ -	\$ -	\$ 57,337
Interest	8/1/2016	2/1/2017	Negotiable CDs	TORONTO DOMINION BANK NY	89113E2G0	50,000,000	0.97	0.97	-	-	41,615
Interest	8/2/2016	3/2/2017	Federal Agencies	FEDERAL HOME LOAN BANK	3130A8D83	25,000,000	0.49	0.49	-	-	10,441
Interest	8/2/2016	6/2/2020	Federal Agencies	FARMER MAC	3132X0AT8	41,000,000	0.61	0.61	-	-	21,362

Investment Transactions

Pooled Fund

Transaction	Settle Date	Maturity	Type of Investment	Issuer Name	CUSIP	Par Value	Coupon	YTM	Price	Interest	Transaction
Interest	8/2/2016	2/2/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EEMH0	4,000,000	0.52	0.52	-	-	1,774
Interest	8/2/2016	2/2/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EEMH0	35,000,000	0.52	0.55	-	-	15,523
Interest	8/2/2016	1/2/2019	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EGDM4	25,000,000	0.63	0.63	-	-	13,456
Interest	8/3/2016	5/3/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EEU40	69,000,000	0.51	0.51	-	-	30,008
Interest	8/5/2016	2/5/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EEAN0	25,000,000	0.51	0.51	-	-	10,926
Interest	8/5/2016	2/5/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EEAN0	25,000,000	0.51	0.53	-	-	10,926
Interest	8/5/2016	2/5/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EEAN0	50,000,000	0.51	0.53	-	-	21,853
Interest	8/5/2016	10/5/2017	Federal Agencies	FANNIE MAE	3135G0F57	25,000,000	0.48	0.50	-	-	10,281
Interest	8/8/2016	10/7/2016	Negotiable CDs	BANK OF MONTREAL CHICAGO	06366CC48	50,000,000	0.73	0.73	-	-	32,458
Interest	8/8/2016	6/8/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EFCT2	25,000,000	0.53	0.53	-	-	11,357
Interest	8/8/2016	6/8/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EFCT2	50,000,000	0.53	0.53	-	-	22,714
Interest	8/8/2016	2/8/2018	Medium Term Notes	IBM CORP	459200HK0	11,450,000	1.25	0.90	-	-	71,563
Interest	8/8/2016	10/7/2016	Medium Term Notes	WESTPAC BANKING CORP	9612E0DB0	50,000,000	0.72	0.72	-	-	32,013
Interest	8/9/2016	2/9/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EFNK9	25,000,000	0.55	0.57	-	-	11,933
Interest	8/9/2016	8/9/2019	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EGED3	25,000,000	0.66	0.66	-	-	14,193
Interest	8/9/2016	8/9/2019	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EGED3	25,000,000	0.66	0.66	-	-	14,193
Interest	8/10/2016	3/10/2017	Negotiable CDs	ROYAL BANK OF CANADA NY	78009NZW9	50,000,000	0.98	0.98	-	-	41,013
Interest	8/11/2016	6/11/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EEW48	50,000,000	0.52	0.52	-	-	22,359
Interest	8/13/2016	2/13/2017	Federal Agencies	FEDERAL HOME LOAN BANK	3133786Q9	67,780,000	1.00	0.72	-	-	338,900
Interest	8/13/2016	11/13/2017	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EEBR0	25,000,000	0.51	0.54	-	-	10,933
Interest	8/13/2016	11/13/2017	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EEJ76	25,000,000	0.52	0.55	-	-	33,184
Interest	8/15/2016	2/15/2017	Medium Term Notes	GENERAL ELECTRIC CO	36962G2F0	3,791,000	0.80	0.86	-	-	7,629
Interest	8/15/2016	2/15/2017	Medium Term Notes	GENERAL ELECTRIC CO	36962G2F0	4,948,000	0.80	0.94	-	-	9,957
Interest	8/16/2016	4/16/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EEZC7	50,000,000	0.53	0.54	-	-	22,910
Interest	8/16/2016	8/16/2017	Federal Agencies	FANNIE MAE	3135G0F24	25,000,000	0.49	0.51	-	-	10,594
Interest	8/16/2016	2/16/2017	Medium Term Notes	TOYOTA MOTOR CREDIT CORP	89236TCC7	10,000,000	0.82	0.73	-	-	20,856
Interest	8/16/2016	2/16/2017	Medium Term Notes	TOYOTA MOTOR CREDIT CORP	89236TCC7	50,000,000	0.82	0.82	-	-	104,279
Interest	8/16/2016	5/16/2017	Public Time Deposits	PREFERRED BANK LA CALIF	PPQJ03J86	240,000	0.85	0.85	-	-	514
Interest	8/17/2016	3/17/2017	Negotiable CDs	BANK OF MONTREAL CHICAGO	06427EDJ7	25,000,000	0.88	0.88	-	-	18,377
Interest	8/17/2016	10/17/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EGFK6	25,000,000	0.61	0.61	-	-	13,177
Interest	8/17/2016	10/17/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EGFK6	25,000,000	0.61	0.61	-	-	13,177
Interest	8/18/2016	8/18/2017	Medium Term Notes	IBM CORP	459200JD4	25,000,000	1.08	1.08	-	-	68,751
Interest	8/19/2016	10/19/2017	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EETS9	30,000,000	0.51	0.51	-	-	13,260
Interest	8/19/2016	7/19/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EGBQ7	25,000,000	0.61	0.61	-	-	13,203
Interest	8/19/2016	7/19/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EGBQ7	25,000,000	0.61	0.61	-	-	13,203
Interest	8/19/2016	2/21/2017	Public Time Deposits	MISSION NATIONAL BK SF	PP5Z1EJS4	240,000	0.88	0.88	-	-	521
Interest	8/20/2016	6/20/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EGGC3	25,000,000	0.61	0.61	-	-	13,058
Interest	8/22/2016	11/21/2016	Medium Term Notes	BEAR STEARNS COS LLC	073928S46	6,450,000	1.04	1.36	-	-	17,020
Interest	8/22/2016	3/22/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EEN71	50,000,000	0.52	0.53	-	-	22,492
Interest	8/23/2016	9/23/2016	Negotiable CDs	BANK OF MONTREAL CHICAGO	06366CA32	25,000,000	0.75	0.75	-	-	15,062
Interest	8/23/2016	9/23/2016	Negotiable CDs	BANK OF MONTREAL CHICAGO	06366CA32	50,000,000	0.75	0.75	-	-	30,124
Interest	8/23/2016	2/23/2017	Negotiable CDs	BANK OF NOVA SCOTIA HOUS	06417HE36	25,000,000	0.93	0.93	-	-	59,666
Interest	8/23/2016	2/23/2017	Negotiable CDs	BANK OF NOVA SCOTIA HOUS	06417HE36	25,000,000	0.93	0.93	-	-	59,666
Interest	8/23/2016	8/23/2017	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EEFX3	50,000,000	0.54	0.54	-	-	23,160
Interest	8/24/2016	7/24/2017	Federal Agencies	FEDERAL FARM CREDIT BANK	3133ECV92	50,000,000	0.53	0.53	-	-	22,729
Interest	8/24/2016	3/24/2017	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EDP30	26,000,000	0.53	0.47	-	-	11,819
Interest	8/24/2016	12/24/2020	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EFTX5	100,000,000	0.82	0.82	-	-	70,430
Interest	8/25/2016	10/25/2017	Negotiable CDs	BANK OF MONTREAL CHICAGO	06427EK91	50,000,000	1.21	1.21	-	-	52,007
Interest	8/25/2016	2/25/2019	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EGBU8	50,000,000	0.66	0.66	-	-	28,542
Interest	8/25/2016	5/25/2018	Federal Agencies	FREDDIE MAC	3134G9ET0	7,000,000	1.00	1.00	-	-	17,500
Interest	8/25/2016	1/25/2017	Negotiable CDs	ROYAL BANK OF CANADA NY	78009NZD1	25,000,000	1.00	1.00	-	-	21,483
Interest	8/26/2016	3/26/2018	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EFWG8	25,000,000	0.65	0.66	-	-	14,002
Interest	8/26/2016	2/26/2019	Federal Agencies	FREDDIE MAC	3134G8K81	5,500,000	1.00	1.00	-	-	27,500

Investment Transactions

Pooled Fund

Transaction	Settle Date	Maturity	Type of Investment	Issuer Name	CUSIP	Par Value	Coupon	YTM	Price	Interest	Transaction
Interest	8/26/2016	2/26/2019	Federal Agencies	FREDDIE MAC	3134G8K81	12,500,000	1.00	1.00	-	-	62,500
Interest	8/26/2016	2/26/2019	Federal Agencies	FREDDIE MAC	3134G8LN7	25,000,000	0.75	0.75	-	-	46,875
Interest	8/26/2016	2/26/2019	Federal Agencies	FANNIE MAE	3136G2XK8	25,000,000	0.75	0.75	-	-	93,750
Interest	8/26/2016	2/26/2019	Federal Agencies	FANNIE MAE	3136G2Y68	15,935,000	0.75	0.77	-	-	29,878
Interest	8/26/2016	1/26/2018	Supranationals	INTL BK RECON & DEVELOP	45905UXQ2	25,000,000	0.61	0.61	-	-	12,750
Interest	8/27/2016	2/27/2017	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EDFW7	50,000,000	0.55	0.55	-	-	23,504
Interest	8/29/2016	3/29/2017	Federal Agencies	FEDERAL FARM CREDIT BANK	3133EDZW5	25,000,000	0.52	0.52	-	-	11,101
Interest	8/30/2016	4/21/2017	Commercial Paper	TOYOTA MOTOR CREDIT CORP	89233APL7	25,000,000	1.04	1.04	-	-	23,894
Interest	8/30/2016	12/28/2016	Negotiable CDs	WESTPAC BANKING CORP NY	96121TH27	50,000,000	0.96	0.96	-	-	44,121
Interest	8/30/2016	12/28/2016	Negotiable CDs	WESTPAC BANKING CORP NY	96121TH27	50,000,000	0.96	0.96	-	-	44,121
Interest	8/31/2016	9/1/2016	Money Market Funds	FIDELITY INSTITUTIONAL M	31607A703	310,389,566	0.30	0.30	-	-	81,116
Interest	8/31/2016	9/1/2016	Money Market Funds	MORGAN STANLEY INSTITUTI	61747C707	5,219,548	0.28	0.27	-	-	1,405
Interest	8/31/2016	2/28/2017	U.S. Treasuries	US TSY NT	912828SJ0	25,000,000	0.88	1.21	-	-	109,375
Interest	8/31/2016	2/28/2017	U.S. Treasuries	US TSY NT	912828SJ0	25,000,000	0.88	1.21	-	-	109,375
Interest	8/31/2016	2/28/2017	U.S. Treasuries	US TSY NT	912828SJ0	75,000,000	0.88	0.94	-	-	328,125
Interest	8/31/2016	8/31/2017	U.S. Treasuries	US TSY NT	912828TM2	100,000,000	0.63	0.96	-	-	312,500
Subtotals						\$2,641,443,114	0.66	0.68	\$ -	\$ -	\$ 3,073,372
Grand Totals											
	16	Purchases									
	(4)	Sales									
	(20)	Maturities / Calls									
	(8)	Change in number of positions									

Non-Pooled Investments

As of August 31, 2016

Type of Investment	CUSIP	Issue Name	Settle Date	Maturity Date	Duration	Coupon	Par Value	Book Value	Amortized Book Value	Market Value
State/Local Agencies	797712AD8	SFRDA SOUTH BEACH HARBOR	1/20/12	12/1/16	0.25	3.50	\$ 675,000	\$ 675,000	\$ 675,000	\$ 678,348
Subtotals					0.25	3.50	\$ 675,000	\$ 675,000	\$ 675,000	\$ 678,348
Grand Totals					0.25	3.50	\$ 675,000	\$ 675,000	\$ 675,000	\$ 678,348

NON-POOLED FUNDS PORTFOLIO STATISTICS

	Current Month		Prior Month	
	Fiscal YTD	August 2016	Fiscal YTD	July 2016
Average Daily Balance	\$ 675,000	\$ 675,000	\$ 675,000	\$ 675,000
Net Earnings	\$ 3,938	\$ 1,969	\$ 1,969	\$ 1,969
Earned Income Yield	3.43%	3.43%	3.43%	3.43%

Note: All non-pooled securities were inherited by the City and County of San Francisco as successor agency to the San Francisco Redevelopment Agency. Book value and amortized book value are derived from limited information received from the SFRDA and are subject to verification.

From: Major, Erica (BOS)
Sent: Wednesday, September 14, 2016 11:12 AM
To: BOS-Supervisors
Cc: BOS-Legislative Aides; Kathie Lowry; Kitsaun King; 'jcunningham@sfcgj.org'; ascott@sfcgj.org; Howard, Kate (MYR); Ababon, Anthony (MYR); Kelly, Naomi (ADM); Rosenfield, Ben (CON); Steeves, Asja (CON); Givner, Jon (CAT); Somera, Alisa (BOS); Campbell, Severin (BUD); Wasilco, Jadie (BUD); Kositsky, Jeff (HOM); Chaplin, Toney (POL); Fountain, Christine (POL); Alfaro, Nancy (311); Maimoni, Andy (311)
Subject: 60 Day Receipt - Civil Grand Jury Report: Board Response - Civil Grand Jury - San Francisco Homeless Health and Housing: A Crisis Unfolding on Our Streets
Attachments: 60 Day Receipt - SF Homeless Health Housing.doc.pdf

Supervisors:

Please find the attached 60-day receipt from the Clerk of the Board documenting the required department responses for the Civil Grand Jury Report, "**San Francisco Homeless Health and Housing: A Crisis Unfolding on Our Streets**" have been received. This hearing for this matter is scheduled for Thursday, September 15, 2016. The departments that have submitted their response as required are as follows:

- ✓ Controller
- ✓ Mayor
- ✓ 311
- ✓ Department of Homeless and Supportive Housing
- ✓ Police Department

Best,

Erica Major
Assistant Clerk

Board of Supervisors

1 Dr. Carlton B. Goodlett Place, City Hall, Room 244 San Francisco, CA 94102

Phone: (415) 554-4441 | Fax: (415) 554-5163

Erica.Major@sfgov.org | www.sfbos.org



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BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 544-5227

DATE: September 14, 2016

TO: Members of the Board of Supervisors

FROM:  Angela Calvillo, Clerk of the Board

SUBJECT: 2015-2016 Civil Grand Jury Report "San Francisco Homeless Health and Housing: A Crisis Unfolding on Our Streets."

We are in receipt of the following required responses to the San Francisco Civil Grand Jury report released July 12, 2016, entitled: **San Francisco Homeless Health and Housing: A Crisis Unfolding on Our Streets**. Pursuant to California Penal Code, Sections 933 and 933.05, the City Departments shall respond to the report within 60 days of receipt, or no later than September 9, 2016.

For each finding, the Department response shall:

- 1) agree with the finding; or
- 2) disagree with it, wholly or partially, and explain why.

As to each recommendation, the Department shall report that:

- 1) the recommendation has been implemented, with a summary explanation; or
- 2) the recommendation has not been implemented but will be within a set timeframe as provided; or
- 3) the recommendation requires further analysis. The officer or agency head must define what additional study is needed. The Grand Jury expects a progress report within six months; or
- 4) the recommendation will not be implemented because it is not warranted or reasonable, with an explanation.

The Civil Grand Jury Report identified the following City Departments to submit responses (attached):

- Mayor's Office submitted a consolidated response for the following departments:
 - a. Department of Homeless and Supportive Housing
 - b. Police Department
 - c. 311Received September 8, 2016
- Office of the Controller
Received September 9, 2016

These departmental responses are being provided for your information, as received, and may not conform to the parameters stated in California Penal Code, Section 933.05 et seq. The Government Audit and Oversight Committee will consider the subject report, along with the responses, at an upcoming hearing and will prepare the Board's official response by Resolution for the full Board's consideration.

c: Honorable John K. Stewart, Presiding Judge
Kathie Lowry, 2016-2017 San Francisco Civil Grand Jury
Kitsaun King, 2016-2017 San Francisco Civil Grand Jury
Jay Cunningham, 2015-2016 San Francisco Civil Grand Jury
Alison Scott, 2015-2016 San Francisco Civil Grand Jury
Kate Howard, Mayor's Office
Anthony Ababon, Mayor's Office
Naomi Kelly, Office of the City Administrator
Ben Rosenfield, Office of the Controller
Asja Steeves, Office of the Controller
Jon Givner, City Attorney's Office
Alisa Somera, Office of the Clerk of the Board
Severin Campbell, Budget and Legislative Analyst's Office
Jadie Wasilco, Budget and Legislative Analyst's Office
Jeff Kositsky, Department of Homelessness and Supportive Housing
Toney Chaplin, Police Department
Christine Fountain, Police Department
Nancy Alfaro, 311
Andy Maimoni, 311



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

September 9, 2016

The Honorable John K. Stewart
Presiding Judge, Superior Court of California, County of San Francisco
400 McAllister Street, Room 008
San Francisco, CA 94102

Received via email
9/9/2016
File Nos. 160617 and 160618

**Re: Controller's Office response to the 2015-16 Civil Grand Jury Report entitled
"SF Homeless Health & Housing: A Crisis Unfolding on our Streets"**

Dear Judge Stewart:

Pursuant to Penal Code Section 933 and 933.05, the following is in response to the Civil Grand Jury report issued on July 12, 2016.


Finding: F.C.2. MONITORING: The non-profit agencies that perform services for the homeless monitor their own Outcome Performance. The Controller's Office only performs fiscal and compliance monitoring, except for the Navigation Center.

Controller's Response: Disagree, in part.

In FY2015-16, 136 nonprofit agencies, with an aggregate of over \$460 million in City funding from nine departments, were monitored through the Controller's Citywide Nonprofit Monitoring and Capacity Building Program that focuses on fiscal and compliance measures. The Controller also reported on the outcomes and challenges of the Navigation Center in a series of dashboards and reports. Outcomes, performance and results of nonprofit service agencies are tracked by the departments that hold the contracts. The City has considered a joint monitoring program for outcome performance in the past, but in general the subject matter expertise required, and the variety of service types is so wide that joint outcome performance monitoring did not seem practicable. As the new Homelessness and Supportive Housing Department is developed, the monitoring approach can be revisited. In addition, the Controller's Whistleblower Unit investigates complaints related to non-profit agencies in all service areas, and the Controller's Audit Division carries out compliance and performance audits as part of its on-ongoing programs. These audits test results, productivity and compliance with contract requirements.

If you have any questions about this response, please contact Deputy Controller Todd Rydstrom or me at 415-554-7500.

Respectfully submitted,


Ben Rosenfield
Controller

cc: Todd Rydstrom, Deputy Controller, City and County of San Francisco
Angela Calvillo, Clerk of the Board, City and County of San Francisco

2015-16 Civil Grand Jury
SF Homeless Health Housing
Office of the Controller :FINDINGS Response Template

CGJ Year	Report Title	Findings	Respondent assigned by CGJ	2016 Responses (Agree/Disagree)Use the drop down menu	2016 Response Text
2015-16	SF Homeless Health & Housing: A Crisis Unfolding on our Streets	F.C.2. MONITORING: The non-profit agencies that perform services for the homeless monitor their own Outcome Performance. The Controller's Office only performs fiscal and compliance monitoring, except for the Navigation Center.	Controller	disagree with it, partially (explanation in next column)	In FY2015-16, 136 nonprofit agencies, with an aggregate of over \$460 million in City funding from nine departments, were monitored through the Controller's Citywide Nonprofit Monitoring and Capacity Building Program that focuses on fiscal and compliance measures. The Controller also reported on the outcomes and challenges of the Navigation Center in a series of dashboards and reports. Outcomes, performance and results of nonprofit service agencies are tracked by the departments that hold the contracts. The City has considered a joint monitoring program for outcome performance in the past, but in general the subject matter expertise required, and the variety of service types is so wide that joint outcome performance monitoring did not seem practicable. As the new Homelessness and Supportive Housing Department is developed, the monitoring approach can be revisited. In addition, the Controller's Whistleblower Unit investigates complaints related to non-profit agencies in all service areas, and the Controller's Audit Division carries out compliance and performance audits as part of its on-going programs. These audits test results, productivity and compliance with contract requirements.

OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE
MAYOR

Received via email
9/8/2016
File Nos. 160617 and 160618

September 8, 2016

The Honorable John K. Stewart
Presiding Judge
Superior Court of California, County of San Francisco
400 McAllister Street
San Francisco, CA 94102

Dear Judge Stewart:

Pursuant to Penal Code sections 933 and 933.05, the following is in reply to the 2015-16 Civil Grand Jury report, *San Francisco Homeless Health and Housing: A Crisis Unfolding on Our Streets*. As noted in the report, the City recently created the Department of Homelessness and Supportive Housing (DHS) that consolidates services formerly provided by the Human Services Agency and Department of Public Health and singly focuses on getting homeless individuals housed. Led by DHS, the City is calling for the development of six Navigation Centers in the next two years, with the second 93-bed Navigation Center at the Civic Center Hotel at 20 12th street opened in June 2016, as noted in the report. This site replicates the successful service model of the first Navigation Center at 1950 Mission Street. The third Navigation Center is expected to be located on Port property on 25th street and open in January 2017. The City continues to evaluate sites for additional Navigation Centers.

In addition, the City provides Permanent Supportive Housing (PSH), an evidence based practice for resolving chronic homelessness. Between January 2004 and December 2015, the City placed 12,708 individuals into permanent housing and reduced chronic homelessness. The City has 6,278 units in its supportive housing portfolio; added 1,301 units and placed over 3,000 individuals in a supportive unit between Fiscal Year (FY) 2011-12 and FY 2015-16. The City is in the planning phases for three additional PSH sites to be opened within the next year and continues to look for new units and resources to expand supportive housing to meet the City's goal of ending chronic homelessness.

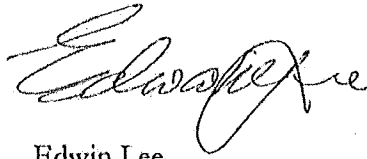
Short-term rental assistance is another opportunity to house people with fewer barriers to long term stability and is a critical tool for assisting individuals that are non-chronically homeless. Local and state resources have allowed the City to develop a robust rapid rehousing program for families and to pilot similar programs for transitional aged youth (TAY), seniors and persons with disabilities, and single adults.

On the November 2016 election, San Franciscans will consider Proposition J, a Charter amendment creating a homeless housing and services fund and transportation improvement fund. If approved by voters, the Homeless Housing and Services Fund (Fund) would provide additional funding for services to homeless individuals, including homelessness prevention, exits from homelessness, and stabilizing lives of homeless individuals. Proceeds of the Fund can be used to support operations, including implementation of a coordinated entry system and capital investments required to maintain or expand the system infrastructure. These positive outcomes address many of the recommendations of the Civil Grand Jury.

A detailed response from the Mayor's Office, Department of Homelessness and Supportive Housing, Police Department, and City Administrator to the Civil Grand Jury's findings and recommendations follows.

Thank you again for the opportunity to comment on this Civil Grand Jury report.

Sincerely,



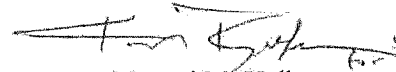
Edwin Lee
Mayor



Jeff Kositsky
Director,
Homelessness and Supportive Housing



Toney D. Chaplin
Interim Chief of Police



Naomi M. Kelly
City Administrator

Findings:

Finding F.A.1. DISPATCH HOT: San Francisco HOT is the most informed first responder for non-violent events, as they are part of DPH and have access to the database CCMS, but health providers are neither dispatched with police nor linked as responders to 311 calls.

Disagree with finding, partially.

The City's current first responders – the San Francisco Police Department (SFPD) and the San Francisco Fire Department (SFFD), including the Emergency Medical System (EMS), are the most prepared, resourced, and equipped agencies to respond to emergency calls for service. These emergency responders operate 24/7 and have the staffing capacity to respond to emergencies at any time of day or night. They are also trained to assess a wide range of critical public safety and medical situations.

SFHOT does not share that level of staffing, capacity, training or enforcement authority. DHSH is currently partnering with the SFFD to embed SFHOT staff with first responders through the EMS-6 pilot program. The pilot will be evaluated and the decision to expand this model will be based on that evaluation. We will also be working with the Department of Public Health (DPH) on a plan to address first responder needs related to individuals with mental health or related issues.

Finding F.A.2. POLICE ACCESS: There is no coordinated plan to support police first responders in a role that is not dealing with criminal behavior. When the police are called out for homeless or encampment issues they have no access to health or substance abuse providers or information regarding the client's mental health.

Agree with finding.

City workers (HOT or DPH) who have access to health or substance abuse providers or a client's mental health information are prohibited by law (HIPAA) from sharing it with law enforcement officers. The SFPD may not be the proper respondent for this finding due to the fact the department has no control over changing the law or the practices or procedures of another agency.

Finding F.A.3. POLICE TRAINING: Police say they have limited training, or limited access to data to deal successfully with the mentally ill. With the high numbers of mentally ill on our streets, even the most compassionate of police when threatened could find themselves in a position where they must follow their procedures and shoot.

Disagree with finding, wholly.

Over 500 first-responder members have received Crisis Intervention Team (CIT) training in the past 2 years (see SFPD Department Bulletin 16-097, Response by Crisis Intervention Trained Officers). In addition, there has been a specific policy (Department Bulletins 11-113, 13-120, and 15-155, Response to Mental Health Calls with Armed Suspects) since 2011 outlining how officers are to respond to persons in crisis which involves a weapon other than a firearm. This policy establishes the guidelines officers are to follow, including promptly requesting a supervisor to respond, with an emphasis on creating time and distance when a person in crisis is armed with a weapon other than a firearm and poses a danger only to him/herself.

Officers are trained in this approach beginning in the basic academy, through CIT training, and as part of continued professional training (CPT).

Finding F.A.4: POLICE TICKET: Faced with multiple requests for their service, police use judgment regarding enforcement considering the best chance to have a successful outcome. When called to help, they generally do not ticket because it is not productive.

Disagree with finding, partially.

Police officers are trained to use judgment when enforcing lower-level crimes, including infractions pertaining to local City ordinances and codes. Officers issue thousands of tickets every year for quality-of-life violations. While some may argue that ticketing may not be the most effective method, the SFPD does enforce laws and write incident reports, especially when responding to complaint-generated calls for service from a member of the public.

Finding F.B.1. DISPARATE SOURCES: Many agencies are providing services and gathering information without a common data source.

Agree with finding.

Finding F.B.2. INTAKE SYSTEM: Local agencies providing services are not required to use the same intake database. There is no coordinated Data Entry System. This results in duplication of entries with homeless clients having to enter the same information in multiple places.

Disagree with finding, partially.

A coordinated entry process is in place for DSHS's federally funded housing programs for chronically homeless adults and veterans. There is also a coordinated in-take process in place for the family shelter system. These efforts are informing the process of building the system-wide Coordinated Entry System for all populations and housing programs.

Finding F.B.3. INITIAL CONTACTS: First responders do not have access to a coordinated access/entry system.

Agree with finding.

Finding F.B.4. HOUSING SERVICES: Multiple agencies are looking for housing resources – shelters, apartments, etc. for their clients. Each maintains their own databases of resources and compete with each other. There is no single coordinated resource for government sponsored housing.

Disagree with finding, partially.

While the system is insufficient, the City does have some coordinated processes in place. The CHANGES system is the coordinated shelter database and is accessible by the four shelter reservation sites and through 311. The City also has the newly created affordable housing portal which serves as a centralized database and application process for affordable housing (excluding permanent supportive housing) in San Francisco.

DHSH agrees that more centralized and consistent information about shelter and housing resources would be beneficial.

Finding F.C.1. OUTCOME PERFORMANCE: Contracts are awarded through HSA and DPH with few requirements to include Client Outcome in performance reports used to evaluate the success of a contract or program. Number of Clients Served is more often used.

Agree with finding.

Finding F.C.2. MONITORING: The non-profit agencies that perform services for the homeless monitor their own Outcome Performance. The Controller's Office only performs fiscal and compliance monitoring, except for the Navigation Center.

Disagree with finding, wholly.

DHSH program staff who were formerly a part of the Human Services Agency and the Department of Public Health regularly monitor performance outcomes by service providers. The contracts are not currently structured for performance based funding.

Finding F.D.1. SHELTERS: The "old style" short-term shelters are used by some of the homeless population but are disliked and perceived as unsafe. They are not designed for positive outcomes; they are merely a means to get people out of the weather. They do not address the need to accommodate partners, possessions and pets. Chronic homeless avoid non-supportive shelters because they fear being robbed and/or victimized.

Disagree with finding, partially.

While imperfect, short-term shelters are a necessary and critical component of the City's system of care for homeless individuals. Short-term shelters provide an essential alternative for individuals that are not housed and can provide connections to service providers. San Francisco's City sponsored shelters are on average approximately 95% full at all times. Based on Point-in-Time Count data, it was estimated there were 1,745 chronically homeless individuals families living in San Francisco on January 29, 2015. 32% of this population is sheltered.

Finding F.D.2. CENTERS: Reports on the pilot Navigation Center show success in welcoming clients, gathering intake data, tracking the human outcomes, connecting people to services and monitoring exits for recidivism. One key to the success of the Navigation Center has been the innovative partnership with the Controller's Office to track and report on human outcomes.

Agree with finding.

Finding F.D.3. HOUSING: The Navigation Center currently serves only 75 clients at a time and moves them out by way of Homeward Bound or to supportive housing - temporary or permanent. The Center keeps beds open specifically for Homeward Bound (a short turnaround). Exits to local housing have been difficult since properties are unavailable, making the Navigation Center seem more like permanent housing instead of transitional housing.

Disagree with finding, partially.

The Navigation Center model is in no way implemented like or perceived to be permanent housing. The average length of stay at the 1950 Mission Navigation Center is currently 49 days for all clients and 93 days for those who are placed into Permanent Supportive Housing (as of July 2016). New permanent housing is difficult to acquire because of limited availability and costs. Despite these challenges, adding new supportive housing continues to be a priority for the City. In the past 5 fiscal years the City has added 1,301 units to its supportive housing portfolio.

Finding F.D.4. SUPPORTIVE HOUSING: Research on other city and state homeless practices confirm that providing supportive housing is the most successful way to end homelessness. This is especially true for the chronically homeless population, a group that has health and addiction issues. San Francisco has not provided sufficient supportive housing to this homeless population.

Disagree with finding, partially.

Permanent Supportive Housing (PSH) is an evidence based practice for resolving chronic homelessness. There has been a reduction in chronic homelessness in San Francisco due to the City's significant investments in PSH. Between January 2004 and December 2015, the City has placed 12,708 individuals into permanent housing. The City has 6,278 units in its supportive housing portfolio; 1,301 added between FY 2011-12 and FY 2015-16. Due to new units and turnover, over 3,000 individuals have been placed in a supportive unit in this time period. DSHS is in the planning phases for three additional PSH sites to be opened within the next year. DSHS continues to look for new units and resources to expand supportive housing to meet the City's goal of ending chronic homelessness.

PSH, however, is not the only answer to homelessness. Short-term rental assistance is another opportunity to house people with fewer barriers to long term stability and is an appropriate response for non-chronic homelessness. Local and state resources have allowed the City to develop a robust rapid rehousing program for families and to pilot similar programs for transitional aged youth (TAY), seniors and persons with disabilities, and single adults.

Finding F.D.5. ENCAMPMENTS: DPH does not act to condemn encampments as unsafe and reduce the health problem associated with them unless there are shelter and housing options available to the people in the encampments. Currently there are few options.

Disagree with finding, partially.

DPH considers multiple factors when evaluating the conditions of encampments, including the conditions, the ability for those conditions to be improved, and the availability of community-based services and supports. San Francisco has an array of community-based services that are available to care for this vulnerable population.

On the November 2016 election, San Franciscans will consider Proposition Q, an ordinance prohibiting the placement of tent encampments on public sidewalks. If approved by the voters, Proposition Q would prohibit tent encampments and require the City to offer housing or shelter. The City would also be required to offer homeless services, defined as a program (Homeward Bound) that pays for transportation to reunite individuals with family or friends outside of San Francisco. It also requires the City to provide written notice

24 hours in advance to individuals and also to post the notices in the area of the encampment. The affected individuals' personal property, with certain exceptions, would be stored by the City for at least 90 days.

Finding F.E.1. 311 HOMELESS HELP ORGANIZATION: mySF311.org's Homeless -- Person Seeking Help page presents an alphabetical, uncategorized list of links and lacks detail. Homeless -- Person Seeking Help page found at <http://sf311.org/homeless%E2%80%93person-seeking-help> as of May, 2016. Also available in Figure 13.

Agree with finding.

Recommendations:

Recommendation R.A.1. If safe to do so, SF HOT should be the first responders, and the SFPD should accompany when necessary.

Recommendation will not be implemented.

The City's existing first responders – SFPD, SFFD, and Department Emergency Management (DEM) – are the most prepared, resources and equipped agencies to respond to emergency calls. DHSH's Homeless Outreach Team is not staff or trained to be first responders.

Recommendation R.A.1.1. The number of SF HOT personnel should be increased so that they will be available to respond.

Requires further analysis.

The mission of SFHOT is to serve people in need of non-urgent medical care and service connection. DHSH will continue to support the pilot EMS-6 partnership and is developing a strategic plan that considers the size and scope of the role of the SFHOT team.

Recommendation R.A.2: Police should have access to mental health and substance abuse data as well as historical interaction with city services when they are called to respond to a homeless issue.

Recommendation will not be implemented because it is not warranted or reasonable.

City workers (HOT or DPH) who have access to health or substance abuse providers or a client's mental health information are prohibited by law (HIPAA) from sharing it with law enforcement officers.

Recommendation R.A.3: Police training should include methods to deal with mentally unstable individuals.

Recommendation has been implemented.

Over 500 first-responder members have received Crisis Intervention Team (CIT) training in the past 2 years (see SFPD Department Bulletin 16-097, Response by Crisis Intervention Trained Officers). In addition, there has been a specific policy (Department Bulletins 11-113, 13-120, and 15-155, Response to Mental Health Calls with Armed Suspects) since 2011 outlining how officers are to respond to persons in crisis which involves a weapon other than a firearm. This policy establishes the guidelines officers are to follow, including promptly requesting a supervisor to respond, with an emphasis on creating time and distance when a person in crisis is armed with a weapon other than a firearm and poses a danger only to him/herself. Officers are trained in this approach beginning in the basic academy, through CIT training, and as part of continued professional training (CPT).

Recommendation R.A.4. Police policies and legal consequences need to be better coordinated so that police are not put in a position where citations have no effect.

Requires further analysis.

The SFPD is but one part of the larger "Law Enforcement" model. Police Officers enforce laws that are passed by lawmakers. The District Attorney's office, courts, and legislators have a much stronger role to play when it comes to legal consequences.

Recommendation R.B.1. Take advantage of the coordination opportunities provided by the formation of the new Department on Homelessness and Supportive Housing to fund and implement a coordinated entry system.

Recommendation will be implemented in the future.

DHSH is in the process of moving its system to a coordinated entry process to better coordinate services and prioritize people for housing, shelter, and services based on system-wide priorities. DHSH has begun this process by piloting coordinated entry for federally funded housing programs for chronically homeless adults and veterans. DHSH is in the planning process for the family system and plans to expand coordinated entry to all subpopulations by October 2018.

On the November 2016 election, San Franciscans will consider Proposition J, a Charter amendment creating a homeless housing and services fund and transportation improvement fund. If approved by voters, the Homeless Housing and Services Fund would be used to provide services to the homeless, including programs to prevent homelessness, create exits from homelessness, and move homeless individuals into more stable situations. Proceeds of the fund can be used to support operations, including implementation of a coordinated entry system.

Recommendation R.B.2. Develop a consistent intake system for information sharing across all departments servicing the homeless.

Recommendation will be implemented in the future.

DHSH is working on developing data and information sharing protocols and processes. This protocols will be consistent with Health Insurance Portability and Accountability Act (HIPAA) regulations.

Recommendation R.B.3. Take advantage of the coordination opportunities provided by the formation of the Department on Homelessness and Supportive Housing to require all agencies using city/state/federal funding to use the same database to find housing opportunities.

Recommendation will be implemented in the future.

DHSH plans to require all DHSH contracted service providers to utilize this common database for homeless services. DHSH plans to offer technical assistance to providers to train staff and make the transition. Exceptions may need to be made for programs where anonymity is key to safety.

Recommendation R.B.4. First Responders need access to a coordinated entry system.

Requires further analysis.

DHSH is prioritizing setting up a coordinated entry system and ensuring access and full utilization by DHSH funded service providers. Further analysis is required to determine what components of the system are most appropriate and useful for first responders to be able to access.

Recommendation R.C.1. Contracts with organizations receiving City funding should require comprehensive Outcome Performance Measures which include client outcomes.

Recommendation will be implemented in the future.

As contracts are renewed, DHSH will look to add in comprehensive client outcome measurements. It is important that outcome expectations are consistent across like programs for like subpopulations and that DHSH takes guidance from HUD on the minimum client level outcomes to track. All current DHSH contracts will come up for renewal between now and 2021.

Recommendation R.C.2. The Department of Homelessness and Supportive Housing should arrange for homeless service agencies to follow the Navigation Center model and have ongoing monitoring of their Outcome Performance objectives overseen by a new program in the Controller's Office, rather than at the department or service agency level when new programs are initiated.

Recommendation will not be implemented.

The Controller's Office will continue to play its role as chief accounting officer and auditor for City services but will not establish a new program to oversee DHSH outcomes. DHSH has established a Data and Performance Unit within the department to evaluate the impact of programs and will continue to partner with the Controller's Office, as appropriate.

Recommendation R.C.3. The Department of Homelessness and Supportive Housing should generate a public annual report showing the outcome scores of all homeless services agencies and the funding they received.

Recommendation will be implemented in the future.

Once the DHSH coordinated database is fully implemented, DHSH plans to have live dashboards available on the department's website to show system level outcomes and funding information.

Recommendation R.D.1. The Mayor should direct the newly organized Department of Homelessness and Supportive Housing to move from the restrictive shelter system to the Navigation Center style system which triages clients to the appropriate services.

Recommendation will be implemented in the future.

There were many lessons learned from the Navigation Centers, including how to operate low-threshold environment and the importance of co-locating services at shelters. There are plans to implement some of the lessons learned at traditional shelters. The timeframe for these reforms are budget dependent.

Recommendation R.D.1.1. The Mayor should direct the newly organized Department of Homelessness and Supportive Housing to provide emergency shelters when there is a natural disaster. These shelters should not be permanent housing.

Recommendation will not be implemented.

In previous years the Human Services Agency has operated emergency shelter in the case of extreme rain or weather. DSHS, Human Services Agency and Department of Emergency Management are working together to determine which department or team of departments should be responsible for opening and managing emergency shelters in the event of a natural disaster. DSHS recommends that the responsibility for opening and managing emergency shelters in the event of a natural disaster to the Human Services Agency and Department of Emergency Management. These agencies have the capacity and experience to manage these types of emergency shelters.

Recommendation R.D.2. The Mayor should explore and acquire new sites where additional Navigation Centers can be opened. The Board of Supervisors should urge the Mayor to fund these additional sites.

Recommendation has been implemented.

The Board of Supervisors recently passed and the Mayor signed legislation calling for the development of six Navigation Centers in the next two years. On June 28, 2016 the City opened the second Navigation Center at the Civic Center Hotel at 20 12th street. This second site will replicate the successful service model at 1950 Mission Street and will add 93 beds of capacity to the Navigation Center System. DSHS is in process of opening a third Navigation Center on Port property in the Central Waterfront area on 25th street. This site is likely to be opened in January 2017. DSHS continues to evaluate sites for additional Navigation Centers. Staffing is a key component of the success of the Navigation Centers. As DSHS works to open additional sites, funding for staff and operations is essential for success.

Recommendation R.D.2.1. The Mayor should ensure that the new coordinated Department of Homelessness and Supportive Housing provide sufficient staff at each Navigation Center location to deal with the mental, physical and emotional issues the homeless bring to the sites. The Board of Supervisors should approve funding.

Recommendation has been implemented.

Staffing is a key component of the success of the Navigation Centers. As DSHS works to open additional sites, funding for staff and operations is essential for success.

Recommendation R.D.5. The city must increase the stock very low income housing to meet the current need.

Requires further analysis.

Between January 2004 and December 2015, the City placed 12,708 individuals into permanent housing. The City has 6,278 units in its supportive housing portfolio; 1,301 added between FY 2011-12 and FY 2015-16. Due to new units and turnover, over 3,000 individuals have been placed in a supportive unit in this time period. DSHS is in the planning phases for three additional PSH sites to be opened within the next year.

Recommendation R.E.1.1. mySF311.org's Homeless -- Person Seeking Help page should not be alphabetical, but instead be categorized, and include detail about each link as demonstrated on HSA's Housing & Homeless Services page captured in Figure E-4.

Homeless -- Person Seeking Help page found at <http://sf311.org/homeless%E2%80%93person-seeking-help> as of May, 2016. Also available in Figure 13.

Housing & Homeless Services page found at <http://www.sfhsa.org/76.htm> in May, 2016. Also in Figure 14

Recommendation will be implemented.

311 agrees with this recommendation and has made the changes to the website as reflected in the following link: <https://sf311.org/homeless-person-seeking-help>.

DHSH is prepared and eager to collaborate with 311 to ensure that information about services is accessible and available to those seeking assistance. DHSH will proactively work with 311 to ensure DHSH's website has all up-to-date information that can be linked from the SF311.org site.

Recommendation R.E.1.2. mySF311.org's Homeless -- Person Seeking Help page should include the detailed shelter information found on 311's Shelters page

Person Seeking Help page found at <http://sf311.org/homeless%E2%80%93person-seeking-help>, as of May, 2016. Also available in Figure 13.

SF311.org's Shelters page found at <http://sf311.org/homeless-reservation-centers>, in May, 2016.

Requires further analysis.

311 redesigned its website and in the process removed pages that repeated information gathered from other agencies. 311 does not have staffing resources to ensure the accuracy of the information provided on those pages and many of the pages contained information no longer accurate due to changes made by the service provider. One of these pages included the Shelter Page referenced in the recommendations (<http://sf311.org/homeless-reservation-centers>) so this page is no longer in existence. However, 311 agrees that in the Homeless -- Person Seeking Help page there should be a section containing shelter information. Our page: <https://sf311.org/homeless-person-seeking-help> contains a "Shelter" category, with hyperlinks to each of the included sub-categories. One of these sub-categories, "Reservation Centers for Shelters" (shown in highlight below), links directly to the HSA Homeless and Housing web (<http://sfhsa.org/76.htm>) page to ensure information is relevant and accurate since it is maintained by HSA staff.

DHSH is prepared and eager to collaborate with 311 to ensure that information about services is accessible and available to those seeking assistance. DHSH will proactively work with 311 to get them the information needed for the sf311.org.

Recommendation R.E.1.3. mySF311.org's Homeless -- Person Seeking Help page should remove the "Human Services" link and replace it with clearly named links and attendant details similar to HSA's Housing & Homeless Services page, copied here:

Requires further analysis.

311 has limited staffing available to create separate web pages and ensure their accuracy when the responsible agency already has this information available on their respective website; therefore, 311 aims at

linking to pages from the responsible agencies. This ensures, as information changes (i.e. shelter address, hours, phone number), 311's staff does not need to update a duplicative page, and 311 staff can be assured to always have up-to-date and accurate information to provide to its customers. There are only a few instances when an exception is made, and 311 will create its own page, such as in the case of the category of "Homeless Concerns and Resources" (previously named "Homeless"). Since this category expands through many different agencies, 311 has created its own web page, allowing users to more easily navigate and obtain information rather than having to visit different department's website. Since the redesign of the website, we have removed the "Human Services" link as was recommended but did not replace with similar information to HSA's Housing and Homeless page as recommended. Instead, a newly created page <https://sf311.org/homeless-person-seeking-help> has been created, which provides a more organized set of links along with a brief explanation to each, including a link to HSA's Housing & Homeless Services page when clicking on the "Resource Centers for Homeless Assistance" link found in the "Shelter" subsection.

DHSH is prepared and eager to collaborate with 311 to ensure that information about services is accessible and available to those seeking assistance. DHSH will proactively work with 311 to get them the information needed for the sf311.org.

From: Board of Supervisors, (BOS)
To: BOS-Supervisors
Subject: FW: Electronic Copy of CGJ's Reply to Departmental/Agency Responses re OIS Report
Attachments: Reply to Responses to the CGJ OIS Report.docx; Reply to Responses to the CGJ OIS Report.pdf

From: Major, Erica (BOS)
Sent: Thursday, September 15, 2016 4:51 PM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Cc: esvanderpool@gmail.com; Steeves, Asja (CON) <asja.steeves@sfgov.org>
Subject: FW: Electronic Copy of CGJ's Reply to Departmental/Agency Responses re OIS Report

Greetings Rachel - Please add the attached to the c-pages.

Greetings Eric - I have forwarded the attached for full Board review on our communication page.

Best,

Erica Major
Assistant Clerk
Board of Supervisors
1 Dr. Carlton B. Goodlett Place, City Hall, Room 244 San Francisco, CA 94102
Phone: (415) 554-4441 | Fax: (415) 554-5163
Erica.Major@sfgov.org | www.sfbos.org

From: Eric Vanderpool [<mailto:esvanderpool@gmail.com>]
Sent: Thursday, September 15, 2016 4:49 PM
To: Steeves, Asja (CON) <asja.steeves@sfgov.org>; Major, Erica (BOS) <erica.major@sfgov.org>
Subject: Electronic Copy of CGJ's Reply to Departmental/Agency Responses re OIS Report

Asja and Erica.

As promised, here is a word and PDF copy of the document, which I provided to the committee and some department heads and aides at today's GAO hearing and asked to have entered into the record.

I'd appreciate it if you'd be so kind as to distribute this to all personnel, agencies, department heads, etc., which were provided the original CGJ OIS report, as well as the Board of Supervisors and their aides and staff as warranted.

I'll leave it to the two of you to divide up those efforts as you see fit.

Asja, as you suggested, I think it would be great if you posted this document to the CGJ website.

I've provided the same document in both formats. While distribution of the PDF is probably better to prevent tampering, I've included a Word version, too, just in case it proves useful for some reason.

Thank you both for your assistance with this and your continued great work for our City.

Eric.

**2015-2016 CIVIL GRAND JURY'S REPLY TO DEPARTMENTAL/AGENCY
RESPONSES TO FINDINGS AND RECOMMENDATIONS MADE IN THE REPORT:**

**INTO THE OPEN:
OPPORTUNITIES FOR MORE TIMELY AND TRANSPARENT INVESTIGATIONS
OF FATAL SAN FRANCISCO POLICE DEPARTMENT
OFFICER-INVOLVED SHOOTINGS**

FINDING AND RECOMMENDATION 1 WITH RESPONSES.

F.1.	None of the City agencies that are fundamental to OIS investigations has done an adequate job informing the citizens of San Francisco how the process works.
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SFPD	<p>Agree with finding.</p> <p>The SFPD agrees that in order to be more transparent, a document outlining the overall OIS process could be created to share with the public. The document would include the responsibilities of each agency involved in an OIS investigation. However, any detailed information regarding a specific investigation would not be made available due to laws governing the release of information relating to ongoing investigations.</p>
DA's Office	The District Attorney agrees with this finding.
OCC	<p>Disagree, partially.</p> <p>The OCC can only speak to the transparency efforts it has made, and not to the efforts made by the other agencies noted in this finding. As for the efforts of the OCC, state law prohibits the OCC from providing the public with factual information about specific cases, including most of the details of the processes used in any specific case. <u>Copley Press, Inc. v. Sup. Ct. (County of San Diego)</u> (2006) 39 Cal.4th 1272. It has been the experience of the OCC that most complainants concerns about transparency stem from the limitations imposed by state law, not any failure on the part of the OCC to divulge information that the OCC is permitted to share.</p> <p>That said, the OCC is able to inform the public about the process in general, and does so in the following ways, among others:</p> <ul style="list-style-type: none"> a) The OCC publishes annual and quarterly reports, which are also available at the OCC website, sfgov.org/occ. These reports note the specific OIS cases investigated, when the OIS incident occurred, and when the investigations were closed. b) The OCC publishes monthly Complaint Summary Reports, also known as Openness Reports, detailing cases resolved that month. These are redacted to omit any specific case identifier, such as the case names, or the complainants' or officers' names. The details provided include a summation of the allegations, the findings of OCC, and the action taken by the Chief of Police and/or the Police Commission on those case. These reports are also on the OCC website.

	<p>c) The OCC's process for investigating cases is disseminated to the public through the OCC Community Outreach Strategic Plan. As part of that plan, OCC staff attend a wide variety of outreach events in the community, where staff introduce the OCC, its mission, provide information regarding procedures in general, and distribute OCC brochures.</p> <p>d) The OCC website describes the process for receiving and investigating complaints, which applies equally to OIS cases as it does to other kinds of complaints.</p> <p>The Police Commission and the OCC staff deserve credit for the hard work they have put into these transparency efforts. Taken together, these steps have made the San Francisco police discipline system among the most transparent such systems in the state.</p> <p>However, the OCC does agree with the Grand Jury that the addition of a webpage specific to the OIS process on the OCC website as described in Recommendation 1 would be a valuable resource for the community. The OCC is working on creating such a page, as described in the next response.</p>
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REPLY TO RESPONSES TO FINDING 1

The Civil Grand Jury appreciates that all three agencies recognize that they can do more to inform the citizens of San Francisco about how the OIS investigation process works. We also appreciate the work that each of the departments has done with regard to community outreach generally, and we encourage each department to continue those efforts. Specifically, with regard to the general process of OIS investigations, however, we believe that clear-cut information must be readily available to everyone *and* easily accessible. A sufficient level of transparency is not met by requiring an interested party to sift through monthly, quarterly or annual reports to find information on the OIS process or to have to make assumptions about how the process works.

R.1.	<p>Each of the three City agencies fundamental to OIS investigations — SFPD, DA's Office and OCC — should create a "OIS Investigations" web page specifically devoted to educating the public about that agency's role in the investigation of OIS incidents. Each agency's web page should be comprehensive and answer the following questions:</p> <ul style="list-style-type: none"> • Who is involved in the investigation and what are their roles and responsibilities; • Why is the agency involved in OIS investigations; • What is the investigation's purpose, what goals does the investigation attempt to achieve, what parts are disclosable and/or disclosed to the public, and what parts are not and/or cannot be disclosed and why; • When does the investigation begin, what is the general time frame by which the public may expect the investigation to be completed, and what variables may affect this time frame; • How does the OIS investigation process work; and • Where may the public go for more information about OIS investigations generally, as well as about specific OIS investigations.
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	<p>Each agency should make its “OIS Investigations” web page available in English, Spanish, Chinese and Filipino (Tagalog).</p> <p>Each agency should provide a link from its home page to its “OIS Investigations” web page, so that it can be accessed easily.</p> <p>Each agency should add its “OIS Investigations” web page to its website as soon as possible, but no later than six months after the date this report is published.</p>
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SFPD	<p>Recommendation has not been, but will be, implemented in the future.</p> <p>The SFPD agrees that information should be provided to the public consistent with the best practices in 21st century policing. The SFPD is evaluating and adjusting its website to provide improved information to the community. During this process, the SFPD will consider inclusion of the above recommendation, as well as review other agency websites for additional information that could be included. As required by the City and fully supported by the SFPD, information available on the website will meet the requirements of the Language Access Ordinance.</p>
DA’s Office	<p>This recommendation will be implemented no later than December 31, 2016. We are hopeful that by this date we will be able to post our new role and responsibilities based on the formation of the IIB [Independent Investigations Bureau].</p>
OCC	<p>This recommendation has not been, but will be, implemented in the future.</p> <p>As noted above with respect to Finding 1, the OCC agrees that the webpage described in this Recommendation would be valuable to the community. As part of a package of ongoing information technology improvements at the OCC, the Mayor and Board of Supervisors have allocated funding for a new Assistant Information Systems Analyst (Civil Service Classification 1051). I intend to task that individual with creating the webpage containing the information described in Recommendation I. Other staff are crafting the content, which will be translated as recommended.</p>

REPLY TO RESPONSES TO RECOMMENDATION 1

<p>The Civil Grand Jury appreciates that each agency agrees to implement this recommendation.</p> <p>We ask the SFPD not only to “consider inclusion of the above recommendation,” but to actually include the content recommended. We also ask the SFPD to set a “timeframe for implementation” as required by Penal Code § 933.05(b)(2).</p> <p>We ask the DA’s Office to commit to implement this recommendation whether or not the formation of the IIB is successful within the timeframe indicated.</p> <p>We ask the OCC to set a “timeframe for implementation” as required by Penal Code § 933.05(b)(2).</p>

FINDING AND RECOMMENDATIONS 2.

F.2.	Because the SFPD consistently does not meet the time frame in its own General Orders by which investigations of OIS incidents are to be conducted and completed, the General Orders create false expectations for the citizens of San Francisco.
SFPD	<p>Disagree with finding, partially.</p> <p>The 30, 45, and 60-day deadlines imposed in General Orders 3.10 and 8.11, when first issued, were considered industry standards. With advancements in technology and science, these investigative deadlines do not reflect inherent complexities such as forensic evidence processing. In addition, the current deadlines did not consider the dependencies of independent investigations now required that are outside the control of the SFPD, including the District Attorney's investigation and, in death cases, the Medical Examiner's investigation.</p> <p>The length of an OIS investigation is largely dependent on the outcome of these investigations, particularly the charging decision of the District Attorney's Office with respect to the officer. All relevant reports, including the Medical Examiner's report, are needed to complete the criminal investigation. Likewise, the trailing administrative investigation would not be complete without the District Attorney's Office determination of the criminal portion. Per California Government Code 3304(d), the time limit investigation of a personnel investigation tolls until (1) a criminal investigation; (6) civil litigation; or (7) criminal litigation where the officer is the defendant in the matter is completed.</p> <p>While the administrative case could be theoretically closed before conclusion of these investigations, SFPD's administrative investigation has a significant dependency on the finding of the District Attorney, because the officer must have acted lawfully to be within policy. It is conceivable that at the conclusion of an investigation, the District Attorney could charge the officer with a crime that the administrative investigation or the SFPD Homicide investigators had not foreseen.</p>
Police Commission	Response not yet provided.

REPLY TO RESPONSES TO FINDING 2

The SFPD must recognize its own extended response belies its disagreement with this finding and actually supports the finding itself. When the SFPD is not able to meet the timeframes set forth in its own General Orders for *whatever* reason, the General Orders create false expectations. General Orders must reflect the reality of the situation and set forth attainable deadlines.

We look forward to the Police Commission's response.

R.2.A.	The Police Commission, in coordination with the relevant SFPD divisions, the DA and the OCC should immediately commission a comprehensive study of ways to streamline the OIS investigation process with the goal of reducing the overall time to conduct a full investigation.
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Police Commission	Response not yet provided.
SFPD	<p>Recommendation has not been, but will be, implemented in the future.</p> <p>This recommendation is being reviewed by the U.S. Department of Justice Collaborative Reform Initiative (DOJ-CRI) review team and compared against national best practices. The SFPD will review and implement recommendations made by the DOJ-CRI and the Civil Grand Jury.</p>
DA's Office	<p>This recommendation will not be implemented as we do not have adequate funding to commission the recommended study. However we have already determined several ways to improve the speed and independence of OIS investigations. In the 2016-17 budget we requested funding to create an Independent Investigations Bureau (IIB). This request was funded and we are waiting for the Mayor and the Board of Supervisors to remove the positions from reserve so that we can hire attorneys and investigators dedicated solely to investigating and prosecuting officer involved shootings and excessive use of force cases. This team will be able to send trained personnel to the scene of OIS cases which will dramatically improve our ability to capture evidence in a timely manner. Additionally, having dedicated personnel on these cases, rather than tasking the work to already overburdened prosecutors will mean faster charging and trial preparation than we are currently capable of achieving. The new unit will bring much needed improvement to our process which has been substantially limited by poor resources.</p>
OCC	<p>This recommendation requires further study.</p> <p>It is important to note that the OCC reports to the Police Commission, and this recommendation calls for the Police Commission to arrange for a study. The OCC defers to the Commission as to whether and how to do so. Once the Commission provides direction as to how it wishes to proceed, the OCC will make every effort to assist.</p>

REPLY TO RESPONSES TO RECOMMENDATION 2.A.

While the Civil Grand Jury believes a comprehensive study is necessary, we are encouraged that each agency that has responded thus far appears committed to determine ways to streamline the OIS investigation process with the goal of reducing the overall time to conduct a full investigation.

We look forward to the Police Commission's response.

We ask the SFPD to determine and implement ways to streamline its OIS investigation process regardless of whether the DOJ-CRI makes recommendations on the issue. We also ask the SFPD to set a "timeframe for implementation" as required by Penal Code § 933.05(b)(2).

We ask for clarification from the Mayor, the Board of Supervisors and the DA's Office as to the meaning and impact of placing positions in "reserve," why these positions are in reserve, what it takes to remove these positions from reserve, and when these positions will be removed from reserve.

If there is a chance that these positions will not be removed from reserve within the next 30-60 days, we ask the DA's Office to provide an alternate plan and timeframe by which it will streamline its OIS investigation process.

R.2.B.	After receiving the results of the study of ways to streamline the OIS investigation process, the Police Commission should revise the General Orders to more accurately reflect the timeframes by which investigations of OIS incidents are to be completed.
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Police Commission	Response not yet provided.
SFPD	<p>Recommendation has not been, but will be, implemented in the future.</p> <p>This recommendation is being reviewed by the U.S. Department of Justice Collaborative Reform Initiative (DOJ-CRI) review team and compared against national best practices. The SFPD will review and implement recommendations made by the DOJ-CRI and the Civil Grand Jury.</p>

REPLY TO RESPONSES TO RECOMMENDATION 2.B.

The Civil Grand Jury is encouraged that the SFPD appears committed to determine ways to streamline the OIS investigation process with the goal of reducing the overall time to conduct a full investigation.

We look forward to the Police Commission's response.

We ask the SFPD to determine and implement ways to streamline its OIS investigation process regardless of whether the DOJ-CRI makes recommendations on the issue. We also ask the SFPD to set a "timeframe for implementation" as required by Penal Code § 933.05(b)(2).

FINDING AND RECOMMENDATIONS 3.

F.3.	The SFPD Field Operations Bureau's use of outdated methods, including a serial, hierarchical phone tree system, to alert some essential responders of an OIS incident is inherently time-consuming and results in slower response times, which can cause delays in OIS investigations both at the scene and afterwards.
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SFPD	<p>Agree with finding.</p> <p>Although the SFPD's Department Operations Center (DOC), a unit under the command of the Special Operations Bureau, currently has a notification system in place for OIS call outs, the best available technology should be used for all critical incident call outs. The SFPD should perform a review of best practices of similar-sized agencies.</p>
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REPLY TO RESPONSE TO FINDING 3

The Civil Grand Jury is encouraged that the SFPD understands the importance of immediate notification to all essential responders that an OIS incident has occurred.

R.3.A. The SFPD Field Operations Bureau should implement standardized, modern methods to notify all essential responders of an OIS incident.

SFPD	<p>Recommendation has not been, but will be, implemented in the future.</p> <p>The SFPD's Department Operations Center (DOC), a unit under the command of the Special Operations Bureau, has a system in place to notify all essential responders to OIS incidents. The SFPD has added an additional layer of notification specific to the on-call DA investigator, which requires a direct call from the Captain of the Major Crimes Division to the on-call DA investigator immediately after learning of an OIS incident. The SFPD will research available technology that can improve the notification process.</p>
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REPLY TO RESPONSE TO RECOMMENDATION 3.A.

The Civil Grand Jury appreciates that the SFPD has added an additional layer of notification specific to the on-call DA investigator. We ask the SFPD not only to *perform* "a review of best practices of similar-sized agencies" and to "research available technology," but to then *implement* those best practices and technology. We also ask the SFPD to set a "timeframe for implementation" as required by Penal Code § 933.05(b)(2).

R.3.B. The SFPD Field Operations Bureau should require that all essential responders called to the scene of an OIS incident confirm with the Field Operations Bureau that they received the initial notification. If the Bureau does not receive confirmation from an essential responder within a designated period of time, it should contact an alternate responder for that agency.

SFPD	<p>Recommendation has not been, but will be, implemented in the future.</p> <p>The SFPD's Department Operation Center (DOC), a unit under the command of the Special Operations Bureau, will review the current process for notification to an OIS incident to ensure there is a process in place for first responders to confirm receipt of the notification and to log that confirmation. The process also should include a mechanism to ensure follow-up notification is done within a designated time span when a response from a first responder has not been received.</p>
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REPLY TO RESPONSE TO RECOMMENDATION 3.B.

The Civil Grand Jury ask the SFPD to set a "timeframe for implementation" as required by Penal Code § 933.05(b)(2).

FINDING AND RECOMMENDATION 4.

F.4.	While there are many factors to consider when determining a timetable to complete an OIS investigation, the lack of a meaningful and enforceable process for establishing a timetable in the current MOU between the SFPD and the DA's Office allows OIS investigations to drag on too long.
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SFPD	Disagree with finding, partially. The SFPD's Homicide Unit currently completes an OIS investigation and forwards it to the DA's office. However, the case and the Internal Affairs process cannot be closed until receipt of the results of the forensic analysis, the Medical Examiner's report, and the DA's final charging decision. These processes are not under the control of the SFPD.
DA's Office	The District Attorney agrees with this finding.

REPLY TO RESPONSES TO FINDING 4

The Civil Grand Jury appreciates that the DA's Office agrees with this finding. We understand that the SFPD's OIS investigation and the DA's OIS investigation, as it is currently configured, are interdependent on each other. This is all the more reason why an MOU must have a meaningful and comprehensive process for establishing a reasonable investigation timeline.	
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R.4.	The SFPD and the DA's Office should jointly draft a new MOU in which each commits to an agreed-upon process to: <ul style="list-style-type: none">• Prioritize and expedite their investigations of OIS incidents within an established timeframe; Make a public announcement when each completes its OIS investigation, so that the public may be better informed of the investigative results and the time taken by each agency to complete its OIS investigation.
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SFPD	Recommendation requires further analysis. The SFPD is reviewing the current MOU and is in discussion with the DA's Office, as well as exploring additional resources to investigate OIS incidents.
DA's Office	This recommendation has not yet been implemented. We have drafted a proposed MOU and shared it with the SFPD. We are awaiting their feedback and acceptance of the new terms. We hope to reach agreement by September 30, 2016.

REPLY TO RESPONSES TO RECOMMENDATION 4.

The Civil Grand Jury is encouraged that a new MOU has been proposed by the DA's Office and is under review by the SFPD. We ask the SFPD to confirm that it also expects to reach agreement by September 30, 2016, or to set a "timeframe for response" to this recommendation with its further analysis within six	
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months of the release of this report as required by Penal Code § 933.05(b)(3). We also ask the SFPD to provide clarification regarding the “additional resources to investigate OIS incidents” it is exploring.

FINDING AND RECOMMENDATIONS 5.

F.5.	The DA’s Office takes too long to complete its criminal investigations and issue its charging decision letters in OIS cases. In the last five years, it has taken an average of 611 days to issue charging decision letters in fatal OIS cases and 654 days in all OIS cases, both fatal and non-fatal.
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DA’s Office	The District Attorney agrees with this finding.
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REPLY TO RESPONSE TO FINDING 5

The Civil Grand Jury appreciates that the DA’s Office agrees with this finding.

R.5.A.	The DA should immediately give the investigation of OIS cases priority and dedicate the departmental resources required to reduce the time the DA’s Office takes to complete its criminal investigation and issue its charging decision letters in OIS cases.
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DA’s Office	This recommendation has been implemented in part, and will be fully implemented once the funding for the IIB is released and the positions are filled. The District Attorney has always given the investigation of OIS incidents top priority and has used the limited resources available to his office to ensure that each OIS investigation is conducted in a thorough and professional manner. However the historic lack of funding specifically dedicated to the investigation of OIS incidents has resulted in a much longer than optimal length of time required to complete each investigation and issue the charging decision letters. We have already determined several ways to improve the speed and independence of OIS investigations. As noted in response to Recommendation 2.A. we requested funding to create the IIB and this request was funded in the current fiscal year’s budget.
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REPLY TO RESPONSE TO RECOMMENDATION 5.A.

The Civil Grand Jury asks for clarification from the Mayor, the Board of Supervisors and the DA’s Office as to the meaning and impact of placing positions in “reserve,” why these positions are in reserve, what it takes to remove these positions from reserve, and when these positions will be removed from reserve.

If there is a chance that funding for the IIB will not be released within the next 30-60 days, we ask the DA’s Office to provide an alternate plan and timeframe by which it will streamline its OIS investigation process.

R.5.B.	The DA should determine the resources necessary to reduce the length of time the DA's Office spends to complete its criminal investigations in OIS incidents and then make sufficient requests for those resources in the proposed budget for fiscal year 2017-2018, and thereafter.
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DA's Office	This recommendation has been implemented. Our primary request in the 2016-17 budget was for staffing to improve the way we investigate and prosecute OIS cases. We recognized the long timeframe for completing our work as well as other problems with the process. This compelled us to request funding and push hard for the creation of a new unit in our office dedicated solely to this work because of its paramount importance. Unfortunately, the positions were placed on reserve so we have not been able to hire staff yet.
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REPLY TO RESPONSE TO RECOMMENDATION 5.B.

<p>The Civil Grand Jury asks for clarification from the Mayor, the Board of Supervisors and the DA's Office as to the meaning and impact of placing positions in "reserve," why these positions are in reserve, what it takes to remove these positions from reserve, and when these positions will be removed from reserve.</p> <p>If there is a chance that funding for the IIB will not be released within the next 30-60 days, we ask the DA's Office to provide an alternate plan and timeframe by which it will streamline its OIS investigation process.</p>	
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R.5.C.	The Mayor and the Mayor's Office of Public Policy and Finance should include in the proposed budget for fiscal year 2017-2018, and thereafter, resource requests from the DA's Office to expedite OIS investigations. Allocation and/or release of these funds should be contingent upon marked, measurable improvement by the DA's Office in the time it takes to complete its criminal investigations and issue its charging decision letters in OIS cases.
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Mayor's Office	Recommendation has been implemented. The DA's Office budget for FY 2016-17 and FY 2017-18 includes \$1.8 million in each year and additional staffing of 14 positions to expedite OIS investigations.
Mayor's Office of Public Policy and Finance	Recommendation has been implemented. The DA's Office budget for FY 2016-17 and FY 2017-18 includes \$1.8 million in each year and additional staffing of 14 positions to expedite OIS investigations.

REPLY TO RESPONSES TO RECOMMENDATION 5.C.

<p>The Civil Grand Jury asks for clarification from the Mayor, the Board of Supervisors and the DA's Office as to the meaning and impact of placing positions in "reserve," why these positions are in reserve, what it takes to remove these positions from reserve, and when these positions will be removed from reserve.</p> <p>If there is a chance that funding for the IIB will not be released within the next 30-60 days, we ask the Mayor and the Mayor's Office of Public Policy and Finance to provide an alternate plan and timeframe by which it will help the DA's Office streamline its OIS investigation process.</p>	
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R.5.D.	The Board of Supervisors should approve these additional resources requested by the DA's Office and included by the Mayor and the Mayor's Office of Public Policy and Finance in the proposed budget for fiscal year 2017-2018, and thereafter, to expedite OIS Investigations. Approval of these additional resources again should be contingent upon marked, measurable improvement by the DA's Office in the time it takes to complete its criminal investigations and issue its charging decision letters in OIS cases.
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Board of Supervisors	No response yet provided.
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REPLY TO RESPONSE TO RECOMMENDATION 5.D.

The Civil Grand Jury looks forward to the Board of Supervisors response. With regard to that response, we ask for clarification from the Mayor, the Board of Supervisors and the DA's Office as to the meaning and impact of placing positions in "reserve," why these positions are in reserve, what it takes to remove these positions from reserve, and when these positions will be removed from reserve.

If there is a chance that funding for the IIB will not be released within 30-60 days, we ask the Board of Supervisors to provide an alternate plan and timeframe by which it will help the DA's Office streamline its OIS investigation process.

FINDING AND RECOMMENDATIONS 6.

F.6.	Under the leadership of and commitment displayed by the CME since coming aboard in March 2015, the OCME's turnaround time has improved and its final reports have included more photographs and documentation and greater detail.
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OCME	<p>Agree with finding.</p> <p>The Office of the Chief Medical Examiner (OCME) prioritized decreasing turnaround time for the release of work product. This has positively impacted the production final reports associated with OIS incidents. The office understands the need for the timeliness of report generation and will remain vigilant in this regard. The OCME continues to stand behind its work product which continues to meet national standards.</p>
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REPLY TO RESPONSE TO FINDING 6

The Civil Grand Jury is pleased that the OCME agrees with this finding and again commends the CME and OCME for its improved turnaround times and more-detailed final reports.

R.6.A.	After the OCME releases each autopsy report in OIS cases, the CME should proactively call a meeting of the SFPD's Homicide Detail, DA's Office and OCC to help those agencies interpret the highly technical findings of the autopsy report. This meeting should be coordinated, if possible, to include reports from the Crime Lab on the results of its firearms comparisons, ballistics examinations and DNA analysis.
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OCME	<p>Recommendation has not been, but will be, implemented in the future.</p> <p>The OCME will fully participate in after action conferences with regard to OIS incidents; however, the conference should be initiated by the agency leading the investigation as the agency will have a better understanding of the case status of each participating party.</p>
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REPLY TO RESPONSE TO RECOMMENDATION 6.A.

<p>The Civil Grand Jury appreciates that the OCME has agreed to participate fully in "after action conferences." We ask the OCME to set a "timeframe for implementation" as required by Penal Code § 933.05(b)(2). We also ask the OCME to reconsider its position that the conference should be initiated by the agency leading the investigation. Instead, we ask the CME to take the lead in calling a meeting to interpret the findings of the OCME investigation immediately after the agency has issued its report to streamline the overall OIS investigation and mitigate any delay.</p>	
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R.6.B.	When the new OCME building with autopsy observation facilities is completed, the CME should invite SFPD inspectors and DA and OCC investigators to observe autopsies in all fatal OIS incidents, so that questions can be answered quickly, observations shared early, and the spirit of teamwork and cooperation on the investigation can begin as early as possible.
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OCME	<p>Recommendation has not been, but will be, implemented in the future.</p> <p>With a projected opening in Fall 2017, the design of the new OCME facility includes an autopsy observation room. The observation room will allow investigators to participate more fully in autopsies related to OIS incidents. Additionally, the observation room will reduce informational asymmetries, improve the flow of information and enhance information sharing allowing the investigation to begin as early as possible. Investigators will be encouraged to attend examinations in all homicide and suspicious cases.</p>
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REPLY TO RESPONSE TO RECOMMENDATION 6.B.

<p>The Civil Grand Jury appreciates that the CME will invite and encourage inspectors and investigators to observe autopsies as soon as the OCME moves into its new facilities.</p>	
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FINDING AND RECOMMENDATIONS 7.

F.7.	OCC investigations are hampered and delayed by the fact that its investigators and attorneys must transcribe their own extensive notes of each witness interview.
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OCC	Agree.
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REPLY TO RESPONSE TO FINDING 7

The Civil Grand Jury appreciates that the OCC agrees with this finding.

R.7.A.	The OCC should allocate current year funds and include funding requests in the proposed budget for fiscal year 2017-2018, and thereafter, for transcription services, so that OCC staff can spend more of its time on investigations and legal analysis and less time on the transcription of interview notes.
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OCC	This recommendation has been implemented.
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REPLY TO RESPONSE TO RECOMMENDATION 7.A.

The Civil Grand Jury appreciates that this recommendation has been implemented and thanks all personnel and entities involved making it happen.

R.7.B.	The Police Commission should support the OCC's funding requests in the proposed budget for fiscal year 2017-2018, and thereafter, for transcription services.
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Police Commission	Response not yet provided.
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REPLY TO RESPONSE TO RECOMMENDATION 7.B.

The Civil Grand Jury appreciates that this recommendation has been implemented and thanks all persons and entities involved in making it happen.
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R.7.C.	The Mayor and the Mayor's Office of Public Policy and Finance should include in the proposed budget for fiscal year 2017-2018, and thereafter, resource requests from the OCC for transcription services.
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Mayor	Recommendation has been implemented. The FY 2016-17 and FY 2017-18 budget includes ongoing \$231,000 for the OCC for transcription services.
Mayor's Office of Public Policy and Finance	Recommendation has been implemented. The FY 2016-17 and FY 2017-18 budget includes ongoing \$231,000 for the OCC for transcription services.

REPLY TO RESPONSES TO RECOMMENDATION 7.C.

The Civil Grand Jury appreciates that this recommendation has been implemented and thanks all persons and entities involved in making it happen.

R.7.D.	The Board of Supervisors should approve the resources requested by the OCC and included by the Mayor and the Mayor's Office of Public Policy and Finance in the proposed budget for fiscal year 2017-2018, and thereafter, for transcription services.
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Board of Supervisors	No response yet provided.
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REPLY TO RESPONSE TO RECOMMENDATION 7.D.

The Civil Grand Jury appreciates that this recommendation has been implemented and thanks all persons and entities involved in making it happen.

FINDING AND RECOMMENDATIONS 8.

F.8.	The current structure for investigating OIS cases lacks an oversight body to review the events surrounding the OIS incident and the actions of the SFPD officers, monitor the timeliness and fairness of the investigation, communicate regularly about the status of the investigation, and interpret and share the results of the investigation with the public.
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Mayor	Disagree with finding, partially. SFPD convenes its Firearm Discharge Review Board in connection with each OIS incident and summaries of incidents are provided to the Police Commission for review. The Firearm Discharge Review Board convenes quarterly and reports on the status of open SFPD OIS investigations.
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REPLY TO RESPONSE TO FINDING 8

While the Civil Grand Jury appreciates the work of the Firearm Discharge Review Board, the FDRB is not in a position to, and currently does not, perform the "oversight" function implicated in and anticipated by this finding.

R.8.A.	The Mayor's Office should form a new standing task force to oversee the investigation of OIS cases. The task force should include high ranking persons from the Sheriff's Office, the DA's Office, the OCME, the SFPD (including the Chief Homicide Inspector), and the OCC. The task force may also include a state or federal department of justice consultant or observer, and a knowledgeable, respected citizen.
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Mayor	Response not yet provided.
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REPLY TO RESPONSE TO RECOMMENDATION 8.A.

It appears that the Mayor has inadvertently neglected to include a response to this recommendation. The Civil Grand Jury looks forward to the Mayor's response.

R.8.B. The Mayor should charge the new task force to:

- Monitor the progress of each OIS investigation and hold each involved agency accountable for timely completion of its portion of the OIS investigation;
- Provide periodic press releases and/or press conferences to update the public on the status of each OIS case;
- Compile a summary of the findings from each involved agency and then evaluate those findings in group meetings to address any inconsistencies or unanswered questions;
- Facilitate a joint discussion among its members to formulate conclusions and "lessons learned";
- Identify necessary policy or procedural changes; and
- Share its summary of the overall OIS investigation in public sessions so that the public has a voice in the process and may respond and ask questions.

Mayor

Recommendation has not been, but will be, implemented in the future.

The Mayor's Office works with the DA's Office and the SFPD to monitor progress of each OIS investigation, provide periodic and timely updates to the public on the status of OIS cases, summarizes and evaluates findings, and jointly discuss OIS investigations. The dedication to timely resolutions coupled with additional resources have positively impacted the conduct of OIS investigations, and includes \$800,000 for the California Department of Justice's ongoing research of best practices related to OIS incidents. In implementing policy and procedural changes, SFPD has modified department general orders to assure time and distance and preserve the sanctity of life.

REPLY TO RESPONSE TO RECOMMENDATION 8.B.

Because the Mayor did not respond to Recommendation 8.A., it is not clear how the Mayor intends to implement this recommendation. While the Civil Grand Jury appreciates the work the Mayor's Office does with regard to OIS investigations, that work comes nowhere near the efforts called for by this recommendation. We ask the Mayor to clarify how the "additional resources," including "\$800,000 for the California Department of Justice's ongoing research" will impact the *timeliness and transparency* of OIS investigations. Also, while we are encouraged by and recognize the work being done by the Mayor's Office and many other departments, agencies, activists and "every day" citizens to modify the SFPD's use of force to preserve the sanctity of life, we encourage the Mayor not to miss the point of our entire report and of this recommendation, which is to make *investigations* of OIS incidents, when they do occur, more timely and transparent. Thus, we ask the Mayor to clarify his response and to set a "timeframe for implementation" as required by Penal Code § 933.05(b)(2).

FINDING AND RECOMMENDATION 9.

F.9.	While the SFPD has taken important first steps in providing information and statistics regarding OIS incidents and resulting investigations, it must provide much more robust information to reach its stated goal of building public trust, engaging with the community and driving positive outcomes in public safety.
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SFPD	Disagree with finding, partially. The SFPD agrees that any information that is releasable should be shared with the public. However, as an OIS investigation is considered open and ongoing, the SFPD needs to remain cautious not to release information prematurely that may be inaccurate or any details that would compromise the outcome of the investigation. The SFPD will review other agencies' best practices to determine if similar processes can be implemented that would allow for more transparency without compromising the investigation.
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REPLY TO RESPONSE TO FINDING 9

As evidenced by our report, findings and recommendations, the Civil Grand Jury recognizes that each agency involved in OIS investigations must weigh many factors in determining what information to release and at what point. We appreciate that the SFPD is open to the idea that it may be able to do a better job in providing more robust information.

R.9.	SFPD should make publicly available and prominently display on its website a more robust set of statistics, data and information on OIS incidents where its officers are involved, using the data release practices of law enforcement agencies like the Dallas Police Department and the Los Angeles County Sheriff's Department.
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SFPD	Recommendation has not been, but will be, implemented in the future. As part of the SFPD's participation the the White House Initiative, staff began the process of implementing the items in this recommendation. The City's Department of Technology will be developing and enhancing the City's IT infrastructure which will include developing new websites for both the SFPD and Police Commission. At this time, the current website needs to be redesigned to make it more user-friendly and information readily accessible on a dedicated reports page. It is anticipated that the SFPD's IT Department will have the infrastructure developed within the second quarter of 2017.
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REPLY TO RESPONSE TO RECOMMENDATION 9

The Civil Grand Jury appreciates that the SFPD has already begun providing statistics, data and information as part of the White House Police Data Initiative and, in fact, commended the SFPD for its efforts. (See C.9.B. on p. 50 of our report.) We ask the SFPD not only to "review other agencies' best practices," but to work to implement those best practices here. Moreover, there is

no reason why the SFPD must merely implement other agencies' best practices. Instead, we encourage the SFPD to strive to be a leader in making OIS investigations as transparent and timely as possible and release as much related information and data as possible.

While we understand the need to make the SFPD and Police Commission websites more user-friendly, and in fact, have made recommendations in that regard, we do not believe that the SFPD needs to wait until the infrastructure is in place before releasing more robust data and information on its website and by other means. Therefore, we encourage the SFPD to make a more robust set of statistics, data and information on OIS incidents available as soon as possible.

FINDING AND RECOMMENDATIONS 10.

F.10. SFPD's press conferences at the scene of the incident, or soon thereafter, are an important first step in creating a transparent investigation, provide crucial information about the events leading up to the incident, and serve to mitigate false reporting, speculation and the dissemination of misinformation.

SFPD	<p>Agree with finding.</p> <p>For the past five years, command staff has responded to the scene of critical incidents along with members of the Media Relations Unit. This allows for initial information to be provided as soon as possible. In addition, a meeting is completed within 10 days of an incident to provide additional information. A "press-exclusive" press conference could be added or substituted.</p>
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REPLY TO RESPONSE TO FINDING 10

The Civil Grand Jury appreciates that the SFPD agrees with this finding.

R.10.A. SFPD and the Police Commission should make it official policy for the SFPD to hold press conferences as soon as possible after *each* OIS incident.

SFPD	<p>Recommendation has been implemented.</p> <p>The SFPD's current practice is to have a press briefing/conference as immediately as possible after each OIS incident, including a briefing at the scene of, or in close proximity to, the incident. At these briefings, preliminary information is provided by the Media Relations Unit, the Police Chief, or designee.</p> <p>Updated information is provided to the public through press releases, and any media inquiries are addressed through the Media Relations Unit. Updated information also is provided at community stakeholder or public meetings, held within 10 days of an OIS incident, as well as at the weekly Police Commission and at meetings with community leaders, stakeholders, and advocates.</p>
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Police Commission	Response not yet provided.
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REPLY TO RESPONSES TO RECOMMENDATION 10.A.

The Civil Grand Jury recognizes that the SFPD's "current practice" is to hold a press briefing/conference as soon as possible after each OIS incident and, in fact, we commended the SFPD for its efforts. (See C.10. on p. 50 of our report.) The point of this recommendation is to transform the SFPD's "current practice" into "official policy," either through a General Order (Police Commission) or by Department Bulletin (Police Chief) or by some other written method. We believe that while "current practice" serves only as a guide for future actions, "official policy" serves as a "directive" that recognizes the importance of these press conferences and mandates that they occur.

Therefore, we encourage the SFPD to revise its response from "recommendation has been implemented," to "recommendation has not yet been implemented, but will be implemented in the future," along with a "timeframe for implementation" of that official policy as required by Penal Code § 933.05(b)(2).

We look forward to the Police Commission's response.

R.10.B.	SFPD should limit comments made during these press conferences to the facts as they are known at that time and refrain from making statements and using language to prematurely attempt to justify the actions taken by SFPD officers involved in the OIS incident.
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SFPD	<p>Recommendation has been implemented.</p> <p>The SFPD strives to meet the highest operational and ethical standards and to continually improve how we meet the City's public safety objectives. The SFPD's goal is to incorporate the recommendations of the President's Task Force on 21st Century Policing, especially relating to transparency. These policies and practices are intended to provide accurate, timely, and reliable information to the public.</p> <p>The SFPD realizes that emerging technology, including the use of social media to post real-time video, provides additional information and evidence that may be different than the preliminary information gathered from witnesses and involved officers. As such, the SFPD will continue to explore best practices in transparency and media relations in an effort to disseminate accurate and reliable information that has been vetted.</p>
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REPLY TO RESPONSE TO RECOMMENDATION 10.B.

The Civil Grand Jury appreciates the SFPD's recognition that preliminary information gathered from witnesses and involved officers may be different than later-obtained evidence, including real-time video. This is all the more reason that the SFPD should limit its initial comments to facts and to resist the temptation to color or justify the events surrounding the incident. We encourage the SFPD and/or the Police Commission to incorporate language to this effect in its "official policy" relating to these press conferences.

FINDING AND RECOMMENDATIONS 11.

F.11.	As with its press conferences at the scene of the incident, the SFPD's practice of posting "updates" on its website as soon as possible after an OIS incident are an important step in creating a transparent investigation, provide crucial information about the events leading up to the OIS incident, and serve to mitigate false reporting, speculation and the dissemination of misinformation.
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SFPD	<p>Agree with finding.</p> <p>Following the initial release of information relating to an OIS incident, the SFPD routinely provides updated information to the media by way of press releases, which are posted on its website. However, to help dispel egregious public information, staff should ensure that all information has been vetted prior to distribution to the public. At the conclusion of the investigation, the website could be updated to reflect the outcome.</p>
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REPLY TO RESPONSE TO FINDING 11

The Civil Grand Jury appreciates that the SFPD agrees with this finding.
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R.11.A.	SFPD and the Police Commission should make it official policy for the SFPD to post "updates" on its website as soon as possible after <i>each</i> OIS incident.
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SFPD	<p>Recommendation has not been, but will be, implemented in the future.</p> <p>The SFPD currently posts information released to the media as a "press release" relating to critical incidents, including OIS incidents, on its website. In addition, information relating to community and/or stakeholder meetings are released to the media and posted on the website. The SFPD will review best practices of other agencies to determine a process by which updated information can be shared on its website that will not compromise the ongoing investigation.</p> <p>As part of the SFPD's participation in the White House Police Data Initiative, datasets relating to officer-involved shootings between 2009 and 2015 are posted. In addition, a website link to OIS incidents could be developed.</p>
Police Commission	Response not yet provided.

REPLY TO RESPONSES TO RECOMMENDATION 11.A.

The Civil Grand Jury recognizes that the SFPD's "current practice" of posting information about each OIS incident on its website and, in fact, we commended the SFPD for its efforts. (See C.11. on p. 51 of our report.) The point of this recommendation is to transform the SFPD's "current
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practice” into “official policy,” either through a General Order (Police Commission) or by Department Bulletin (Police Chief) or by some other written method. We believe that while “current practice” serves only as a guide for future actions, “official policy” serves as a “directive” that recognizes the importance of these website updates and mandates that they occur.

We also appreciate the SFPD’s intent to make these website updates as easy to find and access as possible.

We ask the SFPD to set a “timeframe for implementation” as required by Penal Code § 933.05(b)(2).

We look forward to the Police Commission’s response.

R.11.B.	SFPD should limit comments made in these updates to the <i>facts</i> as they are known at that time and refrain from making statements and using language to prematurely attempt to justify the actions taken by SFPD officers involved in the OIS incident.
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SFPD	Recommendation has been implemented. The SFPD has developed a process by which the Media Relations Unit, Homicide, and Internal Affairs coordinates with the Chief’s Office to ensure that only verified information is disseminated.
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REPLY TO RESPONSE TO RECOMMENDATION 11.B.

The Civil Grand Jury appreciates that the SFPD has developed a process for ensuring that only verified information is disseminated. We encourage the SFPD and/or the Police Commission to share that process in its “official policy” relating to these website updates.

FINDING AND RECOMMENDATIONS 12.

F.12.	SFPD’s town hall meetings are crucial to a transparent OIS investigation and provide updated information about the incident and serve to mitigate false reporting, speculation and the dissemination of misinformation.
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SFPD	Agree with finding. For the past five years, it has been a practice to hold a town hall, community, or stakeholder meeting within 10 days of an OIS incident in the affected community. The intent of these meetings is to provide preliminary information to the public. These meetings are chaired by the Police Chief and are regularly attended by members of the Police Commission and Board of Supervisors, as well as City officials. As an investigation evolves, further information is developed and disseminated to the public and the media.
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REPLY TO RESPONSE TO FINDING 12

The Civil Grand Jury appreciates that the SFPD agrees with this finding.

R.12.A.	SFPD and the Police Commission should make it official policy for the SFPD to hold town hall meetings within a week after <i>each</i> OIS incident.
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SFPD	<p>Recommendation requires further analysis.</p> <p>For the past five years, it has been a practice of the SFPD to hold a town hall, community, or stakeholder meeting in the area most affected by an OIS incident. Most recently, as the SFPD has been expanding its collaboration with community stakeholders and interfaith leaders, meetings have been held with these specific groups who represent those neighborhoods most impacted by the incident. The intent of these meetings is to provide information directly to community representatives and to engage in open dialogue to address concerns in a more productive environment. These community leaders then provide the information to their respective communities. The SFPD acknowledges the seriousness of these critical incidents, and the importance of transparency, and will draft a policy that will allow for information to be shared with the public whether at a public meeting or direct meeting with community leaders and stakeholders.</p>
Police Commission	Response not yet provided.

REPLY TO RESPONSES TO RECOMMENDATION 12.A.

The Civil Grand Jury recognizes that the SFPD's "current practice" is to hold a town hall meeting within a week to 10 days after each OIS incident and, in fact, we commended the SFPD for its efforts. (See C.12. on p. 51 of our report.) The point of this recommendation is to transform the SFPD's "current practice" into "official policy," either through a General Order (Police Commission) or by Department Bulletin (Police Chief) or by some other written method. We believe that while "current practice" serves only as a guide for future actions, "official policy" serves as a "directive" that recognizes the importance of these town hall meetings and mandates that they occur.

We understand that traditional town hall meetings may no longer be the most productive method of disseminating information and providing the community with an opportunity to ask questions and voice its opinions and concerns regarding a particular OIS incident, because recent town hall and other meetings have been "hijacked" by special interest groups. We trust, however, that the SFPD recognizes how vital town hall meetings are in making investigations of OIS incidents transparent, and that the SFPD will be able to arrive at a creative solution that allows the SFPD to disseminate vital information, provides the community with a mechanism by which its questions and concerns can be voiced, and provides as much transparency as possible. We look forward to the SFPD's analysis and proposed solution. We ask the SFPD to set a "timeframe for response" to this recommendation with its further analysis within six months of the release of this report as required by Penal Code § 933.05(b)(3).

We look forward to the Police Commission's response.

R.12.B.	The Chief of Police, the Supervisor for the district in which the OIS incident occurs, the DA, the Director of the OCC, all members of the Police Commission, and all members of the newly formed OIS Task Force (see Recommendations R.8.A. and R.8.B.) should attend the town hall meetings to show that they acknowledge the seriousness of the situation, understand how critical it is to have a thorough, accountable and transparent investigation and analysis of what occurred, and are united toward the goal of making that happen. Faith leaders and other community advocacy groups should also be invited to participate.
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SFPD	<p>Requires further analysis.</p> <p>The SFPD and the Police Chief recommend and implement best practices with respect to procedures following OIS incidents including: (i) notification to the public; (ii) transparency of investigations; and (iii) updates on the status of investigations. SFPD currently partners with local faith based leadership and other community groups including the Street Violence Reduction Team and the San Francisco Interfaith Council.</p> <p>For the past five years, a town hall meeting has been convened within 10 days of an OIS incident as close as possible to the location of the incident. It is the practice of the SFPD to invite members of the Police Commission and Board of Supervisors, other City agency executives (OCC and DA), community and faith-based leaders, and media outlets. Staff attending from the SFPD include the Police Chief, Chief of Staff, Command Staff members, representatives of the Investigations Division and the District Station captain. This process is under review by Command Staff and Media Relations to ensure an orderly and transparent dissemination of the information continues to occur with technological advancements.</p>
Board of Supervisors	No response yet provided.
DA's Office	This recommendation has been implemented in part, and will be fully implemented by no later than December 31, 2016. The District Attorney's Office has attended a number of town hall meetings concerning OIS incidents over the last few years, and the District Attorney has personally met with the concerned community members, including family and friends, in connection with several of them.
OCC	Agree. / The recommendation has not been, but will be, implemented in the future. Should such a Task Force be created, I will attend Town Hall meetings. In addition, we currently attend public meetings called by the Chief of Police following Officer Involved Shootings.
Police Commission	Response not yet provided.
Mayor	Unable to determine if an answer from the Mayor was provided; it appears that no response was provided.

REPLY TO RESPONSES TO RECOMMENDATION 12.B.

The Civil Grand Jury understands that traditional town hall meetings may no longer be the most productive method of disseminating information and providing the community with an opportunity to ask questions and voice its opinions and concerns regarding a particular OIS

incident, because recent town hall and other meetings have been “hijacked” by special interest groups. We trust, however, that the SFPD recognizes how vital town hall meetings are in making investigations of OIS incidents transparent, and that the SFPD will be able to arrive at a creative solution that allows the SFPD to disseminate vital information, provides the community with a mechanism by which its questions and concerns can be voiced, and provides as much transparency as possible. We look forward to the SFPD’s analysis and proposed solution. We ask the SFPD to set a “timeframe for response” to this recommendation with its further analysis within six months of the release of this report as required by Penal Code § 933.05(b)(3).

We encourage all persons and agencies involved/interested in OIS investigations and/or named in this recommendation to assist the SFPD develop an official policy relating to town hall meetings or their equivalent.

We look forward to the Police Commission’s response.

FINDING AND RECOMMENDATIONS 13.

F.13.	Although the release the names of officers involved in fatal OIS incidents is an important step in creating a transparent investigation and holding the SFPD and its officers accountable for their actions, SFPD has had a spotty record regarding its release of the names of its officers involved in fatal OIS incidents.
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SFPD	<p>Disagree with finding, wholly.</p> <p>Since 2014 when the California Supreme Court ruled that agencies must release the names of officers involved in shootings, the SFPD has complied with that decision within 10 days of the incident. The ruling allowed for names to be withheld under certain circumstances, including if a credible threat to the officer’s safety existed. As such, the SFPD has done its due diligence when releasing the names of officers by ensuring any known, credible threat has been resolved prior to the release of the name(s) of the involved members. Additionally, the media has requested historical information relating to OIS incidents, including the names of involved officers, and the SFPD has complied with such requests.</p>
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REPLY TO RESPONSE TO FINDING 13

We understand that the SFPD believes that it has released the names of officers involved in OIS incidents since 2014. During the Civil Grand Jury’s investigation, despite a careful review of the SFPD’s website and local media accounts of the incidents, we were unable to find any evidence that the SFPD released the names of the officer(s) involved in the shootings of Javier Perez-Lopez (11.11.2015) and Herbert Benitez (10.15.2015). If we were mistaken, we apologize.

We ask the SFPD to provide details of how and when it released the names of the officers involved in those incidents.

In any event, we appreciate that the SFPD recognizes that it must release names of officers involved in OIS incidents unless a credible threat to the safety of the officer(s) exist(s).

R.13.A.	SFPD and the Police Commission should make it official policy for the SFPD to release the names of all officers involved in each OIS incident within 10 days, unless it has knowledge of credible threats to the officer's safety. In those instances in which the SFPD has knowledge that such credible threats exist, the SFPD should issue a statement stating it is withholding release of the names of the officers because of a credible threat to their safety.
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SFPD	Recommendation has been implemented. Since 2014, when the California Supreme Court ruled that agencies must release the names of officers involved in shootings, the SFPD has complied with that decision within 10 days of the incident. When a credible threat to the safety of the involved officer(s) exists, the SFPD will issue a statement to clarify why the information is being withheld.
Police Commission	Response not yet provided.

REPLY TO RESPONSES TO RECOMMENDATION 13.A.

The Civil Grand Jury asks the SFPD to direct us to the General Order, Department Bulletin or other written directive, which makes it official policy for the SFPD to release the names of officers involved in each OIS incident within 10 days of the incident or a statement that it cannot do so in those instances in which a credible threat to the safety of the officers involved exists.

R.13.B.	Simultaneous with its release of the names of the officers involved in an OIS incident or the statement that it is withholding release of that information, the SFPD should make the information available on its website.
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SFPD	Recommendation has not been, but will be, implemented in the future. This is in process. The City's Department of Technology will be developing and enhancing the City's IT infrastructure which will include developing new websites for both the Police Department and Police Commission. At this time, the current website needs to be redesigned to make it more user-friendly and information readily accessible on a dedicated reports page. We anticipate the SFPD's IT Department will have the infrastructure developed within the second quarter of 2017.
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REPLY TO RESPONSE TO RECOMMENDATION 13.B.

While the Civil Grand Jury understands the need to make the SFPD and Police Commission websites more user-friendly, and in fact, has made recommendations in that regard, we do not believe that the SFPD needs to wait until the infrastructure is in place before being able to make the names of officers involved in OIS incidents available on its website. Therefore, we encourage the SFPD to make this information available on its website as soon as possible.

R.13.C.	SFPD and the Police Commission should make it official policy that in those instances when the names of officers involved in an OIS incident are not released due to a credible threat to the officers' safety, the SFPD shall release the names of all officers involved as soon as the SFPD determines that the credible threat has passed.
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SFPD	Recommendation has been implemented. The SFPD ensures that prior to releasing officers' names that any known, credible threat has been resolved.
Police Commission	Response not yet provided.

REPLY TO RESPONSES TO RECOMMENDATION 13.C.

<p>With all due respect, it appears by the SFPD's response that it may have misread or misunderstood this recommendation. The Civil Grand Jury recommends that the SFPD and Police Commission make it official policy that in the event a credible threat exists to officer safety that prevents the SFPD from releasing the names of officers involved in an OIS incident within 10 days, the SFPD release those names as soon as the threat has passed.</p> <p>As such, we ask that the SFPD revise its response accordingly.</p> <p>We look forward to the Police Commission's response.</p>	
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FINDING AND RECOMMENDATIONS 14.

F.14.	The public's ability to learn of the result of the DA's criminal investigation of an OIS incident is hampered because the DA's Office rarely makes a public announcement that it has completed its investigation and because the DA's charging decision letters are listed in a confusing manner on the DA Office's website.
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DA's Office	The District Attorney agrees with this finding.
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REPLY TO RESPONSE TO FINDING 14

The Civil Grand Jury appreciates that the District Attorney agrees with this finding.	
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R.14.A.	The DA's Office should make a public announcement each time it issues a charging decision letter so that the public is made aware that it has completed its OIS criminal investigation.
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DA's Office	This recommendation has been implemented. We already prepare a letter summarizing each incident and post it to our website. Going forward, the District Attorney's Office will also issue a press statement each time a charging decision has been made relating to an OIS investigation.
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REPLY TO RESPONSE TO RECOMMENDATION 14.A.

The Civil Grand Jury recognizes that the DA's Office prepares and posts a letter on its website which summarizes each OIS incident and the results of its investigation, and, in fact, we commended the DA's Office for its efforts. (See C.14. on p. 54 of our report.) We appreciate that the DA's Office will now also issue a press statement each time it releases a charging decision letter.

R.14.B.	The DA's Office should make its charging decision letters on its website more easily accessible to the public by including on the index page the name of the individual shot and the date of the OIS incident.
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DA's Office	This recommendation has been implemented.
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REPLY TO RESPONSE TO RECOMMENDATION 14.B.

The Civil Grand Jury appreciates that the DA's Office has already implemented this recommendation and thanks it for doing so.

FINDING AND RECOMMENDATION 15.

F.15.	Currently, citizens of San Francisco do not have access to a single, complete, comprehensive summary of the results and findings of a fatal OIS investigation. To restore the public's faith in the integrity of these investigations, such a summary should be made available.
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Mayor	Agree with finding.
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REPLY TO RESPONSE TO FINDING 15

The Civil Grand Jury appreciates that the Mayor agrees with this finding.

R.15.	The Police Commission or the newly created OIS Investigation Oversight Task Force (see Recommendations R.8.A. and R.8.B.), in addition to summarizing the findings and conclusions of the various OIS investigations (again see Recommendations R.8.A. and R.8.B.), should should examine each fatal OIS incident with a view to developing "lessons learned" and answering the following questions: <ul style="list-style-type: none">• What circumstances contributed to the OIS incident?• What aspects of the interaction between the SFPD officers and the suspect, if any, could have been handled differently so that the loss of a life would not have occurred?• What alternatives to deadly force may have been tried? What lessons can be learned?• Should any SFPD policies and procedures be reviewed or revised because of the incident?
--------------	--

	The entity making this review of the fatal OIS incident should publish its findings, as well as those from each of the other City agencies involved, in one comprehensive report that is made available to the public. The entity should then hold town hall meetings to share highlights from the report and the conclusions drawn from the OIS incident and should seek and allow for public comment and feedback.
--	---

Police Commission	Response not yet provided.
Mayor	Requires further analysis. <p>The Police Commission currently oversees and reviews the conduct of OIS investigations. Many of the reforms already implemented by SFPD - including time and distance / zone of danger, body worn cameras and use of force - are based on the findings from OIS investigations. The Police Commission also engages the Police Officers Association (POA) and provides a public forum for community members to comment on current practices and proposed reforms.</p> <p>In November 2016, San Francisco voters will vote on a City Charter Amendment to rename the Office of Citizen Complaints to the Department of Police Accountability. If approved by voters, the Charter Amendment would require that the Department of Police Accountability investigate claims of officer misconduct and use of force. Certain other reforms are pending and additional reforms will be proposed in the future.</p>

REPLY TO RESPONSE TO RECOMMENDATION 15.

<p>The Civil Grand Jury appreciates that the agencies involved are implementing reforms to prevent future OIS incidents. We believe that reforms to the SFPD's use of force policy will result in positive change. As part of the reform process, steps must be taken and policies must be implemented to ensure that OIS investigations and their results are as transparent and timely as possible. This recommendation is directed at achieving that goal.</p> <p>We appreciate that the Mayor believes that this recommendation warrants further analysis. We ask the Mayor's Office, as it conducts its further analysis, not to lose sight of the goals of this report, namely increased timeliness and greater transparency, and the goal of this recommendation, which is to provide a comprehensive summary of the results of each OIS investigation. We are confident that the Mayor, with input from the Police Commission, the SFPD, DA's Office, the OCC and all other agencies involved in OIS incidents and their investigation, as well as from neighborhood groups and community activists, will be able to arrive at a comprehensive solution that meets these goals.</p> <p>We ask the Mayor's Office to clarify how it believes the proposed City Charter Amendment will further the goal of increased timeliness and greater transparency. We also ask the Mayor's Office to provide detail regarding "certain other reforms" that are pending and the "additional reforms" that "will be proposed in the future" and how these reforms will further these goals.</p> <p>We look forward to the Mayor's analysis and proposed solution. We ask the Mayor's Office to set a "timeframe for response" to this recommendation with its further analysis within six months of the release of this report as required by Penal Code § 933.05(b)(3).</p> <p>We also look forward to the Police Commission's response.</p>
--

From: Major, Erica (BOS)
Sent: Tuesday, September 20, 2016 9:07 AM
To: BOS-Supervisors
Cc: BOS-Legislative Aides; Kathie Lowry; Kitsaun King; 'jcunningham@sfcgj.org'; ascott@sfcgj.org; Howard, Kate (MYR); Ababon, Anthony (MYR); Valdez, Marie (MYR); Kelly, Jr, Harlan (PUC); Ellis, Juliet (PUC); Hood, Donna (PUC); Rosenfield, Ben (CON); Steeves, Asja (CON); Givner, Jon (CAT); Somera, Alisa (BOS); Campbell, Severin (BUD); Wasilco, Jadie (BUD)
Subject: 60 Day Receipt - Civil Grand Jury Report: Drinking Water Safety in San Francisco: A Reservoir of Good Practice
Attachments: 60 Day Receipt - Drinking Water.doc.pdf

Supervisors:

Please find the attached 60-day receipt from the Clerk of the Board documenting the required department responses for the Civil Grand Jury Report, "Drinking Water Safety in San Francisco: A Reservoir of Good Practice" has been received. This matter is *anticipated* to be heard in the Government Audit and Oversight Committee on October 6, 2016, at 9:30 a.m. in the Chamber Room 250. The departments that have submitted their response as required are as follows:

- Mayor's Office
- Public Utilities Commission

Best,

Erica Major
Assistant Clerk

Board of Supervisors

1 Dr. Carlton B. Goodlett Place, City Hall, Room 244 San Francisco, CA 94102

Phone: (415) 554-4441 | Fax: (415) 554-5163

Erica.Major@sfgov.org | www.sfbos.org



Click [here](#) to complete a Board of Supervisors Customer Service Satisfaction form.

The [Legislative Research Center](#) provides 24-hour access to Board of Supervisors legislation, and archived matters since August 1998.

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BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 544-5227

DATE: September 19, 2016

TO: Members of the Board of Supervisors

FROM:  Angela Calvillo, Clerk of the Board

SUBJECT: 2015-2016 Civil Grand Jury Report "Drinking Water Safety in San Francisco: A Reservoir of Good Practice."

We are in receipt of the following consolidated response from the Mayor's Office and Public Utilities Commission received on September 16, 2016, to the San Francisco Civil Grand Jury report released July 19, 2016, entitled: **Drinking Water Safety in San Francisco: A Reservoir of Good Practice**. Pursuant to California Penal Code, Sections 933 and 933.05, the City Departments shall respond to the report within 60 days of receipt, or no later than September 16, 2016.

For each finding, the Department response shall:

- 1) agree with the finding; or
- 2) disagree with it, wholly or partially, and explain why.

As to each recommendation, the Department shall report that:

- 1) the recommendation has been implemented, with a summary explanation; or
- 2) the recommendation has not been implemented but will be within a set timeframe as provided; or
- 3) the recommendation requires further analysis. The officer or agency head must define what additional study is needed. The Grand Jury expects a progress report within six months; or
- 4) the recommendation will not be implemented because it is not warranted or reasonable, with an explanation.

These departmental responses are being provided for your information, as received, and may not conform to the parameters stated in California Penal Code, Section 933.05 et seq. The Government Audit and Oversight Committee will consider the subject report, along with the responses, at an upcoming hearing and will prepare the Board's official response by Resolution for the full Board's consideration.

Attachment

c: Honorable John K. Stewart, Presiding Judge
Kathie Lowry, 2016-2017 San Francisco Civil Grand Jury
Kitsaun King, 2016-2017 San Francisco Civil Grand Jury
Jay Cunningham, 2015-2016 San Francisco Civil Grand Jury
Alison Scott, 2015-2016 San Francisco Civil Grand Jury
Kate Howard, Mayor's Office
Anthony Ababon, Mayor's Office
Harlan Kelly, Jr., Public Utilities Commission
Juliet Ellis, Public Utilities Commission
Donna Hood, Public Utilities Commission
Ben Rosenfield, Office of the Controller
Asja Steeves, Office of the Controller
Jon Givner, City Attorney's Office
Alisa Somera, Office of the Clerk of the Board
Severin Campbell, Budget and Legislative Analyst's Office
Jadie Wasilco, Budget and Legislative Analyst's Office

OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE
MAYOR

Received via email
9/16/2016
File Nos. 160811 and 160812

September 16, 2016

The Presiding Judge
Superior Court of California, County of San Francisco
400 McAllister Street
San Francisco, CA 94102

Dear Judge Stewart:

Pursuant to Penal Code sections 933 and 933.05, the following is in response to the 2015-16 Civil Grand Jury report, *Drinking Water Safety in San Francisco: A Reservoir of Good Practice*. We would like to thank the members of the Civil Grand Jury for their interest in ensuring the continued excellence of water quality in San Francisco.

We are pleased that the Jury's report is largely favorable of the San Francisco Public Utilities Commission (SFPUC) for its stewardship of the City and region's water system. Highlighting the high quality and safety of drinking water in San Francisco, the report offers minor recommendations for improving the dissemination of water quality information. The main findings are that 1) the risk of lead in the water system is extremely low, 2) the SFPUC Water Quality Annual Report does not include drinking water contaminants that are below detection levels, and 3) water quality certification notices are not posted at City buildings and their drinking water taps. To address its findings, the report recommends disclosing all drinking water contaminants analyzed in the SFPUC Water Quality Annual Report, including those that are below detection levels and do not pose a public security issue; and creating a water quality certification program for buildings and posting signage at drinking water fixtures deeming them lead-safe.

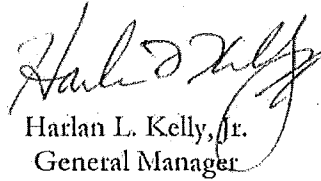
A detailed response from the Mayor's Office and the San Francisco Public Utilities Commission to the Civil Grand Jury's findings and recommendations follows.

Thank you again for the opportunity to comment on this Civil Grand Jury report.

Sincerely,

A handwritten signature in cursive script, appearing to read "Edwin Lee".

Edwin Lee
Mayor

A handwritten signature in cursive script, appearing to read "Harlan L. Kelly, Jr.". The signature is written over the printed name and title.

Harlan L. Kelly, Jr.
General Manager

Findings:

Finding F.A.1: The Jury was satisfied with San Francisco Public Utilities Commission (SFPUC) water stewardship as well as the near-term drinking water supply/demand outlook. SFPUC is to be commended.

Agree with finding.

Finding F.A.2: We see little risk of lead from SFPUC water lines.

Agree with finding.

Finding F.A.3: Currently, drinking water contaminants that are below detection limits for reporting are not shown in the annual water quality report, in accord with regulatory guidance.

Agree with finding.

Finding F.A.4: There are no water quality certification programs for buildings. Our public buildings, especially drinking fountains, would benefit from displaying dated, lead-safe seal/sticker from the SFPUC on our drinking water taps.

Agree with finding.

The SFPUC is not aware of any water quality certification program for buildings and agrees that there would be some public benefit associated with such a program. Yet, the creation of such a certification program would be extremely resource intensive and not provide public health value. The SFPUC has existing practical and cost effective means to provide assurances to our customers about lead (i.e., customers can already request lead tests for a nominal fee of \$25). We will investigate other cost-effective strategies to make any available data for our public facilities accessible through our city open data portals.

Finding F.A.5: The SFPUC Regional Water System has not been associated with any waterborne illnesses, and since 1993 this has been documented monthly. SFPUC is to be commended.

Agree with finding.

Recommendations:

Recommendation R.A.3: In the interest of transparency, all drinking water contaminants analyzed (analytes) that do not pose a public security issue should be disclosed in the SFPUC Water Quality Annual Report.

The recommendation has not been, but will be, implemented in the future.

This recommendation will be implemented in the City of San Francisco Annual Water Quality Report beginning with next year's 2016 Water Quality Report. Staff will insert a list of the aforementioned analytes either as a link inside or a part of the San Francisco Water Quality Report.

Recommendation R.A.4: SFPUC should create a water quality certification program for buildings, offering at least a dated, lead-safe seal/sticker on/near the fixture and visible to the consumer.

The recommendation will not be implemented because it is not warranted or reasonable.

This recommendation will not be implemented. The creation and regular implementation of an entirely new water quality certification program regarding lead would be extremely resource intensive. We appreciate the need to provide assurances to our customers about lead, we believe we achieve this goal in other ways - (i.e., customers can already request lead tests for a nominal fee of \$25).

We already implement an extensive ongoing lead abatement program. We removed all known lead service lines from the City distribution system decades ago. We are systematically checking the small percentage of service connections that are of unknown composition. We also regularly check the transmission system for appropriate corrosion control and periodically check for actionable lead levels at taps throughout the City. Furthermore, our Annual Water Quality Reports consistently contain information about lead and how consumers can test their individual faucets.

The SFPUC's lead program has been touted as an exemplary program for other water agencies to follow.



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

BOS-11, B+F
File 160255 CPAGE

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

September 13, 2016

The Honorable Board of Supervisors
City and County of San Francisco
Room 244, City Hall

Angela Calvillo
Clerk of the Board of Supervisors
Room 244, City Hall

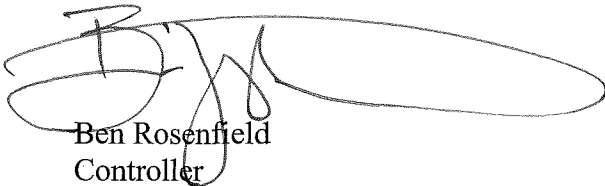
Re: Inclusionary Housing Study

Dear Madam Clerk and Members of the Board:

The Controller's Office is pleased to present you with a preliminary version of the report required by Ordinance 0076-16. We anticipate completion of the final report in the next three months.

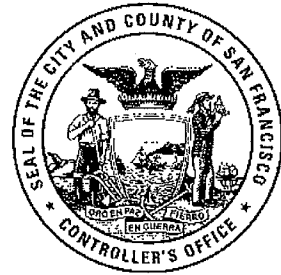
If you have any questions about this report, please contact me at (415) 554-7500.

Best Regards,



Ben Rosenfield
Controller

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2016 SEP 13 PM 12:22
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Inclusionary Housing Working Group: Preliminary Report September 2016

Office of the Controller

Consulting Team:

- Blue Sky Consulting Group
- Century Urban LLC
- Street Level Advisors

9/13/2016

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Summary: Background and Recommendations

Proposition C and the Rationale for this Study

In June of 2016, San Francisco voters passed Proposition C, a Charter Amendment which made significant changes to the City's established Inclusionary Housing program.

Following the passage of the measure, the Board of Supervisors charged the Controller's Office with preparing a study of the economic feasibility of increased inclusionary housing requirements. To advise on these recommendations, the Controller's Office also convened a Technical Advisory Committee (TAC), with representatives appointed by the Mayor and Board of Supervisors.

The TAC met with Controller Staff and its consulting team at four meetings during the summer of 2016. TAC members include:

- Dan Adams, Bridge Housing
- Jesse Blout, Strada
- Terence Cordero, Wells Fargo
- John Elberling, TODCO
- Emily Johnstone, Housing Investment Trust
- Whitney Jones, Chinatown CDC
- Lydia Tan, Bentall Kennedy
- Eric Tao, AGI Avant

As detailed in the conclusion, each of this report's recommendations were approved by the TAC at its most recent meeting on September 7, 2016.

Outline of this Report

The Controller's Office commissioned three consulting firms to engage in different research tasks in support of these objectives:

- Blue Sky Consulting Group developed a housing simulation model that estimated how overall market-rate and affordable housing production would change in the city, given different inclusionary requirements.
- Century Urban LLC conducted field research and scenario analysis reviewing how various inclusionary housing provisions would affect residual land value of four project prototypes, as well as research into prevailing land prices in San Francisco. The firm played a role with the Housing Working Group, and their work in this effort is a continuation of that field research and scenario analysis.
- Street Level Advisors studied how other cities have approached the design of their inclusionary housing programs.

This report is based on the research of the three consulting firms, and

Recommendations

concludes with a discussion of five recommended policy actions, and three areas for further research.

The Controller's Office and its consultants plan to research and report on these issues in a follow-up addendum to this report.

Based on the analysis and research of the consulting team, the Controller's Office developed several policy recommendations and vetted them with the TAC at a meeting on September 7, 2016. The recommendations, and the TAC's opinion on each of them, are detailed below.

1. The City should impose different inclusionary housing requirements on rental and for-sale (condominium) properties.

The TAC endorsed this recommendation unanimously.

2. The City should set the initial onsite requirements from 14%-18% for rental projects and 17%-20% for ownership projects.

The TAC endorsed this recommended range unanimously. TAC member differed on what they felt the specific initial requirements should be, within this range.

3. The City should commit to a 15-year schedule of increases to the inclusionary housing rate of 0.5% per year.

The TAC unanimously endorsed the recommendations of a 15-year phase-in of higher requirements, with a study every five years.

With respect to the rate of increase, six TAC members supported the 0.5% annual increase recommendation, and two members felt the annual increase should be higher, in the range of 0.75% - 1.0% per year.

4. The City should conduct a new analysis to update the schedule of fees.

The TAC endorsed this recommendation unanimously.

5. The City should impose additional affordability requirements for any 80/20 project financed through the City's financing approval process.

The TAC endorsed this recommendation unanimously.

Prototype Scenario Analysis

Economics of Inclusionary Housing

By requiring market rate housing developments to include a certain number of units for low and moderate income residents, inclusionary housing has the potential to increase the supply of affordable housing in San Francisco. However, providing these below market rate (BMR) units also results in increased costs for developers (or reduced revenue from development projects). The economic effects of the policy, however, can be very different depending on who ends up bearing its costs .

From an economic standpoint, the question of who actually bears the burden of higher development costs is not straightforward. While there are different models for development of residential housing, most projects are conceived and managed by developers who hire architects and contractors to build the projects using financing provided by outside investors. Because these investors have many investment opportunities elsewhere in the capital markets, policies and economic factors that reduce the return on investing in housing tend to reduce the capital available and therefore the extent of residential housing development.

Developers and their equity investors, therefore, do not ultimately pay the higher costs themselves. In most cases, increased costs for development (such as a higher inclusionary requirement) will either be passed on to land owners by developers, or result in reductions in the extent of residential development.

The impact of a higher inclusionary requirement therefore depends, to a large degree, on the extent to which developers can pass on the added costs of the policy to land owners in the form of lower offers for the land on which housing developments can be constructed. If land owners have limited options for alternative development (such as hotel or office uses) or if the existing use is not very profitable, land owners may be inclined to accept a lower offer from a developer for their land. In these cases, the cost of the inclusionary policy is passed on to land owners.

However, if land owners choose not to sell their land to housing developers at the lower offering prices that result from increased inclusionary requirements, the overall supply of available land for residential development will diminish, and with it the supply of housing units. Since the inclusionary policy does not change the demand for market rate units, the reduced supply of housing will tend to push up prices relative to what would otherwise be the case. To the extent this occurs, consumers seeking housing would ultimately pay for the higher development costs.

Process and Background

The most common method used by cities to assess the potential impact of exactions and fees on new housing development is by studying how higher costs affect the overall cost of development for certain sample projects

(called "prototypes"). This approach builds on the idea that developers cannot pass their higher costs directly on to consumers, so an increased fee or exaction leads to a reduction in the *residual land value*—the amount a development project can afford to bid for land (often expressed per unit of new housing).

The approach does not quantify how much a fee can rise, and residual land value can decline, before a project is no longer feasible. However, by comparing the residual land values that would result from a proposed inclusionary policy with actual historical land values, it is possible to make more informed judgments about the proposed policy's risk to project feasibility.

To explore how changes in the City's inclusionary requirements might affect residual land value, the consulting team first conducted research regarding historical land sales comparable data in the City to study the change in land sales prices per unit over time for both entitled and unentitled land. The results of this research were presented at the July 21, 2016 Inclusionary Technical Advisory Committee ("TAC") meeting and are summarized below.

The consulting team also prepared four programmatic options or prototypes for multifamily for-rent apartments and four programmatic options or prototypes for multifamily for-sale condominiums. These prototypes reflect three construction typologies (two of the four prototypes are variants of one construction typology) as relative data points for review and consideration. The prototypes are intended to reflect new construction of institutional quality residential product.

Three of these prototypes – Type Ia (highrise), Type III (midrise), and Type V (lowrise) – were established with assistance from the San Francisco Planning Department, the San Francisco Mayor's Office of Housing & Community Development, and the San Francisco Office of Economic & Workforce Development, as well as from attendees of open Housing Working Group meetings, as part of preliminary field research and scenario analyses work completed in February 2016. A fourth prototype - Type Ib (a larger highrise) was added in response to feedback provided by the TAC at its June 30, 2016 meeting, where a prototype with a height greater than 240 feet was requested.

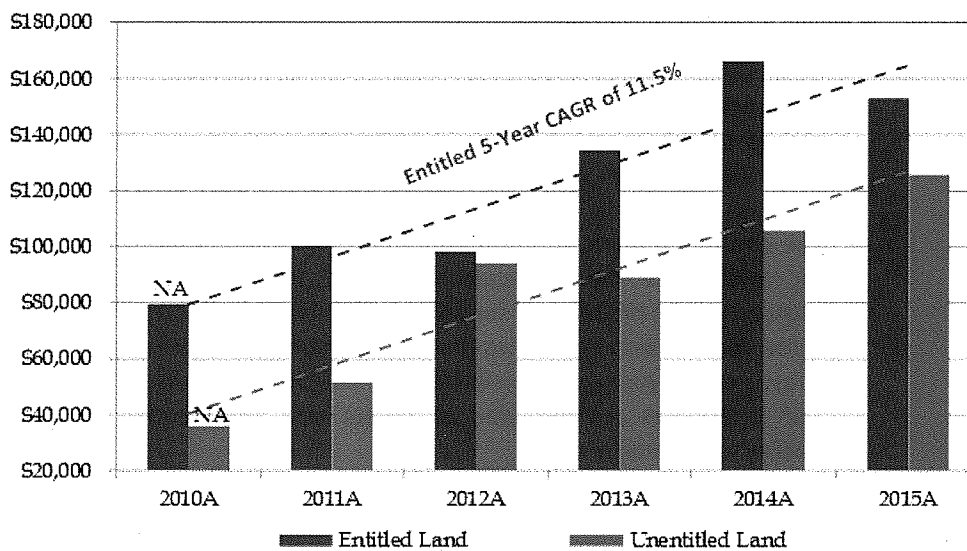
As part of the preliminary field research and scenario analyses work completed in February 2016, preliminary underwriting assumptions were presented to the Housing Work Group on January 29, 2016 to gather consensus and address questions, and a follow-up review and discussion of preliminary analytical results with the Housing Working Group occurred on February 3, 2016. Additionally, the TAC provided input regarding the preliminary field research and scenario analyses assumptions and methodology at its June 30, 2016 meeting. This feedback was incorporated into the updated preliminary analytical results, which were presented at the

August 22, 2016 TAC meeting.

*Land Sale
Comparable Analysis*

Land sales comparable data was gathered for select land sale transactions from 2010 to 2015. This data was analyzed to study land sales prices per unit by year for entitled and unentitled land. As shown in the chart and table below, the land sales price per unit for entitled land increased from approximately \$80,000 in 2010 to \$163,000 in 2015 and for unentitled land from approximately \$36,000 in 2010 to \$126,000 in 2015. This resulted in an estimated compounded annual growth rate of 11.5% for land sales prices per unit for entitled land.

SAN FRANCISCO LAND PRICE PER UNIT - ENTITLED VS. UNENTITLED (a)



Year		Entitled Land	Entitled Land Growth Rate		Unentitled Land
2010A	\$	79,655	NA	\$	36,075
2011A	\$	100,510	26.2%	\$	51,423
2012A	\$	98,283	(2.2%)	\$	93,968
2013A	\$	134,430	36.8%	\$	89,013
2014A	\$	166,256	23.7%	\$	105,993
2015A	\$	152,944	(8.0%)	\$	125,745

Notes:

*** Residential land sale data should be independently verified to extent that it may be relied upon. ***

(a) Select land sale data gathered from available public records, third party brokerage firms, and market research for residential development sites in City & County of San Francisco with projected unit count of approximately 50 units or greater.

*Approach and
Information Sources
for Scenario
Analyses*

This section refers to both prior and current field research from the consultants, conducted to estimate underwriting assumptions utilized to prepare the updated scenario analyses.

Scenario analyses were prepared for four prototypical forms of residential construction. With the exception of the Type Ib prototype, the prototypes had been previously reviewed and discussed with City agencies, and at Housing Working Group meetings to solicit feedback.

Residential unit mix and sizes for multifamily for-rent apartments and for-sale condominiums were determined based upon recently completed residential projects located within the City. The assumed unit mix and sizes are commensurate with recently completed projects and consistent with feedback gathered from interviews with project sponsors and provided at the January 29, 2016 Housing Working Group meeting.

Residential underwriting assumes a residential efficiency factor of 80% (excluding retail and parking components), with the exception of the Type Ib prototype, which assumes a residential efficiency factor of 78%. Retail space assumes a 90% retail efficiency factor. Parking ratios of 0.25:1 for apartments and 0.50:1 for condominiums are assumed for each prototype with parking provided at- and/or below-grade depending on the specific prototype.

Updated for-sale condominium comparable sales price data was obtained from Polaris Pacific and Vanguard Properties. Additional prior research regarding comparable sales data was conducted through The Mark Company and the San Francisco Association of Realtors. A review of data was utilized to determine estimated condominium sale prices for purposes of the scenario analyses and adjusted based upon construction typology.

Updated apartment rent comparables were obtained from third party multifamily apartment market research firms. Prior data was also provided by market rate project sponsors presently leasing market rate apartments. This information was utilized to estimate residential apartment rents for purposes of the scenario analyses and adjusted based upon construction typology.

The scenario analyses reflect currently approved City development impact fees. To the extent an impact fee has not been formally approved by the City, the fee is not included in the scenario analyses. The following development impact fees are included: Transportation Sustainability Fee, School Impact Fee, Jobs-Housing Linkage Fee, Wastewater Capacity Charge, and Water Capacity Charge. Impact fees that are unique to certain approved area plans are excluded from the scenario analyses.

General contracting firms listed below were contacted again and provided with the programmatic information for the prior and new prototypes in order to obtain informed construction cost estimates for each prototype. The general contracting firms contacted again include Swinerton Builders, Nibbi

*Scenario Analysis
Results*

Brothers, Pankow Builders, and Lend Lease Construction Company.

Soft costs (e.g., architecture and engineering, financing, etc.) were reviewed and discussed with project sponsors and as part of the prior Housing Working Group meetings.

Pursuant to feedback provided by the TAC at its June 30, 2016 meeting, the scenario analyses were revised to be untrended (i.e., no escalation is applied to revenues, expenses, or costs).

The target return rate for for-rent apartments was adjusted to reflect untrended scenario analyses, based in part on input from the TAC and the consultant's ongoing monitoring of return rates required by project sponsors. The target going-in rate of return rate used in the analysis was 5.05%. This and all other assumptions about the scenario analysis are provided in the appendix. Due to the type of target return rate utilized for for-sale condominiums, an adjustment to this rate was not necessary. Additionally, target return rates were previously reviewed, discussed, and/or confirmed during the Housing Working Group meetings.

Based on the approach and information obtained from the sources described above, scenario analyses for each for-rent apartment and for-sale condominium prototype were prepared for illustrative purposes to estimate the residual land values per unit for each prototype based on the following assumed on-site and in-lieu fee inclusionary requirements.

On-Site Requirement	Description
12% - Pre Prop C	12% of total units at 55% of Area Median Income (AMI) for apartments and 12% at 90% of AMI for condominiums, which reflects on-site inclusionary requirement prior to Proposition C.
15% at 55%/90% AMI	15% of total units at 55% of Area Median Income (AMI) for apartments and 15% at 90% of AMI for condominiums.
12%	12% of total units with 60% of on-site affordable units at 55% of AMI and 40% at 100% of AMI for apartments and 60% at 80% of AMI and 40% at 120% of AMI for condominiums.
14%	14% of total units with 60% of on-site affordable units at 55% of AMI and 40% at 100% of AMI for apartments and 60% at 80% of AMI and 40% at 120% of AMI for condominiums.
16%	16% of total units with 60% of on-site affordable units at 55% of AMI and 40% at 100% of AMI for apartments and 60% at 80% of AMI and 40% at 120% of AMI for condominiums.
18%	18% of total units with 60% of on-site affordable units at 55% of AMI and 40% at 100% of AMI for apartments and 60% at 80% of AMI and 40% at 120% of AMI for condominiums.
20%	20% of total units with 60% of on-site affordable units at 55% of AMI and 40% at 100% of AMI for apartments and 60% at 80% of AMI and 40% at 120% of AMI for condominiums.
25% - Prop C	25% of total units with 60% of on-site affordable units at 55% of AMI and 40% at 100% of AMI for apartments and 60% at 80% of AMI and 40% at 120% of AMI for condominiums, which reflects interim on-site inclusionary requirements under Proposition C.

In-Lieu Fee Requirement	Description
20% - Pre Prop C	Payment of in-lieu fee based on 20% of total units, which reflects in-lieu fee inclusionary requirement prior to Proposition C.
23%	Payment of in-lieu fee based on 23% of total units.
25%	Payment of in-lieu fee based on 25% of total units.
28%	Payment of in-lieu fee based on 28% of total units.
30%	Payment of in-lieu fee based on 30% of total units.
33% - Prop C	Payment of in-lieu fee based on 33% of total units, which reflects interim in-lieu fee inclusionary requirement under Proposition C.

The resulting residual land values per unit for each inclusionary requirement listed above are summarized by prototype for apartments and condominiums in each of the tables below.

Apartments		Residual Land Value per Unit / % Reduction			
% Onsite Units		Type V	Type III	Type Ia	Type Ib
Building Type		Lowrise	Midrise	Highrise	Highrise
1.) 12% - Pre-Prop C	[1]	\$124,000/ NA	\$126,800/ NA	\$91,000/ NA	\$112,700/ NA
2.) 15% at 55% AMI	[2]	\$105,000/ NA	\$108,000/ NA	\$76,400/ NA	\$96,700/ NA

Mixed-Income Housing (55% & 100% AMI)

3.) 12.0%	[3]	\$133,000/ NA	\$132,400/ NA	\$98,000/ NA	\$118,600/ NA
4.) 14.0%	[3]	\$125,500/ (5.6%)	\$125,200/ (5.4%)	\$90,000/ (8.2%)	\$112,000/ (5.6%)
5.) 16.0%	[3]	\$115,000/ (13.5%)	\$118,400/ (10.6%)	\$80,000/ (18.4%)	\$102,600/ (13.5%)
6.) 18.0%	[3]	\$109,000/ (18.0%)	\$108,800/ (17.8%)	\$72,000/ (26.5%)	\$94,000/ (20.7%)
7.) 20.0%	[3]	\$104,000/ (21.8%)	\$102,400/ (22.7%)	\$64,800/ (33.9%)	\$85,300/ (28.1%)
8.) 25% - Prop C	[3]	\$78,000/ (41.4%)	\$80,000/ (39.6%)	\$43,600/ (55.5%)	\$62,600/ (47.2%)

Apartments		Residual Land Value per Unit / % Reduction			
% In-Lieu Fee		Type V	Type III	Type Ia	Type Ib
Building Type		Lowrise	Midrise	Highrise	Highrise
9.) 20% - Pre-Prop C		\$115,000/ NA	\$120,000/ NA	\$87,000/ NA	\$112,000/ NA
10.) 23.0%		\$101,000/ (12.2%)	\$111,200/ (7.3%)	\$77,000/ (11.5%)	\$102,600/ (8.4%)
11.) 25.0%		\$94,000/ (18.3%)	\$106,800/ (11.0%)	\$72,000/ (17.2%)	\$96,000/ (14.3%)
12.) 28.0%		\$91,500/ (20.4%)	\$96,800/ (19.3%)	\$63,000/ (27.6%)	\$87,300/ (22.1%)
13.) 30.0%		\$84,000/ (27.0%)	\$88,000/ (26.7%)	\$57,000/ (34.5%)	\$80,700/ (27.9%)
14.) 33% - Prop C		\$70,000/ (39.1%)	\$82,400/ (31.3%)	\$47,600/ (45.3%)	\$72,000/ (35.7%)

Notes:

- [1] Reflects 12% of total units at 55% of Area Median Income (AMI).
 [2] Reflects 15% of total units at 55% of Area Median Income (AMI).
 [3] Reflects 60% of total on-site affordable units at 55% of AMI and 40% at 100% of AMI.

Condominiums			Residual Land Value per Unit / % Reduction			
% Onsite Units			Type V	Type III	Type Ia	Type Ib
Building Type			Lowrise	Midrise	Highrise	Highrise
1.)	12% - Pre-Prop C	[1]	\$147,000/ NA	\$131,000/ NA	\$134,000/ NA	\$133,000/ NA
2.)	15% at 90% AMI	[2]	\$127,000/ NA	\$117,000/ NA	\$112,000/ NA	\$117,000/ NA

Mixed-Income Housing (80% & 120% AMI)

3.)	12.0 %	[3]	\$146,000/ NA	\$137,000/ NA	\$135,000/ NA	\$136,000/ NA
4.)	14.0 %	[3]	\$133,000/ (8.9%)	\$129,000/ (5.8%)	\$121,000/ (10.4%)	\$126,000/ (7.4%)
5.)	16.0 %	[3]	\$128,000/ (12.3%)	\$114,000/ (16.8%)	\$110,000/ (18.5%)	\$110,000/ (19.1%)
6.)	18.0 %	[3]	\$118,000/ (19.2%)	\$104,000/ (24.1%)	\$99,000/ (26.7%)	\$100,000/ (26.5%)
7.)	20.0 %	[3]	\$113,000/ (22.6%)	\$97,000/ (29.2%)	\$89,000/ (34.1%)	\$92,000/ (32.4%)
8.)	25% - Prop C	[3]	\$92,000/ (37.0%)	\$63,000/ (54.0%)	\$56,000/ (58.5%)	\$60,000/ (55.9%)

Condominiums			Residual Land Value per Unit / % Reduction			
% In-Lieu Fee			Type V	Type III	Type Ia	Type Ib
Building Type			Lowrise	Midrise	Highrise	Highrise
9.)	20% - Pre-Prop C		\$122,000/ NA	\$131,000/ NA	\$134,000/ NA	\$133,000/ NA
10.)	23.0 %		\$113,000/ (7.4%)	\$123,000/ (6.1%)	\$123,000/ (8.2%)	\$123,000/ (7.5%)
11.)	25.0 %		\$103,000/ (15.6%)	\$114,000/ (13.0%)	\$117,000/ (12.7%)	\$116,000/ (12.8%)
12.)	28.0 %		\$96,000/ (21.3%)	\$104,000/ (20.6%)	\$106,000/ (20.9%)	\$106,000/ (20.3%)
13.)	30.0 %		\$87,000/ (25.7%)	\$97,000/ (26.0%)	\$101,000/ (24.6%)	\$100,000/ (24.8%)
14.)	33% - Prop C		\$72,000/ (41.0%)	\$89,000/ (32.1%)	\$89,000/ (33.6%)	\$90,000/ (32.3%)

Notes:

- [1] Reflects 12% of total units at 90% of Area Median Income (AMI).
 [2] Reflects 15% of total units at 90% of Area Median Income (AMI).
 [3] Reflects 60% of total on-site affordable units at 80% of AMI and 40% at 120% of AMI.

These residual land values per unit for each prototype were then weighted by the number of units of each prototype that could potentially be developed on soft sites within the City based on analysis of data obtained from the Planning Department. The resulting weighted average land values for for-rent apartments and for-sale condominiums were then further weighted by tenure based on an assumed distribution of potential units between apartments and condominiums of two-thirds apartments and one-third condominiums. The resulting weighted average residual land values per unit are summarized in the table below.

% Onsite Units			Residual Land Value per Unit		
			Apartments	Condominiums	Combined
			Weighted Average	Weighted Average	Weighted Average
1.)	12% - Pre-Prop C	[1]	\$119,500	\$140,400	\$126,400
2.)	15% at 55%/90% AMI	[2]	\$101,300	\$121,900	\$108,200
3.)	12.0%	[3]	\$127,100	\$141,600	\$132,000
4.)	14.0%	[3]	\$119,700	\$129,900	\$123,100
5.)	16.0%	[3]	\$110,200	\$120,800	\$113,800
6.)	18.0%	[3]	\$102,900	\$110,700	\$105,500
7.)	20.0%	[3]	\$97,000	\$104,300	\$99,400
8.)	25% - Prop C	[3]	\$72,700	\$77,800	\$74,400

% In-Lieu Fee			Residual Land Value per Unit		
			Apartments	Condominiums	Combined
			Weighted Average	Weighted Average	Weighted Average
9.)	20% - Pre-Prop C		\$112,300	\$126,600	\$117,100
10.)	23.0%		\$100,500	\$117,500	\$106,200
11.)	25.0%		\$94,400	\$108,500	\$99,100
12.)	28.0%		\$88,700	\$100,000	\$92,500
13.)	30.0%		\$81,200	\$92,300	\$84,900
14.)	33% - Prop C		\$70,200	\$79,700	\$73,400

Notes:

- [1] Reflects 12% of total units at 55% of Area Median Income (AMI) for apartments and 12% at 90% of AMI for condominiums.
[2] Reflects 15% of total units at 55% of Area Median Income (AMI) for apartments and 15% at 90% of AMI for condominiums.
[3] Reflects 60% of total on-site affordable units at 55% of AMI and 40% at 100% of AMI for apartments and 60% at 80% of AMI and 40% at 120% of AMI for condominiums.

With regard to evaluating land values for soft sites where potential development may occur based on the weighted average residual land values shown above, in areas where office and hotel uses are permissible, development of these soft sites for residential use may not be the economic highest and best use. Additionally, to the extent that certain soft sites are already occupied by existing buildings, the potential value of these sites as development sites may or may not exceed the value of the existing buildings on these sites.

Housing Simulation Modeling

Measuring the Potential Impact

As discussed in the previous section, the prototype analysis brings real-world project costing information to the analysis of residual land value. It does not, however, draw bright lines regarding how much residual land value can decline before projects are no longer feasible. Nor can it generalize across all the development sites in the city, beyond the representative prototypes considered.

In order to determine the potential impact on on city-wide housing development associated with a change in the inclusionary requirement, the consulting team conducted an analysis of the San Francisco housing market during the past 15 years. Specifically, the consulting team examined the relationship between housing prices and the extent of development of multifamily housing in the City while controlling for other factors that may influence development. Because an increase in the inclusionary requirement acts like a price reduction for developers (in effect lowering the revenue that developers receive for each BMR unit), reductions in prices (or rents) and increases in the inclusionary requirement will have a similar financial impact on a development project. Therefore, the analysis leads to an estimate, based on the City's actual experience with changes in prices and the other factors that affect development, the likely impact of a change in the inclusionary policy on the extent of development that is likely to occur.

If increasing the inclusionary requirement has only a small impact on the likely extent of residential development, this suggests that land owners or developers are bearing most of the cost of a higher inclusionary requirement. If, however, changes in the inclusionary requirement have a large impact on the extent of development, this suggests that the policy has a greater impact on housing prices, and consumers are bearing more of the costs.

Methodology

In order to conduct this analysis, the consulting team collected data on each of the more than 150,000 parcels in the City, comparing those parcels that developed as multifamily housing during the period 2001 – 2015 to those parcels that were not developed as housing. For each parcel, the consulting team collected information about the existing land use, zoning, the potential for future development, parking requirements, and other factors. Information was also collected about the neighborhood in which the parcel was located, and the economic conditions that prevailed during each year of the study period, examining things such as construction costs and housing prices, unemployment rates, consumer confidence, stock market returns, interest rates, and other factors that could be associated with the extent of development. The consulting team also estimated the cost of the inclusionary requirements in place for each parcel during each year of the study period.

This data was combined into a large data set and used a technique known as regression analysis to examine how the extent of development changed in

Visual Results

response to changes in the factors believed to be associated with development. Using this approach, the team was able to construct a model which allows us to estimate the likely change in development that would result from different levels of the inclusionary requirement.

Our analysis involved developing and testing multiple regression models and several measures of the cost of the City's inclusionary requirements. Ultimately, the model which best fit the available data and best explains the changes in development in the City relied on several key explanatory variables, including housing prices, construction costs, zoning, the lack of existing residential uses on the site, and development potential (measured as the number of square feet that could be built on a parcel and the ratio of the potential square feet to the current size of the structures on a given parcel). Full details are provided in the appendix.

The results of our analysis predict where development is likely to occur in the future. By using the characteristics of each parcel, we are able to estimate the likelihood that a particular parcel will develop as housing and compare that likelihood to other parcels in the City.

The map below indicates the likelihood residential development in San Francisco, as generated by the model results. Light (grey) areas are unlikely to develop new housing while darker (blue) areas—South of Market, Mission Bay, Central Waterfront, and Visitacion Valley—are more likely to develop, based on past trends.



*Implications of
Inclusionary Housing
Changes*

The results of our analysis confirm that residential housing development in San Francisco is sensitive to changes in the City's inclusionary requirements. Specifically, our results suggest that for each one percentage point change in the City's inclusionary requirement (e.g. from 17% to 18%), an additional 175 BMR units would be constructed over the next 15 years. In addition, the number of overall housing units in the city is projected to decline by approximately 1.8%. The model does not distinguish between the production of owner-occupied condominiums and rental apartments.

The decrease in total housing units will result in an increase in average housing prices. Previous research conducted by the Controller's Office on the potential impact of Proposition C found that, for example, reducing the construction of new housing in San Francisco by about 18% would increase housing prices and rents (for all vacant market-rate units – not just new units) by about 2%¹.

The table below summarizes the impacts of different onsite inclusionary policies, ranging from 12% inclusionary (the level immediately prior to the

¹ *Increasing Inclusionary Housing Requirements: Economic Impact Report*, February 23, 2016. Available at <http://openbook.sfgov.org/webreports/details3.aspx?id=2278>

passage of Proposition C in June 2016) to 25% (the initial level specified in Proposition C). The table indicates the overall housing production, split between market-rate and below-market-rate (BMR) units, and the average price impact associated with the reduction in overall housing. The "Post Prop C" policies reflect the income limits established by Proposition C, and are assumed to escalate at 0.5% percentage points per year over 15 years (see Recommendation #3 on Page 27).

IMPACT OF INCREASED INCLUSIONARY REQUIREMENTS

Policy	Estimated housing production 2017-2031	Market-Rate Units	BMR Units	Overall housing prices relative to pre-Prop C
Pre Proposition C	31,460	27,685	3,775	0.00%
Post Prop C, 17% Inclusionary	27,215	22,589	4,627	1.48%
Post Prop C, 18% Inclusionary	26,732	21,920	4,812	1.64%
Post Prop C, 19% Inclusionary	26,258	21,269	4,989	1.81%
Post Prop C, 20% Inclusionary	25,794	20,635	5,159	1.97%
Post Prop C, 25% Inclusionary	23,611	17,708	5,903	2.73%

To put these numbers into context, the difference between a market-rate and BMR unit is approximately \$775,000. If the City established an inclusionary policy that averaged 17% (between apartments and condominiums), and increased that rate at 0.5% per year, the city would have 852 more BMR units in 15 years than it would with the pre-Prop C requirements. The direct value of that subsidy would be \$775,000 times 852 or \$660 million, at today's prices.

On the cost side, that policy choice would raise housing prices by 1.48%, as shown in the table. Based on 2014 housing price data², over a 15 year period, the total cost to moving households would be approximately \$1.8 billion a year.

It is important to stress that the direct subsidy is almost certainly not the only benefit of inclusionary or BMR housing. Previous analyses from the Controller's Office have suggested that expanding the housing supply at the low-end of the private market has an indirect price benefit that is primarily captured by low-income households³. As a low-income household moves into a new BMR unit, it creates a vacant unit that will, in most cases, be occupied by another low-income household. If the entire benefit captured by low-income households, the earlier Controller's analysis suggests that low-income

² Based on 2014 American Community Survey data, in 2014, 47,380 or 13% of San Francisco households moved into a vacant housing unit. Their average annual housing expense was \$28,285 (considering owners and renters together). A 1.48% price increase to those households would total \$20 million a year, and households would pay that additional expense as long they remain in the unit. Assuming the same 13% annual churn rate for 15 years, the total cost to moving households would be approximately \$1.8 billion.

³ See *General Obligation Bond for Affordable Housing: Economic Impact Report*, July 8, 2015. Available at <http://openbook.sfgov.org/webreports/details3.aspx?id=2168>

housing affordability would improve, *even for low-income households that did not receive a BMR unit*. However, it is extremely challenging to estimate exactly how much of the benefit of expanded low-income housing supply flows to low-income households.

This simulation model provides some insight into a key question on the economics of inclusionary housing that was posed earlier: is the cost of higher fees and exactions born entirely by the land-owner, or are they shared with developers and consumers?

The fact that the likelihood of development is positive correlated with housing prices, with a 2-year lag, suggests that land prices do not automatically adjust to changes in housing prices. When a policy change, like a fee increase, feels like a price decrease to developers, the likelihood of development declines, indicating at least some projects will be infeasible.

While the statistical significance of the price variable is important, as with any regression, factors outside the model affect the likelihood that a parcel will develop as new housing. The regression analysis sought to capture as many of these factors as possible; however, many of the factors that influence the likelihood that a given parcel will develop are not captured by the model.

For example, many land owners may believe that future economic conditions or changes in City policy will be more favorable to their interests. Therefore, these landowners may hold their land off the market, waiting for a future period in which they hope to obtain a higher price for their land. While price provides an important signal to land owners, these other factors also play a role in a decision to put a particular parcel on the market.

Such speculation about future market and political conditions is beyond the ability of the model to measure. These factors (and others) may well be more significant than changes in the City's inclusionary policy in determining whether a particular parcel will develop as multifamily housing. Therefore, some caution should be exercised in interpreting the results of this analysis.

Nevertheless, the results of our analysis suggest that increasing the inclusionary requirement would reduce the supply of market rate housing in San Francisco, increase the number of below market rate units available for the City's low income residents and the direct subsidy they receive, while raising housing prices for consumers on average.

Best Practices Research

Background

In order to inform these recommendations, the consulting team researched best practices in inclusionary housing programs in comparable jurisdictions. We interviewed nearly all of the TAC members and facilitated a discussion at the second TAC meeting in order to identify the most significant questions about the design of San Francisco's current inclusionary housing program. Based on this feedback we identified the focused set of key questions outlined below.

Key Questions:

1. Variation across project types/locations: How do cities adjust programs in response to the real differences in the economic strength of different neighborhoods or product types?
2. Variation across market cycles: Do any cities adjust inclusionary requirements for different phases of the real estate market cycle?
3. Income Targeting: How do cities determine which income groups to target in their inclusionary programs?

Additional policy considerations, which did not lead to policy recommendations, are reviewed in the appendix. In addition, the appendix contains profiles of 5 jurisdictions similar to San Francisco, including:

- San Jose
- San Diego
- Seattle
- Boston
- New York City

Rather than outlining a comprehensive set of all best practices for inclusionary housing programs, this section summarizes the range of practices for a highly targeted set of issues. For each of the key research questions, we attempted to briefly outline common approaches among the comparison cities and to highlight options that could be most relevant to San Francisco. In many cases we were also able to find relevant novel approaches in other communities. We collected this information primarily through the review of published reports, ordinances and program administrative manuals available online and through telephone conversations with program administrators. It is important to keep in mind that these programs are all evolving on an ongoing basis and while the information contained in this report is generally current as of the summer of 2016, some of the details will likely change over time.

Variation across project types/locations

How do cities adjust programs in response to the real differences in the economic strength of different neighborhoods or product types?

The majority of inclusionary housing programs adopt a single requirement which is applied to all project types in all locations (often excluding the

smallest projects). This means that in most cities, the inclusionary requirements are high for some sensitive projects and below the highest level which could be supported by particularly profitable projects in the highest demand locations. We identified 7 distinct strategies that communities have adopted to respond to this challenge:

1. Project by project underwriting:

Some cities including Vancouver, BC set different inclusionary housing requirements for each project based on an evaluation of projected revenues and costs for the specific proposed project. This approach requires very significant internal staffing capacity to underwrite each project, though the workload could be reduced by reviewing only projects above a certain size.

2. Vary requirements by proforma rents/prices:

A few cities have set inclusionary requirements that vary depending on the level of rent or price in a proposed project. For example Burlington, VT requires 15% BMR units in projects where the market rate units are relatively affordable and up to 25% for projects where the market rate units are more expensive.

Average Market Rate Unit Affordable to:	Required BMR units
Up to 139% of AMI	15%
140% to 179% of AMI	20%
Over 180% of AMI (or any project in waterfront district)	25%

Boston takes a similar approach for ownership projects that select the fee in-lieu option. For rental units there is a single fee level for all projects but for ownership projects Boston sets the fee in-lieu based on the projected sales price of the units. The fee is set at one-half of the gap between the average market price and the affordable price. However, they use the in lieu fees from rental projects as a floor so a project pays the higher of what they would have paid for a rental unit and the formula driven ownership fee. This approach allows the city to collect significantly higher fees from the highest cost condo projects.

3. Hardship waivers/appeals:

Many cities set higher requirements but allow any developer to request a partial waiver or reduction in the inclusionary requirements when they can prove that full compliance would make a project economically infeasible. For example, Evanston, IL requires 10% affordable units but offers developers a waiver or reduction if they can:

"provide clear and compelling financial evidence to the City Council that full compliance... would render the development financially infeasible."

The challenge in implementing this kind of open-ended waiver is that it creates an opportunity for favorable treatment of developers with stronger political connections. It is difficult to maintain transparency in a system that allows for case-by-case judgment calls.

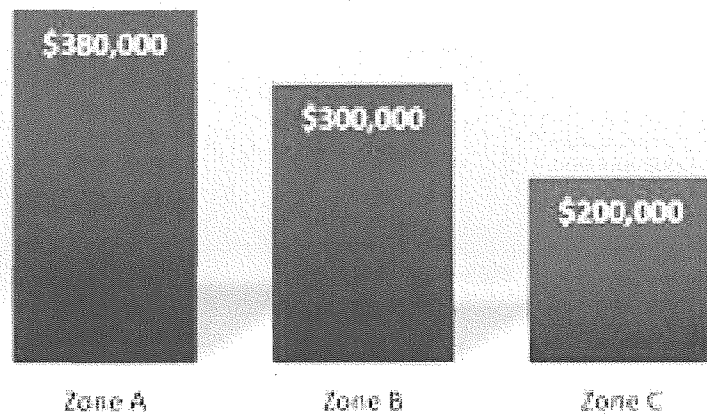
4. "True up"/Claw Back:

Among cities that vary requirements on a project by project basis (or allow project specific waivers) some allow for a later audit and 'true up.' Boston, for example, charges ownership projects an in lieu fee that depends on the projected sales prices in the project, with an audit performed 1 or 2 years after occupancy to ensure that the fee paid reflects the actual prices which may change significantly after the time a project is proposed.

5. Vary requirements by 'zone':

A number of cities have adopted maps which set different inclusionary housing requirements for different zones of the city in order to reduce the potential burden on locations with softer market conditions.

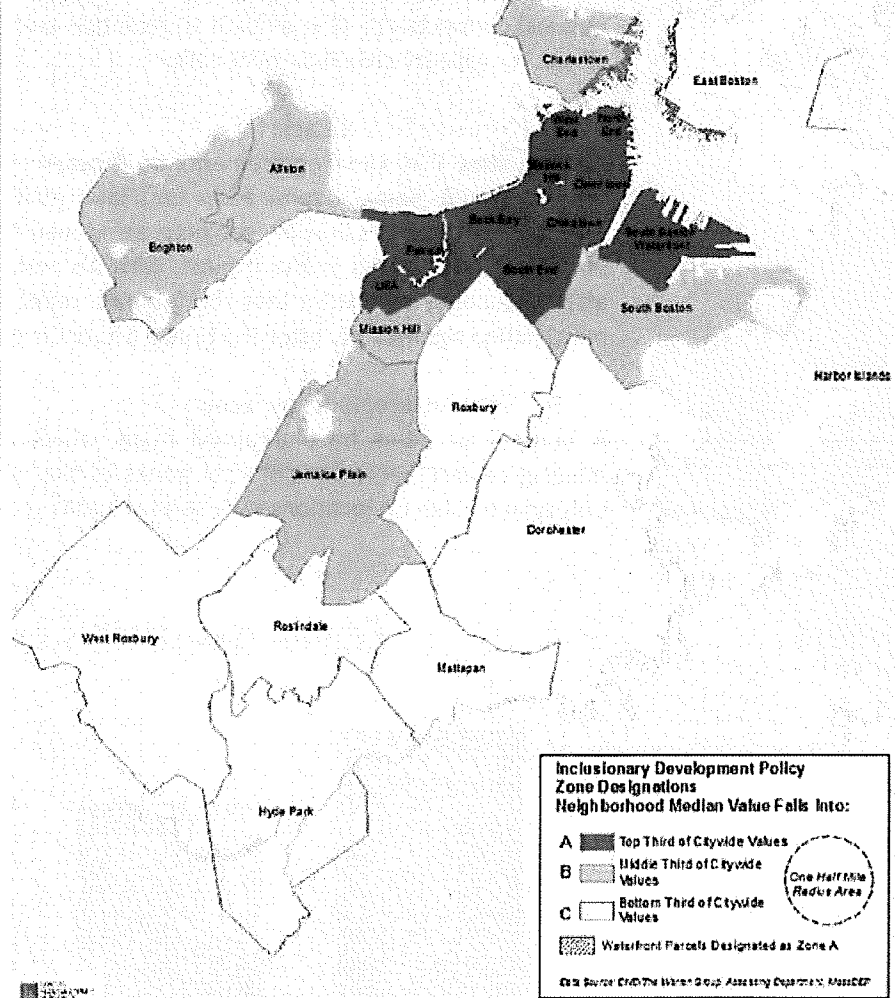
Zone Buyout Costs



Boston requires 13% of units be affordable onsite but they vary the in lieu fees across three different zones. The zones were identified based on the cost per square foot for condo units. The highest cost locations in the city pay higher fees and the lowest cost areas pay relatively lower fees.

Inclusionary Development Policy Zone Designations

Based on Median Value per Square Foot of Living Area
for Condos, One-, Two-, and Three-Family Homes, FY13-FY15



6. Vary requirements by building type/height:

Another common approach is to set different requirements for different building types or building heights. Fairfax County, VA has different requirements for single-family subdivisions, multi-family buildings without elevators and elevator buildings. Most communities taking this approach set lower requirements for highrise buildings due to their higher cost of construction.

7. Vary requirements by project size:

Some cities set requirements that are different for larger projects and smaller projects on the assumption that it may be easier for larger projects (regardless of building type) to absorb affordable housing units or fees. For example, Toronto requires affordable units only in projects on sites larger than 5 Hectares (approx. 12 acres).

Do any cities adjust inclusionary requirements for different phases of the real estate market cycle?

The cyclical nature of real estate markets makes it challenging to implement appropriate inclusionary housing requirements. Requirement levels that are optimal at one point in the economic cycle may seem too high or too low at a different point. We examined three alternative responses to this challenge?

1. Constant Requirements:

Overwhelmingly the response of inclusionary housing programs to this variation in market conditions has been to set requirements that are safely below the maximum feasible at the peak of the market cycle and hold them constant even in the face of market slow downs where they will presumably be too high for many projects.

Maintaining a constant requirement means that programs produce slightly less affordable housing than the absolute maximum at the peak of the market and it may also mean that inclusionary requirements contribute to a somewhat slower recovery of the housing market after a crash. However, most cities appear to have concluded that they are unlikely to successfully time the market. The benefits of predictability and simplicity have tended to win out.

2. Indexing:

The team searched for examples of communities that set their inclusionary housing requirements based on an index of some kind that would allow the economic impact of the requirements move up and down with the market cycle. Other than the few examples cited above where cities adjusted the fees based on planned rents or prices of market rate units, no examples of this approach were found.

It might be possible to construct an index that attempted to adjust the level of inclusionary requirements across the market cycle. One approach would attempt to tie the requirement to changes in land prices. When land prices are rising, it would be logical to increase the inclusionary requirement in an effort to capture some of the benefit of rising prices. When land prices are falling, it would make sense to lower requirements to encourage more land transactions. In practice however the data that is available on land prices is not consistent enough to allow construction of a reliable index for this purpose. An alternative would be to assume that land prices are generally rising whenever rents are rising faster than the cost of constructions (two metrics that are more readily available) and falling when the opposite is true. A third alternative would be to simply track the rate of building permit applications and increase the requirements when permit activity is increasing and decrease it when it declines. Whatever the index, one significant challenge would be providing predictability. Large swings in the inclusionary requirements could make it much harder to developers to pass the costs along to land owners, which could slow the pace of development.

It may be that the complexity of constructing a reliable enough index and transparently publishing it has deterred other communities. It is also not clear that lowering the requirements in an economic downturn will actually have a stimulating effect on real estate development – even if the requirement were to drop to zero most projects will simply not be feasible at the bottom of the market.

3. Phase In:

While not necessarily motivated by the market cycle, many communities adopting inclusionary housing for the first time, phase the requirements in over time in order to allow land markets time to adjust. The idea behind this approach is that land owners will ultimately absorb the cost of increased requirements in the form of lower land prices but that it is unrealistic to expect property sellers to adjust their expectations too quickly. A change that might be infeasible in the very short term, may be more readily accommodated if it is phased in gradually over a number of years.

For example, San Luis Obispo County adopted a 20% inclusionary housing requirement in 2010 but the requirement was phased in over 5 years.

Phasing of Inclusionary Housing Requirement					
Year	Year 1	Year 2	Year 3	Year 4	Year 5
Inclusionary Requirement	4%	8%	12%	16%	20%

Conclusions and Recommendations

*Recommendation 1:
The City should
impose different
inclusionary housing
requirements on
rental and for-sale
(condominium)
properties.*

The majority of inclusionary housing programs across the country adopt a single requirement which is applied to all project types in all locations (often excluding the smallest projects). This means that in most cities, the inclusionary requirements are 'too high' for some sensitive projects and below the highest level which could be supported by particularly profitable projects in the highest demand locations.

A smaller number of communities adopt structures that vary the requirements either across neighborhoods, or across project types, in an effort to reduce the burden on projects likely to be most adversely impacted while simultaneously capturing more public benefit where that is feasible. Based on the consultants' best practice research, we considered several alternative approaches that San Francisco that might pursue.

San Francisco's inclusionary housing program already imposes different requirements on projects of different sizes and in different locations. Many of the areas where the greatest growth is expected have been recently upzoned through area plans which impose inclusionary housing requirements that exceed the citywide requirements. In addition, projects below 10 units are exempt entirely from inclusionary housing and Proposition C set lower requirements for projects under 25 units. The result is an already complex system which can be difficult to administer and explain.

While there might be some benefit to varying the requirements between different neighborhoods, given the existing complexity, it seems likely that the costs of such an approach would outweigh any benefit.

Several TAC members inquired about the feasibility of setting higher inclusionary requirements for highrise projects. The consulting team explored this idea and did not find evidence to support higher requirements for highrise projects.

- The best practice research examined other cities that have different requirements for highrise and found only examples where those requirements are lower (due to higher costs for this building type).
- The prototype analysis found comparable residual land values for highrise and lower rise prototypes for all levels of inclusionary requirements analyzed which suggests that it would be no easier (or harder) for highrise projects to absorb increased requirements.
- The regression analysis found that larger projects were somewhat more sensitive to changes in the fee level which suggests that development of these projects is somewhat less likely in the face of increased requirements.

*Recommendation 2:
The City should set
the initial onsite
requirements from
14%-18% for rental
projects and 17%-
20% for ownership
projects.*

The consultants' research has shown, and the TAC has generally supported, that for-sale projects can feasibly support higher fees than rental projects.

The proforma analysis discussed below suggests that at any given level of the inclusionary policy, the typical ownership project could support a higher residual land value. Put another way, the typical ownership project can support roughly 2 percentage points more affordable housing units onsite while maintaining the same residual land value. For example, for rental projects an 18% onsite requirement results in a weighted average residual land value of approximately \$100,000. For ownership projects, an onsite requirement of 20% achieves approximately the same residual land value.

At the TAC meeting on September 7, 2016, the TAC endorsed this recommendation unanimously.

Since 2010, there has been a significant increase in the average price paid by developers for land in San Francisco, equaling 11.5% per year for entitled land.

This rapid increase suggests that some landowners would have sold their land to developers for somewhat less than what they received, though not at levels below what was required during the 2010-12 period, when the housing market was in recession.

As discussed earlier, the consulting team developed financial models of four different project prototypes, and tested the impact of different inclusionary housing requirements on the land value each type could support. The results, summarized below, indicate that onsite requirements that are shaded red would result in land bids that are below what land prices were in 2010-12 – and thus are infeasible.

If the goal is to set fees that minimize harm to project feasibility, analysis of these prototypes imply that initial onsite requirements in the red zone should be avoided. Fees in the yellow zone, which range from 14-18% onsite for apartment projects and 17-20% for condominium projects, are the maximum feasible requirements today.

Residual Land Value Per Unit

(Weighted average of prototypes for each tenure)

Rental	Apartments	Condominiums
Pre Prop C	\$118,600	\$140,400
12%	\$126,300	\$141,600
14%	\$118,900	\$129,900
16%	\$109,300	\$120,800
18%	\$102,000	\$110,700
20%	\$96,100	\$104,300
25%	\$71,800	\$77,800

Assuming no density bonus

More Likely	Residual Land Value > \$120k/unit
Uncertain	Residual Land Value \$100 to 120k/unit
Less Likely	Residual Land Value below \$100K/unit

5

At the TAC meeting on September 7, 2016, the TAC endorsed this recommended range unanimously. TAC member differed on what they felt the specific initial requirements should be, within this range.

Providing predictability does not mean that requirements can never change, only that any changes should be clear well before they take effect. It is not uncommon for developers to negotiate the price of land several years before receiving building permits.

There was agreement among TAC members that increased inclusionary requirements should be phased in over a period of time long enough to allow the land market to adjust. Setting a clear schedule which ramps up requirements over an extended period of time provides the greatest amount of predictability for the housing market.

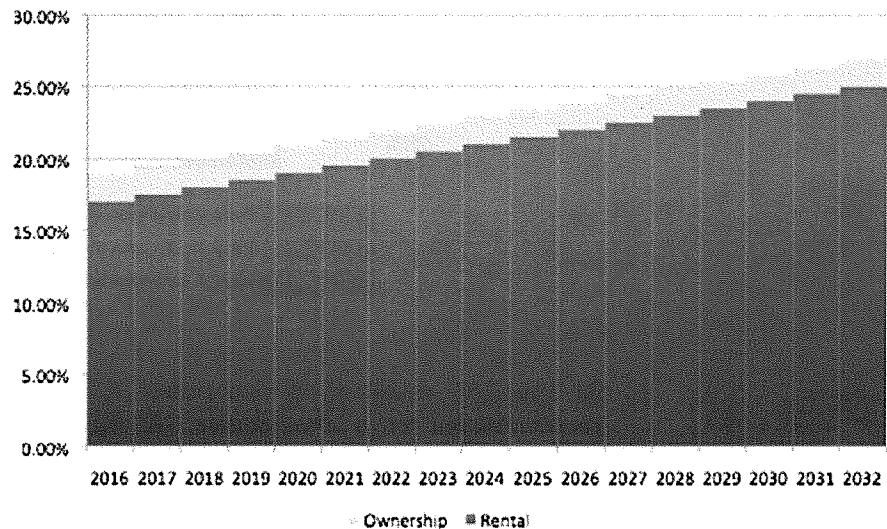
It is theoretically possible that even a large increase in inclusionary requirements could translate immediately into lower land prices. However in practice, property owners appear more likely to withhold land or seek other alternatives to residential development when faced with significant declines in offering bids from residential developers. Any large step up in requirements might result in immediate reductions in residential development. Gradual increases on a planned schedule are more likely to result in a slowing of the rate of land price increases.

Preliminary analysis suggests that, if 15-year trends in housing prices and construction costs continue for the next 15 years, on average, then a 0.5%

Recommendation 3:
The City should commit to a 15-year schedule of increases to the inclusionary housing rate of 0.5% per year.

annual increase would yield a roughly even split between future increases in land value, and future additional resources for affordable housing.

Adjusting the requirements at 0.5% per year will ultimately increase the requirements to the range of 21.5%-25.5% for apartment projects and 24.5%-27.5% for condominium projects, as shown in the diagram below. Such an approach, would both capture an equitable share of likely future increases in land value for affordable housing, and promote a well-functioning land market by providing maximum certainty for developers and landowners.



Additionally, every five years the City should conduct a new study of the basic economic feasibility of the inclusionary requirements, as opposed the current three-year legislative requirement. The long term goal should be to move to an environment where policy-makers are frequently asked to consider large changes to the requirements, to one which any changes are made gradually enough for markets to adjust.

At the TAC meeting on September 7, 2016, the TAC unanimously endorsed the recommendations of a 15-year phase-in of higher requirements, with a study every five years.

With respect to the rate of increase, six TAC members supported the 0.5% annual increase recommendation, and two members felt the annual increase should be higher, in the range of 0.75% - 1.0% per year.

*Recommendation 4:
The City should
conduct a new
analysis to update
the schedule of fees.*

The developer's opportunity cost of providing onsite units increases with changes in the market rents or sales prices. The City's fee option, however, is tied only to changes in construction cost. When the market rises faster than construction costs, as it has over the past decade, the fee option becomes relatively more attractive to developers. Land values in San Francisco have risen by more than 40% since the 2012 study that the current fee schedule is based on.

The analysis indicates that for 6 of the 8 prototypes studied the fee option is financially advantageous. However for the 4 rental prototypes, the relative impact on residual land value for projects selecting the fee option and those selecting the onsite option is quite similar, indicating only a small incentive for developers to prefer the fee option.

However, for condominium projects, there is a very strong incentive to prefer the fee option. For the highest density projects the residual land value was 30% higher under the fee option. Updating the affordability gap research could result in fees that more closely match the economic impact of onsite units.

At the TAC meeting on September 7, 2016, the TAC endorsed this recommendation unanimously.

*Recommendation 5:
The City should
impose additional
affordability
requirements for any
80/20 project
financed through
the City's financing
approval process.*

It is likely that increasing the inclusionary housing requirements will encourage more project sponsors to consider developing so called '80/20' projects which utilize tax exempt bond financing to subsidize the cost of providing affordable units. All things being equal, leveraging existing public resources should be encouraged, however it should result in greater levels of affordable housing rather than simply reducing the cost of providing otherwise mandated affordability.

There was not agreement within the TAC that it would be safe to assume that all future projects would take advantage of this program. As a result the analysis does not assume bond financing is used. However, because the City's approval is necessary before any project accesses tax exempt bond financing, it should be possible for the city to require additional affordable units (or deeper levels of affordability) from all projects accessing this financing in the future.

At the TAC meeting on September 7, 2016, the TAC endorsed this recommendation unanimously.

Areas for Additional Consideration & Study

State Density Bonus

The prototype analysis discussed earlier does not specifically address the impact of potential density bonuses on project feasibility. If either the state density bonus or a local bonus program (or both) were widely implemented in San Francisco, the likely result would be higher residual land values in many locations which would support a higher inclusionary requirement. However, it is not currently clear how widely either of these density bonuses would be applied or what share of eligible projects would choose to build the allowed additional units. Without a clearer picture of likely use, it is not possible to know how much the availability of a density bonus would increase the feasible inclusionary housing requirements.

The Planning Department has been developing projections which may make it practical to evaluate the impact of both the state and a proposed local density bonus program on the feasibility of inclusionary housing requirements in the very near future. Since the density bonus is likely to make a significant difference in the financial feasibility of future projects, we recommend completing this additional research before undertaking any legislative change to the inclusionary housing requirements.

At the TAC meeting on September 7, 2016, the TAC unanimously agreed this issue required further study.

Income Limits

The recommended initial range of onsite requirements discussed earlier, and the stepped increase over 15 years, assume that the income split of BMR units will continue match the requirements in Prop C, in which 60% of the on-site units were dedicated to households at 55% of area median income (AMI) or below, and the remaining 40% were for households at 80% of AMI or below. The split between the two groups, as the rate increases, is shown below:

	17.0%	17.5%	18.0%	18.5%	19.0%	19.5%	20.0%	20.5%	21.0%	21.5%	22.0%	22.5%	23.0%	23.5%	24.0%	24.5%	25.0%
55% of AMI	10.2%	10.5%	10.8%	11.1%	11.4%	11.7%	12.0%	12.3%	12.6%	12.9%	13.2%	13.5%	13.8%	14.1%	14.4%	14.7%	15.0%
80% of AMI	6.8%	7.0%	7.2%	7.4%	7.6%	7.8%	8.0%	8.2%	8.4%	8.6%	8.8%	9.0%	9.2%	9.4%	9.6%	9.8%	10.0%

These income limits are **not** a recommendation of the Controller's Office or its consulting team; they were used in the analysis because they were adopted in Prop C. It is important to point out that the application of those income limits to the recommended fee ranges would lead to fewer onsite units for households below 55% of AMI than was the case before Prop C. This may not be a desired outcome, and while the recommended initial fee ranges would not necessarily be feasible under different limits, additional study could reveal which fee ranges would be feasible.

	<p>At the TAC meeting on September 7, 2016, the TAC unanimously agreed this issue required further study.</p>
<p><i>Neighborhood-Specific Requirements</i></p>	<p>Due to the time frame for this analysis, the proforma analysis did not evaluate potential differences in financial feasibility between similar prototypes located in different neighborhoods in the city. While several of the prototypes are only likely to occur within fairly limited geographic areas there are some that could occur in quite different locations. It might make sense to conduct further research into these neighborhood differences to better evaluate the value of further modifying the inclusionary requirements for different neighborhoods.</p> <p>At the TAC meeting on September 7, 2016, there was a general consensus among the TAC not to do pursue further research on this issue.</p>
<p><i>When in the Development Process Should Inclusionary Requirements be Set?</i></p>	<p>Committing to a 15 year schedule of annual small increases in the inclusionary requirement creates a need to very clearly define the point in time at which projects inclusionary requirements are fixed. TAC members all agreed that developers should be able to 'lock in' a particular requirement level at some point in the development process so that small delays don't result in later increases in the inclusionary housing requirements.</p> <p>There are advantages to setting the requirement at the point that a developer submits a complete Environmental Evaluation Application. However, because unexpected project delays are not uncommon between this point and the point that a project is entitled, it is difficult to set a simple time period after which the commitment to a specific level of requirements would expire. Once a project is entitled it would be easier to set a simple time limit and impose increased requirements on projects that move too slowly. The TAC requested additional research into options that would provide predictability to developers without allowing projects that are not making good faith progress to hold on to lower requirements indefinitely.</p>
<p><i>Next Steps</i></p>	<p>The Controller's Office, other City staff, and the consulting team plan to research these questions. Based on those outcomes, we plan to issue an addendum to this report that has additional recommendations on these items.</p>

Appendices

Underwriting Assumptions

The financial assumptions used by the consulting team in the scenario analysis are detailed in the table below.

Apartment	Underwriting Assumptions			
Prototype	A	B	C	D
Construction Type	Type V	Type III	Type Ia	Type Ib
Building Type	Lowrise	Midrise	Highrise	Highrise
1.) Building Stories	5 Stories	7 Stories	13 Stories	24 Stories
2.) Building Height	55 Feet	75 Feet	135 Feet	245 Feet
3.) Gross Square Feet	54,250	133,813	268,000	405,827
4.) Efficiency Factor	80.0%	80.0%	80.0%	78.0%
5.) Parking Ratio	0.25:1	0.25:1	0.25:1	0.25:1
6.) Parking Stalls	13	31	63	94
7.) Apartment Unit Count	50	125	250	375
8.) Weighted Average Unit Size	750 NRSF	750 NRSF	750 NRSF	750 NRSF
9.) Wtd. Average Market Rent	\$3,853 / \$5.12	\$4,085 / \$5.44	\$4,291 / \$5.71	\$4,460 / \$5.95
10.) Hard Costs (Total / Unit) (a)	\$18.6M / \$372,500	\$50.1M / \$400,800	\$115.8M / \$463,000	\$170.9M / \$455,700
11.) Soft Costs (Total / Unit) (a)	\$5.4M / \$107,500	\$13.9M / \$111,300	\$30.9M / \$123,800	\$48.2M / \$128,600
12.) Total Hard & Soft Costs (Total / Unit) (a)	\$24.0M / \$480,000	\$64.0M / \$512,100	\$146.7M / \$586,800	\$219.1M / \$584,300
13.) Total Hard & Soft Costs (/ CSF) (a)	\$442	\$478	\$547	\$540
14.) 55% AMI Wtd. Avg. Rent	\$1,129	\$1,139	\$1,139	\$1,145
15.) 55% AMI Wtd. Avg. Rent PSF	\$1.54	\$1.54	\$1.54	\$1.52
16.) 100% AMI Wtd. Avg. Rent	\$2,100	\$2,151	\$2,125	\$2,116
17.) 100% AMI Wtd. Avg. Rent PSF	\$2.94	\$2.76	\$2.83	\$2.86
18.) Net Operating Income (a)	\$1,524,498	\$4,036,061	\$8,550,307	\$13,251,522
19.) Target Going-in Return-on-Cost	5.05%	5.05%	5.05%	5.05%

Notes:

(a) Reflects 12% of total units at 55% of the Area Median Income (AMI). Excludes land costs.

* All financial and programmatic estimates are preliminary in nature, and are not intended as a formal feasibility analysis.

** For comparison, the average land prices determined by the City of San Francisco's 2006 Inclusionary Housing Financial Analysis ranged from \$100,000 to \$120,000 per unit; average land prices determined by the 2012 Inclusionary Housing Financial Analysis ranged from \$100,000 to \$200,000 per unit.

*** The financial analyses shown above reflect institutional investment underwriting assumptions. Financial underwriting assumptions for smaller projects (e.g., less than 35 units) may differ.

Condominiums	Underwriting Assumptions			
Prototype	A	B	C	D
Construction Type	Type V	Type III	Type Ia	Type Ib
Building Type	Lowrise	Midrise	Highrise	Highrise
1.) Building Stories	5 Stories	7 Stories	13 Stories	24 Stories
2.) Building Height	55 Feet	75 Feet	135 Feet	245 Feet
3.) Gross Square Feet	57,625	142,613	286,000	432,827
4.) Efficiency Factor	80.0%	80.0%	80.0%	78.0%
5.) Parking Ratio	0.50:1	0.50:1	0.50:1	0.50:1
6.) Parking Stalls	22	55	111	166
7.) Condominium Unit Count	44	110	221	331
8.) Weighted Average Unit Size	850 NRSF	850 NRSF	850 NRSF	850 NRSF
9.) Wtd. Average Market Sales Price	\$974,000 / \$1,142	\$1,090,000 / \$1,279	\$1,221,000 / \$1,439	\$1,250,000 / \$1,471
10.) Hard Costs (Total / Unit) (a)	\$19.0M / \$432,000	\$54.7M / \$498,000	\$126.3M / \$572,000	\$186.6M / \$564,000
11.) Soft Costs (Total / Unit) (a)	\$6.5M / \$147,000	\$17.1M / \$155,000	\$39.6M / \$179,000	\$65.2M / \$197,000
12.) Total Hard & Soft Costs (Total / Unit) (a)	\$25.5M / \$726,000	\$71.8M / \$653,000	\$165.9M / \$751,000	\$251.8M / \$761,000
13.) Total Hard & Soft Costs (/ GSF) (a)	\$142	\$503	\$581	\$582
14.) 80% AMI Wtd. Avg. Sales Price	\$264,000	\$258,000	\$262,000	\$260,000
15.) 80% AMI Wtd. Avg. Sales Price PSF	\$310	\$316	\$305	\$310
16.) 120% AMI Wtd. Avg. Sales Price	\$439,000	\$430,000	\$436,000	\$433,000
17.) 120% AMI Wtd. Avg. Sales Price PSF	\$517	\$530	\$508	\$517
18.) Target Profit as % of Revenue	20.00%	20.00%	20.00%	20.00%

Notes:

(a) Reflects 12% of total units at 90% of the Area Median Income (AMI). Excludes land costs.

* All financial and programmatic estimates are preliminary in nature, and are not intended as a formal feasibility analysis.

** For comparison, the average land prices determined by the City of San Francisco's 2006 Inclusionary Housing Financial Analysis ranged from \$100,000 to \$120,000 per unit; average land prices determined by the 2012 Inclusionary Housing Financial Analysis ranged from \$100,000 to \$200,000 per unit.

*** The financial analyses shown above reflect institutional investment underwriting assumptions. Financial underwriting assumptions for smaller projects (e.g., less than 35 units) may differ.

Regression Analysis Methodology

To analyze the potential impact of an increase in the inclusionary housing requirement on multifamily market-rate housing development in San Francisco, we constructed an empirical model using logistic regression analysis.⁴ This analysis uses actual historical data, including information on the characteristics of the City's parcels over time, the market-rate multifamily development that occurred between 2001 and 2015, and various housing market and other economic indicators. Using this model, we can estimate the change in the probability of development associated with changes in the inclusionary housing requirements as well as changes to factors that would affect the potential size of the development (e.g., increasing height allowances or relaxing maximum density limits) or changes in economic conditions such as increases or decreases in housing prices or construction costs.

To construct the model, we collected the historical data needed to identify those factors most useful for understanding when and where residential

⁴ This statistical approach built on work initially performed by the City's Office of Economic Analysis in their February 2016 report entitled *Increasing Inclusionary Housing Requirements: Economic Impact Report* (<http://openbook.sfgov.org/webreports/details3.aspx?id=2278>).

development occurs. These data consisted of parcel-specific data, demographic data for areas within the City, and annual economic and market data. Specifically, the data included in the analysis consisted of the following:

1. **Parcel-Specific Data**—Data for every parcel in San Francisco were collected for each year from 2001 through 2015.⁵ This information includes attributes which did not change over time such as the parcel's land area and neighborhood, as well as characteristics that may have changed, such as the parcel's zoning requirements or maximum allowable building height. The basis for our list of parcels was the current "City Lots" database available from the San Francisco Planning Department. We then added annual files for zoning, height and bulk districts, planning districts, special use districts, and land use.⁶ In addition, the Planning Department also provided information on the maximum allowed density, parking requirements, and setback requirements associated with different planning areas and zoning designations over time. Finally, because parcel identifiers may change over time as parcels are combined or divided, the Planning Department also provided a file that recorded parcel number changes over time.
2. **Demographic Data**—Demographic data were also integrated for regions within the City. Specifically, data for education level and per capita income were collected by census tract from the Decennial Census for 2000 and 2010 and supplemented with annual data from the American Community Survey for 2009-2014.⁷ Where annual data were not available, values were interpolated. GIS software was then used to map parcels to census tracts so that every parcel could be assigned the appropriate annual estimates of education level and per capita income.
3. **Annual Economic Data**—Various measures of housing prices and construction costs were also collected and integrated to account for changes that would have a direct impact on the San Francisco housing market over time, as well as changes in general economic conditions that may influence the amount of housing developed. These economic indicators included data specific to the City, such as total employment and the unemployment rate in San Francisco, as well as data for the greater San Francisco area, including the total employment and unemployment rate and the number and value of residential building permits issued for the San Francisco Metropolitan Statistical Area (MSA). Also integrated were numerous measures of general economic activity and consumer sentiment, including various stock market indices such as the Dow Jones Total Stock Market Index (DJ-TSM), S&P 500, and the

⁵ San Francisco assigns a unique BLKLOT identifier to each of the 200,000-plus parcels in the City (the BLKLOT is also the Assessor Parcel Number or APN). However, multiple level (condominium, live/work, et al) lots were also included in the parcel data they provided, with their ground or base lot assigned a unique MAPBLKLOT key. This analysis relies on the MAPBLKLOT value to identify the base lot for each parcel, which represents just over 154,000 unique base lots.

⁶ These annual files were provided by the San Francisco Planning Department. Most are also publicly available via the "SF OpenData" website (<https://data.sfgov.org/>).

⁷ Education level was defined as percent of the population 25 years or older with a Bachelor's degree or higher.

NASDAQ; data on venture-backed companies in Northern California from the Sand Hill Index of Venture Capital; interest rates; and measures of consumer sentiment as reported by both the Conference Board and the University of Michigan. Finally, data for various price and cost indices specific to San Francisco were integrated, including an annual index of housing prices developed by the Office of Economic Analysis (OEA), a comparable housing price index based on data from Zillow, a Building Cost Index and a Construction Cost Index prepared specifically for San Francisco by the Engineering News Record (ENR), and a commercial rent index that is produced by Real Facts based on the asking rent data from a consistent set of properties within the City.

4. **Historical Market-Rate Housing Development Data**—Finally, data for market-rate multifamily housing developments completed in San Francisco from 2001 to 2015 were integrated. This list was prepared from the Planning Department's annual Housing Inventory reports. The dataset included the parcel number identifier(s) for each project, the year the project was completed, and the number of market-rate and below market-rate (BMR) units for each project.

These data sources were combined to form a single data set, with one record for each of the City's 154,342 current "base lot" parcels for each year from 2001 to 2015. In addition to the data collected, additional potential explanatory variables were also constructed for this analysis. First, the variable "RES_DUMMY" was assigned a 1 if the parcel had any indication of existing residential use for that year, otherwise it was assigned a zero. Second, the "building envelope" was calculated as the maximum potential residential square footage for each parcel in each year using the parcel's land area, maximum allowable height, setback requirements and maximum allowable density in that year. Finally, the amount of additional development capacity was calculated by dividing the building envelope by the greater of the square footage of the existing building(s) on the parcel for that year or the land area of the parcel if there were no buildings or the information was missing.

Data limitations mean that analyzing the San Francisco housing market is challenging. First, there are relatively few multifamily developments completed each year. Over the 15-year period analyzed, there were on average about 20 parcels that experienced this type of development each year out of a total of over 154,000 parcels. Second, many factors can account for why and when specific parcels get developed, and not all of these factors can be modeled using available data. In addition, while much of the historical data are reliable, some measures such as historic land use or the existing building characteristics for a parcel in a specific year, are less reliable, especially for the early part of the time period analyzed. Finally, these projects typically take several years to complete and include many decision points, such as purchasing the land, navigating the entitlement process for the parcel(s), getting approval and securing building permits from the City for the project, and demolishing existing structures if they exist and otherwise

preparing the land, all of which must be completed before the construction phase even begins. At each point in this process, the developer may choose to continue, delay, or even halt the development based on actual changes in current market conditions or the expectation of future changes in costs, housing prices, investor concerns, or other factors. This extended and uncertain time horizon adds and extra level of complexity to the analysis.

With these challenges in mind, we analyzed the data set described above to determine which factors are most useful for estimating the probability that a San Francisco parcel will add market-rate multifamily housing in a given year. To do this, we used a common statistical technique called logistic regression analysis. A logistic regression is a special type of regression used to understand the relationship between a dependent binary or dichotomous variable and one or more independent or explanatory variables. Here, the dependent variable is assigned one of two values: a one if the parcel added market-rate housing in a specific year, otherwise a zero. The explanatory variables included both continuous variables, such as the price of housing or the maximum potential size of such a development on the parcel, and binary (or “dummy”) variables, such as whether or not the parcel already had some residential use.

To determine the best model, it was necessary to conduct numerous tests and investigate a variety of potential specifications. First, to account for the long development horizon, we tested numerous time differences or “lags” between the explanatory variables and the dependent development variable. This included up to three year differences for all of the explanatory variables together and testing different lags for individual explanatory variables such as housing prices, construction costs, interest rates, stock market indices, and consumer sentiment indicators. We also examined the completed projects specifically to determine when changes such as land use descriptions, permit applications, recorded square footage of buildings on the parcel, and other changes occurred relative to the year of completion. These investigations indicated that, in general, a two year lag between the completion of the project and the explanatory variables taken together was the most appropriate lag. Thus, a project that was completed in 2013 was best modeled by using the parcel characteristics and market conditions from 2011.

It was also necessary to test different combinations of explanatory variables to see which mix resulted in the best model for predicting whether or not a parcel was developed. Many of the potential explanatory variables are highly correlated with one another (e.g., the S&P 500 and the NASDAQ stock market indexes) and therefore are unlikely to provide useful additional information individually when included together. To identify those explanatory variables that are most useful for understanding when and where housing is added, we first developed a base model that included those variables most likely to be closely associated with housing development based on economic theory. Those variables include housing prices, construction costs, zoning restrictions, current land use, the size of the potential development given height and

density restrictions, and the relative increase for the potential development given the existing development on the site. With this as our base model, we tested the impact of adding other explanatory variables such as various stock market indexes, interest rates, total employment and the unemployment rate for San Francisco and the Bay Area, building permit activity, etc. These tests were evaluated based on their overall impact to the model as well as their individual predictive power. Many of these added economic variables were highly correlated with housing prices and construction costs while others did not have a statistically significant relationship with development. These variables were therefore excluded from the final model. Throughout these tests, however, it was clear that housing prices and construction costs were consistently useful predictors of development, and the nature of this relationship was quite stable regardless of the inclusion or exclusion of these additional explanatory variables.

In addition to these tests for which control variables to include, we also examined an alternative measure of our key explanatory variable. Specifically, our analysis sought to identify the relationship between changes in the City's inclusionary requirement and the likely extent of development. To measure this effect, our base model included a measure of housing prices. Because an increase in the inclusionary requirement acts like a price reduction for developers (in effect lowering the revenue that developers receive for each BMR unit), changes in prices (or rents) and changes in the inclusionary requirement will have the same financial impact on a development project. In addition to prices, however, we also sought to directly measure the impact on development of changes in the inclusionary requirement which occurred during the study period. Data limitations, however, prevented us from incorporating a measure of the cost of the inclusionary requirement which was deemed sufficiently reliable for our analysis. The final specification, therefore, relies on the housing price measure as the key explanatory variable used to model the likely impacts of changes in the inclusionary requirement.

After completing these tests, the final model consisted of the following explanatory variables:

1. a dummy variable for whether or not the parcel had existing residential use,
2. the OEA house price index (set equal to 100 for 2015),
3. the SF construction cost index,
4. the potential building envelope expressed in thousands of square feet,
5. the ratio of the potential building envelope to the existing square footage, and
6. dummy variables for the type of zoning for the parcel.

The logistic regression results are presented in the table below.

Logistic Regression Results

Logistic Regression Results		
Dependent Variable:	Developed_2yrsBack	
Num Obs	2,004,240	
Max Rescaled R-Square	0.22027	
	Coefficient	Prob>Chi Sq
Intercept	(9.5595)	0.0000
Residential Existing Use (Dummy)	(1.6737)	0.0000
OEA House Price Index	0.0269	0.0026
SF Construction Cost index	(0.0003)	0.0006
Potential Bldg Envelope (1,000 sqft)	0.0001	0.0000
Potential Envelope SqFt / Existing SqFt	0.1669	0.0000
Zoning Categories *		
z_Commercial (Commercial)	3.5209	0.0000
z_DTR (Downtown Residential)	1.5524	0.1631
z_MixedUse (Mixed Use)	4.7055	0.0000
z_PDR (Production, Distribution, Repair)	2.8442	0.0000
z_RC3 (Residential-Commercial, medium density)	4.3777	0.0000
z_RC4 (Residential-Commercial, high density)	4.1278	0.0000
z_Redevel (Redevelopment plan areas)	4.8815	0.0000
z_RM1 (Residential-Mixed, low-density)	(2.6563)	0.0002
z_RM2 (Residential-Mixed, moderate-density)	(0.9473)	0.1111
z_RM3 (Residential-Mixed, medium-density)	2.4503	0.0013
z_RM4 (Residential-Mixed, high-density)	3.7470	0.0000
z_RSD (SOMA, residential service)	3.8154	0.0000
z_RTO (Residential Transit-Oriented district(s))	3.4773	0.0000
z_SLI (Service/Arts/Light Industrial)	3.3848	0.0000
z_SLR (SOMA: Service/Light Industrial/Residential)	3.1070	0.0000
z_SSO (SOMA: Service/Secondary/Office)	4.7322	0.0000
* Omitted zoning categories include low-density residential, open space, public and "missing."		

The regression analysis described above considered numerous combinations of potential explanatory variables and a variety of model specifications with different time lags. As shown in Figure 2, each of our key explanatory variables was highly statistically significant (at the 99% level or higher).

The resulting model indicates that there are indeed a number of factors that are associated with a higher or lower likelihood of a San Francisco parcel adding market-rate multifamily housing. First, this analysis shows that both the price of housing and the cost of construction matter. Housing prices have a positive correlation with development; that is, the probability of a parcel adding market-rate housing is higher when housing prices are higher. This relationship has been both stable and statistically significant across various model specifications. Construction costs also have a stable and statistically significant correlation with development, though as one would suspect, this relationship is a negative one, meaning that an increase in construction costs

is associated with a decrease in the probability of a parcel adding market-rate housing, all else equal.

Second, the size of the potential development, which is primarily driven by height restrictions and density limits, also matters. The potential size of the housing that can be developed on the parcel is positively correlated with the addition of multifamily market-rate housing. In addition, the relative difference between potential development and existing structures on the parcel also matters. Those parcels with smaller or no existing buildings are more likely to see housing added than parcels that already have large structures on them. This finding also makes economic sense, as it indicates that those parcels with larger current development are likely to be generating more existing income for the landowner and therefore have a higher current use value than parcels with little or no development.

The regression model described above can be used to estimate the impact of various inclusionary policies. Specifically, because a higher inclusionary requirement results in less revenue for a developer (or increased costs), the financial impact is the same as a reduction in home prices. The regression model estimates how the likelihood of development changes as prices change. Therefore, we can use this empirical relationship to estimate how the likelihood of residential housing development will change when inclusionary requirements are changed.

Based on this relationship derived from our regression analysis, we developed a simulation model to estimate the likely change in development that would result from setting an inclusionary policy at various levels. Figure 1 on page 17 shows the results of our simulation model.

To estimate the baseline and adjusted level of housing production, we utilized the results of our regression model, applying the coefficients for housing prices and construction costs and estimates of the amount that developers could charge for a BMR unit to estimate the cost of the inclusionary policy under each of the scenarios presented. These results are based on the assumption that real growth in housing prices and construction costs over the next ten years will match the levels observed during our study period (2001 – 2015). Results further reflect the assumption that the BMR unit price will not increase in real terms over this period.

This section includes further results of the consulting team's best practices research, and program profiles of other cities.

Unit mix requirements

Do some programs require builders to offer units with more bedrooms?

Nearly all inclusionary programs require that affordable units are equivalent to the product type (rental vs. ownership), bedroom counts, and construction quality of market rate units.

Programs express this requirement in different ways. Some programs require that the inclusionary units do not have a greater proportion of efficiency and one bedroom units (Montgomery County, MD; Washington, DC) while others require that there is an equal or greater proportion of larger two and three bedroom units amongst the affordable stock (New York City). The majority of jurisdictions simply require that the total bedroom count is proportionately equivalent between the affordable and market rate units (Boulder, Burlington, Boston, Cambridge, Sacramento, and others).

Other inclusionary programs offer developers the discretion to provide different product types. For instance, San Jose's program gives developers the option to provide rental units when satisfying the inclusionary on-site requirement for a development of for-sale properties (Section 5.08.500 A). Similarly, Denver's inclusionary program includes a provision for developers to negotiate with the City to provide a different product than the market rate units. These provisions can include either the product type (rental vs. ownership) or fewer units than otherwise required if they are of a higher bedroom count (Section 27-106). Sacramento's program also provides discretion to the Planning Director to require opportunities for "diverse family sizes" by requiring different numbers of bedrooms in inclusionary units (Section 17.190.030 E).

Emeryville's affordable housing program requires that affordable rental and ownership units be proportionate to in mix and type to the project as a whole (Section 9-5.402). In addition, Emeryville's regulations on multi-unit residential development stipulate a strict unit mix requirement (Section 9-5.2003). Specifically, more than half of all units must have two or more bedrooms with at least 15 percent of the project's units containing at least three bedrooms. The ordinance also requires that no more than 10% of the entire project be comprised of studios.

Public land

How do inclusionary housing programs account for development occurring on publicly owned land?

Public land is rarely considered in the calculation for inclusionary zoning incentives, or among other policy considerations. Among the cities that were surveyed, considerations for use of public land were only made in Washington

DC. In 2013, the City Council approved the Disposition of District Land for Affordable Housing Amendment Act. The amendment specified that if a residential development is built on disposed public land then that development would be subject to a significantly higher inclusionary requirement: 30-percent of units must be made affordable in areas with transit access, and 20-percent of units for all other development areas. Transit access areas are defined as those areas within one-half mile of a Metro station, or within one-quarter mile of a major bus route or streetcar line. The inclusionary set-aside requirements for all other development are 10-percent of all units in low rise zones, and eight-percent of all units in high rise zones.

Home Owner Association fees

How do cities protect affordability in ownership units where HOA fees might rise dramatically?

Many cities struggle with the impact of rising HOA fees on affordability of ownership units. Both special assessments and increases in monthly fees can create real financial hardship for existing owners and make it difficult to find buyers at resale.

This is currently a problem for which there is no perfect solution. Cornerstone Partnership (now Grounded Solutions Network) published a short guide to best practices among inclusionary housing programs in responding to this challenge. Most of the solutions that they describe are either currently being implemented by San Francisco or are prohibited under California Law.

In some other states it is possible for cities to require differential HOA assessment formulas that are based on the value of each unit or reduce the cost or even set a cap for BMR owners. California law does not permit any of these approaches.

Many California cities have responded to this challenge by ensuring that HOA fees are set at realistic levels initially and by pricing BMR units initially at a level below the maximum cut off for eligibility so that there is 'room' for increases in HOA fees before the monthly costs exceed what the highest income eligible buyer could afford. Adding this kind of cushion, as San Francisco currently does, can reduce the risk, but it does not eliminate the chance that at some future point the fees could erode affordability. The problem is especially acute for the highest cost projects. Another approach is to encourage the fee option for condo projects, particularly the highest cost condo projects.

Alternatives to onsite development

Are there cities that offer alternatives that San Francisco does not currently allow?

Most inclusionary housing programs offer project sponsors a menu of several alternative means of satisfaction beyond onsite provision of affordable units.

The most common alternatives are payment of an fee in-lieu of development, off-site development and land dedication. Alternatives other than these are quite rare but there are some. Two examples may be worth considering in San Francisco:

Preservation of existing stock: Several cities allow developers to purchase and renovate existing market rate housing and preserve it as permanently affordable housing as one means of satisfying their inclusionary housing obligations. Since 2000, Boulder, CO has allowed this option though it has not been widely used. As development sites become more scarce, this option may become more popular. Boulder provides detailed livability guidelines and sets cost standards for renovations to ensure that the resulting affordable units are high quality and likely to hold up over time. In addition the program gives the City Manager broad discretion to consider construction type and quality, project configuration, project age and project location before approving the use of this alternative.

Transferrable Credits: Several cities have explored the potential to create resellable credits for offsite production. San Jose (SJM Section 5.08.540.C) has authorized what they call 'Surplus Inclusionary Housing In-Lieu Credits.' This program enables developers of market rate projects to purchase credits from developers of other projects that built more than the required number of affordable units. The 'surplus' units must have been built without city subsidy and the City Manager must determine that the following conditions have been met:

"A. A developer who constructs a surplus inclusionary unit may utilize such surplus inclusionary unit to satisfy the inclusionary housing requirement for future residential development for a period of no more than five (5) years after issuance of the certificate of occupancy for the surplus inclusionary unit.

B. A developer who constructs a surplus inclusionary unit may sell or otherwise transfer the surplus inclusionary credit to another developer in order to satisfy, or partially satisfy, the transferee developer's inclusionary housing requirement.

C. The inclusionary housing restrictions shall be recorded against the market rate residential development and the inclusionary unit pursuant to this chapter and the inclusionary housing guidelines. The restrictions on the inclusionary unit shall commence upon the initial sale or rental of the inclusionary unit at the affordable housing cost occurring subsequently to the approval of the affordable housing plan in which the inclusionary unit is offered to satisfy the requirements of this chapter.

D. The transferee developer who utilizes any surplus inclusionary housing credit shall comply with the timing requirements for inclusionary units to be made available for occupancy concurrently with the market rate units in the residential development pursuant to Section 5.08.460."

Other Impact Fees

How do the requirements created by an inclusionary housing program relate to the requirements imposed by other impact fees?

Many inclusionary housing programs, including in-lieu fee programs, consider the economic viability of residential development projects to determine the inclusionary requirements and fee levels. In San Diego, the nexus analysis justified inclusionary requirements of between 11-percent and 27-percent of a development's total units, depending on the type of development project. Despite the nexus analysis' findings, San Diego implemented a 10-percent requirement and corresponding in-lieu fee in order to prevent the fees from stifling development.

A prime example of a jurisdiction evaluating the total fee burden before adopting an in-lieu fee for affordable housing can be found in Emeryville, California. In 2014, Emeryville adopted a sizable affordable housing in lieu fee (\$20,000 per dwelling unit at the time of adoption) and also decided to limit the other development impact fees that it would levy on new development. While Emeryville adopted a housing impact fee, park facilities impact fee and traffic facilities fee, it also chose not to adopt an impact fee to fund general government facilities. This decision was partially based on an analysis of the total development fee burden. Emeryville hired a consultant to compare all development fees to the estimated market value of various hypothetical development projects across several local jurisdictions. The comparison included the aforementioned proposed affordable housing, park, general government and traffic facilities impact fees, permit fees and other development exactions. Total fee burden was expressed as a percentage of market value. Emeryville's elected officials ultimately set the affordable housing fee level at a rate that was less than the maximum justified by the nexus analysis in order to restrict the fee burden across all development fees to a competitive level in the region.

Similar to Emeryville, the City of Oakland also recently adopted a full suite of impact fees and had to consider total fee burden when allocating fees between different facility categories (affordable housing, capital improvements and traffic improvements). Oakland commissioned an economic feasibility analysis to evaluate the feasibility of the proposed impact fees. The nexus analyses for affordable housing, traffic and capital improvements all justified maximum fees that exceed an economically viable level as identified by the economic feasibility study. As a result, the City's impact fee stakeholder working group recommended fees that were less than the maximum justified for all fee categories. The fee amounts allocated to each fee category were only minimally based on quantitative analysis. The traffic mitigation fee was set at a base level such that developments that pay the fee have met cumulative CEQA traffic mitigation requirements. Aside from the CEQA considerations for the traffic fee, the other fee levels were set based on policy and political decisions. The City's provision of affordable housing was, and still is an important topic in Oakland. As such, the majority

of the fee capacity was allocated to the affordable housing impact fee. A minimal amount was allocated to the capital facilities fee, without any particular quantitative analysis.

San Jose

Background

San Jose's current inclusionary housing ordinance passed in January of 2012 and replaced an older version from 1988 that applied only in former redevelopment areas. The new requirement of 15-percent affordable units in developments above 20 units did not immediately go into effect due to legal issues. The *Palmer vs. L.A.* decision suspended the ordinance's inclusionary requirement for rental housing developers. The California Building Industry Association also challenged the legality of the ordinance although the California Supreme Court dismissed this challenge in June of 2015. The City Council is expected to consider several measures for final implementation of the ordinance in the fall of 2016. In November of 2014, the City added to its requirements by instituting an affordable housing impact fee of \$17 per square foot for rental housing developments city-wide. The impact fee resolution was supported by a nexus study conducted by Keyser Marston and Associates.

Inclusionary Housing Ordinance

The City's inclusionary requirement of 15-percent affordable units applies when 20 or more units are created by new construction, conversion of a non-residential use to for-sale dwelling units, or conversion of rental housing into for-sale dwelling units. The ordinance originally intended to go into effect on January 1, 2013 but the City delayed implementation until July 1, 2016 to await the result of pending litigation. Developments are eligible to avoid this requirement under a number of conditions: vested development rights current as of June 30, 2016, finalized planning permits current as of June 30, 2016, projects regulated by development agreements, developments with signed agreements with the former redevelopment agency and developments in certain planned communities.

Developers satisfy the inclusionary requirement by providing 15-percent of the total units on-site at prices affordable to households earning less than 110-percent of Area Median Income (AMI). These inclusionary units would then be sold to households earning less than 120-percent AMI who, at least initially, must occupy them. A developer can also choose to provide the inclusionary units as rental housing where nine-percent are affordable to moderate and low income households and 6-percent to very low income households. Units must be of comparable quality as market rate units and developed concurrently with the market rate units. For-sale units must remain affordable for 45 years and rental units must remain affordable for 55 years.

Developers have the option by-right to satisfy inclusionary requirement through a combination of a number of alternative mechanisms:

- Building off-site affordable housing units equivalent to 20-percent of the total units provided in the development. These units must conform to the same inclusionary housing affordability and quality

requirements as on-site construction. Units must be in the same redevelopment area unless this requirement is waived by staff. (SJMC 5.08.510 - Off-site construction)

- Pay an in-lieu fee per unit equivalent to the difference between the median sale price of a comparable unit in San Jose and the price affordable to a household earning 110-percent of AMI. This price is to be established annually by Council resolution and can be reduced for buildings taller than 10 stories to incentivize high rise construction. (SJMC 5.08.520 - In lieu fee)
- Dedicate land to the City with an assessed value greater than or equivalent to the in-lieu fee conditional on the land being appropriate for housing. (SJMC 5.08.530 - Dedication of land in lieu of construction of inclusionary units)
- Purchase credits or transfer the rights from surplus inclusionary units to apply affordable housing built elsewhere to another development's inclusionary housing requirement. Developers may sell or transfer credits from inclusionary units built in excess of a development's requirement to satisfy the requirement of a different development. Surplus inclusionary housing credits expire five years after a development receives its certificate of occupancy. (SJMC 5.08.540 - Credits and transfers)
- Acquire and rehabilitate two affordable housing units to satisfy the requirement to build one inclusionary housing unit. The rehabilitation work must equal at least 25-percent of the dwelling's value prior to rehabilitation. In addition, these units have to be completed concurrently or prior to the market rate development, must have a bedroom count comparable to the market rate units and cannot be used as inclusionary credits. (SJMC 5.08.550 - Acquisition and rehabilitation of existing units)
- Providing two HUD restricted units satisfies the requirement for one inclusionary housing unit. (SJMC 5.08.560 - HUD restricted units)

Developers may choose any combination of these methods to satisfy the inclusionary requirement. Affordable housing units created through a density bonus program may not be counted towards the inclusionary requirement. Alternative units must conform to the City's affordable housing dispersion law that requires that affordable housing not be overly concentrated geographically. Finally, inclusionary housing units must be built concurrently with the market rates and there are restrictions around the issuance of certificates of occupancy to ensure compliance.

Affordable Housing Impact Fee Resolution

The affordable housing impact requires a payment of \$17 per square foot for all rental housing developments in the City. The enabling resolution includes an annual increase of 2.4-percent each successive July 1 to account for inflation. Developers must pay the impact fee before receiving any building permits. Developments in the Downtown High-Rise Incentive Area are exempted from the fee if they receive their certificate of occupancy on or before June 30, 2021.

There are a number of exceptions to the impact fee requirement: single

family homes, duplexes, affordable housing developments, developments that have received a planning permit prior to July 1, 2016 (planned development permit, conditional use permit, site development permit, or special use permit), or developments regulated by the City's inclusionary housing ordinance. Units exempted by their planning permit must receive certificates of occupancy for at least half of the units in the development by January 21, 2020 to avoid paying the fee.

San Diego

Background

San Diego's Inclusionary Housing Ordinance was enacted in July 2003, and amended in 2011. The ordinance requires all residential developments greater than two units to set aside at least 10-percent of units for low and moderate-income residents, or pay a fee in-lieu of this requirement. The 2011 amendment to the ordinance was supported by the *Residential Nexus Analysis*, prepared by Keyser Marston and Associates. In particular, the 2011 amendment sought to revise the ordinance in order to comply with the court's recent *Palmer* decision, which prohibited the requirement of on-site affordable rental housing as part of an inclusionary housing plan. Ultimately, while the *Residential Nexus Analysis* provided justification for an inclusionary requirement of between 11-percent and 27-percent, depending on the type of development, the City chose to implement a 10-percent requirement.

Inclusionary Housing Ordinance

The inclusionary housing in-lieu fee applies to all new residential development (including condominium conversions) of two or more units. Developments are eligible to avoid this requirement under a number of conditions:

- Projects where at least 10-percent of the units (5-percent for condominium conversions) are affordable to, and occupied by targeted households (Rental at 65-percent AMI; For Sale at 100-percent AMI).
- Condominium conversions with all units selling at 80-percent AMI or less.
- Projects or portions of projects with units selling at 150-percent AMI or less. Units must contain two or more bedrooms, and must be sold to persons who own no other property and will reside in the unit as their primary residence.
- Projects subject to the North City Future Urbanizing Area inclusionary housing requirements.
- Rehabilitation of an existing building that does not result in a net increase of dwelling units. (§ 142.1303)

Alternatively, developers can satisfy the requirements through building affordable units off site within the same planning area. Offsite in-lieu units satisfy the requirement only if the following supplemental findings are made:

- The portion of the proposed development outside of the community planning area will assist in meeting the goal of providing economically balanced communities; and
- The portion of the proposed development outside of the community

planning area will assist in meeting the goal of providing transit-oriented development. (§ 142.1308 c)

Further, a developer can satisfy the requirements of the ordinance by transfer of credits of affordable units built by other developers, if approved by the City's planning director.

Annual Fee Adjustment

The fee is adjusted annually, based on the following formula and shall not exceed the amount determined as follows:

- 50-percent of the difference between the median sales price of all homes sales in the City of San Diego for the last year prior to the time of adjustment and the sales price affordable to a median-income family of four.
- The product of the above calculation shall then be multiplied by 10-percent, in order to represent the level of obligation under the Program.
- The product of the above calculation shall then be divided by the average size in square feet of a unit constructed within the City of San Diego, in order to determine the level of the fee. Average size of a unit may be adjusted from time to time.
- The applicable square foot charge for developments of less than 10 units shall be prorated, as follows: The base rate for proration shall be equal to the rate used for the Affordable Housing Fee calculated above. The base rate shall be prorated based upon the number of units in the development. The applicable square foot charge (i.e., the rate) for a development of two units shall be 20-percent of the base rate. The applicable square foot charge (i.e., the rate) shall increase by 10-percent for each additional unit in the development, up to 9 units, as illustrated in the Existing Prorated Affordable Housing Fee Chart. The applicable square foot charge (i.e., the rate) for a development containing nine units shall be 90-percent of the base rate.

See **Tables 1 and 2** for the current inclusionary affordable housing fee rates for residential and condominium developments, respectively.

**Table 1 - Inclusionary Affordable
Housing Fee Rates
for Residential Projects**

<u>Units in Development</u>	<u>Fee per Square Foot</u>
2	\$ 1.87
3	2.81
4	3.74
5	4.68
6	5.62
7	6.55
8	7.49
9	8.42
10 or more	9.36

**Table 2 - Inclusionary Affordable
Housing Fee Rates
for Condominium Conversion Projects**

<u>Units in Development</u>	<u>Fee per Square Foot</u>
2	\$ 0.93
3	1.40
4	1.87
5	2.34
6	2.81
7	3.27
8	3.74
9	4.21
10 units or more	4.68

North City Future Urbanizing Area

The inclusionary housing requirement is higher for housing developers in the North City Future Urbanizing Area, who must dedicate 20-percent of their units to affordable buyers or renters. This requirement can be fulfilled by: 1) a set aside of no less than 20 percent of the units for occupancy by, and at rates affordable to, families earning no more than 65 percent of median area income, adjusted for family size, or 2) a dedication of developable land of equivalent value. Developers of projects with ten or fewer housing units and projects falling within the estate and very low-density residential category may, at the discretion of the City, satisfy the requirements of the inclusionary program by donating to the City an amount of money equivalent to the cost of achieving the level of affordability required by the inclusionary program. The Future Urbanizing Area includes the Carmel Valley neighborhoods of Black Mountain Ranch, Del Mar Mesa, Pacific Highlands, San Dieguito and

Torrey Highlands.

Seattle

Background

While they are currently debating adoption of a mandatory inclusionary housing program, Seattle has had a voluntary “incentive zoning” program in various forms for several decades. The program aims to incentivize the development of affordable housing and other community amenities by offering density bonuses to developers who include affordable housing and amenities onsite, or pay a fee to fund affordable housing and amenities offsite. The City has used variations of incentive zoning programs since the 1960s. Commercial buildings were added to the program in the 1980s, and most recently, residential buildings were added in 2006.

Program Details

Program specifics vary by zone; however, in each program property owners may gain extra floor area beyond the base development capacity up to a maximum development capacity by providing public benefits according to specified ratios and standards. Developers can either build affordable housing on site (“performance option”) or contribute to an affordable housing fund (“payment option”).

To obtain bonus residential floor area for affordable housing, the applicant has the option to use the performance option, the payment option, or a combination of these options, subject to the provisions of the zone. However, where the maximum allowable height under the applicable provisions of the zone is 85 feet or less, the applicant may only use the performance option (Section 23.58A.014).

For zones with height limits greater than 85 feet, extra floor area must be gained by providing a combination of benefits. For residential floor area, 60-percent of the floor area must be gained by providing affordable housing and 40-percent through other benefits (Section 23.58A.012B).

In the Downtown Mixed Commercial Zone, the following rules apply (similar programs exist in other downtown zones); developers may build to 290'. Between 85' and 290', developers are able to acquire additional square footage, to a maximum established by code, by participating in a bonus program. They can also build higher than 290' (up to a maximum height of 400') by participating in a bonus program. To participate in the program, developers must first commit to building a LEED Silver certified structure.

Currently, under the payment option the in-lieu fee is \$15.15 per gross square foot of bonus floor area for residential. These fees are being increased to \$21.68 and will automatically increase over time.

Eligible Zones

The Residential Bonus Program is available in the following zones:

- Downtown on sites zoned DOC-1 Unlimited/450- Unlimited, DOC-2 500/300-500, DMC 240/290-400, and DMC 340/290-400;
- South Downtown on sites zoned DMC, DMR, IDM, IDR, and in certain PSM zones;
- On lots in any zones with an incentive zoning suffix;
- In urban villages, urban centers and the Station Area Overlay District

- on lots zoned MR and MR/85 zones; and on lots zoned HR; and
- In the Dravus neighborhood on lots zoned SM/D/40-85.

Boston

Background

Boston instituted its first mandatory inclusionary housing program in 2000. The program, referred to as the Inclusionary Development Policy (IDP), is based on a series of Mayoral Executive Orders and clarifying regulations adopted by the Boston Redevelopment Authority (BRA). Since its inception, there have been eight major program or policy changes, most recently occurring in December of 2015 with the most recent Mayoral Executive Order and Boston Redevelopment Authority regulations.

Boston's IDP Base Requirement

The updated policy requires that 13-percent of total units on-site be affordable housing units. This requirement applies to all developments of ten or more units that also satisfy one of the following three conditions: built on public land, built using City funding, or requiring zoning relief. The regulations further define zoning relief as requiring any zoning variance, conditional use permit, exception, special development plan or other relief granted by the City's Zoning Commission. The only exceptions to this requirement are developments that are at least 40-percent affordable, dormitories and other conditions as specified by the zoning code.

Anywhere in the City, a developer may satisfy their required IDP units through the 13-percent on-site requirement. Developers can also elect to make an 'IDP Contribution' or build units off-site as well but must follow different requirements based on their location in one of three zones in the City. These zones represent tertiles of sales prices and are supposed to reflect the heterogeneity of market conditions throughout the City. In general, requirements for developments in Zone A have the highest required contributions and strictest rules, Zone B less so, and developments in Zone C have the lowest requirements and most flexibility.

Ownership developments must make half of the required 13-percent of units affordable to buyers earning less than or equal to 80-percent AMI and half to buyers earning between 80-percent AMI and 100-percent AMI. For rental developments, the IDP units must be affordable to tenants earning less than or equal to 70-percent AMI. However, projects in Zone C may apply to staff to make units affordable to tenants at the 100-percent AMI level if the project would be otherwise infeasible. A micro-units affordable rent is calculated as 90-percent of a studio's affordable rent. Micro-units are studios of less than 450 ft².

Quality and Location

City-wide, the IDP sets forth requirements around the quality and location of housing provided. IDP units must be comparable in size, bedroom count, and quality to market rate units as well as meet or exceed all BRA construction guidelines. Developers may apply for an exception to these quality requirements if they can demonstrate substantially higher housing outcomes. Otherwise, the units must contain a comparable bedroom count, quality of finishes and square footage. Off-site units must include the same or a greater

percentage of two bedroom or larger units compared to the market rate units.

The IDP program seeks to encourage economic integration by requiring that IDP units be distributed throughout the market rate building when built on-site. They cannot be concentrated in one floor or stacked onto the same side of a building. For the off-site option, units must be 'in the vicinity' defined as within a half mile of development unless a waiver is approved by staff. All units are also intended to be made affordable for the longest period of time possible. Currently, the BRA requires 30 year deed restrictions initially that include an option for the BRA for a 20 year renewal. These requirements apply equally to rental and ownership housing, and regulations specifically forbid renting out IDP units designated as affordable ownership units.

Satisfying the In-Lieu Options

Developers seeking to satisfy their IDP requirement without building units on-site, or in addition to some on-site units may pay a fee or build units off-site depending on their location in the City. Only projects delivering ownership housing in Zone A may pay the in-lieu fee by right. All rental projects and ownership projects in Zones B and C must request approval from staff for the option of paying the in-lieu fee. All developments except those in Zone C may build off-site units by right to satisfy their obligation. Developments in Zone C must request approval from Staff. Development's straddling zones have the more stringent requirements applied.

The IDP also imposes a few additional regulatory details on in-lieu contributions. Any fractional unit requirement of .5 or above is rounded up to the nearest unit while a smaller fractional unit requires an in-lieu fee payment. Off-site units may not use other competitive affordable housing funds unless authorized by staff. Off-site units must also obtain their building permits by the time the market rate project receives its certificate of occupancy. In addition, the IDP development must have a certificate of occupancy within a year of the market rate project's completion. These off-site units may be either built new or rehabilitated.

Developers may pay their in-lieu fee based on the following schedule:

Table 3: Boston In-Lieu Fee Schedule

	Zone A	Zone B	
Rental	18% of total units X \$380,000	18% of total units X \$300,000	15% c
Ownership	18% of total units by the greater of: \$380,000, or Half the difference between the market rate unit's price and it's affordable price	18% of total units by the greater of: \$300,000, or Half the difference between the market rate unit's price and it's affordable price	15% c of: \$200,000 Half the difference between the market rate unit's price and it's affordable price

Affordable sales prices are defined annually by the BRA.

Developers have the option to request that their in-lieu fee be targeted towards a particular project if the project meets BRA standards. Payment schedules differ for homeownership and rental developments. Rental development must pay the fee associated with any fractional units within 30 days of receiving their building permit. After that, payments are due in equal installments over the next seven years on the anniversary of the building permit issuance. Developers may opt to pay the present value of the entire sum up-front as calculated by the most recent 10 year treasury yield. Homeownership projects must pay a quarter of their total expected contribution within 30 days of receiving their building permit. They must pay the remainder within 30 days of the issuance of the certificate of occupancy. Within the next one or two years, BRA then determines the average sale price was for the market rate units and recalculates the exact in-lieu fee. Developers are responsible for any remaining payments within 30 days of final invoice.

New York City

Background

New York City added a mandatory inclusionary housing (MIH) program to its two voluntary inclusionary housing programs in March of 2016. The program's legal foundation rests in the City's Zoning Resolution in Section 23-154 Section D. The program was justified through two extensive studies. The NYC Department of Planning completed a large study of the demographic and economic justifications for pursuing greater economic integration through a number of housing policies including an inclusionary housing policy. BAE Urban Economics completed a detailed analysis to evaluate the impacts that various inclusionary housing policy permutations would have on the financial feasibility of new, market-rate residential development.

Base Requirement

The MIH requirements apply to larger residential developments, enlargements or conversions in certain residentially zoned areas of the City. The current list of areas and accompanying maps can be found in Appendix F of the Zoning Resolution. Generally speaking, the zones have higher residential density limits and are scattered throughout the City. Projects only trigger the MIH requirement if they are equal to or larger than 10 units and 12,500 square feet of residential floor area. Projects are exempt if they only include affordable senior residences. The enabling resolution also provides for an appeals process for developments that believe the MIH requirements render a project financially infeasible. Section 73-624 stipulates how the Board of Standards and Appeals may modify the MIH requirements on a case by case basis.

Developers may satisfy their on-site obligation by providing a percentage of the total number of housing units as affordable units using one of two options. In Option 1, developers provide 25-percent of the total units in the project as affordable to households earning less than 60-percent AMI with at least 10-percent of the total units reserved for households earning less than

40-percent AMI. In Option 2, developers provide 30-percent of the total units in the project as affordable to households earning less than 80-percent AMI. There are also two additional options that may be available to use in conjunction with either Option 1 or 2. The Deep Affordability Option requires developers to provide 20-percent of the total building as affordable to households earning less than 40-percent AMI. This option also precludes developers from accessing any other forms of affordable housing funding. The Workforce Option requires 30-percent of the total units to be available to households that, on average, earn less than 115-percent AMI. The Workforce Option also requires that 5-percent of units be affordable to households in the 60-70-percent AMI range and 5-percent of units be made available to households in the 80-90-percent AMI. In addition, no household in the Workforce Option may earn more than 135-percent AMI.

The City Council decides as a part of the rezoning process which options are appropriate for which areas that are being upzoned and included in the MIH program. The Workforce and Deep Affordability Options must be matched with one of the two main options. If the Workforce Option is selected, it will sunset after 10 years unless reauthorized by the City Council. It can also not be selected for development within the Manhattan Core.

Units provided under the MIH program must conform to a number of other requirements. The affordability restrictions do not expire. Amenities in the building must be made available to all units and all units must share the same entrance. Finally, the affordable units must be distributed throughout the building on minimum of 65-percent of the floors of the building.

Developers also have the option by-right to satisfy the MIH requirement by contributing to the Affordable Housing Fund if their development is less than or equal to 25 new units and a 25,000 square feet increase in residential floor space. The fee is set annually by staff to be equal to the cost of developing a unit in the same Community District.

From: John Elberling <johne@todco.org>
Sent: Wednesday, September 14, 2016 11:56 AM
To: Egan, Ted (CON); Calvillo, Angela (BOS); BOS-Supervisors; BOS-Legislative Aides; Kawa, Steve (MYR); Whitehouse, Melissa (MYR); Hussey, Deirdre (MYR); Tsang, Francis; Elliott, Nicole (MYR); Steeves, Asja (CON); Campbell, Severin (BUD); Newman, Debra (BUD); Rose, Harvey (BUD); Gabriel Metcalf; Alicia John-Baptiste; Jim Lazarus; Rufo, Todd (ECN); Rahaim, John (CPC); Rich, Ken (ECN); Lee, Olson (MYR); Hartley, Kate (MYR); Dischinger, Kearstin (CPC); Bintliff, Jacob (CPC); Rosenfield, Ben (CON); Rydstrom, Todd (CON); Lane, Maura (CON); Chen, Lisa (CPC); Lesk, Emily (ECN); Dennis-Phillips, Sarah (ECN); Rodgers, AnMarie (CPC); Varat, Adam (CPC); Kelley, Gil (CPC); peter@sfic-409.org; fernando@sfic-409.org; Sean Keighran; dadams@bridgehousing.com; jblout@stradasf.com; terence.cordero@wellsfargo.com; ejohnstone@aflcio-hit.com; wjones@chinatowncdc.org; ltan@Bentallkenedy.com; etao@agiavant.com; Rick Jacobus; Rosenfield, Ben (CON)
Cc: Theresa Imperial; Gabriel Medina; Angulo, Sunny (BOS); Calvin Welch; Ang, April (BOS); BiSHoP-Chris; Peter; spike; Alice Light; June Lai; Malcolm Yeung; Cindy Wu; don; Alexandra Goldman; Richards, Dennis (CPC); Rich Hillis; Johnson, Christine (CPC); Kathrin Moore; Rodney Fong
Subject: Re: Issued: Inclusionary Housing Working Group: Preliminary Report September 2016: Corrected Chart
Attachments: IH Alternatives Graphs_updated.pdf

The charts attached yesterday had a small glitch, missing 1.5% of the Controller's recommendation. Corrected charts are attached.

From: John Elberling <johne@todco.org>
Date: Tuesday, September 13, 2016 at 3:24 PM
To: "Egan, Ted (CON)" <ted.egan@sfgov.org>, "Calvillo, Angela (BOS)" <angela.calvillo@sfgov.org>, BOS-Supervisors <bos-supervisors@sfgov.org>, BOS-Legislative Aides <bos-legislative_aides@sfgov.org>, "Kawa, Steve (MYR)" <steve.kawa@sfgov.org>, "Whitehouse, Melissa (MYR)" <melissa.whitehouse@sfgov.org>, "Hussey, Deirdre (MYR)" <deirdre.hussey@sfgov.org>, "Tsang, Francis" <francis.tsang@sfgov.org>, "Elliott, Nicole (MYR)" <nicole.elliott@sfgov.org>, "Steeves, Asja (CON)" <asja.steeves@sfgov.org>, "Campbell, Severin (BUD)" <severin.campbell@sfgov.org>, "Newman, Debra (BUD)" <debra.newman@sfgov.org>, "Rose, Harvey (BUD)" <harvey.rose@sfgov.org>, Gabriel Metcalf <gmetcalf@spur.org>, Alicia John-Baptiste <ajohn-baptiste@spur.org>, Jim Lazarus <jlazarus@sfschamber.com>, "Rufo, Todd (ECN)" <todd.rufo@sfgov.org>, "Rahaim, John (CPC)" <john.rahaim@sfgov.org>, "Rich, Ken (MYR)" <ken.rich@sfgov.org>, "Lee, Olson (MYR)" <olson.m.lee@sfgov.org>, "Hartley, Kate (MYR)" <kate.hartley@sfgov.org>, "Dischinger, Kearstin (CPC)" <kearstin.dischinger@sfgov.org>, "Bintliff, Jacob (CPC)" <jacob.bintliff@sfgov.org>, "Rosenfield, Ben (CON)" <ben.rosenfield@sfgov.org>, "Rydstrom, Todd (CON)" <todd.rydstrom@sfgov.org>, "Lane, Maura (CON)" <maura.lane@sfgov.org>, "Chen, Lisa (CPC)" <lisa.chen@sfgov.org>, "Lesk, Emily (ECN)" <emily.lesk@sfgov.org>, "Dennis-Phillips, Sarah (ECN)" <sarah.dennis-phillips@sfgov.org>, "Rodgers, AnMarie (CPC)" <anmarie.rodgers@sfgov.org>, "Varat, Adam (CPC)" <adam.varat@sfgov.org>, "Kelley, Gil (CPC)" <gil.kelley@sfgov.org>, Peter <peter@sfic-409.org>, Fernando Marti <fernando@sfic-409.org>, Sean Keighran <seank@sjkdev.com>, "dadams@bridgehousing.com" <dadams@bridgehousing.com>, "jblout@stradasf.com" <jblout@stradasf.com>, "terence.cordero@wellsfargo.com" <terence.cordero@wellsfargo.com>, "ejohnstone@aflcio-hit.com" <ejohnstone@aflcio-hit.com>, "wjones@chinatowncdc.org" <wjones@chinatowncdc.org>, "ltan@Bentallkenedy.com" <ltan@Bentallkenedy.com>, "etao@agiavant.com" <etao@agiavant.com>, Rick Jacobus <rjacobus@liscnet.org>, "Rosenfield, Ben (CON)" <ben.rosenfield@sfgov.org>
Cc: Theresa Imperial <theresa.imperial@vetsequitycenter.org>, Gabriel Medina <gmedina@medasf.org>, "Angulo, Sunny (BOS)" <sunny.angulo@sfgov.org>, Calvin Welch <welchsf@pacbell.net>, "Ang, April (BOS)" <april.ang@sfgov.org>, BiSHoP-Chris <chris.durazo@vetsequitycenter.org>, Peter <papadooloo@gmail.com>, spike <spikekahn@gmail.com>, Alice Light <alice@todco.org>, June Lai <june@todco.org>, Malcolm Yeung

<malcolmyeung@gmail.com>, Cindy Wu <cwu@chinatowncdc.org>, don <dfalk@tndc.org>, Alexandra Goldman <agoldman@tndc.org>, "Richards, Dennis (CPC)" <dennis.richards@sfgov.org>, Rich Hillis <rich@fortmason.org>, "Johnson, Christine (CPC)" <christine.d.johnson@sfgov.org>, Kathrin Moore <mooreurban@aol.com>, Rodney Fong <planning@rodneymong.com>

Subject: Re: Issued: Inclusionary Housing Working Group: Preliminary Report September 2016

Please find attached a proposed Compromise Package for evaluation as part of the TAC's follow-up analyses. This my individual recommendation.

It essentially incorporates most of the Controller's recommendations, but also adds several critical components:

- A mechanism to incorporate the impact of the AB2501 State Bonus into the City Inclusionary Housing program that avoids resulting diminution of affordability levels.
- A specific proposal for an Off-Site alternative
- A specific proposal for In-Lieu Fees
- A specific proposal for project vesting of affordability requirements

It also includes two provisions not recommended by the Controller:

- A higher rate for super-luxury high-rise projects (since in fact several developers of such projects have agreed to significantly higher rates, this must therefore in fact be economically feasible, notwithstanding the analysis' model)
- A higher rate for projects located in vulnerable neighborhoods facing very severe gentrification impacts (this is a public policy social equity issue that MUST take precedence over all other considerations)

Also attached are three graphs showing the comparative long-term outcomes of alternatives, assuming a minimum long-term average annual production of 1000 units per year subject to the Inclusionary Housing ordinance before applying the maximum 35% AB2501 Bonus (i.e., assuming the same number of developed sites).

Hope it's clear. Glad to respond to any questions/comments ☐.

John e

From: "Egan, Ted (CON)" <ted.egan@sfgov.org>

Date: Tuesday, September 13, 2016 at 1:06 PM

To: "Calvillo, Angela (BOS)" <angela.calvillo@sfgov.org>, BOS-Supervisors <bos-supervisors@sfgov.org>, BOS-Legislative Aides <bos-legislative_aides@sfgov.org>, "Kawa, Steve (MYR)" <steve.kawa@sfgov.org>, "Whitehouse, Melissa (MYR)" <melissa.whitehouse@sfgov.org>, "Hussey, Deirdre (MYR)" <deirdre.hussey@sfgov.org>, "Tsang, Francis" <francis.tsang@sfgov.org>, "Elliott, Nicole (MYR)" <nicole.elliott@sfgov.org>, "Steeves, Asja (CON)" <asja.steeves@sfgov.org>, "Campbell, Severin (BUD)" <severin.campbell@sfgov.org>, "Newman, Debra (BUD)" <debra.newman@sfgov.org>, "Rose, Harvey (BUD)" <harvey.rose@sfgov.org>, Gabriel Metcalf <gmetcalf@spur.org>, Alicia John-Baptiste <ajohn-baptiste@spur.org>, Jim Lazarus <jlazarus@sfchamber.com>, "Rufo, Todd (ECN)" <todd.rufo@sfgov.org>, "Rahaim, John (CPC)" <john.rahaim@sfgov.org>, "Rich, Ken (MYR)" <ken.rich@sfgov.org>, "Lee, Olson (MYR)" <olson.m.lee@sfgov.org>, "Hartley, Kate (MYR)" <kate.hartley@sfgov.org>, "Dischinger, Kearstin (CPC)" <kearstin.dischinger@sfgov.org>, "Bintliff, Jacob (CPC)" <jacob.bintliff@sfgov.org>, "Rosenfield, Ben (CON)" <ben.rosenfield@sfgov.org>, "Rydstrom, Todd (CON)" <todd.rydstrom@sfgov.org>, "Lane, Maura (CON)" <maura.lane@sfgov.org>, "Chen, Lisa (CPC)" <lisa.chen@sfgov.org>, "Lesk, Emily (ECN)" <emily.lesk@sfgov.org>, "Dennis-Phillips, Sarah (ECN)" <sarah.dennis-phillips@sfgov.org>, "Rodgers, AnMarie (CPC)" <anmarie.rodgers@sfgov.org>, "Varat, Adam (CPC)" <adam.varat@sfgov.org>, "Kelley, Gil (CPC)" <gil.kelley@sfgov.org>, Peter <peter@sfic-409.org>, Fernando Marti <fernando@sfic-409.org>, Sean Keighran <seank@sjkdev.com>, "dadams@bridgehousing.com" <dadams@bridgehousing.com>, "jblout@stradasf.com" <jblout@stradasf.com>, "terence.cordero@wellsfargo.com" <terence.cordero@wellsfargo.com>, John Elberling <johne@todco.org>, "ejohnstone@aflcio-hit.com" <ejohnstone@aflcio-hit.com>, "wjones@chinatowncdc.org" <wjones@chinatowncdc.org>, "Itan@Bentallkennedy.com" <Itan@Bentallkennedy.com>, "etao@agiavant.com" <etao@agiavant.com>

Subject: Issued: Inclusionary Housing Working Group: Preliminary Report September 2016

The Controller's Office has issued a preliminary report on the economic feasibility of changes to the City's inclusionary housing policy.

The report, required by Ordinance 0076-16 after the passage of Proposition C in June, makes five policy recommendations.

The report also identifies three areas for further research, which will be covered in a final report in coming months.

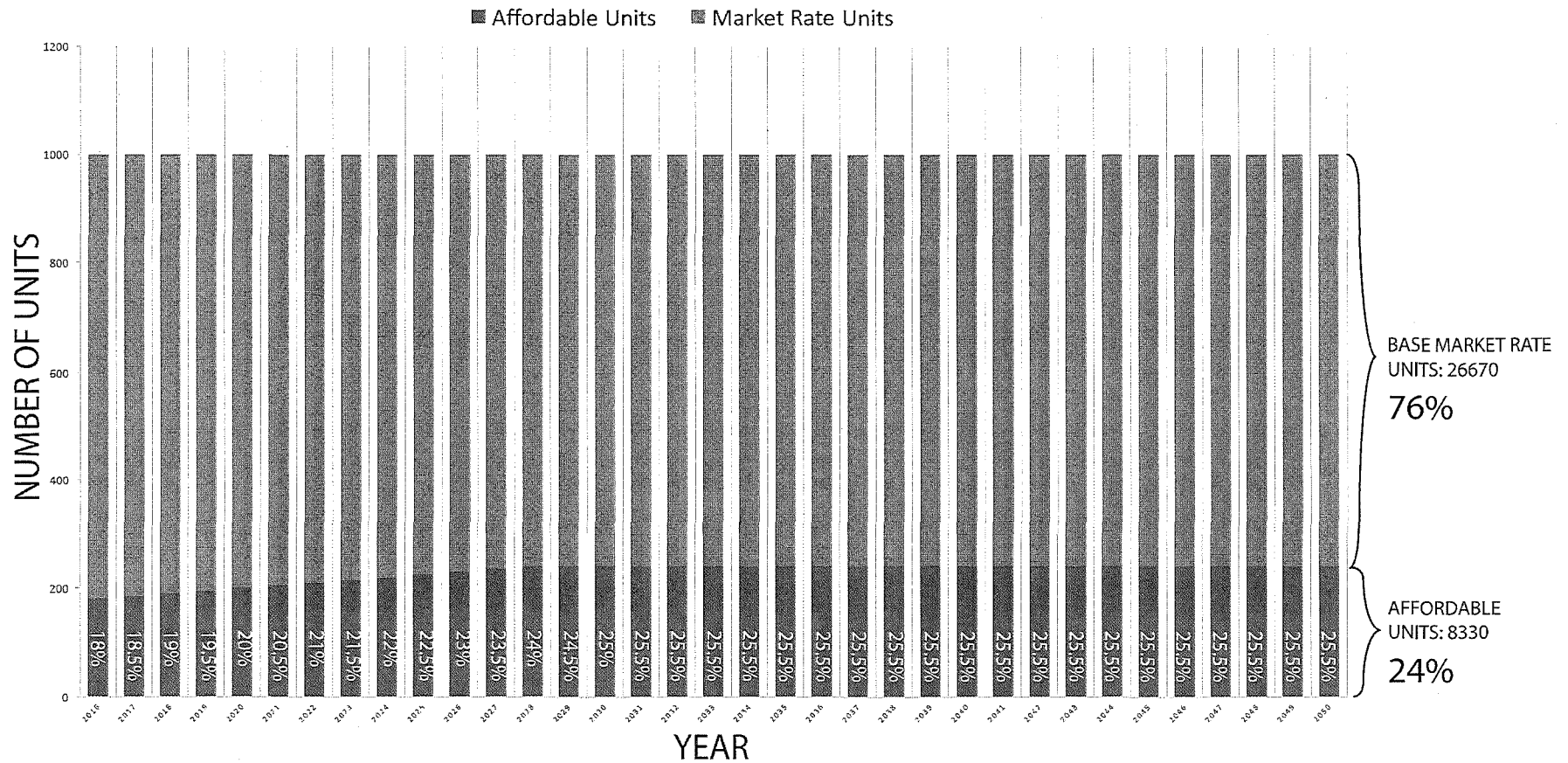
The recommendations, which were vetted by an 8-person Technical Advisory Committee, include:

1. The City should impose different inclusionary housing requirements on rental and for-sale (condominium) properties.
2. The City should set the initial onsite requirements from 14%-18% for rental projects and 17%-20% for ownership projects.
3. The City should commit to a 15-year schedule of increases to the inclusionary housing rate of 0.5% per year.
4. The City should conduct a new analysis to update the schedule of fees.
5. The City should impose additional affordability requirements for any 80/20 project financed through the City's financing approval process.

The areas for further research involve the State's density bonus, the income levels that requirements should apply to, and the question of when in the development process inclusionary housing requirements should be set.

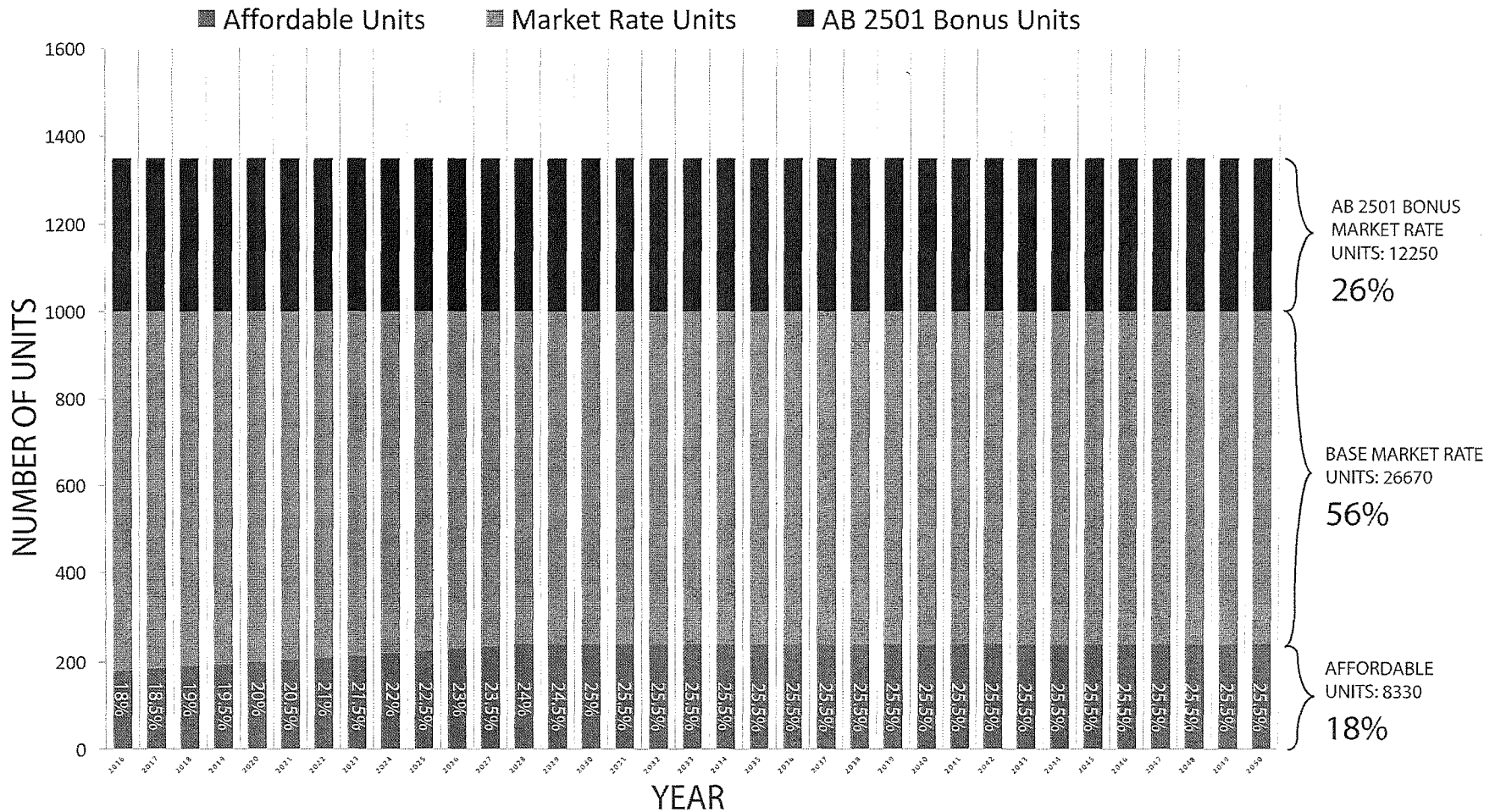
To view the full report, please visit our website at: <http://openbook.sfgov.org/webreports/details3.aspx?id=2359>

CONTROLLER'S RECOMMENDED 18% BASE INCLUSIONARY HOUSING REQUIREMENT WITHOUT AB 2501 LONG-TERM IMPACT



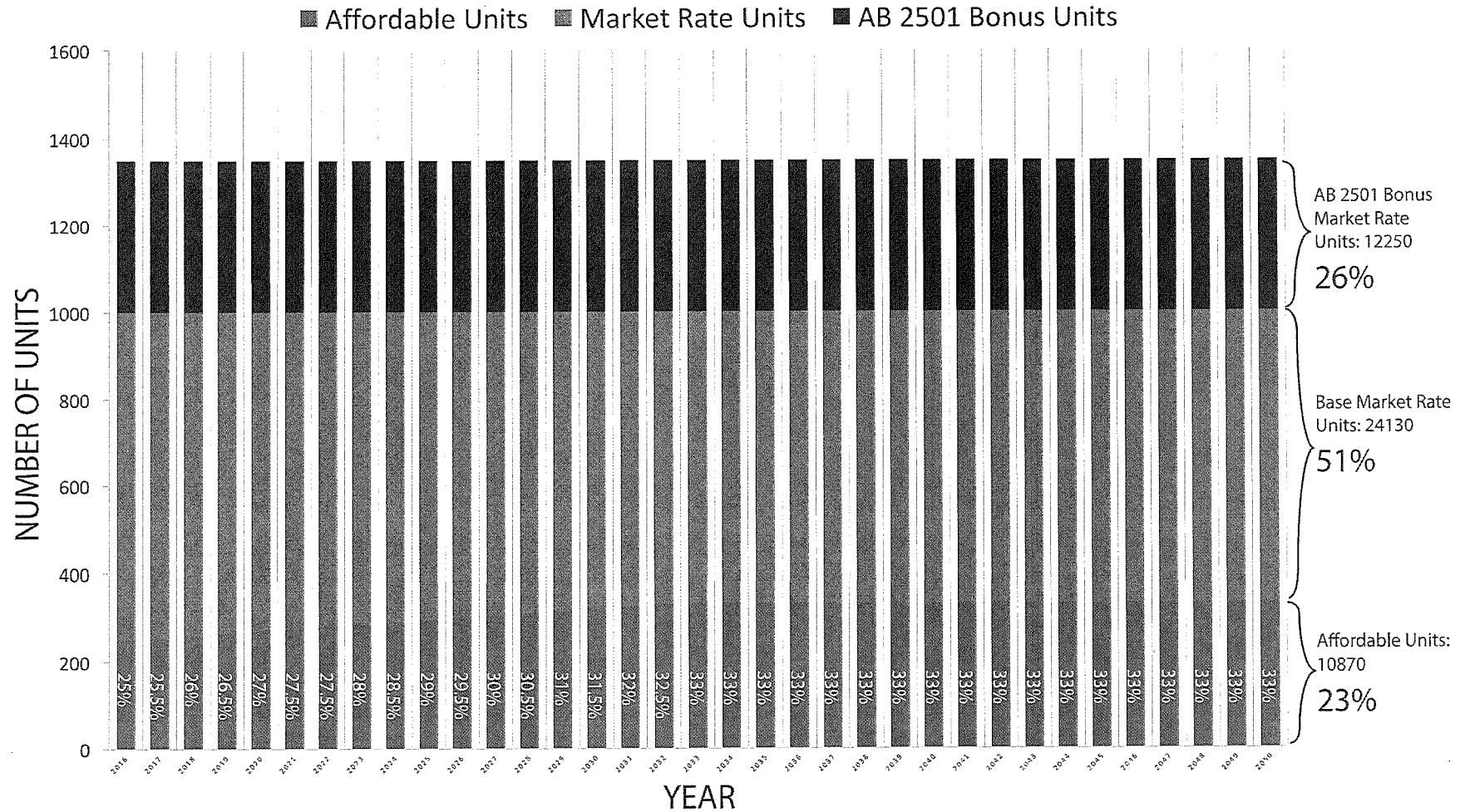
*ASSUMES 1000 UNITS PER YEAR AVERAGE WITHOUT 35% AB 2501 BONUS UNITS

CONTROLLER'S RECOMMENDED 18% BASE INCLUSIONARY HOUSING REQUIREMENT WITH AB 2501 LONG-TERM IMPACT



*ASSUMES 1000 UNITS PER YEAR AVERAGE WITH 35% AB 2501 BONUS UNITS

PROPOSITION C 25% BASE INCLUSIONARY HOUSING REQUIREMENT WITH AB 2501 LONG-TERM IMPACT

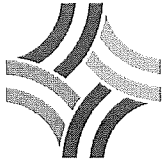


*ASSUMES 1000 UNITS PER YEAR AVERAGE WITH 35% AB 2501 BONUS UNITS

From: Board of Supervisors, (BOS)
To: BOS-Supervisors; BOS-Legislative Aides
Subject: FW: SFMTA Chapter 14B Local Business Enterprise (LBE) Annual Report
Attachments: SFMTA 16-0914 LBE Program Annual Report Cover Memo-signed (003).pdf; 2015-2016 LBE Program Annual Report_Full.pdf

From: Harmon, Virginia [mailto:Virginia.Harmon@sfmta.com]
Sent: Friday, September 16, 2016 11:56 AM
To: Lee, Mayor (MYR) <mayoredwinlee@sfgov.org>; Breed, London (BOS) <london.breed@sfgov.org>; Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>; Kelly, Naomi (ADM) <naomi.kelly@sfgov.org>; Asenloo, Romulus (ADM) <romulus.asenloo@sfgov.org>
Subject: SFMTA Chapter 14B Local Business Enterprise (LBE) Annual Report

Good afternoon-
Attached please find the SFMTA 2015-2016 LBE Program Annual Report.
Please do not hesitate to contact us if you have any questions.
Thank you.
Virginia Harmon
SFMTA Contracts & Procurement



SFMTA
Municipal
Transportation
Agency

Edwin M. Lee, *Mayor*

Tom Nolan, *Chairman*

Cheryl Brinkman, *Vice-Chairman*

Gwyneth Borden, *Director*

Malcolm Heinicke, *Director*

Edward D. Reiskin, *Director of Transportation*


Lee Hsu, *Director*

Joél Ramos, *Director*

Cristina Rubke, *Director*

Memorandum

To: Mayor Edwin Lee
President London Breed, Board of Supervisors
Members of the Board of Supervisors
City Administrator Naomi Kelly
Acting CMD Director Romulus Asenloo

From: Edward D. Reiskin 
Director of Transportation

Date: September 14, 2016

Re: Chapter 14B Local Business Enterprise (LBE) Annual Report

Pursuant to San Francisco Administrative Code Chapter 14B.15 (B), the SFMTA submits the attached LBE Annual Report (Report) detailing its progress toward achievement of LBE goals and compliance with the Micro-LBE Set-Aside Program.

The Report includes contract awards and payments on contracts let under the LBE Program between July 1, 2015 and June 30, 2016. Overall, the SFMTA awarded 32 contracts worth \$79,586,891.00, including LBE commitments in the amount of \$23,969,635.47 or 30.1% of dollars awarded. Please note that a single contract with limited LBE opportunities (Towing Services for Abandoned and Illegally-Parked Vehicles) accounted for more than 82% (\$65,400,000.00) of the contract dollars awarded. After removing that contract, SFMTA's commitments to LBEs increases to 46.3% of total contract dollars.

On December 9, 2015, the SFMTA implemented a policy requiring all professional services, general services, and construction contracts within the Threshold Amount (Public Works) or Minimum Competitive Amount (Professional or General Services and Commodities) to be procured through Chapter 14B's Micro-LBE Set-Aside Program. As a result, we set aside five of the eight contracts (62.5%) that were eligible under the Micro-LBE Set-Aside Program, exceeding the 25% required for eligible professional services contracts by Chapter 14B.

Please don't hesitate to contact me should you have any questions.

**LBE PARTICIPATION ON LOCALLY-FUNDED SFMTA CONTRACTS
AWARDED FROM JULY 1, 2015 THROUGH JUNE 30, 2016**

AWARDED CONTRACTS	
Total Number of Contracts	32
LBE Prime Contractors	10
Total Number of Subcontractors	83
LBE Subcontractors	51 (61.4%)

LBE COMMITMENTS & PAYMENTS	
Total Amount Awarded*	\$79,586,891.00
Amount Awarded to LBEs	\$23,969,635.47
% Awarded to LBEs	30.1%
Total Paid	\$5,963,428.10
Total Paid to LBEs	\$1,326,704.06
% Paid to LBEs	22.2%

MICRO-LBE SET-ASIDES	
Total Eligible Contracts	8
Total Awarded Micro-LBE Set-Asides	5 (62.5%)

* Does not include contracts for which CMD granted a sole source or LBE subcontracting participation goal waiver

LBE PARTICIPATION ON SFMTA CONTRACTS AWARDED FROM JULY 1, 2015 THROUGH JUNE 30, 2016

CCO #	Dept #	Description	Type	Award Date	Ct Award	LBE Goal	Firm Name	LBE	Level	\$ Awarded	% Awarded	\$ Paid	% Paid
15-1355(i)	SFMTA 2016-06	Large Vehicle Truck Study	Prof Svcs	8/10/2015	\$30,000.00	55	Volpe National Transportation System Center	Non-LBE	P	\$30,000.00	100.0%	\$25,000.00	100.0%
Total LBE										\$0.00	0.0%	\$0.00	0.0%
CCO #	Dept #	Description	Type	Award Date	Ct Award	LBE Goal	Firm Name	LBE	Level	\$ Awarded	% Awarded	\$ Paid	% Paid
15-1360	SFMTA-2016-05	Transit Scheduling Support Services	Prof Svcs	8/10/2015	\$250,000.00	55	Transportation Management and Design (TMD)	Non-LBE	P	\$250,000.00	100.0%	\$100,000.00	100.0%
Total LBE										\$0.00	0.0%	\$0.00	0.0%
CCO #	Dept #	Description	Type	Award Date	Ct Award	LBE Goal	Firm Name	LBE	Level	\$ Awarded	% Awarded	\$ Paid	% Paid
15-1345	SFMTA 2015-55	Mini RFP for Environmental Impact & Reporting Services	Prof Svcs	9/1/2015	\$1,985,837.00	25%	Turnstone/SWCA	Non-LBE	P	\$1,167,672.16	58.8%	\$113,581.43	43.6%
							Direct Mail Center	LBE	S	\$27,801.72	1.4%	\$0.00	0.0%
							Fehr & Peers	Non-LBE	S	\$287,946.37	14.5%	\$79,899.66	30.7%
							Jungle Communications	LBE	S	\$43,688.41	2.2%	\$0.00	0.0%
							LCW Consulting	LBE	S	\$158,866.96	8.0%	\$39,271.10	15.1%
							Natalie Macris	LBE	S	\$69,504.30	3.5%	\$2,565.00	1.0%
							Orion Environmental Associates	LBE	S	\$202,555.37	10.2%	\$23,022.27	8.8%
							Yuki Kawaguchi	LBE	S	\$27,801.72	1.4%	\$2,308.50	0.9%
Total LBE										\$530,218.48	26.7%	\$67,166.87	25.8%
CCO #	Dept #	Description	Type	Award Date	Ct Award	LBE Goal	Firm Name	LBE	Level	\$ Awarded	% Awarded	\$ Paid	% Paid
14-1328(i)-1	SFMTA 2015-03	As-Needed Real Estate Appraisal Services	Prof Svcs	9/3/2015	\$20,000.00	Waiver	Associated Right of Way Services, Inc.	Non-LBE	P	\$20,000.00	100.0%	\$0.00	0.0%
Total LBE										\$0.00	0.0%	\$0.00	0.0%
CCO #	Dept #	Description	Type	Award Date	Ct Award	LBE Goal	Firm Name	LBE	Level	\$ Awarded	% Awarded	\$ Paid	% Paid
14-1328(i)-2	SFMTA 2015-03	As-Needed Real Estate Appraisal Services	Prof Svcs	9/3/2015	\$20,000.00	Waiver	David Tattersall & Co	Non-LBE	P	\$20,000.00	100.0%	\$9,500.00	100.0%
Total LBE										\$0.00	0.0%	\$0.00	0.0%
CCO #	Dept #	Description	Type	Award Date	Ct Award	LBE Goal	Firm Name	LBE	Level	\$ Awarded	% Awarded	\$ Paid	% Paid
14-1328(i)-3	SFMTA 2015-03	As-Needed Real Estate Appraisal Services	Prof Svcs	9/3/2015	\$20,000.00	Waiver	J Kaeuper & Co.	LBE	P	\$20,000.00	100.0%	\$0.00	0.0%
Total LBE										\$20,000.00	100.0%	\$0.00	0.0%
CCO #	Dept #	Description	Type	Award Date	Ct Award	LBE Goal	Firm Name	LBE	Level	\$ Awarded	% Awarded	\$ Paid	% Paid
14-1328(i)-4	SFMTA 2015-03	As-Needed Real Estate Appraisal Services	Prof Svcs	9/3/2015	\$20,000.00	Waiver	Mansbach Associates Inc.	Non-LBE	P	\$20,000.00	100.0%	\$0.00	0.0%
Total LBE										\$0.00	0.0%	\$0.00	0.0%
CCO #	Dept #	Description	Type	Award Date	Ct Award	LBE Goal	Firm Name	LBE	Level	\$ Awarded	% Awarded	\$ Paid	% Paid
14-1328(i)-5	SFMTA 2015-03	As-Needed Real Estate Appraisal Services	Prof Svcs	9/3/2015	\$20,000.00	Waiver	R Blum & Associates	Non-LBE	P	\$20,000.00	100.0%	\$0.00	0.0%
Total LBE										\$0.00	0.0%	\$0.00	0.0%
CCO #	Dept #	Description	Type	Award Date	Ct Award	LBE Goal	Firm Name	LBE	Level	\$ Awarded	% Awarded	\$ Paid	% Paid
15-1356-1	SFMTA 2015-56	IFB As-Needed Communications Printed Material	Prof Svcs	9/14/2015	\$200,000.00	Micro-LBE Set-Aside	Geary Print Shop	LBE	P	\$200,000.00	100.0%	\$0.00	0.0%
Total LBE										\$200,000.00	100.0%	\$0.00	0.0%
CCO #	Dept #	Description	Type	Award Date	Ct Award	LBE Goal	Firm Name	LBE	Level	\$ Awarded	% Awarded	\$ Paid	% Paid
15-1356-2	SFMTA 2015-56	IFB As-Needed Communications Printed Material	Prof Svcs	9/14/2015	\$200,000.00	Micro-LBE Set-Aside	I Print N Mail	LBE	P	\$200,000.00	100.0%	\$0.00	0.0%
Total LBE										\$200,000.00	100.0%	\$0.00	0.0%
CCO #	Dept #	Description	Type	Award Date	Ct Award	LBE Goal	Firm Name	LBE	Level	\$ Awarded	% Awarded	\$ Paid	% Paid
15-1356-3	SFMTA 2015-56	IFB As-Needed Communications Printed Material	Prof Svcs	9/14/2015	\$200,000.00	Micro-LBE Set-Aside	Ibarra Brothers Printing	LBE	P	\$200,000.00	100.0%	\$0.00	0.0%
Total LBE										\$200,000.00	100.0%	\$0.00	0.0%
CCO #	Dept #	Description	Type	Award Date	Ct Award	LBE Goal	Firm Name	LBE	Level	\$ Awarded	% Awarded	\$ Paid	% Paid
16-1389	SFMTA 2016-20	Disparity Study Analysis	Prof Srv	10/1/2015	\$25,000.00	55	Exstare Federal Services Group LLC	Non-LBE	PJV	\$6,000.00	24.0%	\$7,850.27	26.0%
							Rosales Business Partners LLC	LBE	PJV	\$2,800.00	11.2%	\$14,646.23	48.5%
							BBC Research	Non-LBE	S	\$16,200.00	64.8%	\$6,727.25	22.3%
							JLM Management Group	LBE	S	\$0.00	0.0%	\$1,000.00	3.3%
Total LBE										\$2,800.00	11.2%	\$15,646.23	51.8%

LBE PARTICIPATION ON SFMTA CONTRACTS AWARDED FROM JULY 1, 2015 THROUGH JUNE 30, 2016

CCO #	Dept #	Description	Type	Award Date	Ct Award	LBE Goal	Firm Name	LBE	Level	\$ Awarded	% Awarded	\$ Paid	% Paid	
13-1269	SFMTA 2013-25	Drug and Alcohol Testing Services for Taxicab Drivers	Prof Srv	10/20/2015	\$4,500,000.00	Waiver	Energetix Corporation	Non-LBE	P	\$4,500,000.00	100.0%	\$45,190.00	100.0%	
Total LBE										\$0.00	0.0%	\$0.00	0.0%	
CCO #	Dept #	Description	Type	Award Date	Ct Award	LBE Goal	Firm Name	LBE	Level	\$ Awarded	% Awarded	\$ Paid	% Paid	
15-1362(1)	SFMTA 2015-67	Informal RFP for As-Needed Facility Open Workspace	Prof Srvs	10/20/2015	\$100,000.00	20%	One Workplace L. Ferrari, LLC	Non-LBE	P	\$72,000.00	72.0%	\$0.00	\$0.00	
								Galindo Installation & Moving Services	LBE	S	\$28,000.00	28.0%	\$0.00	\$0.00
Total LBE										\$28,000.00	28.0%	\$0.00	0.0%	
CCO #	Dept #	Description	Type	Award Date	Ct Award	LBE Goal	Firm Name	LBE	Level	\$ Awarded	% Awarded	\$ Paid	% Paid	
15-1350(1)	SFMTA 2015-59	Informal RFP for Bicycle Parking Outreach and Siting Services	Prof Srvs	10/23/2015	\$100,000.00	20%	San Francisco Bicycle Coalition	Non-LBE	P	\$72,500.00	72.5%	\$28,125.00	60.7%	
								Alka Joshi Marketing	LBE	S	\$12,500.00	12.5%	\$9,600.00	20.7%
								JBR Partners	LBE	S	\$15,000.00	15.0%	\$8,600.00	18.6%
Total LBE										\$27,500.00	27.5%	\$18,200.00	39.3%	
CCO #	Dept #	Description	Type	Award Date	Ct Award	LBE Goal	Firm Name	LBE	Level	\$ Awarded	% Awarded	\$ Paid	% Paid	
15-1354	SFMTA 2015-47	RFP for Facility Condition Assessment and Space Planning	Prof Srvs	11/3/2015	\$975,000.00	25%	Owen Adams Consulting	LBE	P	\$403,650.00	41.4%	\$92,773.00	17.1%	
								EMG	Non-LBE	S	\$187,200.00	19.2%	\$156,935.00	28.9%
								IDEO	Non-LBE	S	\$0.00	0.0%	\$157,500.00	29.0%
								Laura Blake, Architect	LBE	S	\$331,500.00	34.0%	\$106,480.00	19.6%
								Parsons Brinkerhoff	Non-LBE	S	\$0.00	0.0%	\$29,004.00	5.3%
								TBD Consulting	Non-LBE	S	\$52,650.00	5.4%	\$0.00	0.0%
Total LBE										\$735,150.00	75.4%	\$199,253.00	36.7%	
CCO #	Dept #	Description	Type	Award Date	Ct Award	LBE Goal	Firm Name	LBE	Level	\$ Awarded	% Awarded	\$ Paid	% Paid	
15-1338	SFMTA 2015-29	RFP Conceptual Feasibility Study for Development of SFMTA Surface Parking Lots	Prof Srvs	11/4/2015	\$98,000.00	25%	David Baker Architects	Non-LBE	P	\$34,349.00	35.0%	\$12,150.00	34.4%	
								Cahill Contractors	Non-LBE	S	\$15,288.00	15.6%	\$5,525.00	15.66%
								Equity Community Builders	Non-LBE	S	\$15,288.00	15.6%	\$4,375.00	12.40%
								SITELAB Urban Studio	LBE	S	\$33,075.00	33.8%	\$13,230.00	37.50%
Total LBE										\$33,075.00	33.8%	\$13,230.00	37.5%	
CCO #	Dept #	Description	Type	Award Date	Ct Award	LBE Goal	Firm Name	LBE	Level	\$ Awarded	% Awarded	\$ Paid	% Paid	
15-1370	SFMTA 2016-32	Middle School Bicycle Safety Classes	Prof Srvs	12/7/2015	\$71,223.00	SS	YMCA	Non-LBE	P	\$71,223.00	100.0%	\$0.00	0.0%	
Total LBE										\$0.00	0.0%	\$0.00	0.0%	
CCO #	Dept #	Description	Type	Award Date	Ct Award	LBE Goal	Firm Name	LBE	Level	\$ Awarded	% Awarded	\$ Paid	% Paid	
15-1353	SFMTA 2015-09	Citation Work Credit Program	Prof Srvs	1/1/2016	\$411,000.00	10%	JBR Partners	LBE	P	\$349,475.00	85.0%	\$55,000.00	100.0%	
								A. Philip Randolph Institute	LBE	S	\$61,525.00	15.0%	\$0.00	0.0%
Total LBE										\$411,000.00	100.0%	\$55,000.00	100.0%	
CCO #	Dept #	Description	Type	Award Date	Ct Award	LBE Goal	Firm Name	LBE	Level	\$ Awarded	% Awarded	\$ Paid	% Paid	
15-1371(1)	SFMTA 2016-15/1	Vision Zero Education-Communications Program 2015	Prof Srvs	1/8/2016	\$490,000.00	25%	MIG, Inc.	Non-LBE	P	\$220,745.00	45.1%	\$80,215.73	57.2%	
								Berkeley Media Studies Group	Non-LBE	S	\$55,811.00	11.4%	\$0.00	0.0%
								EMC Research	Non-LBE	S	\$44,051.00	9.0%	\$0.00	0.0%
								InterEthnica, Inc.	LBE	S	\$166,012.00	33.9%	\$0.00	0.0%
								Zeba Media	Non-LBE	S	\$3,381.00	0.7%	\$45,000.00	42.8%
Total LBE										\$166,012.00	33.9%	\$0.00	0.00%	
CCO #	Dept #	Description	Type	Award Date	Ct Award	LBE Goal	Firm Name	LBE	Level	\$ Awarded	% Awarded	\$ Paid	% Paid	
15-1372(2)	SFMTA 2016-15/2	Vision Zero Education-Communications Program 2015	Prof Srvs	1/8/2016	\$490,000.00	25%	Barbary Coast Consulting, LLC	LBE	P	\$176,400.00	36.0%	\$51,831.25	99.1%	
								Berkeley Media Studies Group	Non-LBE	S	\$44,100.00	9.0%	\$0.00	0.0%
								InterEthnica, Inc.	LBE	S	\$39,200.00	8.0%	\$0.00	0.0%
								Lowercase Production	LBE	S	\$88,200.00	18.0%	\$0.00	0.0%
								SafeTREC	Non-LBE	S	\$44,100.00	9.0%	\$0.00	0.0%
								Seasons Productions	Non-LBE	S	\$34,300.00	7.0%	\$0.00	0.0%
								Tulchin Research	LBE	S	\$44,100.00	9.0%	\$0.00	0.0%
								Vision Zero Network	Non-LBE	S	\$19,600.00	4.0%	\$0.00	0.0%
								Copymat	LBE	S	\$0.00	0.0%	\$481.00	0.9%
Total LBE										\$347,900.00	71.0%	\$52,312.25	100.0%	

LBE PARTICIPATION ON SFMTA CONTRACTS AWARDED FROM JULY 1, 2015 THROUGH JUNE 30, 2016

CCO #	Dept #	Description	Type	Award Date	Ct Award	LBE Goal	Firm Name	LBE	Level	\$ Awarded	% Awarded	\$ Paid	% Paid
15-1363(1)	SFMTA 2016-02/1	As-Needed Professional Architectural/Engineering Consulting Services	Prof Svcs	1/19/2016	\$1,500,000.00	25%	Walker Restoration Consultants	Non-LBE	P	\$960,000.00	64.0%	\$0.00	0.0%
							APEX (Materials) Testing Labs	LBE	S	\$15,000.00	1.0%	\$0.00	0.0%
							Engineering 350	LBE	S	\$150,000.00	10.0%	\$0.00	0.0%
							Merrill Morris Partners	Non-LBE	S	\$45,000.00	3.0%	\$0.00	0.0%
							Structus, Inc.	LBE	S	\$180,000.00	12.0%	\$0.00	0.0%
							Telamon Engineering Consultants Inc. (TECI)	LBE	S	\$150,000.00	10.0%	\$0.00	0.0%
							Total LBE			\$495,000.00	33.0%	\$0.00	0.0%
15-1363(2)	SFMTA 2016-02/1	As-Needed Professional Architectural/Engineering Consulting Services	Prof Svcs	1/19/2016	\$1,500,000.00	25%	Simpson Gumpertz & Heger, Inc.	Non-LBE	P	\$525,000.00	35.0%	\$0.00	0.0%
							Carey & Co., Inc.	LBE	S	\$150,000.00	10.0%	\$0.00	0.0%
							Dabri, Inc.	LBE	S	\$150,000.00	10.0%	\$0.00	0.0%
							F.W. Associates, Inc.	LBE	S	\$300,000.00	20.0%	\$0.00	0.0%
							John A. Van Deusen & Associates	Non-LBE	S	\$75,000.00	5.0%	\$0.00	0.0%
							S J Engineers	LBE	S	\$300,000.00	20.0%	\$0.00	0.0%
							Total LBE			\$900,000.00	60.0%	\$0.00	0.0%
16-1396	SFMTA 2016-50	DBE Program Waiver	Prof Svcs	2/5/2016	\$25,000.00	SS	Rosales Business Partners	LBE	P-IV	\$12,000.00	48.0%	\$14,646.23	48.5%
							Extare Financial Services	Non-LBE	P-IV	\$6,240.00	25.0%	\$7,850.27	26.0%
							BBC Research & Consulting	Non-LBE	S	\$6,760.00	27.0%	\$6,727.25	22.3%
							JLM Management Group	LBE	S	\$0.00	0.0%	\$1,000.00	3.3%
							Total LBE			\$12,000.00	48.0%	\$15,646.23	51.8%
15-1349	SFMTA 2014-48	Towing Services for Abandoned and Illegally-Parked Vehicles	Prof Svcs	4/1/2016	\$65,400,000.00	20%	San Francisco AutoReturn	Non-LBE	P	\$43,948,800.00	66.7%	\$3,992,060.66	75.8%
							Abram & Sons Towing	LBE	S	\$1,438,800.00	2.2%	\$46,460.68	1.0%
							Atlantis Towing	Non-LBE	S	\$0.00	0.0%	\$68,697.96	1.5%
							Atlas Towing	LBE	S	\$327,000.00	0.5%	\$20,845.17	0.4%
							Autotek Services	Non-LBE	S	\$130,800.00	0.2%	\$0.00	0.0%
							B & A Body Works and Towing	LBE	S	\$1,308,000.00	2.0%	\$39,898.04	0.8%
							Bay Bridge Towing	LBE	S	\$1,177,200.00	1.8%	\$51,854.45	1.1%
							Best Towing	LBE	S	\$2,158,200.00	3.3%	\$61,671.41	1.3%
							Blue Water Towing	Non-LBE	S	\$2,812,200.00	4.3%	\$244,999.56	5.2%
							Charles Tow Service	LBE	S	\$0.00	0.0%	\$104,584.77	2.2%
							Calbay Protective Services	LBE	S	\$2,485,200.00	3.8%	\$134,831.70	2.8%
							Golden Gate Tow	LBE	S	\$2,027,400.00	3.1%	\$66,868.33	1.4%
							Jim Mulrooney	Non-LBE	S	\$130,800.00	0.2%	\$0.00	0.0%
							Larry's Towing	LBE	S	\$0.00	0.0%	\$3,149.42	0.1%
							Lombard Towing	LBE	S	\$0.00	0.0%	\$29,426.27	0.6%
							Nelsons Towing	LBE	S	\$6,474,600.00	9.9%	\$248,593.86	5.2%
							Pat's Lien Service	Non-LBE	S	\$457,800.00	0.7%	\$0.00	0.0%
							Premier Locksmith	Non-LBE	S	\$523,200.00	0.8%	\$0.00	0.0%
							Sideline Towing	LBE	S	\$0.00	0.0%	\$23,215.38	0.5%
							Total LBE			\$17,396,400.00	26.6%	\$831,399.48	17.6%
15-1358	SFMTA 2015-65	Zero Waste Recycling Education and Training	Prof Svcs	4/11/2016	\$100,000.00	Micro-LBE Set-Aside	Citizen Film, Inc.	LBE	P	\$100,000.00	100.0%	\$58,850.00	100.0%
							Total LBE			\$100,000.00	100.0%	\$58,850.00	100.0%
13-1245	SFMTA 2014-02	Parking Access and Revenue Control System	Prof Svcs	4/19/2016	\$19,848,007.00	Waiver	Skidata	Non-LBE	P	\$19,848,007.00	100.0%	\$0.00	0.0%
							Total LBE			\$0.00	0.0%	\$0.00	0.0%
15-1343	SFMTA 2015-13	Digital Red Light Camera Services - Phase I	Prof Svcs	5/1/2016	\$71,520.00	10% of Admin	American Traffic Solutions, Inc.	Non-LBE	P	\$57,859.68	80.9%	\$0.00	0.0%
							I Print and Mail	LBE	S	\$5,435.52	7.6%	\$0.00	0.0%
							Starlite Electric Co.	LBE	S	\$6,365.28	8.9%	\$0.00	0.0%
							Urban Design Consulting Engineers	LBE	S	\$1,859.52	2.6%	\$0.00	0.0%
							Total LBE			\$13,660.32	19.1%	\$0.00	0.0%

LBE PARTICIPATION ON SFMTA CONTRACTS AWARDED FROM JULY 1, 2015 THROUGH JUNE 30, 2016

CCO #	Dept #	Description	Type	Award Date	Ct Award	LBE Goal	Firm Name	LBE	Level	\$ Awarded	% Awarded	\$ Paid	% Paid
15-1377(1)	SFMTA 2016-03/1	As-Needed Environmental and Transportation Analysis and Documentation (Local)	Prof Svcs	5/17/2016	\$2,797,767.00	25%	Fehr & Peers	Non-LBE	P	\$643,486.41	23.0%	\$0.00	0.0%
							Adam Phillips Architectural DBA PreVision Graphics	LBE	S	\$27,977.67	1.0%	\$0.00	0.0%
							Adavant Consulting	LBE	S	\$279,776.70	10.0%	\$0.00	0.0%
							AECOM	Non-LBE	S	\$55,955.34	2.0%	\$0.00	0.0%
							Alfred Williams Consultancy	LBE	S	\$55,955.34	2.0%	\$0.00	0.0%
							Fall Line Analytics	LBE	S	\$83,933.01	3.0%	\$0.00	0.0%
							Geotechnical Consultants, Inc.	LBE	S	\$55,955.34	2.0%	\$0.00	0.0%
							ICF International	Non-LBE	S	\$559,553.40	20.0%	\$0.00	0.0%
							LCW Consulting	LBE	S	\$279,776.70	10.0%	\$0.00	0.0%
							MSA Design	LBE	S	\$55,955.34	2.0%	\$0.00	0.0%
							Nelson/Nygaard	Non-LBE	S	\$279,776.70	10.0%	\$0.00	0.0%
							Panorama Environmental	LBE	S	\$55,955.34	2.0%	\$0.00	0.0%
							Ramboll Environ	Non-LBE	S	\$83,933.01	3.0%	\$0.00	0.0%
							Schaller Consulting	Non-LBE	S	\$83,933.01	3.0%	\$0.00	0.0%
							VerPlanck Historic Preservation Consulting	LBE	S	\$55,955.34	2.0%	\$0.00	0.0%
							Walker Parking Consultants	Non-LBE	S	\$83,933.01	3.0%	\$0.00	0.0%
							Ward & Associates	LBE	S	\$55,955.34	2.0%	\$0.00	0.0%
Total LBE										\$1,007,196.12	36.0%	\$0.00	0.0%

CCO #	Dept #	Description	Type	Award Date	Ct Award	LBE Goal	Firm Name	LBE	Level	\$ Awarded	% Awarded	\$ Paid	% Paid
15-1377(2)	SFMTA 2016-03/2	As-Needed Environmental and Transportation Analysis and Documentation (Local)	Prof Svcs	5/17/2016	\$2,797,767.00	25%	Kittleson & Associates, Inc.	Non-LBE	P	\$797,363.60	28.5%	\$0.00	0.0%
							Adam Phillips Architectural DBA PreVision Graphics	LBE	S	\$76,938.59	2.8%	\$0.00	0.0%
							Adavant Consulting	LBE	S	\$139,888.35	5.0%	\$0.00	0.0%
							Alfred Williams Consultancy	LBE	S	\$83,933.01	3.0%	\$0.00	0.0%
							Baymetrics	Non-LBE	S	\$55,955.34	2.0%	\$0.00	0.0%
							Fall Line Analytics	LBE	S	\$139,888.35	5.0%	\$0.00	0.0%
							Geotechnical Consultants	LBE	S	\$69,944.18	2.5%	\$0.00	0.0%
							ICF International	Non-LBE	S	\$643,486.41	23.0%	\$0.00	0.0%
							Iteris, Inc.	Non-LBE	S	\$139,888.35	5.0%	\$0.00	0.0%
							Panorama Environmental	LBE	S	\$433,653.89	15.5%	\$0.00	0.0%
							Seifel Consulting	LBE	S	\$69,944.18	2.5%	\$0.00	0.0%
							Traffic Research & Analysis	Non-LBE	S	\$62,949.76	2.3%	\$0.00	0.0%
							VerPlanck Historic Preservation Consulting	LBE	S	\$83,933.01	3.0%	\$0.00	0.0%
Total LBE										\$1,098,123.55	39.3%	\$0.00	0.0%

CCO #	Dept #	Description	Type	Award Date	Ct Award	LBE Goal	Firm Name	LBE	Level	\$ Awarded	% Awarded	\$ Paid	% Paid
16-1413	SFMTA 2016-78	DriveCam	Prof Svcs	6/28/2016	\$2,500,000.00	SS	Lytix, Inc.	Non-LBE	P	\$2,500,000.00	100.0%	\$0.00	0.0%
Total LBE										\$0.00	0.0%	\$0.00	0.0%

CCO #	Dept #	Description	Type	Award Date	Ct Award	LBE Goal	Firm Name	LBE	Level	\$ Awarded	% Awarded	\$ Paid	% Paid
16-1393	SFMTA 2016-37	Long-Term Bicycle Parking Program Feasibility Analysis	Prof Svcs	6/30/2016	\$120,000.00	Micro-LBE Set-Aside	Land Use Economics	LBE	P	\$32,400.00	27.0%	\$0.00	0.0%
							Alta Planning + Design	Non-LBE	S	\$74,400.00	62.0%	\$0.00	0.0%
							Corey, Canapary, and Galanis	LBE	S	\$13,200.00	11.0%	\$0.00	0.0%
Total LBE										\$45,600.00	38.0%	\$0.00	0.0%

From: Collins, Robert (RNT)
Sent: Friday, September 16, 2016 10:15 AM
To: Board of Supervisors, (BOS)
Cc: Lee, Mayor (MYR); Breed, London (BOS); Mar, Eric (BOS); Farrell, Mark (BOS); Peskin, Aaron (BOS); Tang, Katy (BOS); Kim, Jane (BOS); Yee, Norman (BOS); Wiener, Scott; Campos, David (BOS); Cohen, Malia (BOS); Avalos, John (BOS)
Subject: Rent Board Annual Report 2015-16
Attachments: Clerktr15-16.pdf; Annual Statistical Report FY2015-2016.pdf

Dear Ms. Calvillo,

Please find attached the Rent Board's Annual Report for Fiscal Year 2015-16. The report may also be obtained at <http://www.sfrb.org/index.aspx?page=48>.

Sincerely,
Robert Collins

--

Robert Collins / Acting Executive Director / San Francisco Rent Board / 415.252.4628 / sfrb.org

City and County of San Francisco



Residential Rent Stabilization
and Arbitration Board

September 16, 2016

Angela Calvillo
Clerk of the Board
Board of Supervisors, Room 244
1 Carlton B. Goodlett Place
San Francisco, CA 94102

Re: Rent Board Annual Report 2014-15

Dear Ms. Calvillo:

Please find attached the department's annual report for FY2014-15.

Please call me at 252-4628 if you have any questions.

Very truly yours,

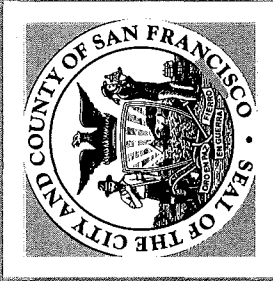
A handwritten signature in cursive script that reads "Robert A. Collins".

Robert A. Collins, Acting Executive Director
Rent Stabilization and Arbitration Board

encl.

cc:

Mayor Edwin M. Lee
Supervisor London Breed
Supervisor Eric Mar
Supervisor Mark Farrell
Supervisor Aaron Peskin
Supervisor Katy Tang
Supervisor Jane Kim
Supervisor Norman Yee
Supervisor Scott Wiener
Supervisor David Campos
Supervisor Malia Cohen
Supervisor John Avalos
Library Documents Dept.



San Francisco Residential Rent
Stabilization and Arbitration Board

Rent Board Annual Report

Fiscal Year 2015 - 2016

SAN FRANCISCO RENT BOARD

The following pages reflect the filings and activities at the Rent Board for the past fiscal year ending June 30, 2016. Overall, the number of petitions filed with the Board decreased by 9% from 2,124 in FY14-15 to 1,942 in FY15-16. Total tenant petitions decreased by 33%, from 1,411 in FY14-15 to 948 in FY 15-16, although subtenant petitions increased 32% from 87 to 115. Total landlord petitions increased by 39%, from 713 in FY14-15 to 994 in FY 15-16, including a 62% increase in operating and maintenance petitions, a 107% increase in utility passthrough petitions/worksheets and a 23% increase in capital improvement petitions. Total landlord and tenant appeals increased by 14% from 149 in FY14-15 to 170 in FY15-16.

Total eviction notices filed with the Board increased by 5% from 2,194 to 2,304, while the number of tenant reports of alleged wrongful eviction decreased by 13% from 559 to 484. The number of units withdrawn from the rental market under the Ellis Act increased from 191 to 273 units. The department began accepting pre-buyout declarations and buyout agreements on March 7, 2015. The department received 809 pre-bBuyout declarations and 301 buyout agreements in FY15-16.

Highlights of some of the tables are as follows (percentages as compared to last year):

+107%	Utility Passthrough Petitions/Worksheets
+62%	Operating and Maintenance Petitions
+32%	Subtenant Petitions
+25%	Landlord Appeals
+23%	Capital Improvement Petitions
+7%	Tenant Appeals
+5%	Eviction Notices
-13%	Reports of Alleged Wrongful Eviction
-20%	Principal Place of Residence Petitions (1.21)
-33%	Total Tenant Petitions

Our services last year also included the following:

29,813 calls handled by the counseling staff [-8%]

12,993 front counter visitors were served [+6%]

1,140,000 web site page views [new]

15,835 calls made to our 24-hour automated Info to Go information line [+12%]

This report can also be obtained on our website at www.sfrb.org under "Statistics."

September 16, 2016





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Rent Board Monthly Statistical Summary • 2015-2016

		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Totals
Tenant Petitions	Pet	69	67	49	67	60	69	57	64	91	81	56	61	791
Tenant Summary Petitions	Pet	2	1	1	3	2	0	0	2	4	1	3	2	21
Subtenant Petitions	Pet	15	4	11	6	6	18	7	9	7	7	18	7	115
Tenant ADR Requests	Pet	3	2	0	1	3	3	2	0	1	2	2	2	21
TOTAL TENANT PETITIONS		89	74	61	77	71	90	66	75	103	91	79	72	948
Capital Improvement Petitions	Pet	33	23	38	45	36	40	38	60	24	26	23	35	421
	Units	238	158	220	416	267	432	277	504	163	176	227	208	3,286
Operating & Maintenance Petitions	Pet	12	8	8	4	5	1	5	3	6	7	6	8	73
	Units	201	146	82	21	36	2	34	39	73	135	43	93	905
Comparable Rent Petitions	Pet	2	0	0	1	0	1	0	0	1	1	3	0	9
	Units	2	0	0	1	0	1	0	0	1	1	3	0	9
Costa-Hawkins Petitions	Pet	5	1	6	5	7	8	4	4	3	3	0	5	51
	Units	5	1	6	5	7	10	4	6	3	3	0	5	55
1.21 Tenant In Occupancy Petitions	Pet	2	5	2	5	0	5	1	4	2	3	3	4	36
	Units	2	5	2	5	0	5	2	4	2	3	3	4	37
Utility Passthrough Petitions	Pet	22	15	1	0	0	2	3	0	1	0	0	23	67
	Units	221	79	235	0	0	6	16	0	8	0	0	269	834
Utility Passthrough Worksheets	Pet	66	41	4	1	0	8	15	2	3	0	0	93	233
	Units	621	290	147	2	0	38	52	4	7	0	0	669	1,830
Extension of Time Petitions	Pet	1	2	0	0	1	3	4	2	2	0	1	1	17
	Units	2	3	0	0	2	3	9	6	4	0	1	1	31
Landlord "Other" Petitions	Pet	6	11	3	4	3	4	3	3	5	7	6	5	60
	Units	6	11	3	4	20	5	3	4	6	7	7	5	81
Landlord ADR Requests	Pet	0	2	3	8	0	0	2	4	4	1	2	1	27
	Units	0	2	5	9	0	0	3	4	5	1	8	1	38
TOTAL LANDLORD PETITIONS		149	108	65	73	52	72	75	82	51	48	44	175	994
TOTAL ALL PETITIONS		238	182	126	150	123	162	141	157	154	139	123	247	1,942
Landlord Appeals	App	11	2	2	11	6	7	6	8	8	4	4	6	75
	Units	11	2	2	11	26	7	6	8	8	4	4	6	95
Tenant Appeals	App	10	10	3	4	6	6	4	11	6	13	6	16	95
TOTAL APPEALS		21	12	5	15	12	13	10	19	14	17	10	22	170
Ellis Eviction Filings (Landlord)	Pet	2	2	6	6	7	6	8	11	6	3	6	5	68
	Units	3	7	11	14	22	16	29	108	12	11	24	16	273
Wrongful Eviction Reports (Tenant)	Rpt	40	48	52	50	28	39	32	48	37	50	31	29	484
Eviction Notices	Notices	180	167	202	176	179	121	121	434	178	164	222	160	2,304
Pre-Buyout Declarations	Declaration	81	45	41	66	68	49	56	49	115	86	69	84	809
Buyout Agreements	Agreement	26	36	28	23	22	22	26	20	23	23	31	21	301
GRAND TOTAL		588	492	460	486	439	412	394	738	527	482	492	568	6,078



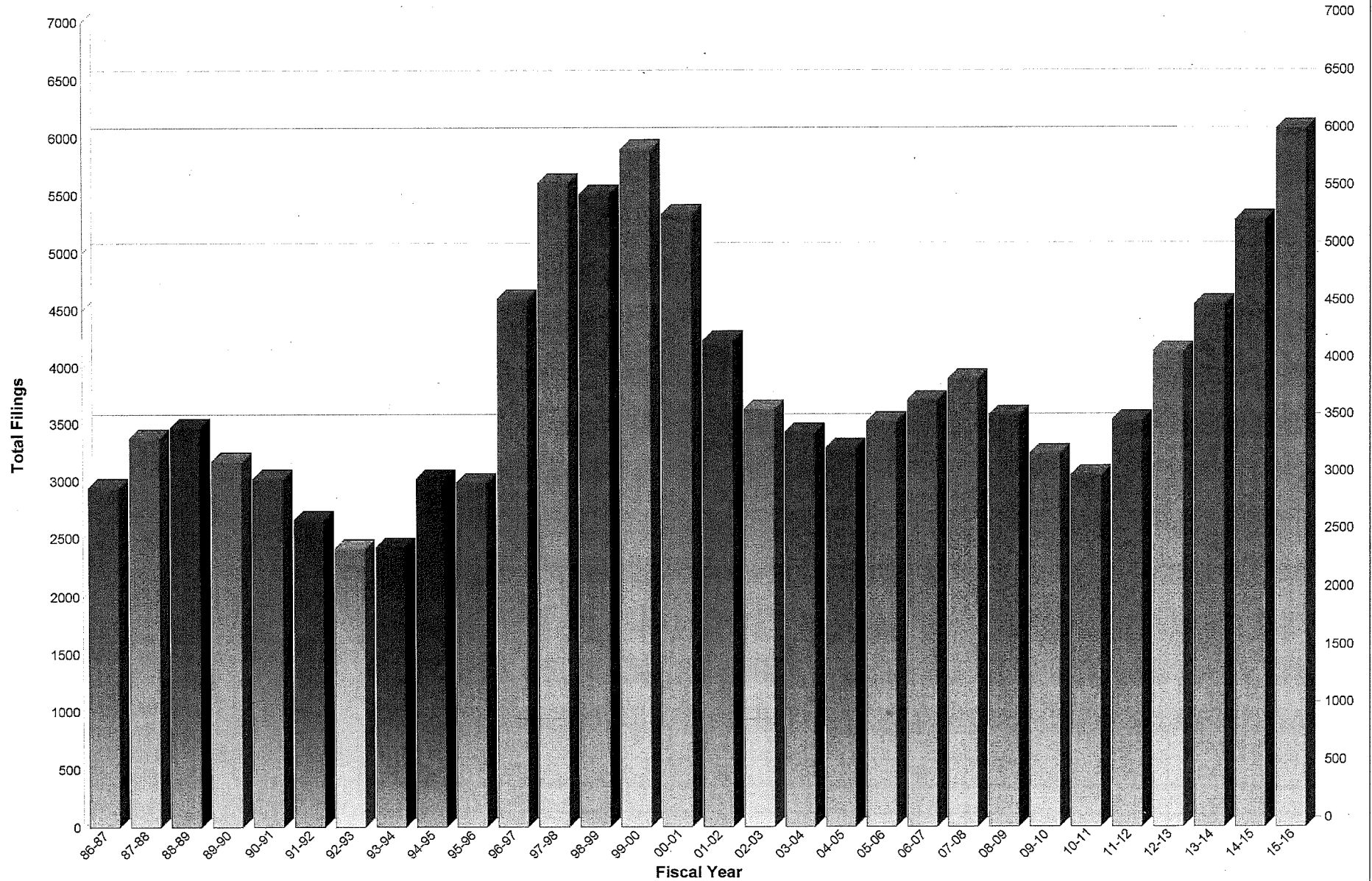
Rent Board 10-Year Statistical Summary • Total Filings (Detail)

Fiscal Year		06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16
Tenant Petitions	Pet	621	625	720	648	676	791	773	959	1,260	791
Tenant Summary Petitions	Pet	64	45	51	30	31	34	42	28	19	21
Subtenant Petitions	Pet	3	1	1	12	18	67	61	92	87	115
Tenant ADR Requests	Pet	18	31	24	30	32	48	30	48	45	21
TOTAL TENANT PETITIONS		706	702	796	720	757	940	906	1,127	1,411	948
Capital Improvement Petitions	Pet	187	196	199	134	145	214	285	328	343	421
	Units	1,043	1,025	1,650	629	852	1,421	1,747	2,174	2,348	3,286
Operating & Maintenance Petitions	Pet	32	34	27	12	20	25	46	40	45	73
	Units	228	168	197	131	113	171	313	375	510	905
Comparable Rent Petitions	Pet	6	3	7	10	11	10	11	7	8	9
	Units	6	3	7	10	11	13	11	7	8	9
Costa-Hawkins Petitions	Pet	31	42	35	23	37	40	45	49	50	51
	Units	31	42	35	23	38	40	45	49	50	55
1.21 Tenant In Occupancy Petitions	Pet	57	29	30	18	19	38	44	40	45	36
	Units	57	32	30	18	19	38	44	40	45	37
Utility Passthrough Petitions	Pet	406	494	341	76	8	34	21	23	49	67
	Units	4,703	5,665	2,642	1,891	372	255	115	155	306	834
Utility Passthrough Worksheets	Pet	0	0	46	171	46	48	95	60	96	233
	Units	0	0	971	651	126	475	1,092	384	491	1,830
Extension of Time Petitions	Pet	6	11	6	6	7	7	11	13	13	17
	Units	14	23	17	13	9	26	59	26	30	31
Landlord "Other" Petitions	Pet	11	11	9	9	11	8	23	22	29	60
	Units	11	95	11	11	11	10	30	34	31	81
Landlord ADR Requests	Pet	16	19	22	33	29	25	35	33	35	27
	Units	16	19	22	33	29	25	6	45	42	38
TOTAL LANDLORD PETITIONS		752	839	722	492	333	449	616	615	713	994
TOTAL ALL PETITIONS		1,458	1,541	1,518	1,212	1,090	1,389	1,522	1,742	2,124	1,942
Landlord Appeals	App	44	55	67	43	49	47	55	44	60	75
	Units	375	241	141	44	55	47	77	67	106	95
Tenant Appeals	App	175	78	153	126	66	62	73	152	89	95
TOTAL APPEALS		219	133	220	169	115	109	128	196	149	170
Ellis Eviction Filings (Landlord)	Pet	89	92	36	34	24	42	57	76	63	68
	Units	330	393	165	108	72	121	192	304	191	273
Wrongful Eviction Reports (Tenant)	Rpt	466	531	488	452	491	570	497	471	559	484
Eviction Notices	Notice	1,475	1,600	1,315	1,372	1,328	1,421	1,934	2,064	2,194	2,304
Pre-Buyout Declarations	Declaration	0	0	0	0	0	0	0	0	156	809
Buyout Agreements	Agreement	0	0	0	0	0	0	0	0	38	301
GRAND TOTAL		3,707	3,897	3,577	3,239	3,048	3,531	4,138	4,549	5,283	6,078

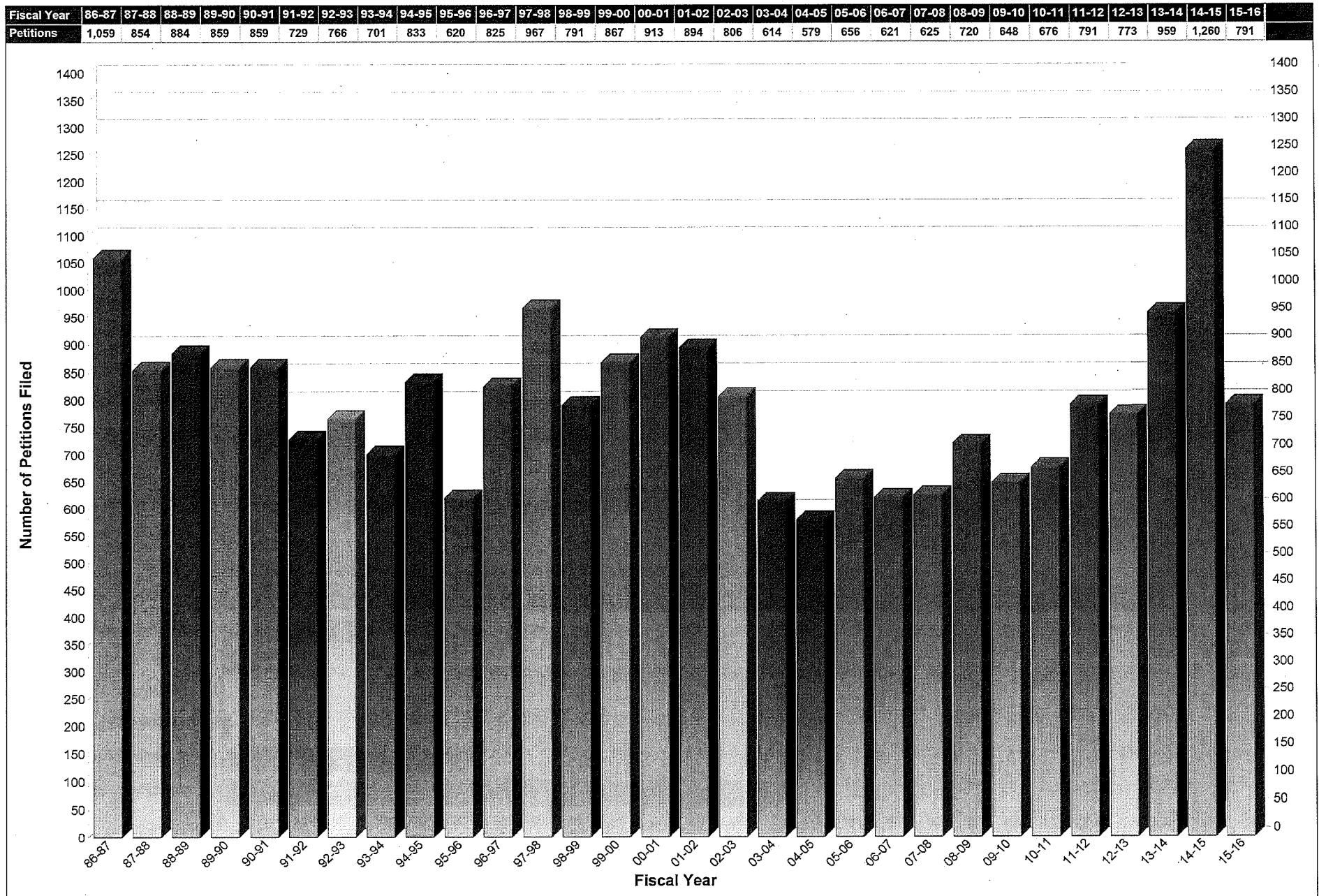


Rent Board 30-Year Statistical Summary • Total Filings (Overview)

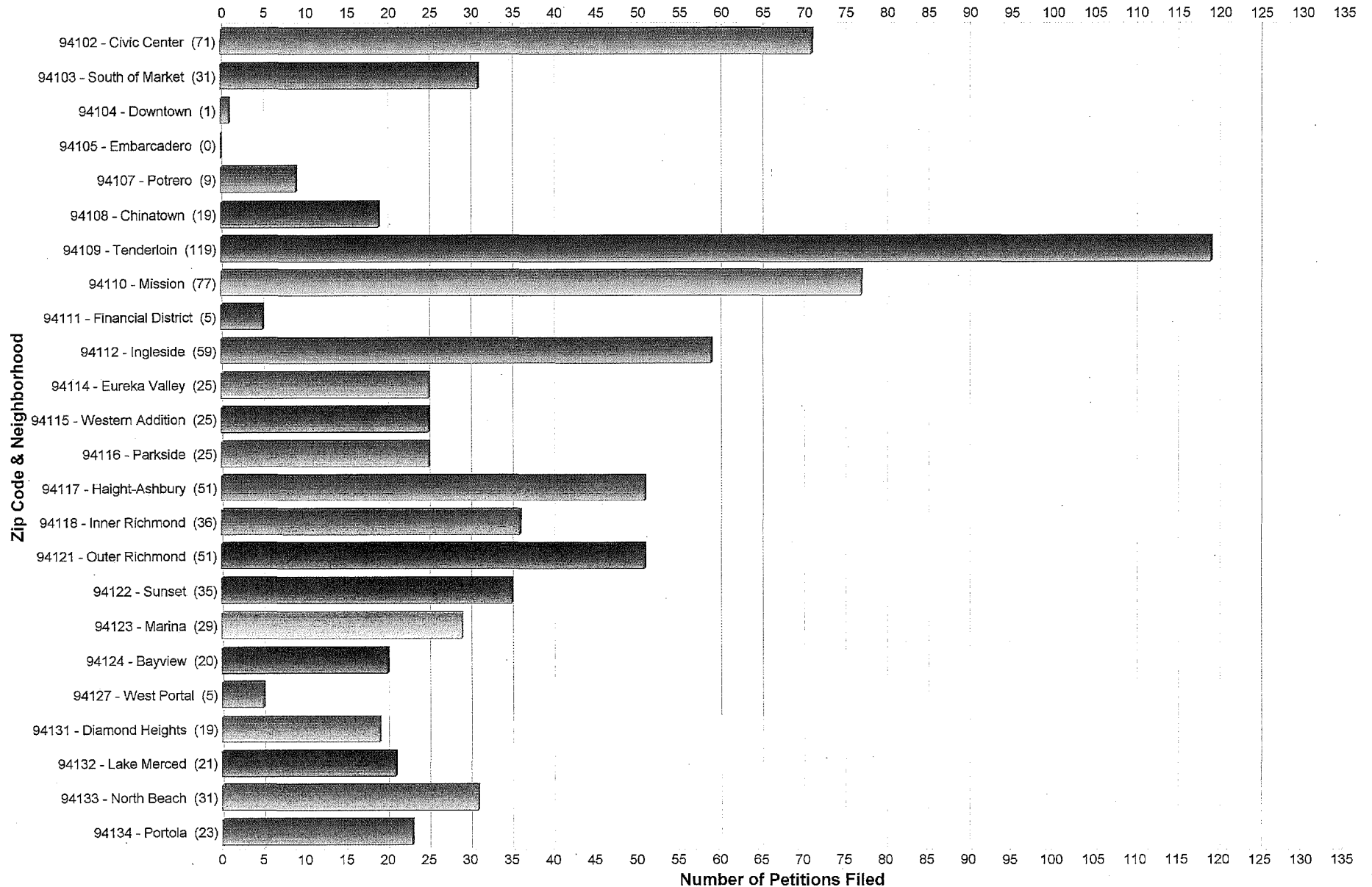
Fiscal Year	86-87	87-88	88-89	89-90	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16
Filings	2,942	3,377	3,467	3,171	3,020	2,657	2,409	2,421	3,019	2,987	4,596	5,605	5,507	5,900	5,334	4,234	3,629	3,423	3,289	3,519	3,707	3,897	3,577	3,239	3,048	3,531	4,138	4,549	5,283	6,078



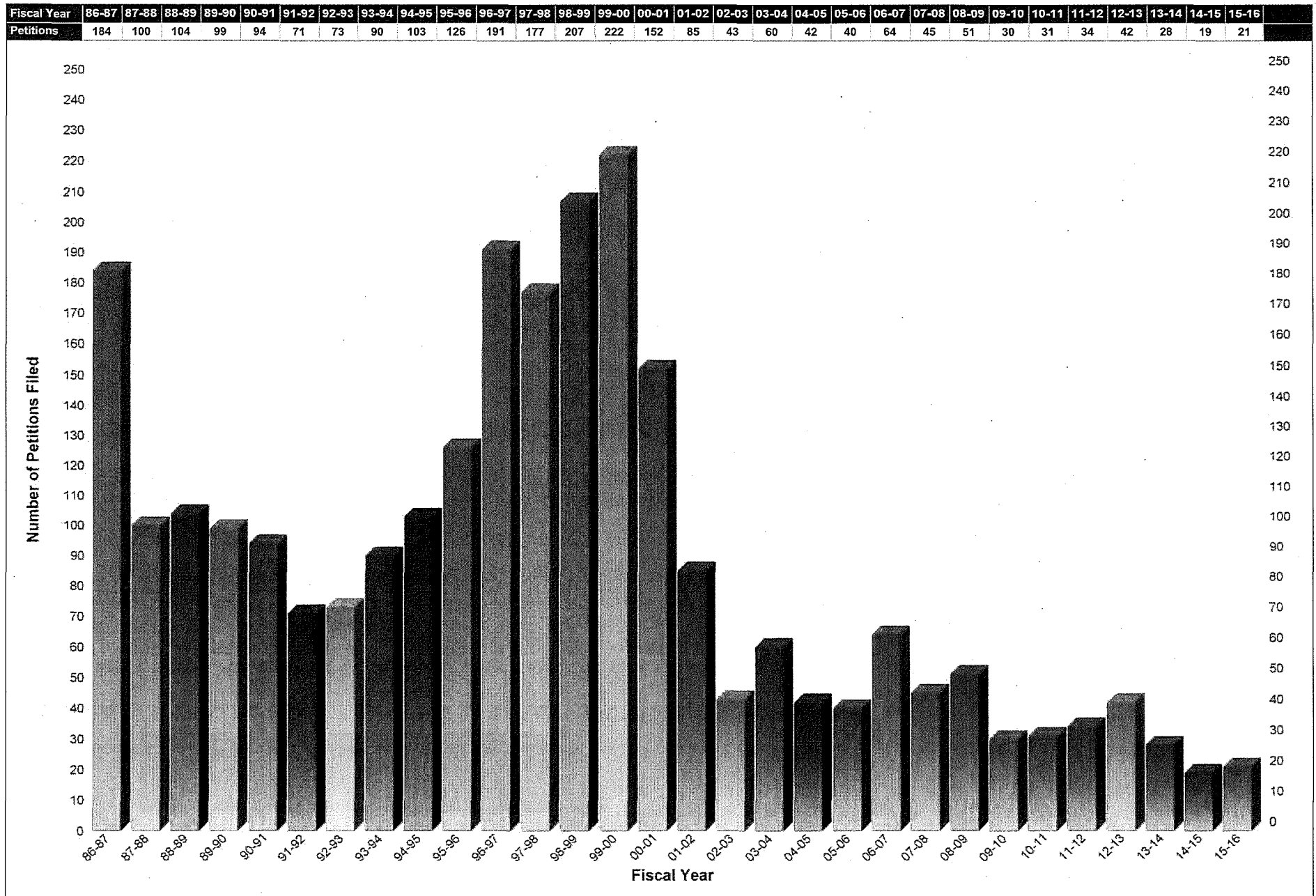
Tenant Petitions • 30-Year Trend



Tenant Petitions by Zip Code • Fiscal Year 2015-2016

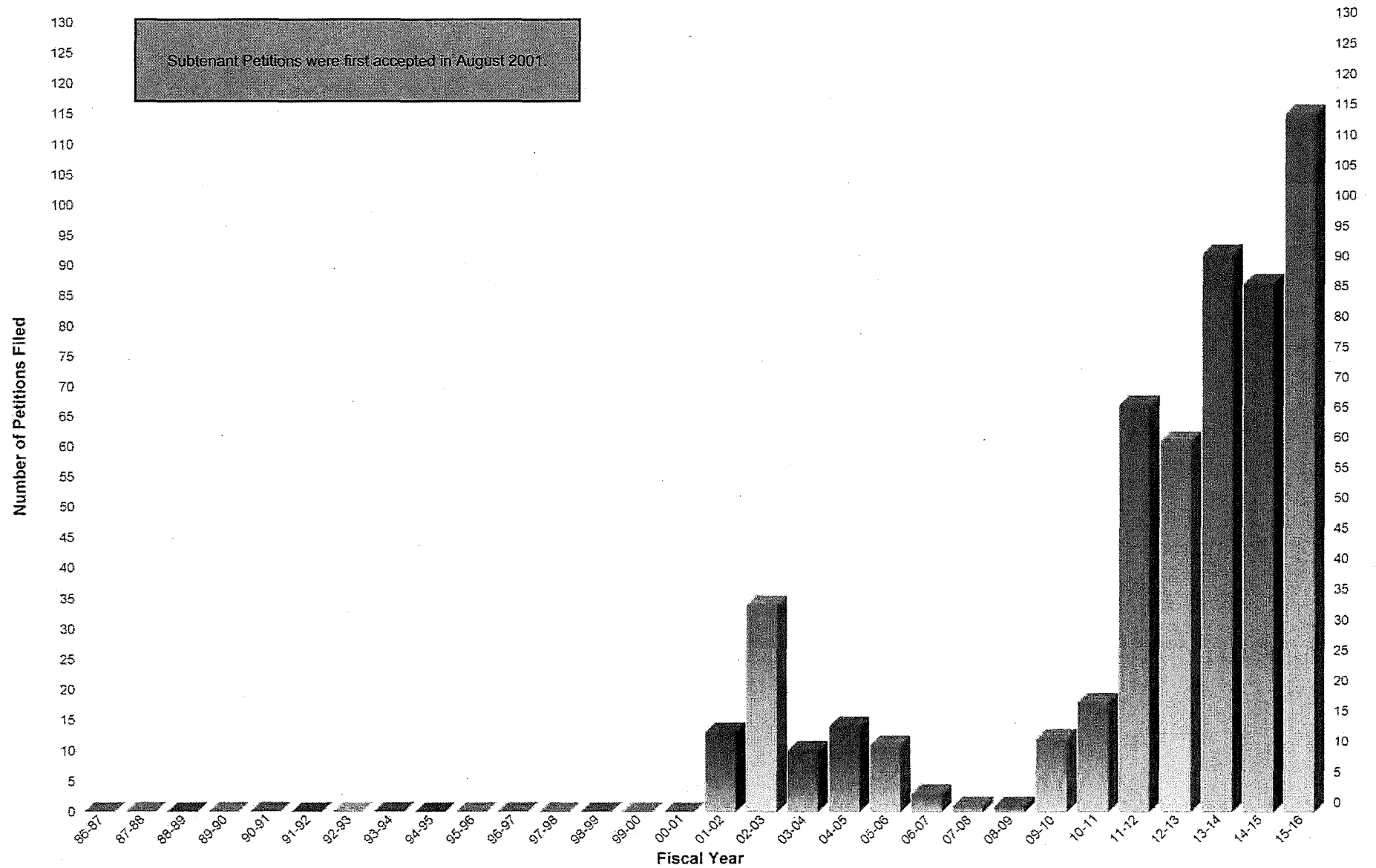


Tenant Summary Petitions • 30-Year Trend

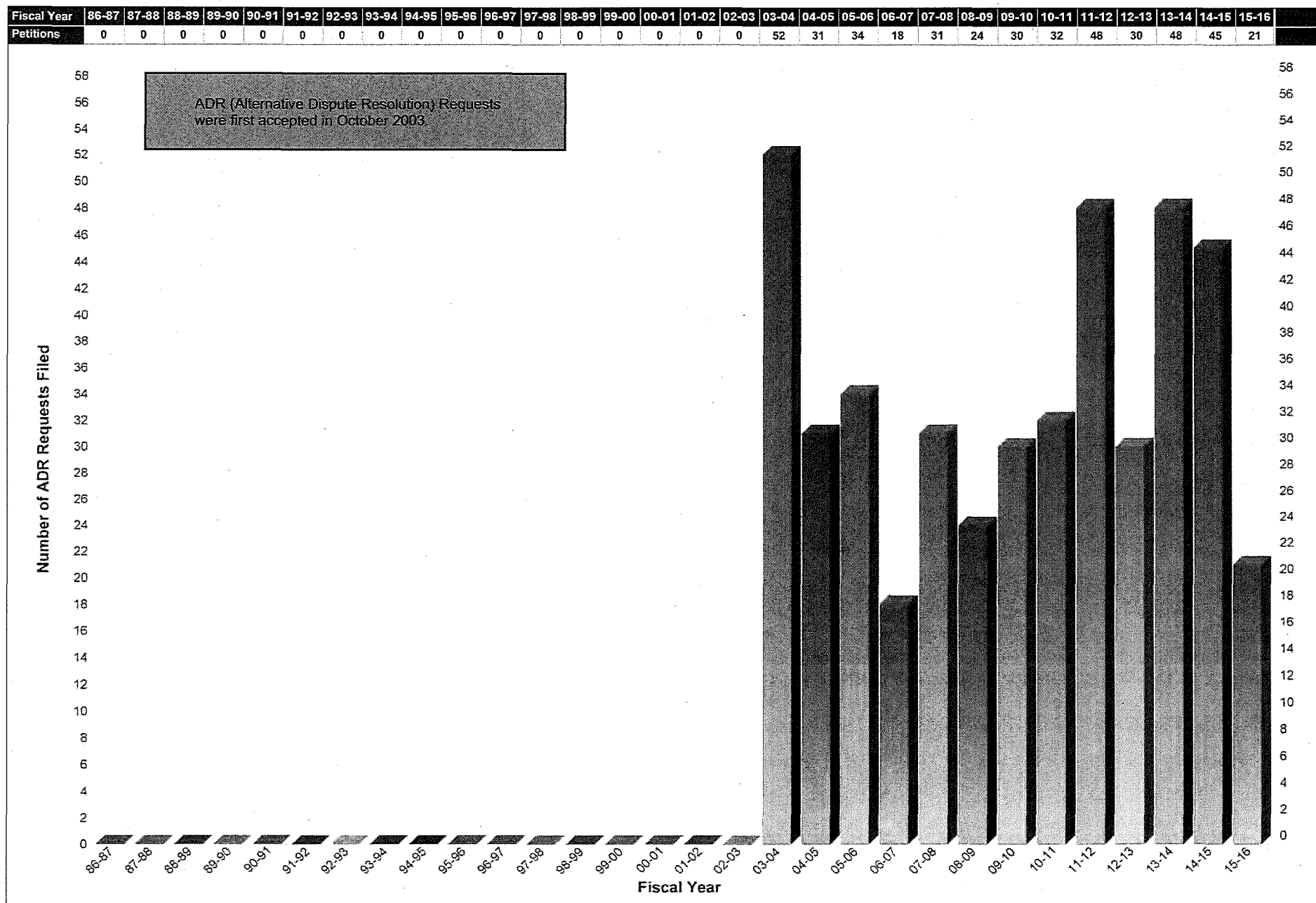


Subtenant Petitions • 30-Year Trend

Fiscal Year	86-87	87-88	88-89	89-90	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16
Petitions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	13	34	10	14	11	3	1	1	12	18	67	61	92	87	115

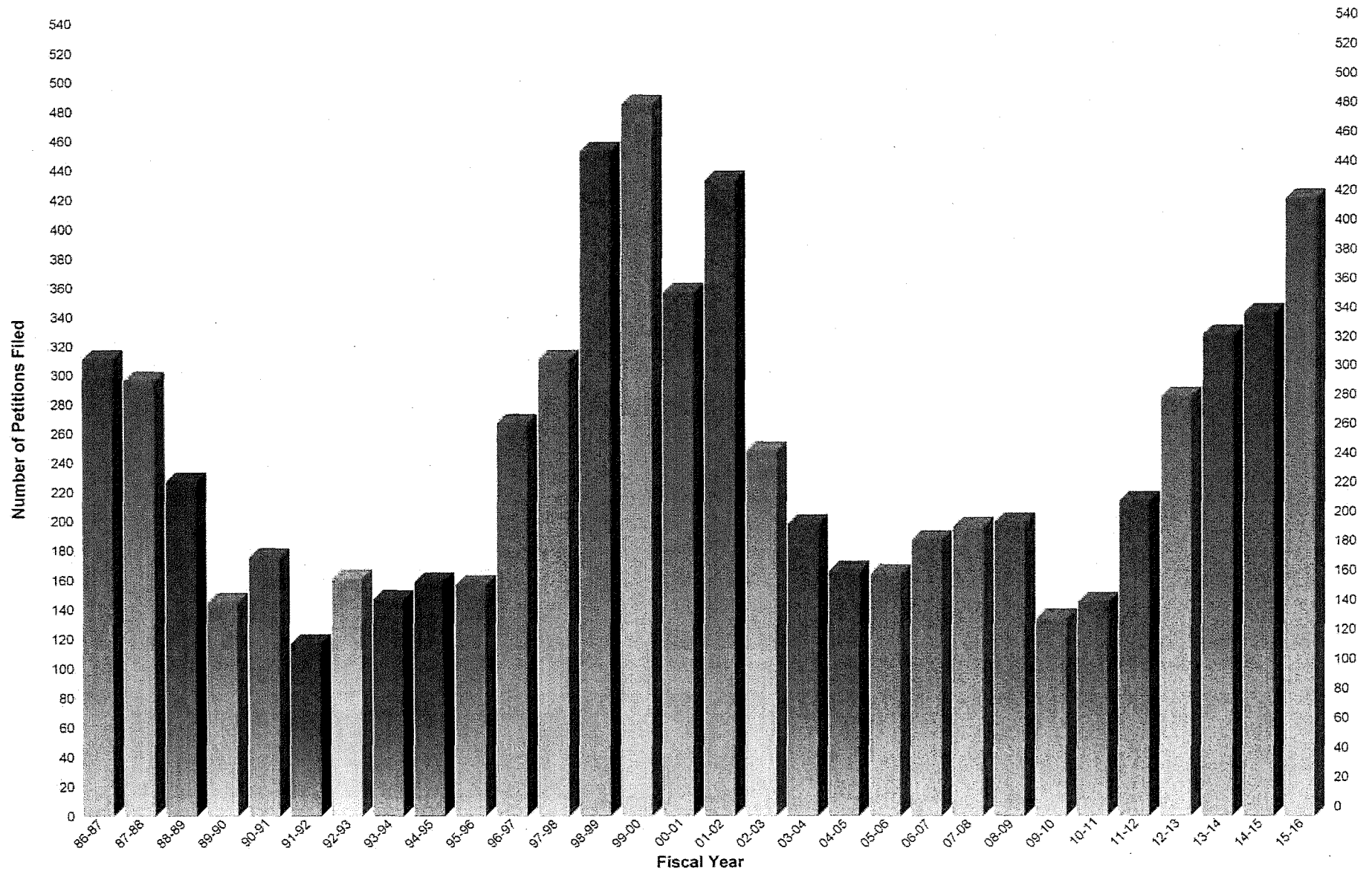


Tenant ADR Requests • 30-Year Trend

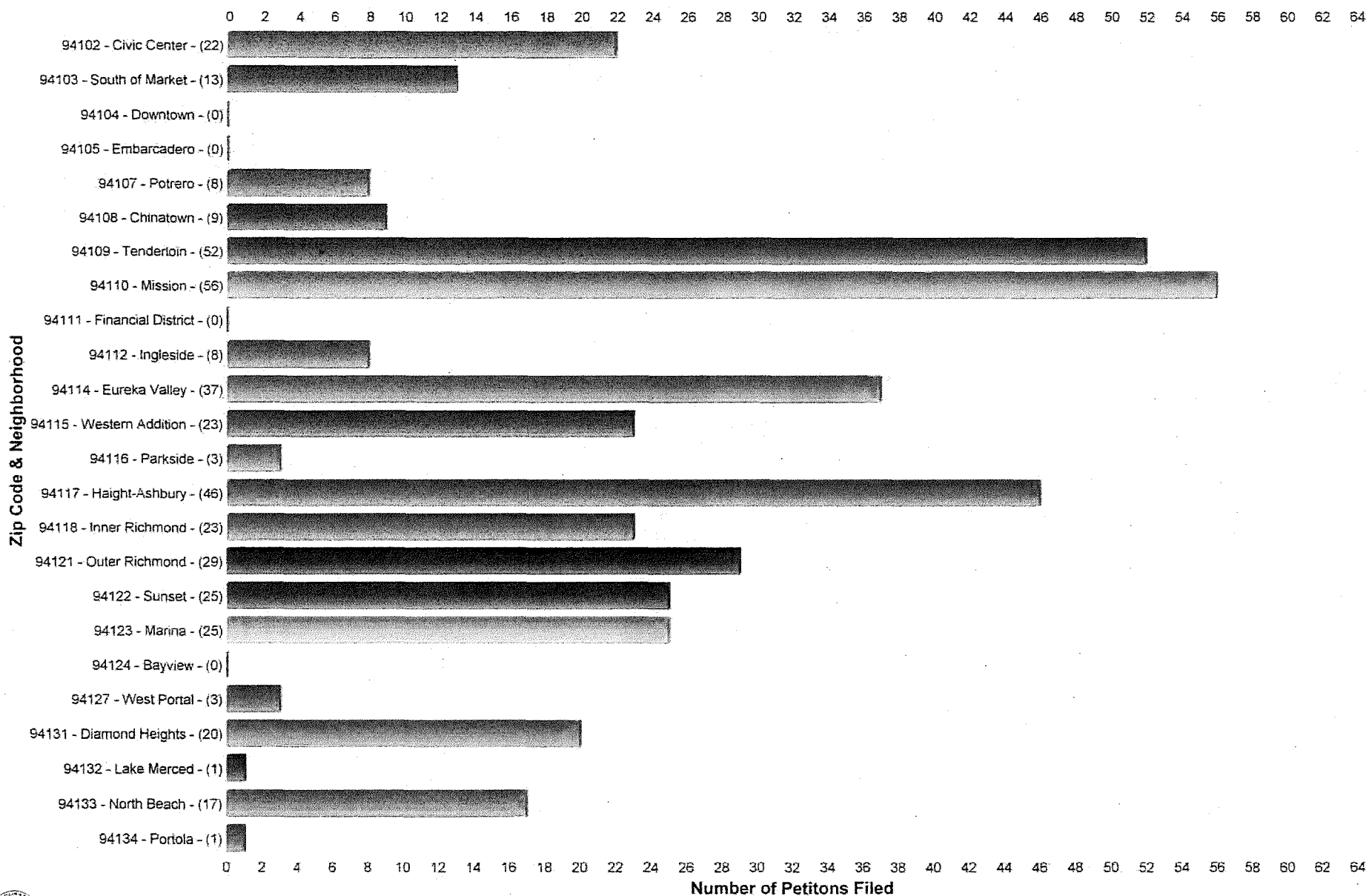


Landlord Capital Improvement Petitions • 30-Year Trend

Fiscal Year	86-87	87-88	88-89	89-90	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	
Petitions	311	296	227	145	175	117	161	147	159	157	267	311	453	485	357	433	248	198	166	164	187	196	199	134	145	214	285	328	343	421	
Units	2,906	2,626	1,945	753	1,900	915	1,315	3,341	1,172	988	1,509	1,473	3,392	3,845	3,184	4,592	1,543	1,691	908	707	1,043	1,025	1,650	629	852	1,421	1,747	2,174	2,348	3,286	

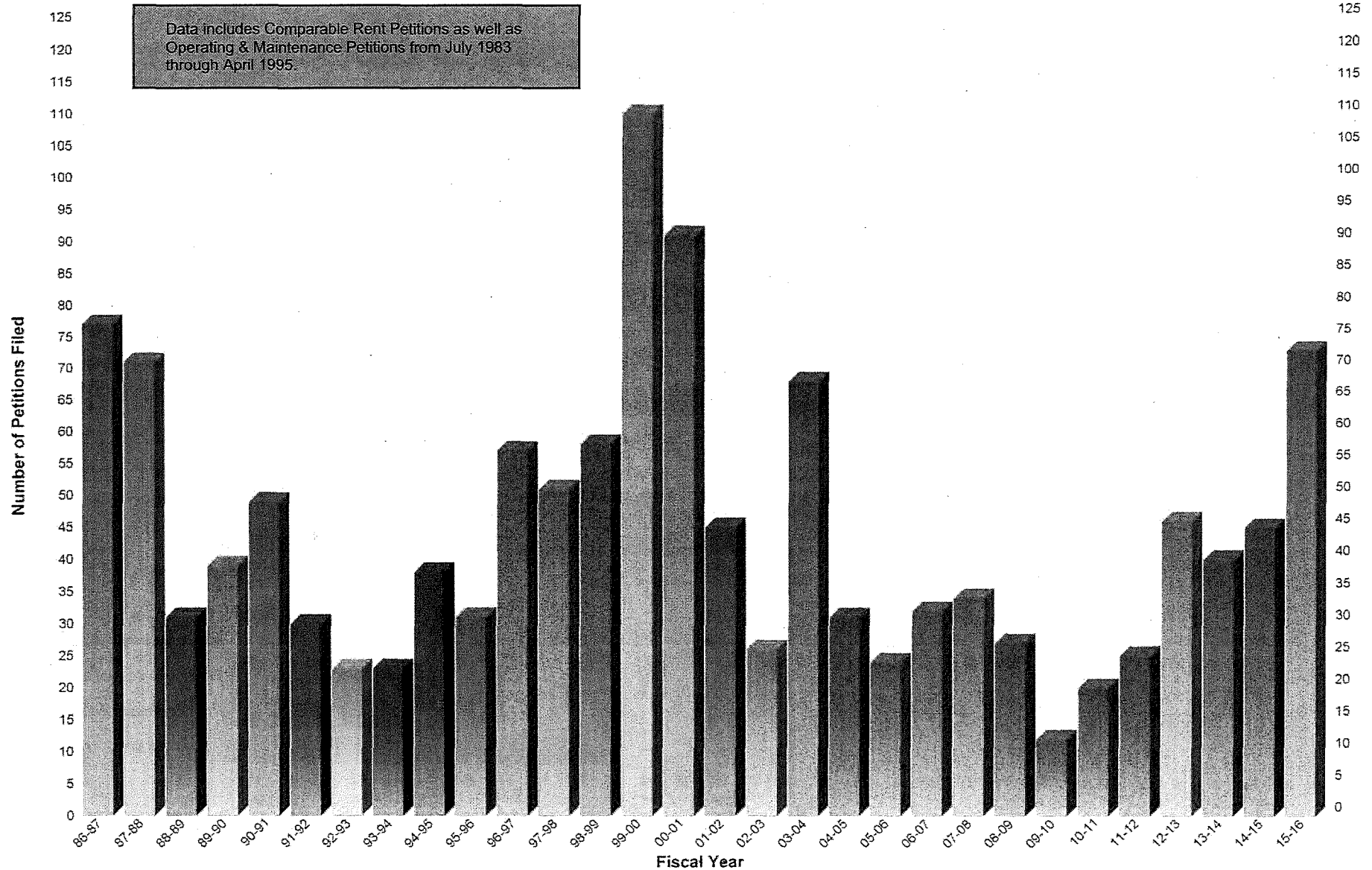


Landlord Capital Improvement Petitions by Zip Code • Fiscal Year 2015-2016



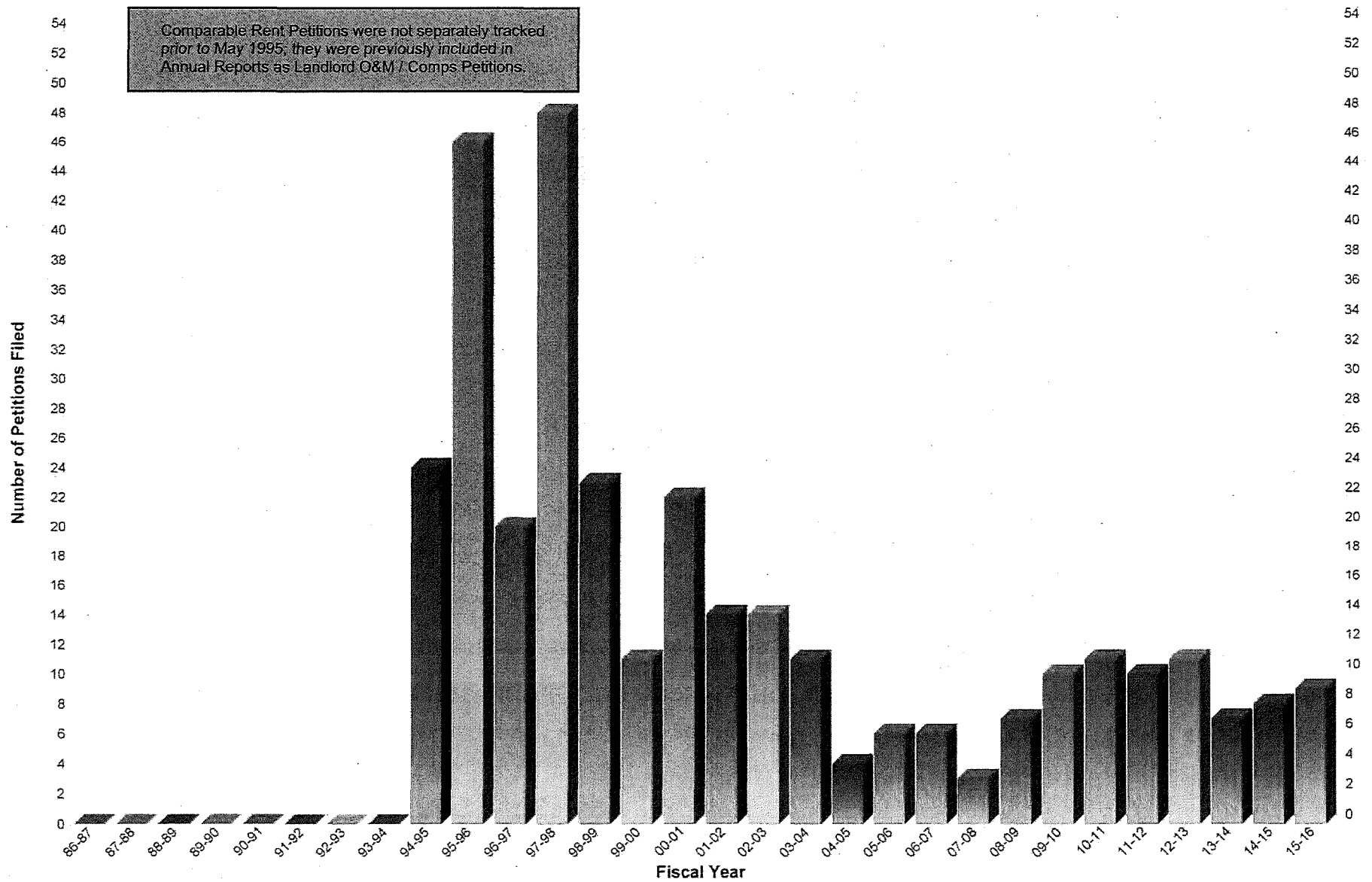
Landlord Operating & Maintenance Petitions • 30-Year Trend

Fiscal Year	86-87	87-88	88-89	89-90	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	
Petitions	77	71	31	39	49	30	23	23	38	31	57	51	58	110	91	45	26	68	31	24	32	34	27	12	20	25	46	40	45	73	
Units	889	530	153	182	286	133	152	55	125	145	341	189	333	3,439	3,160	233	198	1,791	119	177	228	168	197	131	113	171	313	375	510	905	



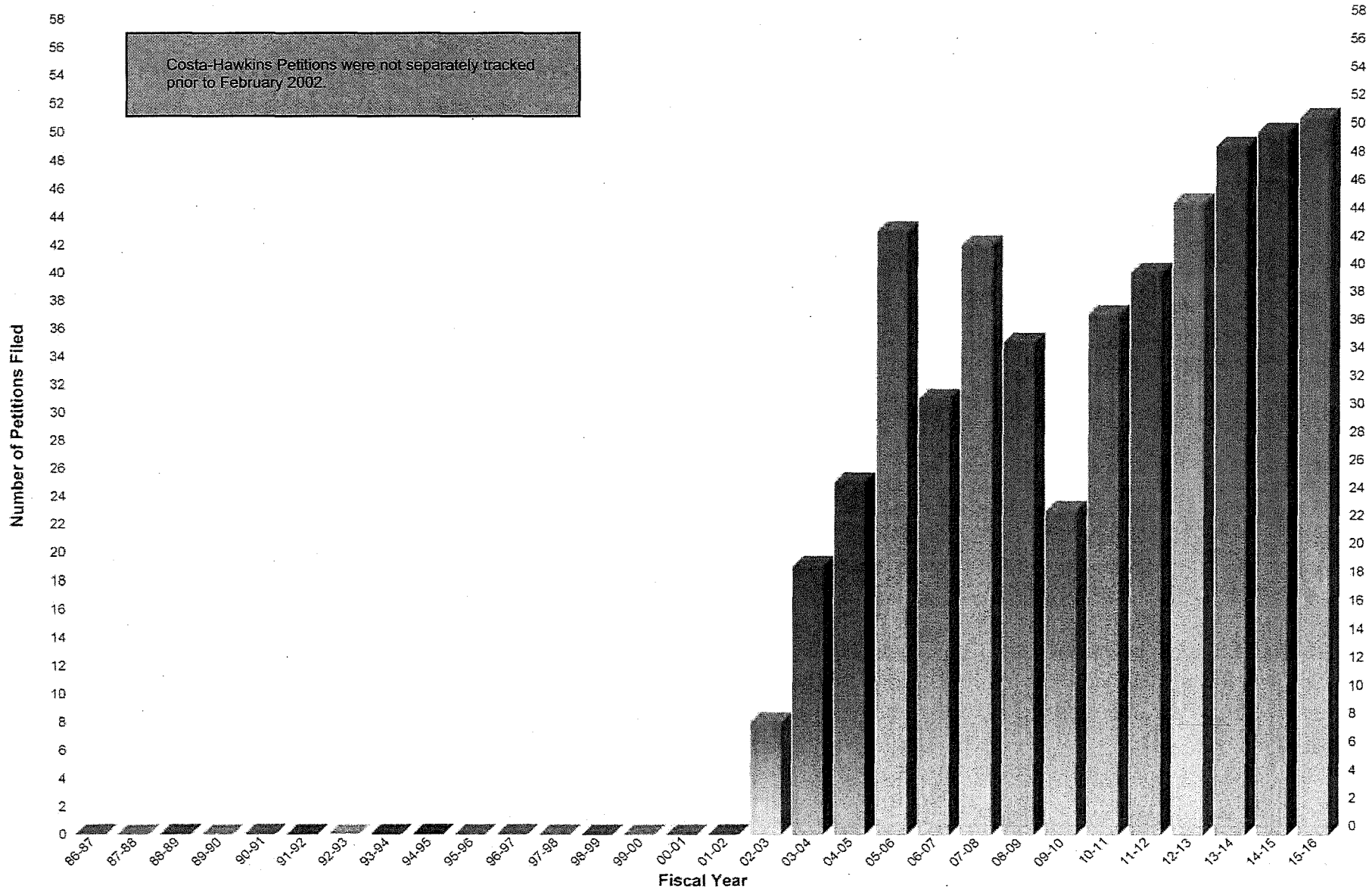
Landlord Comparable Rent Petitions • 30-Year Trend

Fiscal Year	86-87	87-88	88-89	89-90	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	
Petitions	0	0	0	0	0	0	0	0	24	46	20	48	23	11	22	14	14	11	4	6	6	3	7	10	11	10	11	7	8	9	
Units	0	0	0	0	0	0	0	0	35	53	26	74	27	20	24	15	19	11	4	6	6	3	7	10	11	13	11	7	8	9	



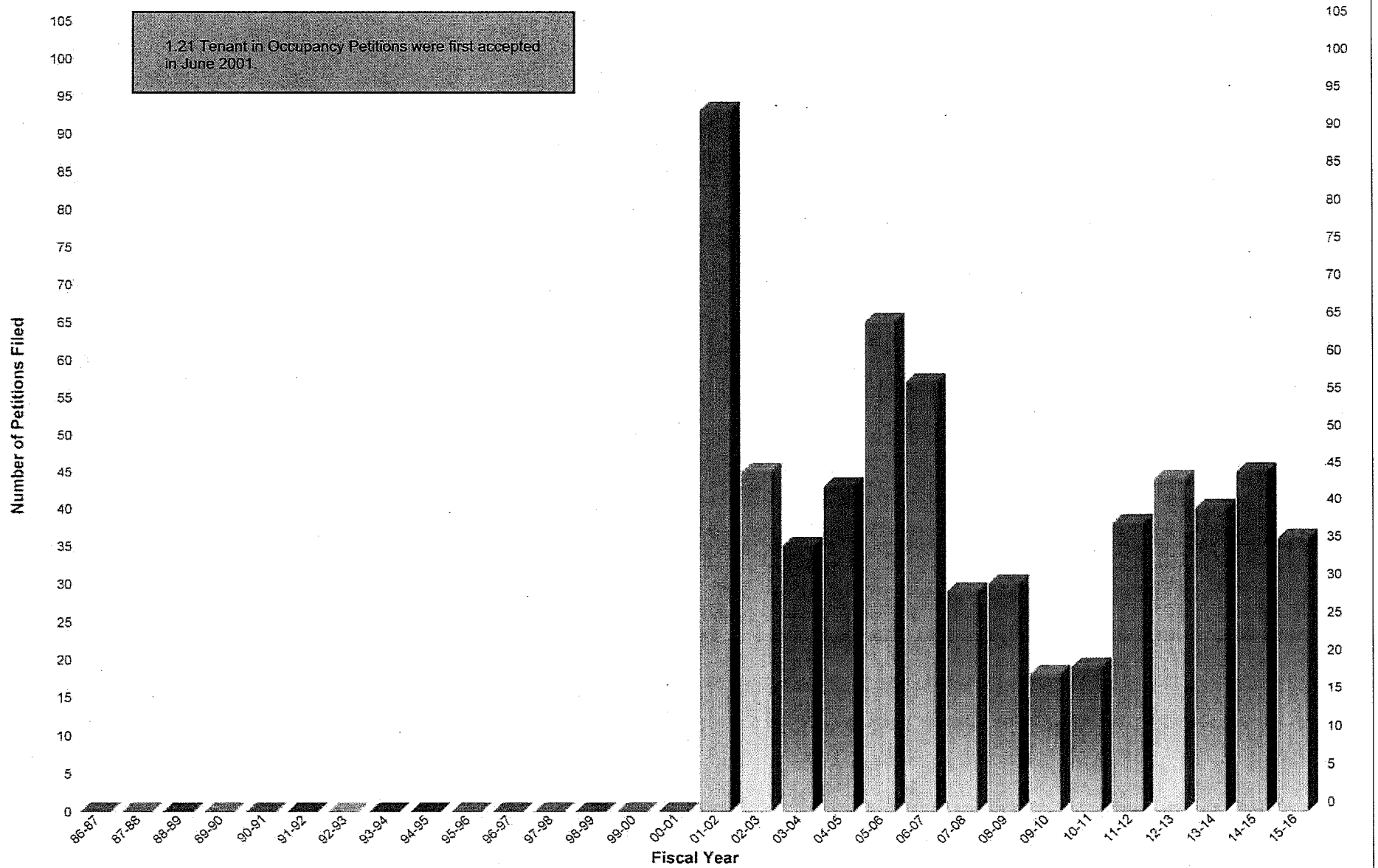
Landlord Costa-Hawkins Petitions • 30-Year Trend

Fiscal Year	86-87	87-88	88-89	89-90	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	
Petitions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8	19	25	43	31	42	35	23	37	40	45	49	50	51	
Units	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8	19	25	43	31	42	35	23	38	40	45	49	50	55	



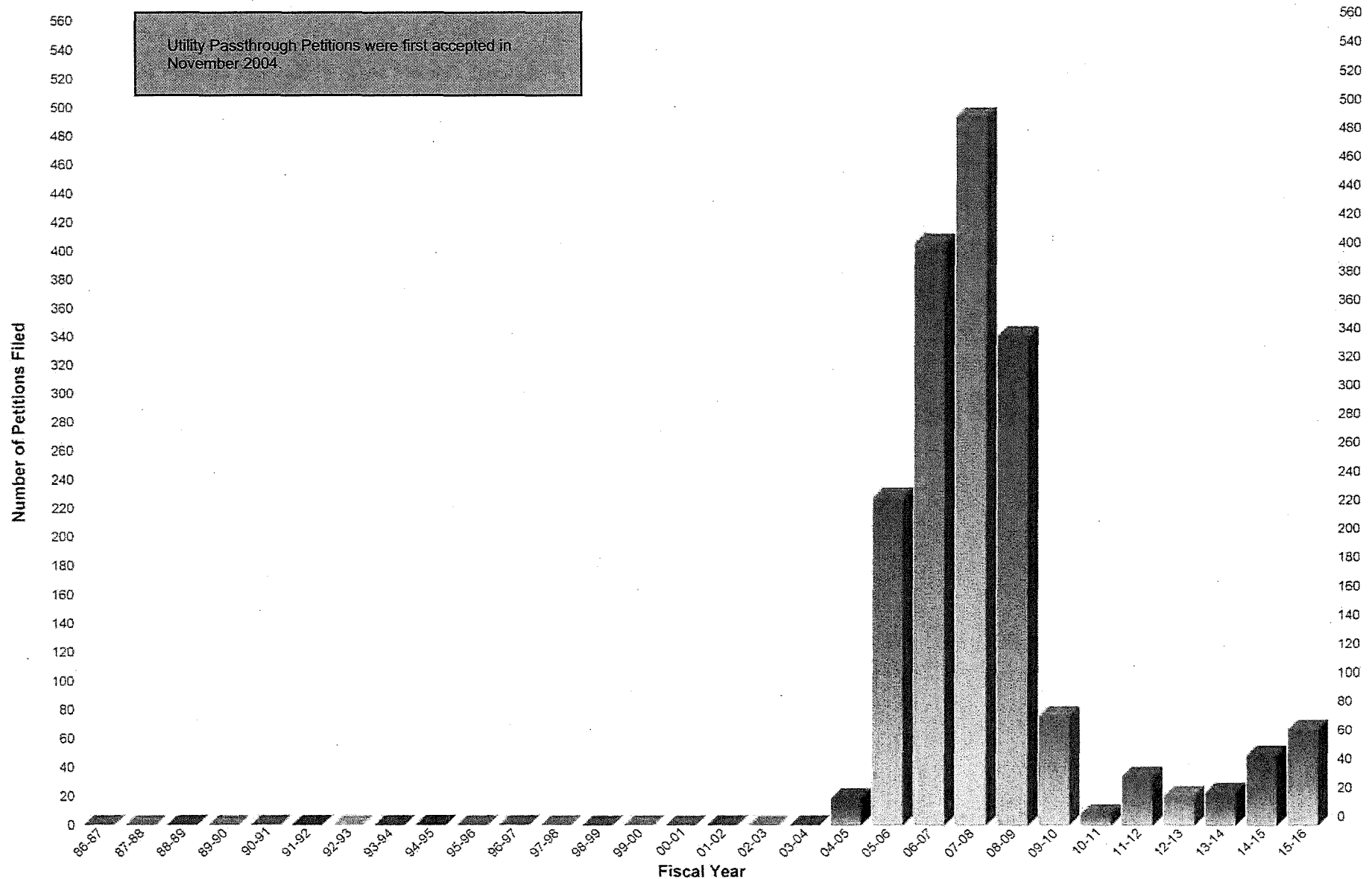
Landlord 1.21 Tenant in Occupancy Petitions • 30-Year Trend

Fiscal Year	86-87	87-88	88-89	89-90	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16
Petitions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	93	45	35	43	65	57	29	30	18	19	38	44	40	45	36
Units	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	93	45	35	43	65	57	32	30	18	19	38	44	40	45	37



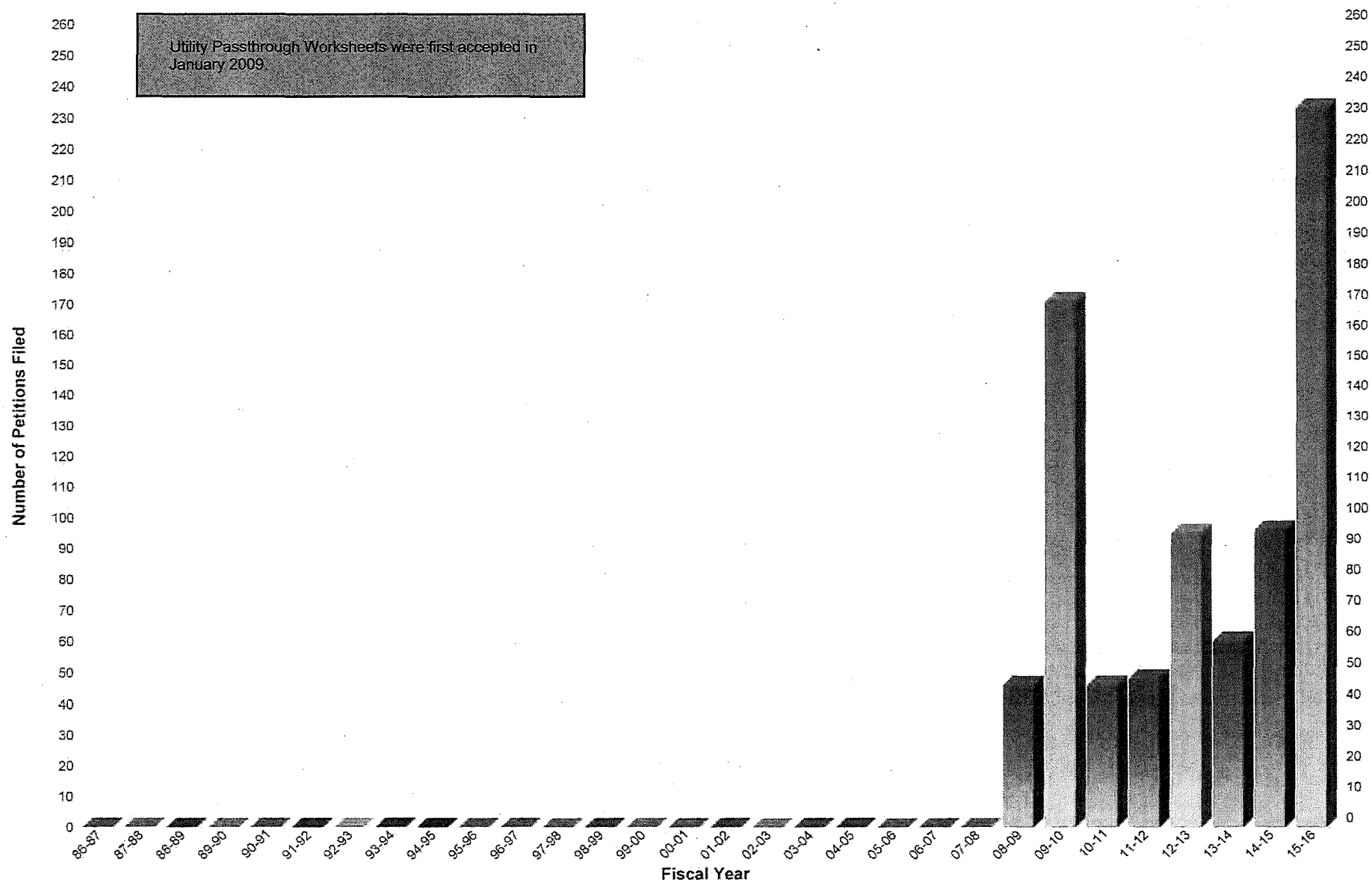
Landlord Utility Passthrough Petitions • 30-Year Trend

Fiscal Year	86-87	87-88	88-89	89-90	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	
Petitions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	19	228	406	494	341	76	8	34	21	23	49	67	
Units	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	478	4,746	4,703	5,665	2,642	1,891	372	255	115	155	306	834	



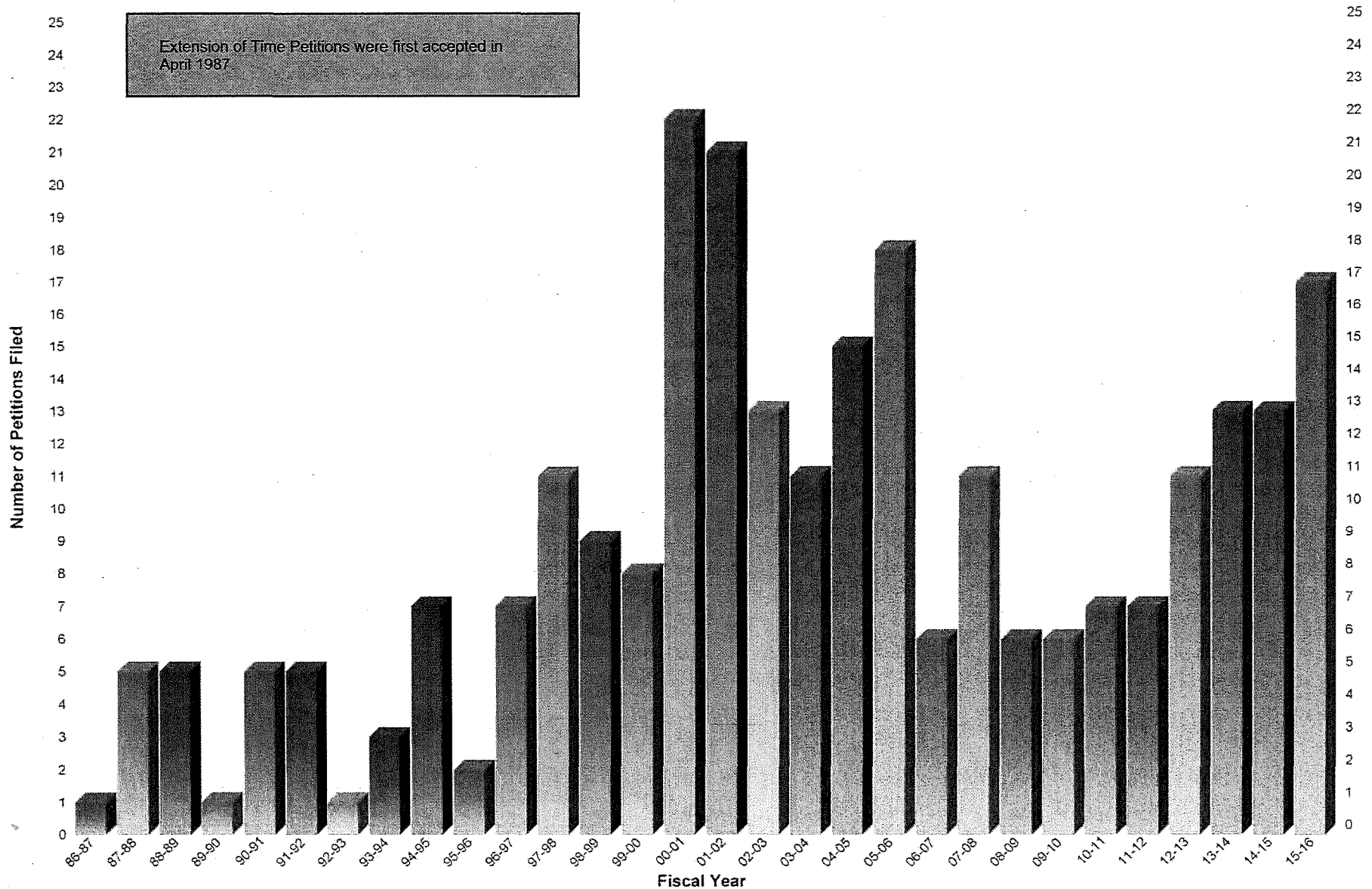
Landlord Utility Passthrough Worksheets • 30-Year Trend

Fiscal Year	86-87	87-88	88-89	89-90	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16
Petitions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	46	171	46	48	95	60	96	233
Units	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	971	651	126	475	1,092	384	491	1,830



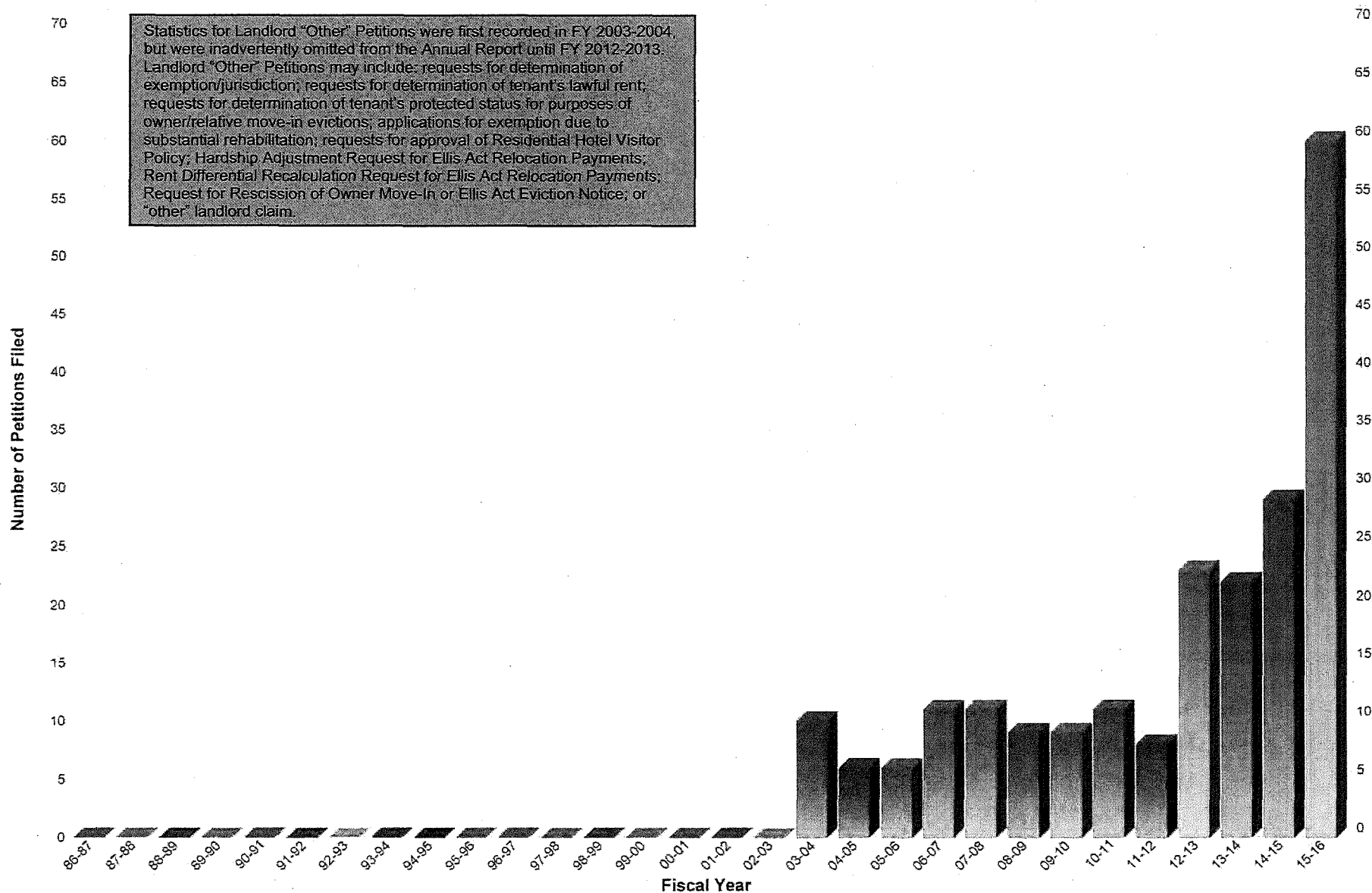
Landlord Extension Of Time Petitions • 30-Year Trend

Fiscal Year	86-87	87-88	88-89	89-90	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	
Petitions	1	5	5	1	5	5	1	3	7	2	7	11	9	8	22	21	13	11	15	18	6	11	6	6	7	7	11	13	13	17	
Units	1	25	53	1	14	5	1	7	67	2	16	19	20	21	43	32	16	39	21	33	14	23	17	13	9	26	59	26	30	31	



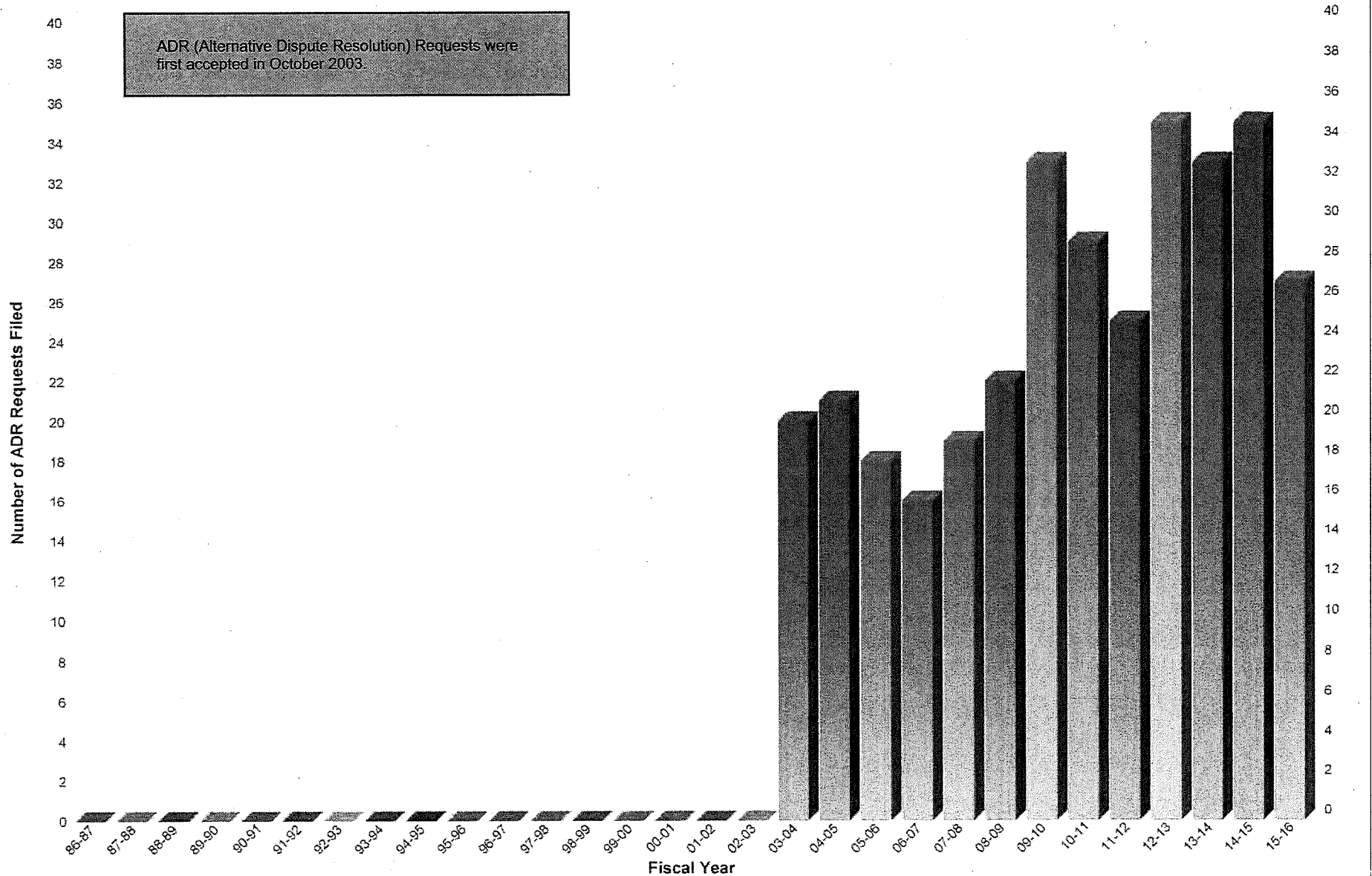
Landlord "Other" Petitions • 30-Year Trend

Fiscal Year	86-87	87-88	88-89	89-90	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16
Petitions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10	6	6	11	11	9	9	11	8	23	22	29	60
Units	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	40	12	35	11	95	11	11	11	10	30	34	31	81



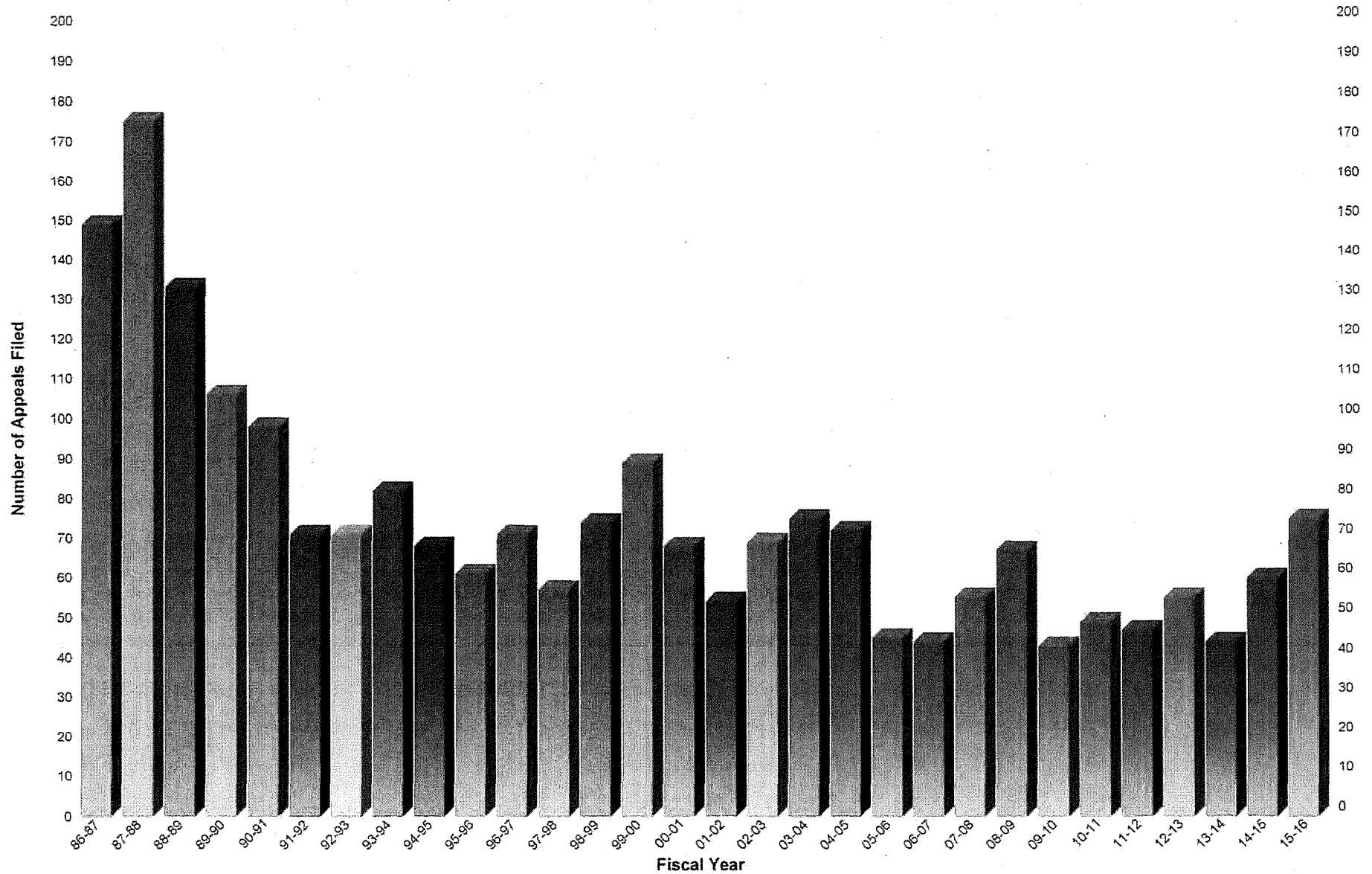
Landlord ADR Petitions • 30-Year Trend

Fiscal Year	86-87	87-88	88-89	89-90	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	
Petitions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	20	21	18	16	19	22	33	29	25	35	33	35	27	
Units	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	20	21	18	16	19	22	33	29	25	6	45	42	38	

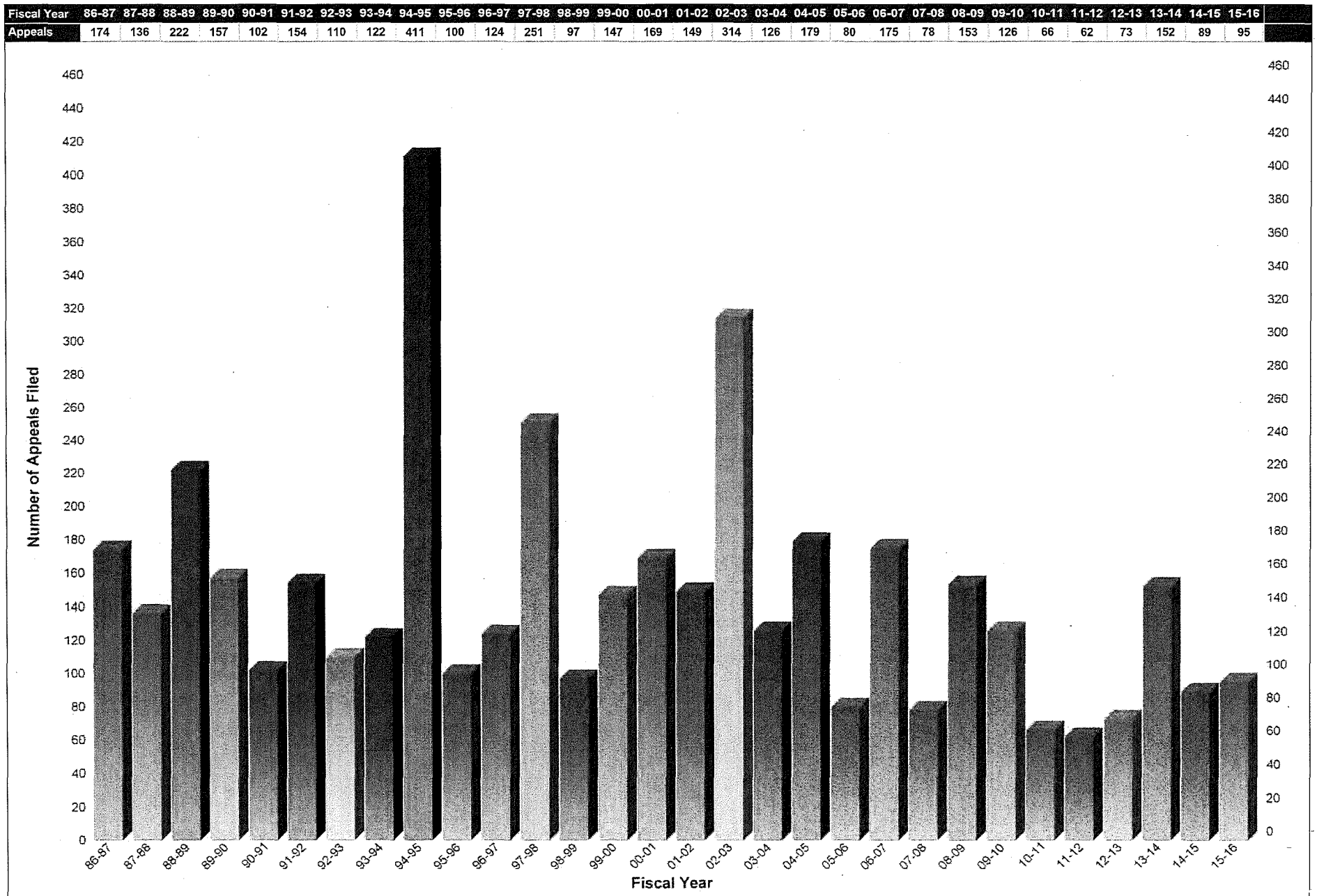


Landlord Appeals • 30-Year Trend

Fiscal Year	86-87	87-88	88-89	89-90	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16
Appeals	149	175	133	106	98	71	71	82	68	61	71	57	74	89	68	54	69	75	72	45	44	55	67	43	49	47	55	44	60	75
Units	442	694	263	237	164	121	121	313	147	109	191	148	133	144	232	82	234	107	784	81	375	241	141	44	55	47	77	67	106	95

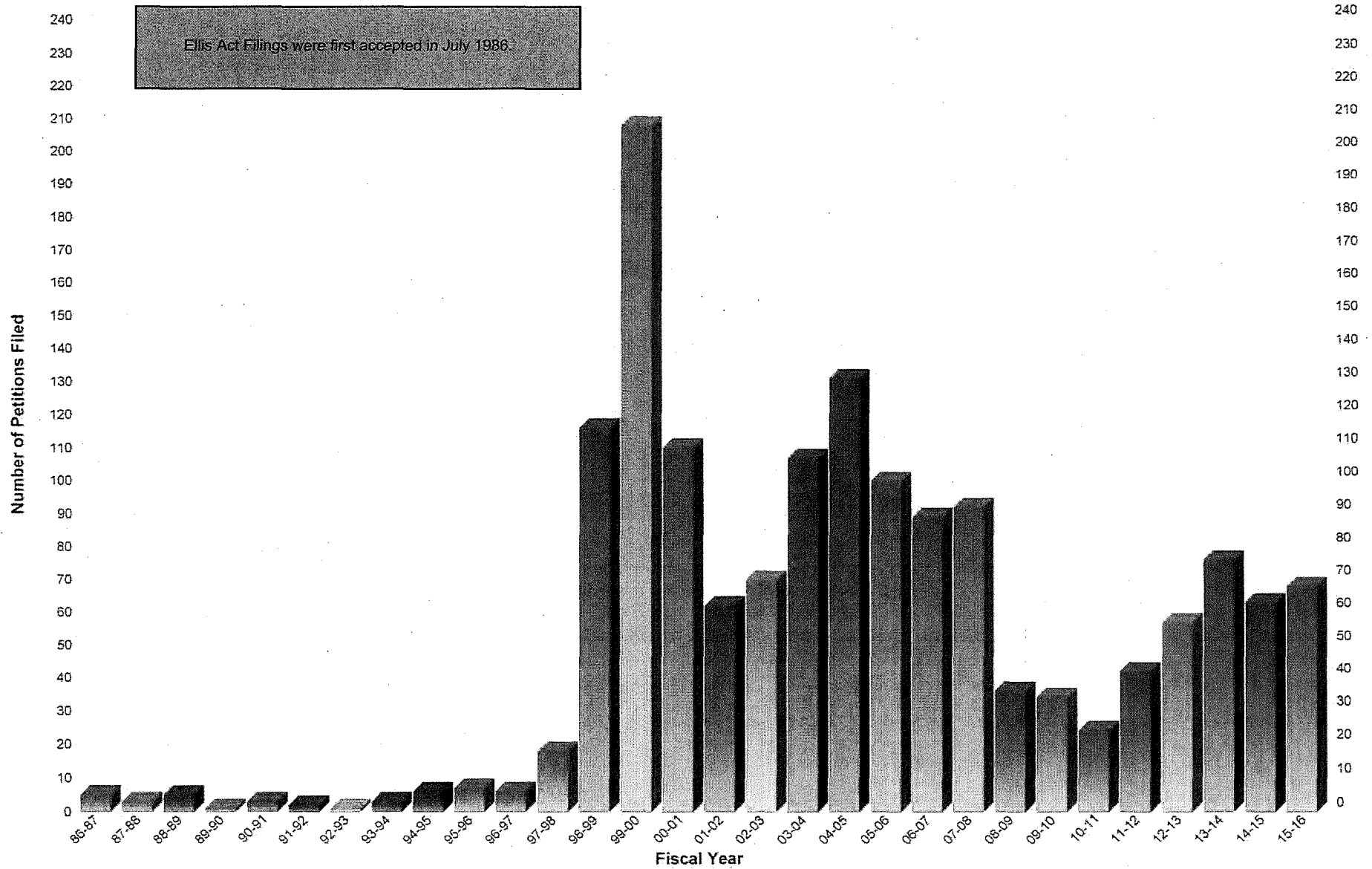


Tenant Appeals • 30-Year Trend

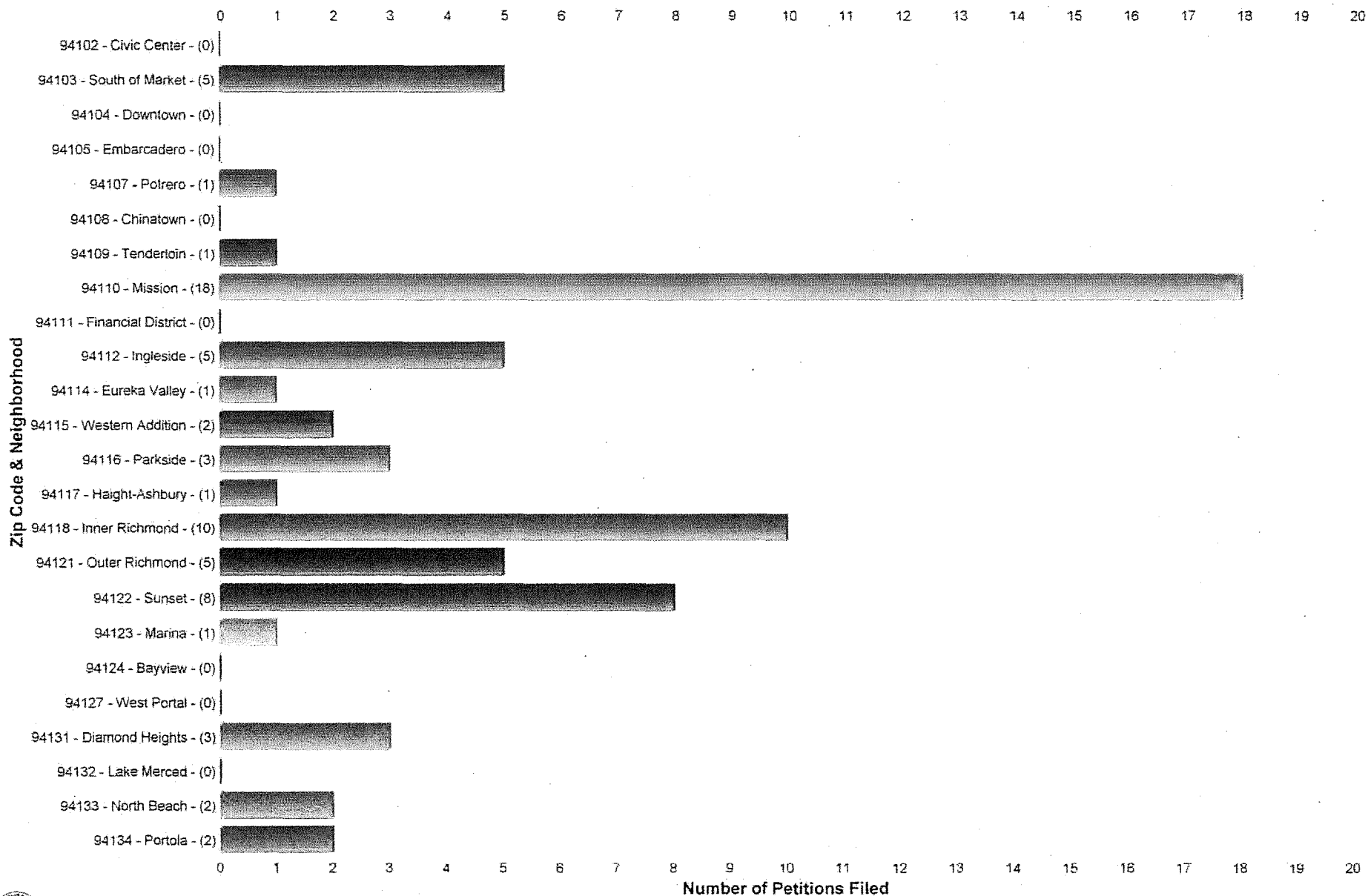


Landlord Ellis Act Filings • 30-Year Trend

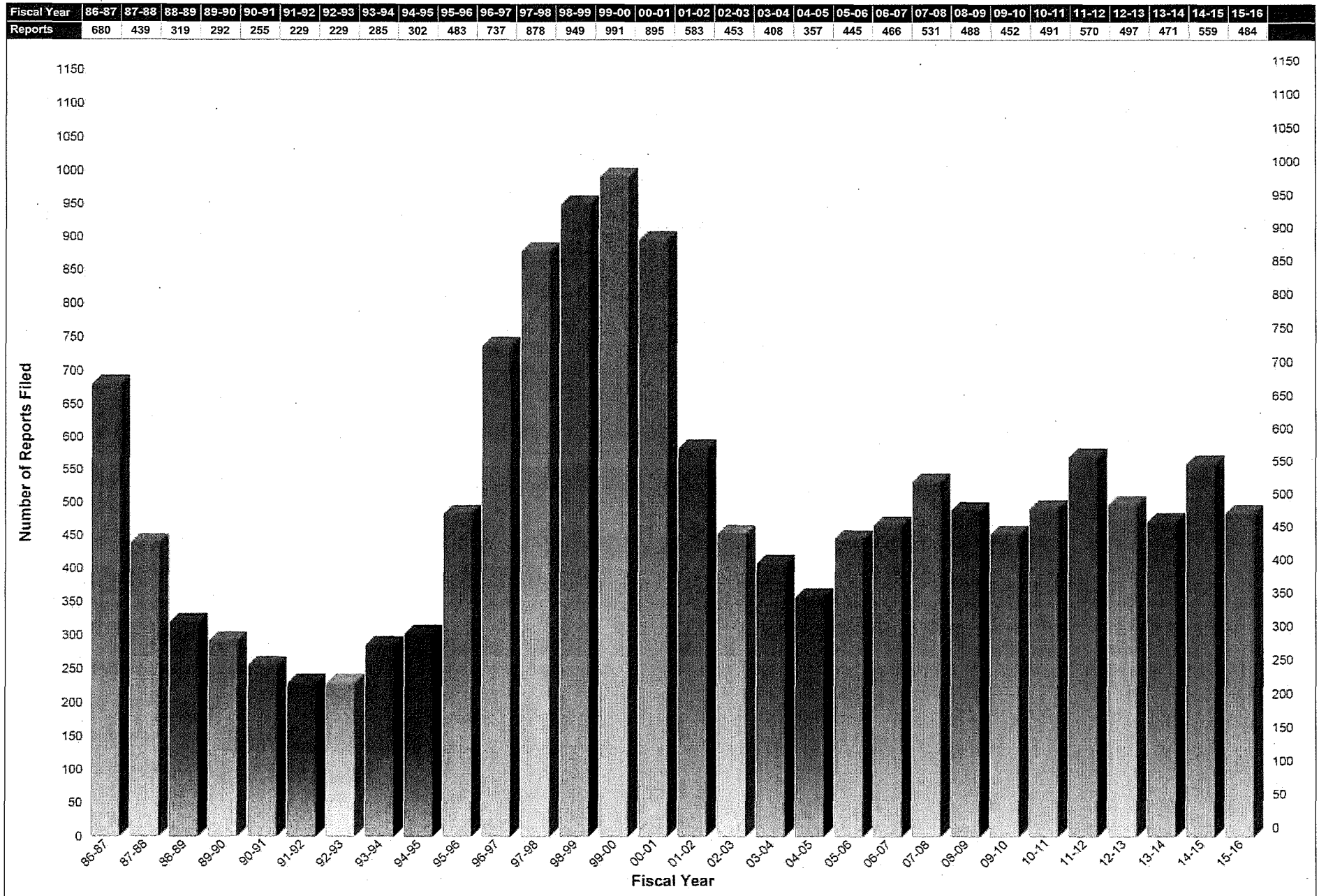
Fiscal Year	86-87	87-88	88-89	89-90	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16
Petitions	5	3	5	1	3	2	1	3	6	7	6	18	116	208	110	62	70	107	131	100	89	92	36	34	24	42	57	76	63	68
Units	5	6	93	1	25	10	1	20	85	27	10	61	291	879	281	188	233	352	480	454	330	393	165	108	72	121	192	304	191	273



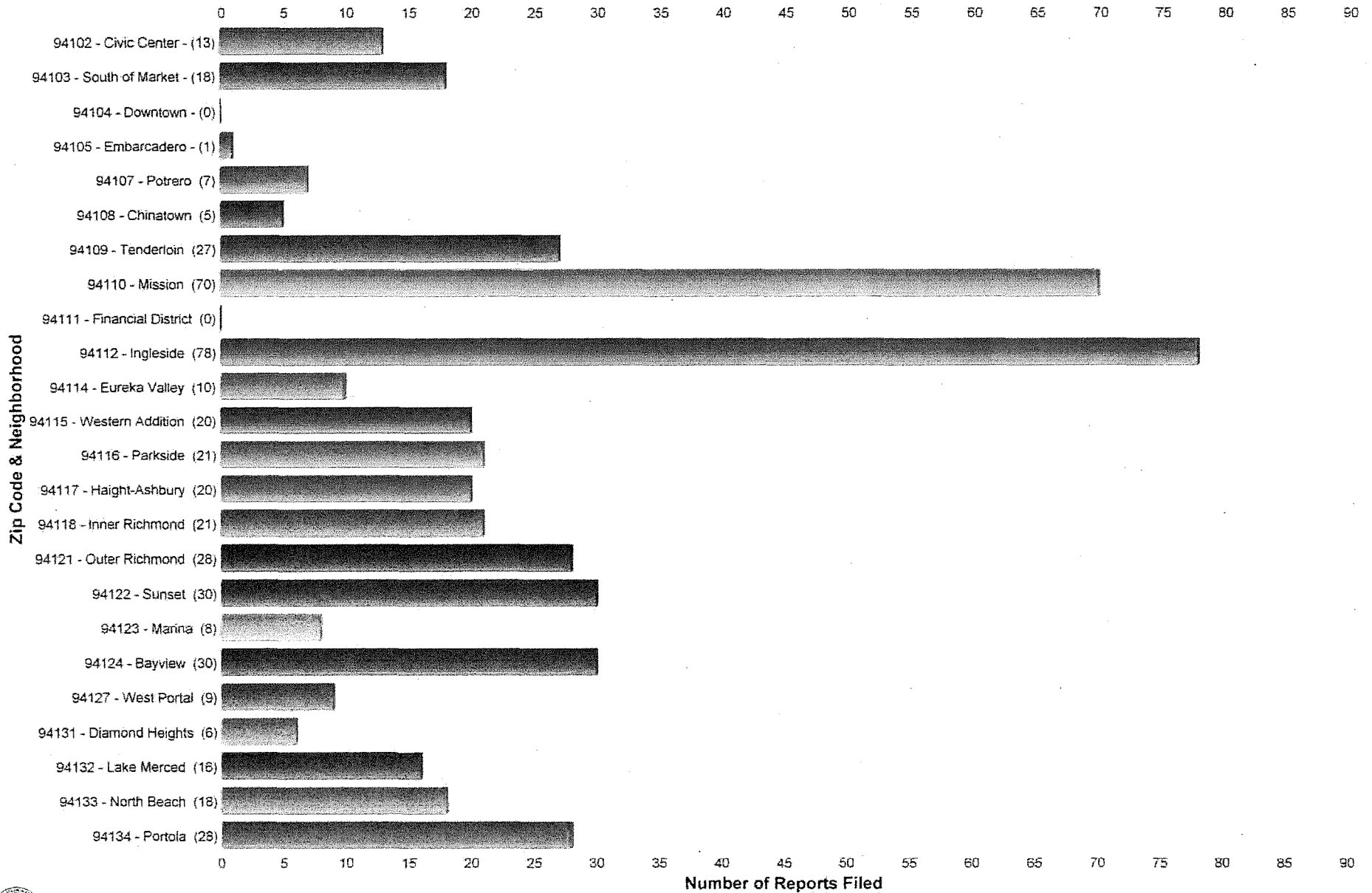
Landlord Ellis Act Filings by Zip Code • Fiscal Year 2015-2016



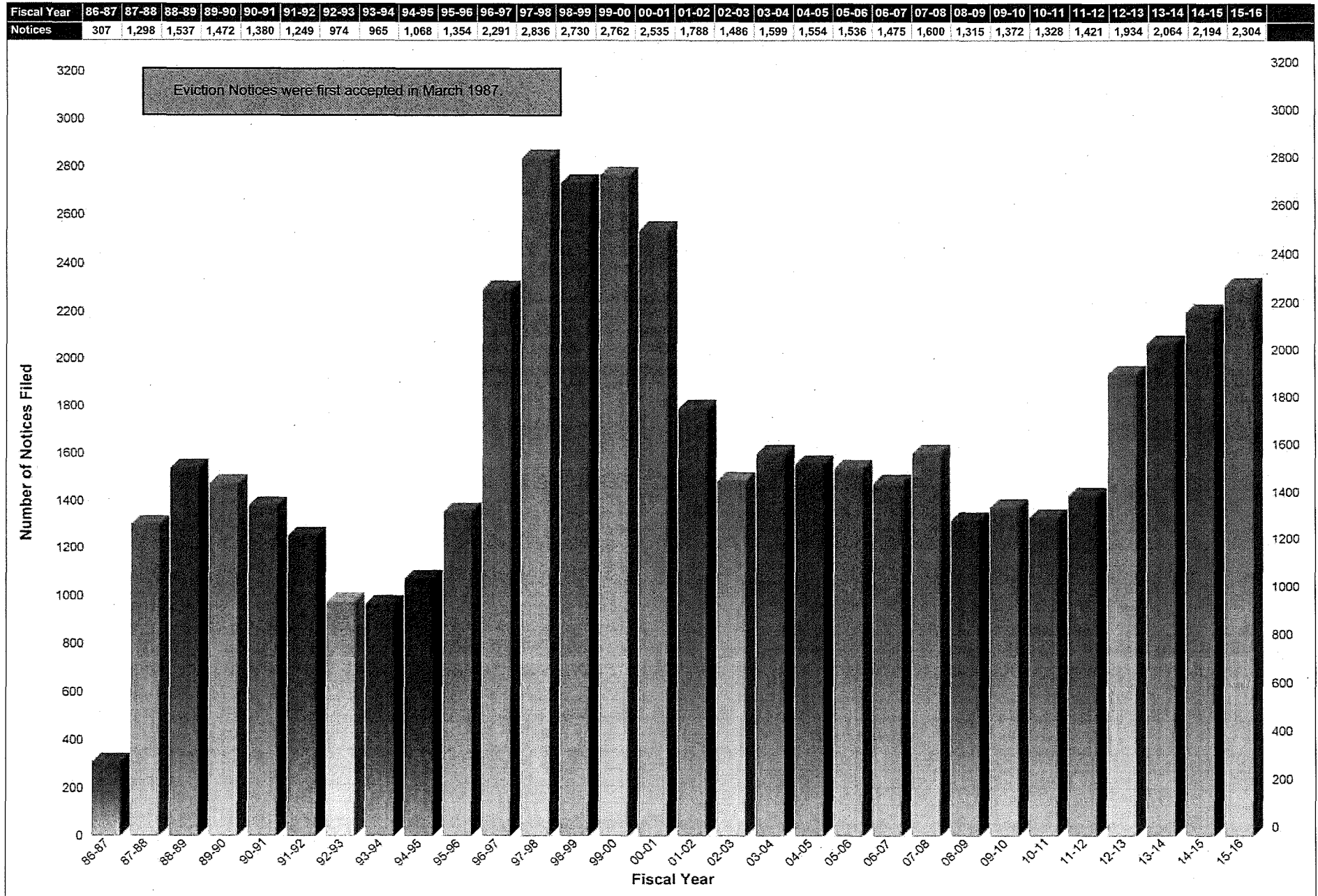
Tenant Wrongful Eviction Reports • 30-Year Trend



Tenant Wrongful Eviction Reports by Zip Code • Fiscal Year 2015-2016



Eviction Notices • 30-Year Trend



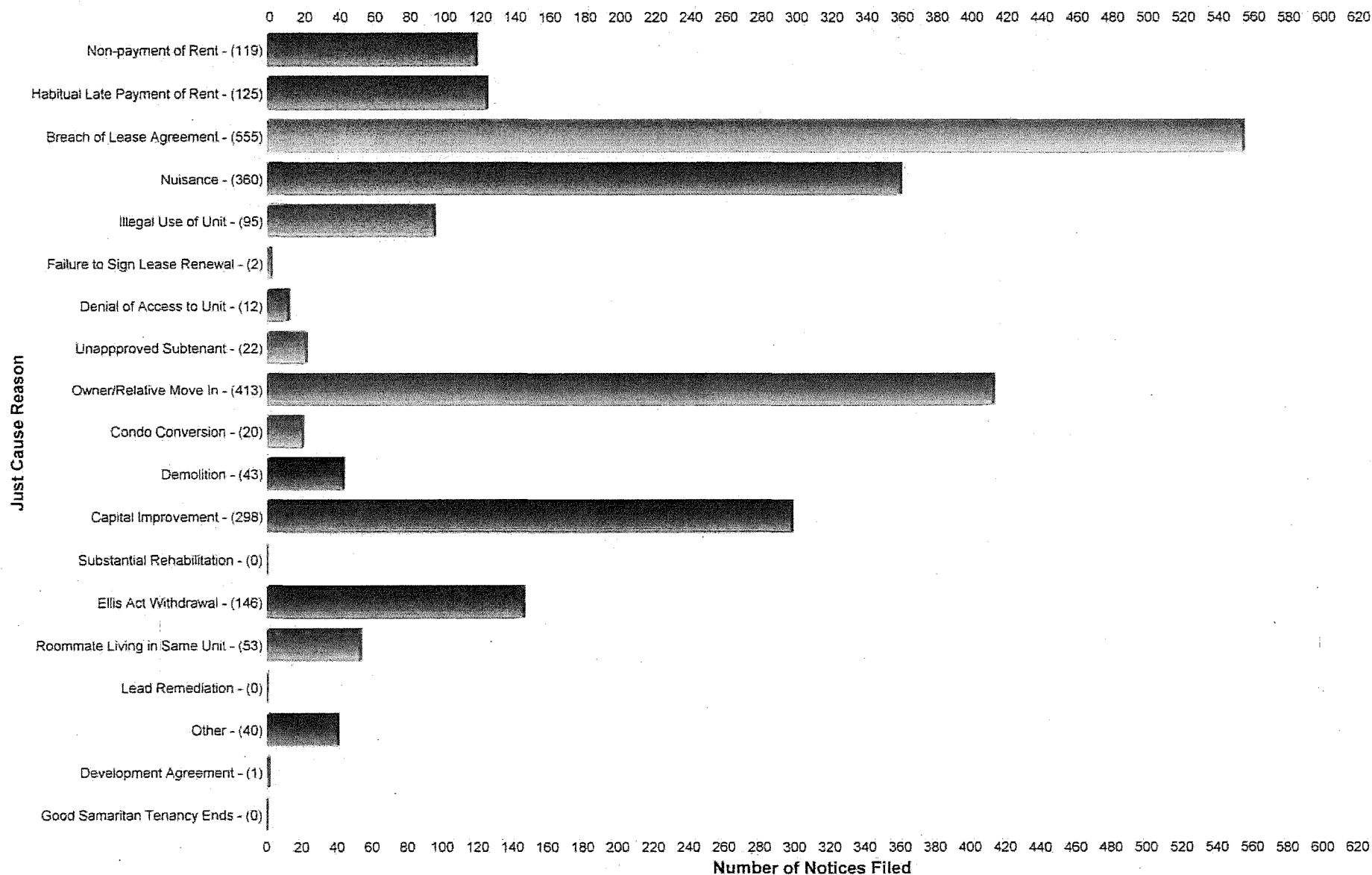
Eviction Notices by Just Cause Reason • 30-Year Trend

	86-87	87-88	88-89	89-90	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01
Non-payment of Rent		130	175	107	123	137	96	101	133	125	132	142	143	150	111
Habitual Late Payment of Rent		80	53	98	88	60	72	50	40	49	85	100	101	93	86
Breach of Lease Agreement		9	90	204	183	158	136	133	104	172	290	327	344	327	398
Nuisance		185	207	231	227	205	215	159	204	236	247	258	247	278	256
Illegal Use of Unit		0	6	16	9	11	11	15	9	53	16	17	24	32	27
Failure to Sign Lease Renewal		71	21	18	17	114	3	0	0	0	0	2	4	6	2
Denial of Access to Unit		5	11	8	12	13	8	5	11	1	0	18	12	14	9
Unapproved Subtenant		40	28	74	96	40	34	12	25	34	67	90	168	84	30
Owner/Relative Move-In		522	564	545	469	356	293	344	361	481	1,075	1,410	1,200	937	991
Condo Conversion					1	0	0	0	0	1	1	1	0	6	5
Demolition		0	4	14	13	13	12	12	33	36	53	77	39	43	84
Capital Improvement		76	149	47	30	30	10	33	8	18	53	44	24	80	58
Substantial Rehabilitation		67	114	16	13	13	1	4	7	10	38	35	26	14	7
Ellis Act Withdrawal		26	18	3	4	4	0	0	0	0	3	12	206	440	274
Roommate Living in Same Unit		7	15	24	38	38	10	20	30	49	71	119	104	146	130
Lead Remediation		80	0	0	0	0	0	0	0	0	0	0	0	1	1
Other			82	67	57	57	73	77	104	103	160	194	90	110	69
Development Agreement															
Good Samaritan Tenancy Ends															
TOTAL:		1,298	1,537	1,472	1,380	1,249	974	965	1,069	1,368	2,291	2,846	2,732	2,761	2,538

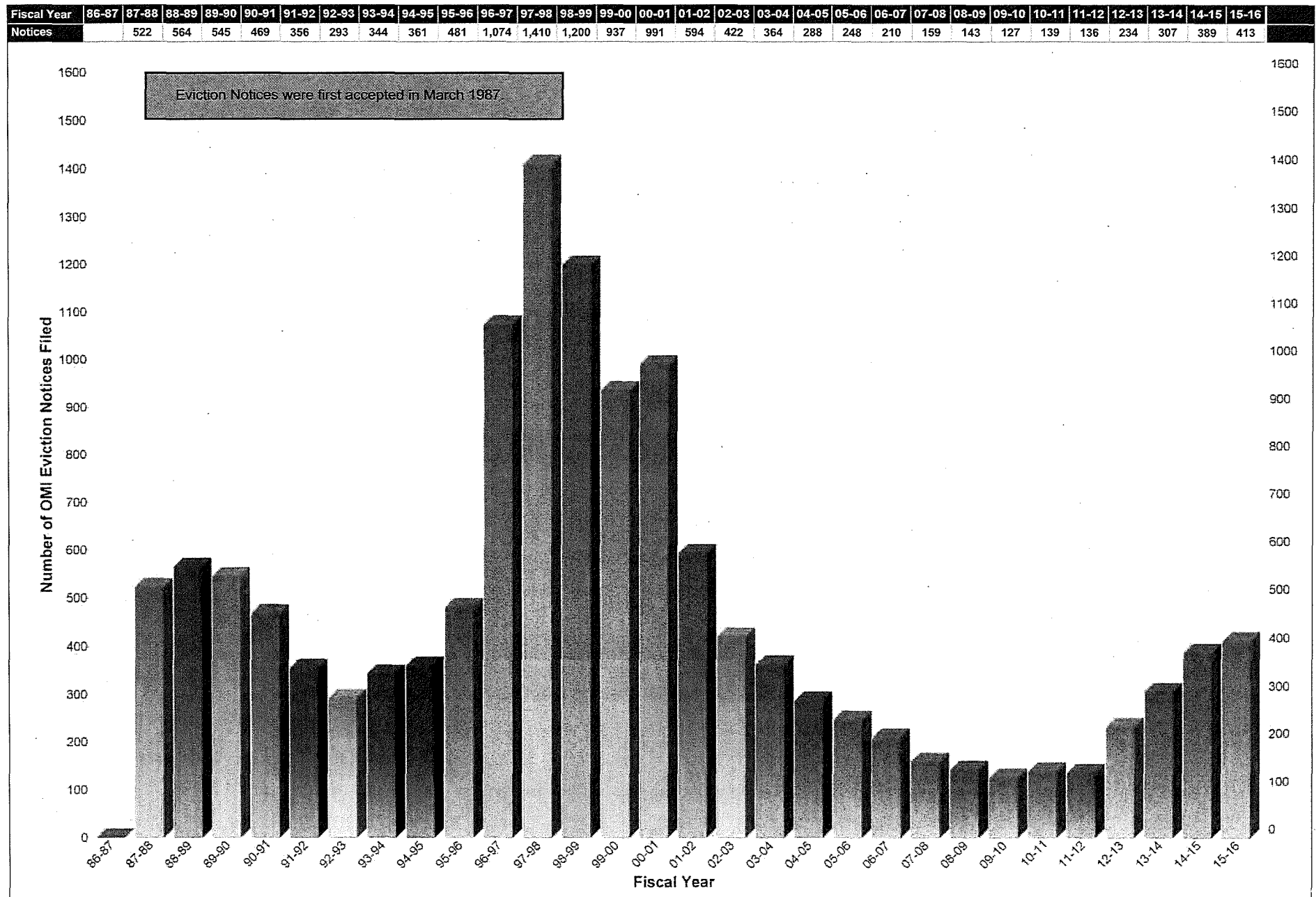
	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16
Non-payment of Rent	109	89	114	86	103	99	98	129	85	106	73	74	116	130	119
Habitual Late Payment of Rent	57	65	62	49	60	72	88	88	60	42	59	70	78	72	125
Breach of Lease Agreement	329	236	274	246	271	294	424	376	457	428	536	510	646	736	555
Nuisance	283	247	285	274	310	310	317	279	308	261	277	350	359	406	360
Illegal Use of Unit	41	18	25	21	49	39	39	31	40	21	29	53	52	90	95
Failure to Sign Lease Renewal	2	1	0	0	0	1	9	4	11	4	7	11	1	6	2
Denial of Access to Unit	6	9	4	5	11	15	20	14	31	19	20	14	8	24	12
Unapproved Subtenant	4	13	11	15	19	24	13	18	19	15	22	21	14	25	22
Owner/Relative Move-In	594	422	364	288	248	210	161	143	127	139	136	234	307	393	413
Condo Conversion	5	7	3	7	1	4	2	3	2	3	6	10	13	8	20
Demolition	88	94	73	66	48	47	39	29	24	37	42	62	112	60	43
Capital Improvement	47	64	69	70	83	58	56	24	21	27	39	36	34	36	298
Substantial Rehabilitation	8	2	0	1	5	0	0	0	0	1	0	6	0	0	0
Ellis Act Withdrawal	83	115	228	330	248	210	265	99	69	40	81	144	215	121	146
Roommate Living in Same Unit	94	73	57	49	39	42	19	30	30	32	32	40	55	40	53
Lead Remediation	0	0	0	7	0	1	2	3	0	0	0	0	0	0	0
Other	37	31	30	40	41	49	48	45	88	47	62	66	54	46	40
Development Agreement										106	0	232	0	1	1
Good Samaritan Tenancy Ends										0	0	1	0	0	0
TOTAL:	1,787	1,486	1,599	1,554	1,536	1,475	1,600	1,315	1,372	1,328	1,421	1,934	2,064	2,194	2,304



Eviction Notices by Just Cause Reason • Fiscal Year 2015-2016



OMI (Owner Move-In) Eviction Notices • 30-Year Trend



OMI (Owner Move-In) Eviction Notices by Zip Code • 30-Year Trend

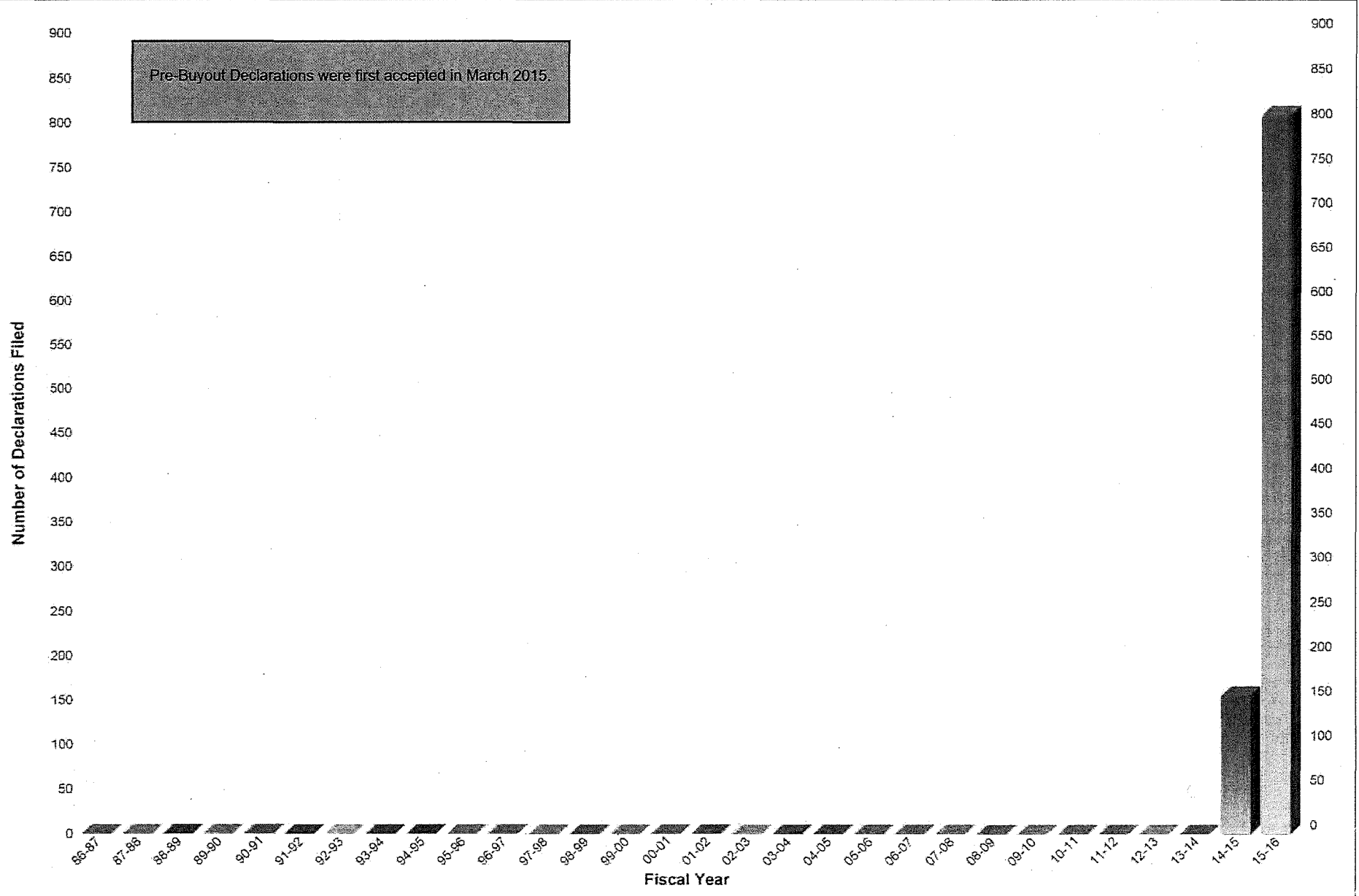
	86-87	87-88	88-89	89-90	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01
94102 Civic Center									7	7	23	27	18	21	12
94103 South of Market									13	12	40	42	27	22	19
94104 Downtown									0	0	0	0	0	0	0
94105 Embarcadero									0	0	0	0	0	0	0
94107 Potrero									9	18	26	40	33	25	27
94108 Chinatown									4	3	11	8	4	12	7
94109 Tenderloin									17	31	55	42	31	38	37
94110 Mission									37	72	158	217	166	133	125
94111 Financial District									0	0	4	1	1	2	1
94112 Ingleside									18	33	58	86	94	77	122
94114 Eureka Valley									46	61	103	103	98	55	59
94115 Western Addition									29	35	66	57	39	42	31
94116 Parkside									15	8	38	50	62	60	51
94117 Haight-Ashbury									26	39	100	156	109	54	41
94118 Inner Richmond									23	25	96	101	61	61	77
94121 Outer Richmond									28	21	56	97	69	65	58
94122 Sunset									23	35	72	103	133	91	118
94123 Marina									25	29	48	84	49	23	23
94124 Bayview									1	2	9	11	43	31	33
94127 West Portal									2	1	11	28	12	10	12
94131 Diamond Heights									10	15	36	58	44	35	35
94132 Lake Merced									2	4	7	19	13	15	13
94133 North Beach									20	23	35	38	51	27	40
94134 Portola									6	7	22	42	43	38	50
TOTAL:		522	564	545	469	356	293	344	361	481	1,074	1,410	1,200	937	991

	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16
94102 Civic Center	3	1	4	3	5	2	0	1	1	1	1	4	16	19	31
94103 South of Market	11	9	11	7	5	1	6	3	2	2	3	4	7	13	12
94104 Downtown	0	0	0	0	0	0	0	0	0	0	0	0	3	6	5
94105 Embarcadero	0	1	1	2	0	0	1	0	0	0	0	0	12	16	13
94107 Potrero	14	9	9	6	5	4	1	6	3	5	5	9	2	7	7
94108 Chinatown	3	1	3	0	2	0	1	0	0	2	0	0	4	4	19
94109 Tenderloin	19	5	7	8	12	9	5	7	6	0	4	7	6	11	14
94110 Mission	70	67	67	51	42	40	23	14	19	27	21	38	27	32	40
94111 Financial District	0	0	0	0	3	6	0	0	0	0	0	0	21	27	27
94112 Ingleside	49	41	25	17	19	6	12	12	8	12	8	10	32	26	31
94114 Eureka Valley	52	29	34	14	19	20	14	9	7	15	10	13	22	20	26
94115 Western Addition	22	15	16	5	9	8	7	9	3	6	6	10	29	24	25
94116 Parkside	21	22	17	15	9	12	5	2	7	4	9	13	13	11	18
94117 Haight-Ashbury	28	31	29	27	16	11	13	13	19	9	15	17	19	32	16
94118 Inner Richmond	62	34	22	14	13	15	12	18	6	6	3	27	29	55	50
94121 Outer Richmond	40	24	23	34	26	16	9	18	7	8	10	12	0	0	2
94122 Sunset	89	45	30	21	27	24	19	11	14	9	10	20	38	52	54
94123 Marina	17	11	18	17	4	11	10	5	8	4	9	14	14	12	6
94124 Bayview	20	17	7	3	3	0	2	3	3	5	4	4	0	1	1
94127 West Portal	2	9	8	5	4	3	5	3	2	2	2	8	9	12	5
94131 Diamond Heights	22	20	8	10	5	8	7	6	6	9	7	5	0	0	0
94132 Lake Merced	6	3	5	9	5	1	4	0	0	0	1	6	0	0	0
94133 North Beach	4	12	5	7	9	10	1	3	4	7	5	8	2	4	5
94134 Portola	40	16	15	13	6	3	2	0	2	6	3	5	2	5	6
TOTAL:	594	422	364	288	248	210	159	143	127	139	136	234	307	389	413

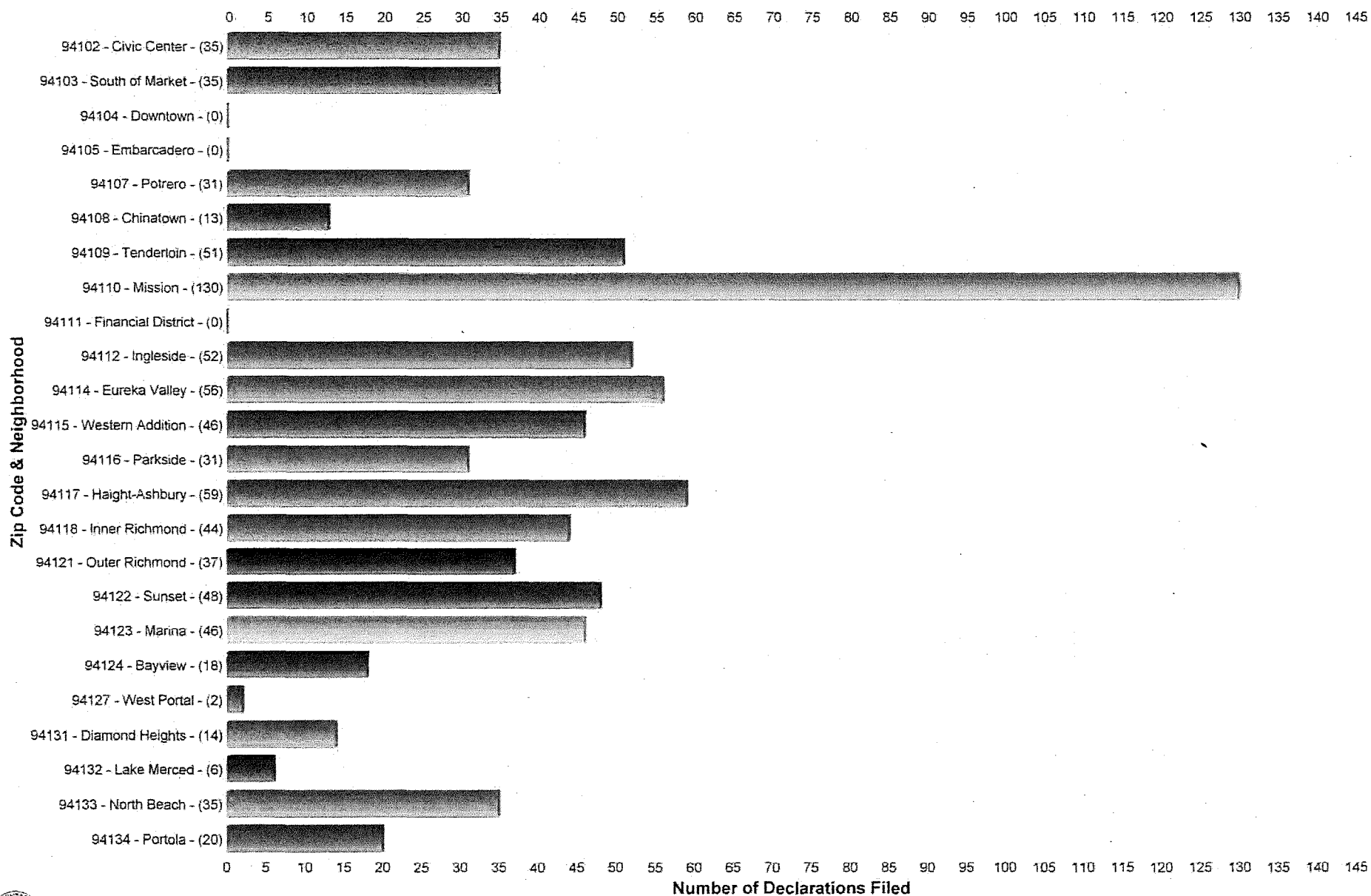


Pre-Buyout Declarations • 30-Year Trend

Fiscal Year	86-87	87-88	88-89	89-90	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	
Declarations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	156	809	

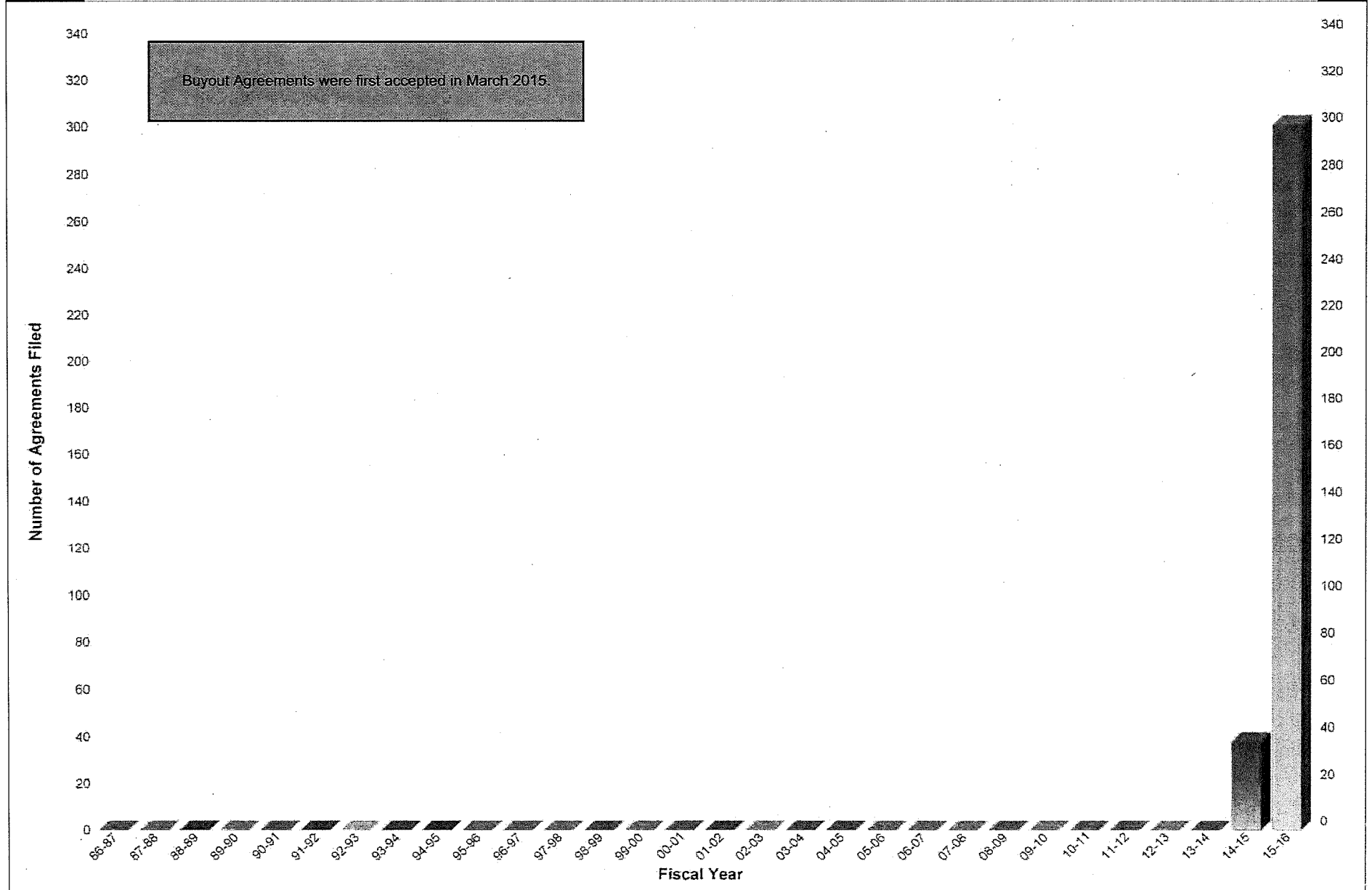


Pre-Buyout Declarations by Zip Code • Fiscal Year 2015-2016

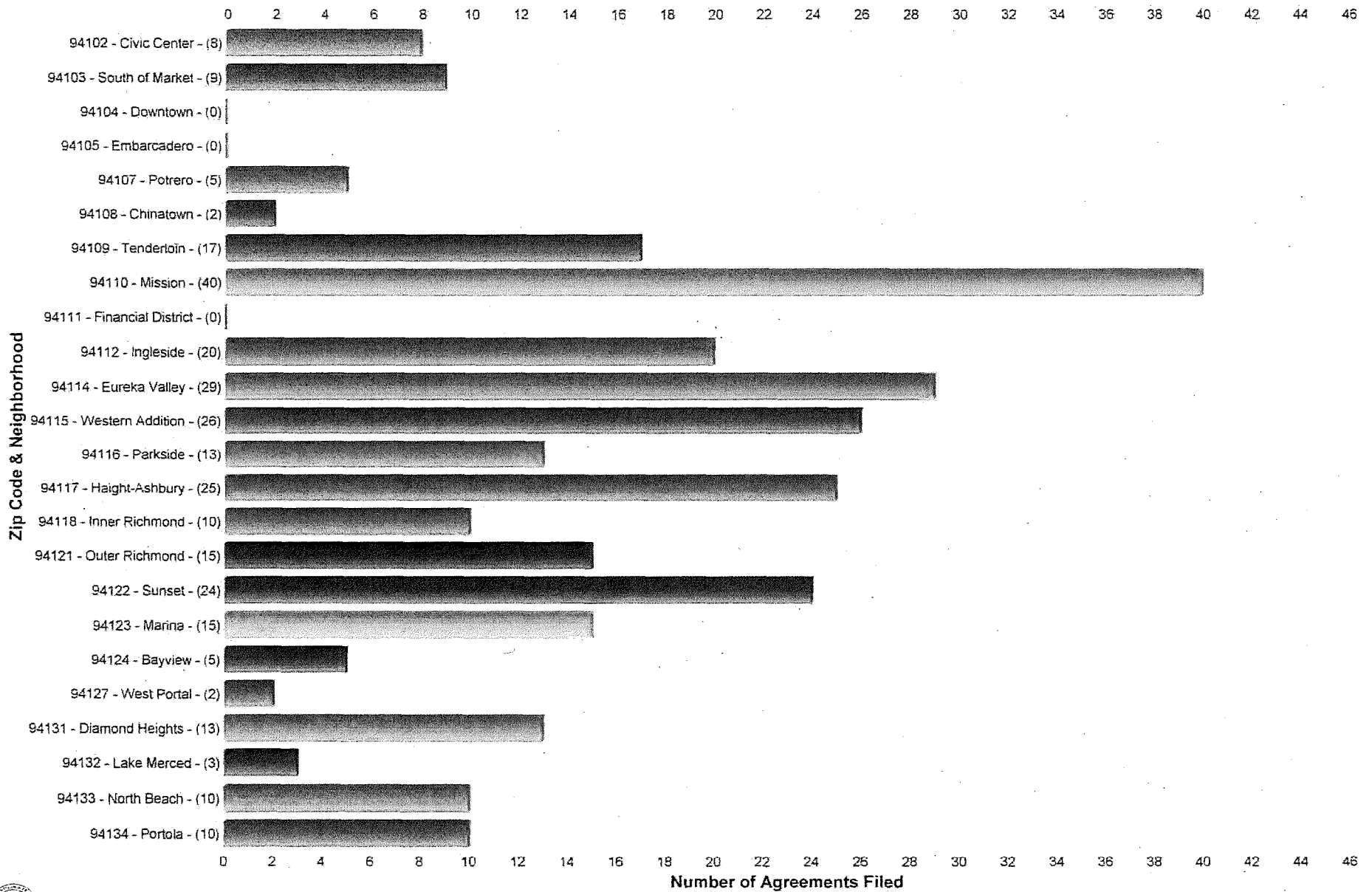


Buyout Agreements • 30-Year Trend

Fiscal Year	86-87	87-88	88-89	89-90	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	
Agreements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	38	301	



Buyout Agreements by Zip Code • Fiscal Year 2015-2016



BOS-11
CPAGE

Commissioners
Eric Sklar, President
Saint Helena
Jacque Hostler-Carmesin, Vice President
McKinleyville
Anthony C. Williams, Member
Huntington Beach
Russell Burns, Member
Napa
Peter Silva, Member
Chula Vista

STATE OF CALIFORNIA
Edmund G. Brown Jr., Governor

Valerie Termini, Executive Director
1416 Ninth Street, Room 1320
Sacramento, CA 95814
(916) 653-4899
www.fgc.ca.gov

Fish and Game Commission



Wildlife Heritage and Conservation
Since 1870

September 15, 2016

2016 SEP 15 PM 2:41
AK

TO ALL INTERESTED AND AFFECTED PARTIES:

This is to provide you with a copy of the notice of proposed regulatory action relative to amending subsections (a) and (b) of Section 27.20, Sections 27.25, 27.30, 27.35, 27.40, 27.45, 27.50, 28.27, 28.49, and 28.55; and adding Section 28.47, Title 14, CCR, relating to recreational fishing regulations for federal groundfish and associated species for consistency with federal rules for 2017 and 2018, which will be published in the California Regulatory Notice Register on September 16, 2016.

Please note the dates of the public hearings related to this matter and associated deadlines for receipt of written comments.

Additional information and all associated documents may be found on the Fish and Game Commission website at <http://www.fgc.ca.gov/regulations/2016/index.aspx>.

Joanna Grebel, Marine Region, Department of Fish and Wildlife, (831) 601-2279, has been designated to respond to questions on the substance of the proposed regulations.

Sincerely,

A handwritten signature in cursive script that reads "Sherrie Fonbuena".

Sherrie Fonbuena
Associate Governmental Program Analyst

Attachment

TITLE 14. Fish and Game Commission

Notice of Proposed Changes in Regulations

NOTICE IS HEREBY GIVEN that the Fish and Game Commission (Commission), pursuant to the authority vested by Sections 200, 202, 205, 220, 702, 7071 and 8587.1, of the Fish and Game Code and to implement, interpret or make specific Sections 200, 202, 205, 220, 1802, 7071 and 8585.5, Fish and Game Code; Title 50, Code of Federal Regulations, Part 660, Subpart G; and Section 27.20, Title 14, California Code of Regulations (CCR), proposes to amend subsections (a) and (b) of Section 27.20, Sections 27.25, 27.30, 27.35, 27.40, 27.45, 27.50, 28.27, 28.49, and 28.55; and add Section 28.47, Title 14, CCR, relating to recreational fishing regulations for federal groundfish and associated species for consistency with federal rules for 2017 and 2018.

Informative Digest/Policy Statement Overview

Biennially, the Pacific Fishery Management Council (PFMC) reviews the status of west coast groundfish populations. As part of that process, it recommends groundfish fisheries regulations aimed at meeting biological and fishery allocation goals specified in law or established in the Pacific Coast Groundfish Fishery Management Plan (FMP).

These recommendations coordinate west coast management of recreational and commercial groundfish fisheries in the Exclusive Economic Zone (EEZ) (three to 200 miles offshore) off Washington, Oregon and California. These recommendations are subsequently implemented as federal fishing regulations by the National Marine Fisheries Service (NMFS).

For consistency, the Commission routinely adopts sportfishing regulations to bring State law into conformance with federal law for groundfish and other federally-managed species.

Current regulations establish season lengths, depth constraints, methods of take, and size, bag and possession limits within the five groundfish management areas for all federal groundfish and associated species.

Summary of Proposed Amendments

The Department of Fish and Wildlife (Department) is proposing the following regulatory changes to be consistent with PFMC recommendations for federal groundfish regulations in 2017 and 2018. This approach will allow the Commission to adopt State recreational groundfish regulations to timely conform to those taking effect in federal ocean waters in January 2017.

The proposed regulatory changes will implement the following changes:

1. Seasons and Depths
 - A. Extend the season length in the Northern and Mendocino Management Areas;
 - B. Increase the allowable depth in the Northern, San Francisco and Central Management Areas;
 - C. Allow for the take of all species with no depth restrictions November 1 through December 31 in the Northern and Mendocino Management Areas;
2. Bag Limits
 - A. Increase the bag limit for canary rockfish from zero to one fish;
 - B. Decrease the bag limit for black rockfish from five to three fish;
 - C. Eliminate the three fish sub-bag limit for bocaccio;

- D. Decrease the bag limit for lingcod from three to two fish;
- 3. Allow petrale sole and starry flounder to be retained year round at all depths;
- 4. Clarifications
 - A. Clarify language pertaining to Rockfish Conservation Areas; and
 - B. Clarify and make consistent other provisions of the regulations.

The benefits of the proposed regulation changes are consistency with federal law, sustainable management of groundfish resources and promotion of businesses that rely on recreational groundfish fishing.

The proposed regulations are neither inconsistent nor incompatible with existing State regulations. The Legislature has delegated authority to the Commission to adopt sport fishing regulations (Fish and Game Code, Sections 200, 202 and 205). The proposed regulations are consistent with regulations for sport fishing in marine protected areas (Section 632, Title 14, CCR), with Nearshore Fishery Management Plan regulations (Sections 52.00 through 52.10, Title 14, CCR) and with sport fishing regulations in Chapters 1 and 4 of Subdivision 1 of Division 1, and Section 195, Title 14, CCR. Commission staff has searched the California Code of Regulations and has found no other State regulations related to the recreational take of groundfish.

NOTICE IS GIVEN that any person interested may present statements, orally or in writing, relevant to this action at a hearing to be held in the Red Lion Hotel, 1929 4th Street Eureka, California, on Wednesday, October 19, 2016, at 8:00 a.m., or as soon thereafter as the matter may be heard.

NOTICE IS ALSO GIVEN that any person interested may present statements, orally or in writing, relevant to this action at a hearing to be held in the Hilton Garden Inn San Diego Mission Valley/Stadium, 3805 Murphy Canyon Road, San Diego, California, on Wednesday, December 7, 2016, at 8:00 a.m., or as soon thereafter as the matter may be heard. **Written comments mailed to the address given below or emailed to FGC@fgc.ca.gov must be received before 12:00 noon on December 2, 2016. All comments must be received no later than December 7, 2016, at the hearing in San Diego, California.** If you would like copies of any modifications to this proposal, please include your name and mailing address.

Availability of Documents

Copies of the Notice of Proposed Action, the Initial Statement of Reasons, and the text of the regulations in underline and strikeout format can be accessed through our website at www.fgc.ca.gov. The regulations as well as all related documents upon which the proposal is based (rulemaking file), are on file and available for public review from the agency representative, Valerie Termini, Executive Director, Fish and Game Commission, 1416 Ninth Street, Box 944209, Sacramento, California 94244-2090, phone (916) 653-4899. Please direct requests for the above mentioned documents and inquiries concerning the regulatory process to Valerie Termini or Sherrie Fonbuena at the preceding address or phone number. **Senior Environmental Scientist, Joanna Grebel, Department of Fish and Wildlife, has been designated to respond to questions on the substance of the proposed regulations. Ms. Grebel may be reached at (831) 601-2279 or Joanna.Grebel@wildlife.ca.gov.**

Availability of Modified Text

If the regulations adopted by the Commission differ from but are sufficiently related to the action proposed, they will be available to the public for at least 15 days prior to the date of adoption. Circumstances beyond the control of the Commission (e.g., timing of Federal regulation adoption, timing of resource data collection, timelines do not allow, etc.) or changes made to be responsive to public recommendation and comments during the regulatory process may preclude full compliance with the 15-day comment period, and the Commission will exercise its powers under Section 202 of the Fish and Game Code. Regulations adopted pursuant to this section are not subject to the time periods for adoption, amendment or repeal of regulations prescribed in Sections 11343.4, 11346.4 and 11346.8 of the Government Code. Any person interested may obtain a copy of said regulations prior to the date of adoption by contacting the agency representative named herein.

If the regulatory proposal is adopted, the final statement of reasons may be obtained from the address above when it has been received from the agency program staff.

Impact of Regulatory Action/Results of the Economic Impact Assessment

The potential for significant statewide adverse economic impacts that might result from the proposed regulatory action has been assessed, and the following initial determinations relative to the required statutory categories have been made:

- (a) Significant Statewide Adverse Economic Impact Directly Affecting Business, Including the Ability of California Businesses to Compete with Businesses in Other States:

The proposed action will not have a significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states. The Commission anticipates increased opportunities for the recreational groundfish fishery in 2017-2018 compared to 2016.

- (b) Impact on the Creation or Elimination of Jobs Within the State, the Creation of New Businesses or the Elimination of Existing Businesses, or the Expansion of Businesses in California; Benefits of the Regulation to the Health and Welfare of California Residents, Worker Safety, and the State's Environment:

The Commission does not anticipate any significant impacts on the creation or elimination of jobs, the creation of new business, the elimination of existing businesses or the expansion of businesses in California.

The Commission anticipates benefits to the health and welfare of California residents. Providing increased fishing opportunities for groundfish encourages recreation, which can have a positive impact on the health and welfare of California residents. Groundfish taken in the sport fishery and later consumed may have positive human health benefits.

The Commission does not anticipate any benefits to worker safety.

The Commission anticipates benefits to the environment. The proposed management actions include increased fishing opportunity, along with the continuation of the reasonable and sustainable management of recreational groundfish resources and the protection of listed and special status species. Adoption of scientifically-based seasons, depth restrictions, and recreational bag limits provide for the maintenance of sufficient populations of groundfish to ensure their continued existence.

(c) Cost Impacts on a Representative Private Person or Business:

The Commission is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

(d) Costs or Savings to State Agencies or Costs/Savings in Federal Funding to the State: None.

(e) Nondiscretionary Costs/Savings to Local Agencies: None.

(f) Programs Mandated on Local Agencies or School Districts: None.

(g) Costs Imposed on any Local Agency or School District that is Required to be Reimbursed Under Part 7 (commencing with Section 17500) of Division 4, Government Code: None.

(h) Effect on Housing Costs: None.

Effect on Small Business

It has been determined that the adoption of these regulations may affect small business. The Commission has drafted the regulations in Plain English pursuant to Government Code Sections 11342.580 and 11346.2(a)(1).

Consideration of Alternatives

The Commission must determine that no reasonable alternative considered by the Commission, or that has otherwise been identified and brought to the attention of the Commission, would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

FISH AND GAME COMMISSION

Valerie Termini
Executive Director

Dated: September 2, 2016



LINDA M. PENNER
Chair

KATHLEEN T. HOWARD
Executive Director

STATE OF CALIFORNIA

BOARD OF STATE AND COMMUNITY CORRECTIONS

2590 VENTURE OAKS WAY, SUITE 200 • SACRAMENTO CA 95833 • 916.445.5073 • BSCC.CA.GOV



EDMUND G. BROWN, JR.
Governor

September 6, 2016

Sheriff Vicki Hennessy
City and County of San Francisco Sheriff's Department
1 Carlton B. Goodlett Place, Room 456
San Francisco, CA 94102

Dear Sheriff Hennessy:

2014-2016 BIENNIAL INSPECTION
CITY AND COUNTY OF SAN FRANCISCO'S COURT HOLDING FACILITIES
PENAL CODE SECTION 6031

On April 26, 2016, staff of the Board of State and Community Corrections¹ (BSCC) conducted the 2014-2016 biennial inspection of the court holding facilities in the Civic Center Courthouse, Hall of Justice Courthouse and the Community Justice Center. These inspections were performed pursuant to Penal Code Section 6031, for compliance with the Minimum Standards for Local Detention Facilities as outlined in Titles 15 and 24, California Code of Regulations.

The complete BSCC inspection report is enclosed and consists of: this transmittal letter; the Court Holding Facilities Procedures checklist outlining Title 15 requirements for each of the above facilities; a Physical Plant Evaluation outlining Title 24 requirements for design for each of the above facilities; and a Living Area Space Evaluation summarizing the physical plant configuration of each of the above facilities.

Local Inspections

In addition to the biennial inspection by the BSCC, inspections are also required annually by the County Health Officer and biennially by the State Fire Marshal or an authorized representative (Health and Safety Code Sections 101045 and 13146.1). Please consider our report in conjunction with the reports from the County Health Officer and the respective fire authorities for a comprehensive perspective of your facilities.

We encourage the practice of maintaining a permanent file for historical copies of all inspections. This file should be the first point of reference when preparing for all future inspections.

Health Inspections

We have a current health inspection report for each of the above listed facilities. There were no noncompliance issues reflected in those inspection reports.

¹ Formerly known as the Corrections Standards Authority, effective July 1, 2012, the Board of State and Community Corrections was established independent of the California Department of Corrections and Rehabilitation.

2016 SEP 19 PM 4:11

Fire and Life Safety Inspections

The fire and life safety inspections for the above listed facilities are current.

BSCC Inspection

Captain Edwin James assisted us in our review of San Francisco Sheriff's Field Operations Manual, the San Francisco Sheriff's Policy and Procedures Manual and the San Francisco Sheriff's Custody Operations Manual. Our audit consisted of a review of only those policies and procedures related specifically to the applicable regulations included in Title 15, Minimum Standards for Local Detention Facilities.² No issues of noncompliance were identified in our review of the policy and procedures manuals.

Title 15 Inspection

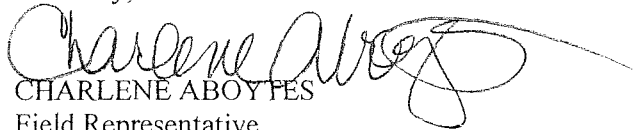
Our review of pertinent documentation in each of the above facilities found that safety checks were well in compliance with Section 1027, Number of Personnel.

Title 24 Inspection

There were no Title 24 noncompliance issues to report for any of the court holding facilities.

This concludes our inspection report for the 2014-2016 inspection cycle. We would like to thank all staff involved in the inspection process for the hospitality and courtesy extended during the inspection. If you should have any questions, please contact me at (916) 324-1914 or email charlene.aboytes@bscc.ca.gov.

Sincerely,


CHARLENE ABOYTES
Field Representative
Facilities Standards and Operations Division

Enclosures

cc: Chair, Board of Supervisors, City and County of San Francisco *
Presiding Judge, Superior Court, City and County of San Francisco *
Mayor, City and County of San Francisco *
Grand Jury Foreperson, City and County of San Francisco *
Al Waters, Chief Deputy, City and County of San Francisco Sheriff's Department
Captain Edwin James, City and County of San Francisco Sheriff's Department

* Complete copies of this inspection are available upon request.

² BSCC does not review all of your policies and procedures. We do not "approve" your policies and procedures nor do we review them for constitutional or legal issues. We recommend agencies seek review through their legal advisor, risk manager and other persons deemed appropriate.

File 160426

From: Board of Supervisors, (BOS)
To: BOS-Supervisors; Somera, Alisa (BOS)
Subject: File 160426 FW: Midtown Terrace Downzoning
Attachments: ShouldCEQAResultinLocalGovernmentstoAnalyzeTheImpactsofD.pdf;
NewburnFerrisDownzoning.pdf; BuildZoomExpansion.pdf; MT_letter_from_YIMBYs.pdf

From: Sonja Trauss [mailto:sonja.trauss@gmail.com]

Sent: Monday, September 19, 2016 11:22 AM

To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>; BOS Legislation, (BOS) <bos.legislation@sfgov.org>;
Calvillo, Angela (BOS) <angela.calvillo@sfgov.org>

Subject: Midtown Terrace Downzoning

Attached please find a letter opposing the downzoning being heard today at the land use subcommittee. Also please find 3 supporting documents, for a total of 4 attachments in all.

Thanks!
Sonja

--

Get your ticket to the Yimby Party Party!

YIMBY Party
661 Natoma Street
San Francisco, CA 94013

September 14, 2016

Board of Supervisors Land Use Committee
SF City Hall Room 250
Hon. Scott Wiener, Malia Cohen, Aaron Peskin

Angela Calvillo
Clerk of the Board
City Hall, Room 244
San Francisco, CA 94102

Re: File No. 160426 Ordinance amending the Planning Code; File No. 160426

Dear Clerk and Committee members:

We are writing to express our opposition to the above captioned ordinance. Yee's proposed downzoning of Midtown Terrace is not the benign "correction" of a "zoning error" that the resident proponents of the legislation are claiming. RH-1(D) is the most restrictive and least dense residential zoning in SF. This rezoning will virtually destroy any chance of bringing any increased density into Midtown Terrace, including infill on some of the larger lots in the neighborhood, as explained below.

The proposed legislation would **change the zoning** in Midtown Terrace from RH-1 to RH-1(D). This change in zoning would have the following effects:

The number of possible dwelling units on at least 61 lots will be reduced. RH-1(D) allows only one unit per lot, period. As currently zoned, with a Conditional Use Permit, lots over 4500 sf can have two units (there are at least 55 such lots, especially in the western half of the neighborhood), and lots over 7500 sf can have three units (there are at least 6 such lots).

It could interfere with ADUs being allowed in the neighborhood if an ADU exception to density limits is allowed in the District, like it has been in Districts 3 and 8. The exception to density limits for ADUs for those districts specifically does not apply to properties zoned RH-1(D). This is especially troubling because these homes generally have large lower/garage levels that are perfectly suited to be ADUs— indeed, there are unpermitted ADUs already there (see, e.g., <https://www.redfin.com/CA/San-Francisco/91-Aquavista-Way-94131/home/1637155>).

Instead of being able to build to the lot lines on the side like they are now, under RH-1(D) side yards are required for lots 28 feet wide and wider. This seems to be what the people who are pushing the legislation really care about. They're willing to sacrifice the reasonable opportunity for increased density on some lots so they can ensure all of their neighbors have three-foot-wide side yards.

The proponents of the zoning change argue that Midtown Terrace was mistakenly zoned RH-1, however, the minimum lot size for lots in RH-1(D) is 4000 sf. Most of the lots in Midtown Terrace are under this limit. Midtown Terrace doesn't actually "fit" the proposed new RH-1(D) zoning.

Additionally, the ordinance was misclassified "not a project" for CEQA purposes, in error. The ordinance is not exempt from the requirements of the California Environmental Quality Act because it is a project: it is an amendment of a zoning ordinance and it will cause a direct impact: lower density than what was planned and previously studied. In addition, it will cause a reasonably foreseeable indirect physical change in the environment. This rezoning will effectively illegalize at least 130 potential housing units, effectively displacing as many as 300 people from San Francisco, compared to keeping the current zoning. These people can reasonably be expected to live instead in newly constructed housing far from the urban core. "...a government agency may reasonably anticipate that its placing a ban on development in one area of a jurisdiction may have the consequence, notwithstanding existing zoning or land use planning, of displacing development to other areas of the jurisdiction." *Muzzy Ranch Co. v. Solano Cty. Airport Land Use Comm'n*, 41 Cal. 4th 372, 383, as modified (Sept. 12, 2007). CEQA expressly deems this type of action a project, "[T]his division shall apply to discretionary projects proposed to be carried out or approved by public agencies, including, but not limited to, the enactment and amendment of zoning ordinances" Cal. Pub. Res. Code § 21080(a). See attachments.

"[N]othing inherent in the notion of displaced development places such development, when it can reasonably be anticipated, categorically outside the concern of CEQA." *Muzzy Ranch Co. v. Solano Cty. Airport Land Use Comm'n*, 41 Cal. 4th 372, 383, as modified (Sept. 12, 2007).

"...a government agency may reasonably anticipate that its placing a ban on development in one area of a jurisdiction may have the consequence, notwithstanding existing zoning or land use planning, of displacing development to other areas of the jurisdiction." *Muzzy Ranch Co. v. Solano Cty. Airport Land Use Comm'n*, 41 Cal. 4th 372, 383, as modified (Sept. 12, 2007).

Finally, the proposed downzoning will interfere with the City's ability to accommodate its fair share of Regional Housing Needs Allocations by suppressing the production of middle income housing, making it out of compliance with Planning Code Section 101(b)3.

Sincerely,

Sonja Trauss

SF Bay Area Renters Federation, Founder
YIMBY Party, co-founder

Fazal Allanabanda
1550 Eddy St, Apt 429
San Francisco CA 94115

Adam Gardner
347 Pierce St.

Matthew Janes
11 Southern Heights Ave, San Francisco, CA 94107

Laura Fingal-Surma
Daniel Fingal-Surma
1146 Castro Street

David Foran Horvath Jr.
1407 Larkin Street
San Francisco, CA 94109

Bobak Esfandiari
825 La Playa St apt #223
San Francisco, CA 94121

Attachments:

<https://www.buildzoom.com/blog/can-cities-compensate-for-curbing-sprawl-by-growing-denser>

<http://smartgrowth.umd.edu/assets/documents/research/NewburnFerrisDownzoning.pdf>

<http://scholarship.law.berkeley.edu/cgi/viewcontent.cgi?article=1817&context=elq>

September 2006

Should CEQA Require Local Governments to Analyze the Impacts of Development Displaced by Restrictive Land Use Planning

George Lefcoe

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Should CEQA Require Local Governments to Analyze the Impacts of Development Displaced by Restrictive Land Use Planning?

George Lefcoe*

In order to prevent the avoidable environmental degradation that often accompanies new development, the California Environmental Quality Act (CEQA) requires state and local decision makers to consider the potential environmental impacts of their discretionary approvals, even when they are voting on entitlements for purely private development projects. Virtually any proposed development in most California cities can add to local traffic congestion and air pollution, and for this reason, can be rejected under CEQA. Because of California's staggering population growth, projects rejected at one location are likely to find their way to another site. Does CEQA demand that before voting to approve, reject, or reduce the density of a project, a local government entity consider the environmental impacts at the site where the displaced development is likely to arise? Two recently decided appellate court cases reached opposite answers to this question. After examining Muzzy Ranch Co. v. Solano County Airport Land Use Commission and Wal-Mart Stores, Inc. v. City of Turlock, this Article concludes that local governments should evaluate the environmental consequences of a project at both the proposed project location and at the likely displaced location (if the project is denied). Regrettably, this added requirement joins an already extensive list of topics covered in California's environmental review process, and could provide yet another basis for courts to set aside local government decisions. Yet, local government officials disregarding the consequences of displaced development risk

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* Florine and Ervin Yoder Chair of Real Estate Law, Gould School of Law, University of Southern California; former Member and Chairman of Los Angeles County Regional Planning Commission (1978–1987); President, City of Los Angeles Planning Commission (1996–1998). The author acknowledges gratefully the research assistance of Bob Rodriguez and Elizabeth Hanley.

reducing the density or rejecting a proposed development that is more environmentally benign than the likely alternatives.

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INTRODUCTION

When a local government entity enacts land use controls, it often reduces the overall supply of available land by restricting the density of permissible development within its boundaries. Constricting the supply of land through regulation doesn't directly reduce the demand for new commercial and residential development within the market area.¹ Development zoned out of one site, and subsequently built at another location in the same market area, is known as "displaced development." Displaced development merits environmental assessment because without proper analysis it could occur in an area even more environmentally sensitive than the site originally proposed. The California Environmental Quality Act (CEQA)² requires an

1. Stringent zoning throughout a state or region can lead to increased housing prices, reducing demand. Edward L. Glaeser & Joseph Gyourko, *The Impact of Zoning on Housing Affordability* (Nat'l Bureau of Econ. Research, Working Paper No. 8835, 2002), available at <http://www.nber.org/papers/w8835>.

2. CAL. PUB. RES. CODE §§ 21000-21177 (West 2006). See generally John D. Landis et al., *Fixing CEQA: Options and Opportunities for Reforming the California Environmental Quality Act*, at 1 (Cal. Policy Seminar, 1995), available at <http://www.ucop.edu/cpre/ceqa.html> ("The California Environmental Quality Act is one of California's most cherished institutions—as well as one of its most controversial. On its face, CEQA would seem to be a relatively unobtrusive law. It *does not* directly limit development (as does the California Coastal Act) or mandate environmental cleanup (as do the Federal Clean Air and Water Acts). It *does* require that a

Environmental Impact Report (EIR) to be completed for all discretionary public projects that might affect the physical environment. EIRs provide “public agencies and the public in general with detailed information about the effect that a proposed project is likely to have on the environment; to list ways in which the significant effects of such a project might be minimized; and to indicate alternatives to such a project.”³ This Article evaluates whether CEQA requires a local government entity to take into account the potential environmental impacts of displaced development at the time it decides whether to approve or reject the project proposed at the developer’s preferred site, or when it enacts land use policies that limit growth.

Two California appellate courts recently reached conflicting conclusions in *Muzzy Ranch Co. v. Solano County Airport Land Use Commission*⁴ (*Muzzy Ranch*) and *Wal-Mart Stores, Inc. v. City of Turlock*⁵ (*Turlock*). In both cases, private firms sued government entities for not complying with CEQA in the enactment of measures that frustrated the firms’ development aspirations. Both petitioners asserted that the agency needed to evaluate displaced development; the *Muzzy Ranch* court agreed and the *Turlock* court did not. The California Supreme Court granted review in *Muzzy Ranch* over a year ago⁶ and recently denied a petition for review in *Turlock*.⁷ This Article details CEQA’s key provisions, describes these two recent conflicting court opinions, and discusses considerations that should inform the ultimate resolution of the CEQA issues raised by these cases.

I. CEQA AND LOCAL LAND USE PLANNING DECISIONS

A. *Types of Decisions to Which CEQA Applies: The Ministerial/Discretionary Distinction*

Shortly after CEQA’s enactment, the California Supreme Court heard a landmark case, *Friends of Mammoth v. Board of Supervisors of Mono County*,⁸ in which the court held that although the statute at the

development proposal be accompanied by an analysis listing its environmental impacts and that, where feasible, those impacts be mitigated.”).

3. CAL. PUB. RES. CODE § 21061.

4. 23 Cal. Rptr. 3d 60 (Ct. App.), *as modified upon denial of reh’g*, No. A104955, 2005 Cal. App. LEXIS 189 (Ct. App. Feb. 4, 2005), *review granted and republished by* 110 P.3d 289 (Cal. 2005).

5. 41 Cal. Rptr. 3d 420 (Ct. App.), *review denied*, No. S143488, 2006 Cal. LEXIS 8623 (July 12, 2006).

6. 110 P.3d 289 (Cal. 2005).

7. *Wal-Mart Stores, Inc. v. City of Turlock*, No. S143488, 2006 Cal. LEXIS 8623 (July 12, 2006).

8. 502 P.2d 1049 (Cal. 1972).

time did not define the term "project," CEQA should be applied to government regulation of private activities, not just to public works.⁹ Prior to this case, confusion reigned about whether CEQA applied only to government-sponsored actions and projects, or to all discretionary government decisions, including the issuance of permits for private development.¹⁰

A California court described very well the rationale for requiring CEQA analysis for all discretionary decisions:

The touchstone is whether the approval process involved allows the government to shape the project in any way which could respond to any of the concerns which might be identified in an environmental impact report. And when is government foreclosed from influencing the shape of the project? Only when a private party can legally compel approval without any changes in the design of its project which might alleviate adverse environmental consequences.¹¹

Today, new development in California is subject to a variety of discretionary land use controls that would trigger an environmental assessment under CEQA, including zoning and the approval of new subdivision maps. California law requires each local government to enact a general plan.¹² To be approved, all zone changes¹³ or new subdivision maps¹⁴ must be consistent with that plan. A general plan must include segments or elements addressing certain topics, such as transportation, housing, and land use.¹⁵ The local government may include other elements in the local general plan as long as they relate to the physical development of the community.¹⁶ Local legislative bodies also approve redevelopment plans¹⁷ and all development agreements between local governments and private developers.¹⁸ Every one of these local land use

9. *Id.* at 1054-55. California Public Resources Code section 21000(g) provides:

It is the intent of the Legislature that all agencies of the state government which regulate activities of private individuals, corporations, and public agencies which are found to affect the quality of the environment, shall regulate such activities so that major consideration is given to preventing environmental damage

10. Landis et al., *Fixing CEQA*, *supra* note 2, at xvi.

11. *Friends of Westwood, Inc. v. City of Los Angeles*, 235 Cal. Rptr. 788, 793 (Ct. App. 1987).

12. CAL. GOV'T CODE § 65300 (West 2006).

13. *Id.* § 65860; HARRY D. MILLER & ARTHUR F. COON, 9 CALIFORNIA REAL ESTATE § 25:179 (3d ed. 2001) ("A charter city is required to have a general plan, but the general plan/zoning consistency requirement does not apply to a charter city, except a charter city with a population in excess of two million, unless the city elects to require consistency by a charter provision or ordinance.").

14. CAL. GOV'T CODE § 66473.5.

15. *Id.* § 65302.

16. *Id.* § 65303.

17. See CAL. PUB. RES. CODE §§ 21063, 21090 (West 2006).

18. A development agreement is a contract between a local government and a private developer assuring the developer of the vested right to complete its project subject to the rules in

decisions is potentially subject to the provisions of CEQA because government officials are empowered with broad discretion in making land use decisions.¹⁹

All government decisions can be characterized as being either discretionary or ministerial. CEQA categorically exempts ministerial decisions by local government entities from its purview.²⁰ For CEQA purposes, a ministerial decision is one that requires the decision maker to apply detailed prescriptive standards to particular cases, petitions, or permit applications with limited ability to change the outcome based on factors outside the scope of consideration. An example of a discretionary decision is a local entity's decision to approve a requested tentative subdivision tract map with conditions the applicant must satisfy before recording the map in the county land records. Whether the applicant has met those conditions and become entitled to record a final subdivision map, is a ministerial decision, one usually delegated to a county or city administrative officer.²¹

When a proposed development is already consistent with all existing land use controls and requires no subdivision approval, the developer can begin work by obtaining a building permit.²² While the enactment of a building code could affect the physical environment, for instance by allowing or prohibiting the use of energy efficient materials, CEQA applies to the issuance of a particular building permit only if the local building code ordinance delegates meaningful discretion to building permit officials. Many building codes don't provide leeway for building code officials to do more than match proposed architectural drawings against the specific health and safety standards embodied in the building

effect on the effective date of the agreement. Development agreements are "projects" subject to CEQA. *See* *Citizens for Responsible Gov't v. City of Albany*, 66 Cal. Rptr. 2d 102, 110 (Ct. App. 1997).

19. *See* CAL. CODE REGS. tit. 14, § 15040 (2006) ("(a) CEQA is intended to be used in conjunction with discretionary powers granted to public agencies by other laws. (b) CEQA does not grant an agency new powers independent of the powers granted to the agency by other laws."); *id.* § 15125(d) ("The EIR shall discuss any inconsistencies between the proposed project and applicable general plans and regional plans.").

20. CAL. PUB. RES. CODE § 21080(b) ("This division does not apply to . . . [m]inisterial projects proposed to be carried out or approved by public agencies . . .").

21. *See* CAL. CODE REGS. tit. 14, § 15268(a).

22. *See, e.g., Banker's Hill, Hillcrest, Park West Cmty. Pres. Group v. City of San Diego*, 42 Cal. Rptr. 3d 537 (Ct. App. 2006). This fourteen-story infill project, a fourteen-unit apartment house, would have qualified for the ministerial exemption because it was consistent with zoning and the general plan. But local officials weren't sure whether the developer planned to sell the units as condominiums or hold them as rental units. To market ownership of individual units, the developer would have needed an approved subdivision map, and the act of granting or denying subdivision maps is discretionary. *Id.* at 541 n.5.

code, and therefore, the approval of building permits often does not trigger CEQA.²³

B. Which "Projects" Require EIRs?

The first step in a local government's environmental assessment is to make an administrative determination of whether a project is subject to CEQA at all.²⁴ An EIR is not mandated for every project. "Project" is a statutory term of art. By definition, an activity is a project if it has any potential to cause a "significant effect on the environment,"²⁵ either direct or indirect. For example, the enactment of a city or county zoning ordinance is a discretionary action that may be considered a project under CEQA.²⁶

Some projects are exempt under either specific statutes, or as categorical exemptions under the CEQA guidelines, which are administrative regulations promulgated to fulfill the objectives of the statute.²⁷ Three categorical exemptions are important for the purposes of this Article. A project is exempt from CEQA "[w]here it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment."²⁸ This is sometimes referred to as "the common sense exemption." Its application is rigorously circumscribed. If a reasonable argument can be made to suggest a possibility that a project will cause a significant environmental impact, "the agency must refute that claim *to a certainty* before finding that the [common sense] exemption applies."²⁹

A third exemption, at issue in *Turlock*, allows streamlined environmental review for projects that "are consistent with the development density established by existing . . . general plan policies for which an EIR was certified."³⁰ The environmental review for the project is "tiered" to the EIR produced for the general plan. Under this

23. See, e.g., *Friends of Westwood, Inc. v. City of Los Angeles*, 235 Cal. Rptr. 788, 800 (Ct. App. 1987).

24. Landis et al., *Fixing CEQA*, *supra* note 2, at xvi ("Fearing legal challenge, most localities exclude only those types of projects specifically identified in the statutes as being exempt from CEQA review.").

25. See CAL. CODE REGS. tit. 14, § 15061(b)(3) (2006) (defining "project").

26. See CAL. PUB. RES. CODE § 21080(a) (West 2006) ("Except as otherwise provided in this division, this division shall apply to discretionary projects proposed to be carried out or approved by public agencies, including, but not limited to, the enactment and amendment of zoning ordinances . . .").

27. CAL. CODE REGS. tit. 14, § 15061. For a list of categorical exemptions, see 12 WITKIN, SUMMARY OF CALIFORNIA LAW § 837, at 1001 (10th ed. 2006).

28. CAL. CODE REGS. tit. 14, § 15061(b)(3).

29. *Davidon Homes v. City of San Jose*, 62 Cal. Rptr. 2d 612, 619 (Ct. App. 1997).

30. CAL. CODE REGS. tit. 14, § 15183.

streamlined review, only “project-specific significant effects which are peculiar to the project or its site” must be evaluated.³¹

Another exemption applies to projects “that will be rejected or disapproved by a public agency.”³² Without such an exemption, local governments would have to incur the costs of performing an environmental assessment for every discretionary project, even those with no chance whatsoever of being approved. This exemption is intended to prevent local governments from squandering resources on CEQA analyses of projects certain not to occur. An unintended consequence is that it implicitly ratifies the misconception that the rejection of a development proposal never has adverse environmental effects. This exemption furthers CEQA’s no-growth bias, as discussed in more detail in Part III.

For activities that are not exempt, an initial study is needed to assess whether an EIR should be prepared.³³ An EIR is needed if substantial evidence supports a claim that “any aspect of the project, either individually or cumulatively, may cause a significant effect on the environment”—even if, overall, the project is environmentally benign.³⁴ Notably, the legal standard for determining whether a project’s potential impacts justify requiring the proponent to prepare a full EIR is not that the project “would” or “would probably” cause a significant effect, only that it “may” cause that effect. Anyone seriously considering a lawsuit to halt a project that the local government has approved without the benefit of a full EIR will take comfort from this challenger-friendly standard.

Local governments enjoy considerable discretion in how they conduct initial studies of impacts a proposed project could unleash. This involves formulating a list of the types of impacts that merit evaluation and setting standards for judging threshold levels of environmental significance for each type of impact. With so much local discretion, standards vary from one jurisdiction to the next, and even within the same jurisdiction from one project to the next.³⁵

Ultimately, though, all local governments are bound by CEQA’s mandates, and subject to legal challenge for attempting to shirk them. California courts have interpreted CEQA in a way that denies local governments that decide not to prepare an EIR the benefit of the doubt

31. *Id.*

32. *Id.* § 15061(b)(4).

33. CAL. PUB. RES. CODE § 21080.1(a) (West 2006) (“The lead agency shall be responsible for determining whether an environmental impact report, a negative declaration, or a mitigated negative declaration shall be required for any project which is subject to this division.”).

34. CAL. CODE REGS. tit. 14, §§ 15002(k), 15063(b)(2).

35. See, e.g., Elisa Barbour & Michael Teitz, *CEQA Reform: Issues and Options*, at 15 (Public Policy Institute of California, April 6, 2005) (“Project applicants face inconsistent requirements not just across jurisdictions but also for different projects within the same jurisdiction.”).

usually accorded to legislative acts challenged in mandamus actions. Challengers will succeed in compelling the lead agency to prepare an EIR if they can advance a "fair argument" based on substantial evidence that a project may cause a significant environmental effect.³⁶

Once a draft EIR is ready, has been circulated for public comment, and the lead agency³⁷ has responded to the comments,³⁸ the legislative body certifies the EIR as complete.³⁹ If the lead agency determines that the project will not cause significant environmental effects, it issues a negative declaration or mitigated negative declaration.⁴⁰ A negative declaration (commonly referred to as a "neg dec") states that a project threatens no significant environmental effects. Initial studies are twenty times more likely to lead to negative declarations or mitigated negative declarations than to the preparation of full EIRs.⁴¹ Most developers

36. *Sierra Club v. County of Sonoma*, 8 Cal. Rptr. 2d 473, 478 (Ct. App. 1992). The court explained:

The "fair argument" test is derived from section 21151 [Cal. Pub. Res. Code], which requires an EIR on any project which "may have a significant effect on the environment." That section mandates preparation of an EIR in the first instance "whenever it can be fairly argued on the basis of substantial evidence that the project may have significant environmental impact." If there is substantial evidence of such impact, contrary evidence is not adequate to support a decision to dispense with an EIR. Section 21151 creates a low threshold requirement for initial preparation of an EIR and reflects a preference for resolving doubts in favor of environmental review when the question is whether any such review is warranted. For example, if there is a disagreement among experts over the significance of an effect, the agency is to treat the effect as significant and prepare an EIR.

(internal citations omitted).

37. CAL. PUB. RES. CODE § 21067 (West 2006) ("Lead agency" means the public agency which has the principal responsibility for carrying out or approving a project which may have a significant effect upon the environment."); CAL. CODE REGS. tit. 14, § 15051(b) ("If the project is to be carried out by a nongovernmental person or entity, the lead agency shall be the public agency with the greatest responsibility for supervising or approving the project as a whole."). For zoning, planning and subdivision map act approvals, the lead agency is the local government vested under state law with the authority to grant or deny such actions.

38. CAL. CODE REGS. tit. 14, § 15088(a) ("The lead agency shall evaluate comments on environmental issues received from persons who reviewed the draft EIR and shall prepare a written response. The lead agency shall respond to comments received during the noticed comment period and any extensions and may respond to late comments.").

39. CAL. PUB. RES. CODE § 21151.

40. *Id.* § 21064; see also 50 CAL. JUR. 3D *Pollution and Conservation Laws* § 507 (2006) defining:

[a] negative declaration [as] a written statement briefly describing the reasons that a proposed project will not have a significant effect on the environment and does not require the preparation of an environmental impact report. A 'mitigated negative declaration' is one that includes mitigation measures to avoid potentially significant environmental effects.

41. Landis et al., *Fixing CEQA*, *supra* note 2, at 6 ("The ratio of negative declarations to EIRs among California local governments in 1990 was about 20 to 1."). Accord Legislative Analyst's Office, *CEQA: Making It Work Better*, Mar. 20, 1997, at 7, available at http://www.lao.ca.gov/1997/032097_ceqa/ceqa_397.html ("Recent research surveys show that of the 35,000 to 40,000 projects that are subject to the CEQA process annually, up to 2,000 require

prefer negative declarations for their speed and modest cost. EIRs can cost tens and even hundreds of thousands of dollars, with preparation times running from six months to several years, depending on the complexity of the project and the determination and resources of the project's opponents.⁴²

Government officials can approve projects with significant negative impacts so long as they impose conditions on the project to mitigate adverse impacts to the extent feasible.⁴³ Additionally, CEQA allows the lead agency to approve a project despite unmitigated impacts by adopting a Statement of Overriding Considerations, which is a declaration identifying specific social or economic factors that justify the failure to mitigate the negative environmental consequences.⁴⁴

CEQA compliance is enforced through citizen-initiated lawsuits; there is no state administrative oversight.⁴⁵ If a litigant succeeds in convincing a court that a local government approved a project without proper CEQA compliance, the opponent has not necessarily succeeded in blocking the project permanently. Generally, courts remand such cases back to the local government for a new environmental assessment. Unless political conditions have changed, the project may well be approved following an adequate CEQA analysis, though the project might be modified with feasible mitigation measures. Challengers hope that delaying a project will ultimately lead to its being abandoned or substantially revised. They anticipate that even developers well capitalized enough to absorb the costs of litigation and the added burdens

an EIR."); Barbour & Teitz, *supra* note 35, at 13 (comparing 1990 with 1998 data and finding that the ratio of negative declarations to EIRs had fallen in those eight years among cities from 17:1 to 15:1, and among counties from 21:1 to 17:1).

42. The most recent reported study of the cost of EIRs, released in 1990, revealed that ten percent of EIRs cost more than \$125,000. Barbour & Teitz, *supra* note 35, at 12.

43. CAL. PUB. RES. CODE § 21002 (West 2006) provides guidance for agencies:

The Legislature finds and declares that it is the policy of the state that public agencies should not approve projects as proposed if there are feasible alternatives or feasible mitigation measures available which would substantially lessen the significant environmental effects of such projects, and that the procedures required by this division are intended to assist public agencies in systematically identifying both the significant effects of proposed projects and the feasible alternatives or feasible mitigation measures which will avoid or substantially lessen such significant effects. The Legislature further finds and declares that in the event specific economic, social, or other conditions make infeasible such project alternatives or such mitigation measures, individual projects may be approved in spite of one or more significant effects thereof.

44. *Id.* § 21081(b) ("With respect to significant effects which were subject to a finding under paragraph (3) of subdivision (a), the public agency finds that specific overriding economic, legal, social, technological, or other benefits of the project outweigh the significant effects on the environment.").

45. Barbour & Teitz, *supra* note 35, at 14.

of holding the land pending the outcome of the lawsuit may find that the project is no longer feasible due to changed market conditions.

II. THREE KEY FEATURES OF AN EIR

By statute, EIRs incorporate certain features against which the *Muzzy Ranch* and *Turlock* cases play out: (1) Alternatives Analysis, (2) Cumulative Impacts, and (3) Growth-Inducing Impacts.

A. Alternatives Analysis

CEQA requires the lead agency to consider a range of alternatives to the proposed project in search of environmentally superior choices that are feasible in the sense that they would fulfill most of the proposed project's objectives.⁴⁶ Among the alternatives is the possibility of the project not being built at all, or the contemplated ordinance not being passed. This is called the no-project alternative.⁴⁷ Potentially, the no-project alternative embodies a no-growth bias that could benefit project opponents. But the CEQA Guidelines caution EIR preparers to resist the assumption that a presently undeveloped site is likely to remain forever unbuilt and in pristine condition. Rather, they are expected to describe the reasonably foreseeable future of the project site, and not hypothesize "a set of artificial assumptions that would be required to preserve the existing physical environment."⁴⁸

As this guideline is worded, though, the focus is on the site directly affected by the policy or proposal under review, and not on the sites to which such activity might migrate if blocked at the subject property.

46. CAL. CODE REGS. tit. 14, § 15126.6(a) (2006) entitled "Consideration and Discussion of Alternatives to the Proposed Project: Alternatives to the Proposed Project" states that:

An EIR shall describe a range of reasonable alternatives to the project, or to the location of the project, which would feasibly attain most of the basic objectives of the project but would avoid or substantially lessen any of the significant effects of the project, and evaluate the comparative merits of the alternatives. An EIR need not consider every conceivable alternative to a project. Rather it must consider a reasonable range of potentially feasible alternatives that will foster informed decision making and public participation. An EIR is not required to consider alternatives which are infeasible. The lead agency is responsible for selecting a range of project alternatives for examination and must publicly disclose its reasoning for selecting those alternatives. There is no ironclad rule governing the nature or scope of the alternatives to be discussed other than the rule of reason. (internal citations omitted).

47. *Id.* § 15126.6(e)(1) ("The specific alternative of 'no project' shall also be evaluated along with its impact. The purpose of describing and analyzing a no project alternative is to allow decisionmakers to compare the impacts of approving the proposed project with the impacts of not approving the proposed project.").

48. *Id.* § 15126.6(e)(3)(B).

B. Cumulative Impacts of an Approved Project

CEQA guidelines clearly require an assessment of the cumulative impacts of a project, and those impacts include "all related past, present, and reasonably foreseeable future projects" that the project under review is likely to spawn.⁴⁹ The rationale for studying cumulative impacts has been well formulated:

One of the most important environmental lessons evident from past experience is that environmental damage often occurs incrementally from a variety of small sources. These sources appear insignificant, assuming threatening dimensions only when considered in light of the other sources with which they interact. Perhaps the best example is air pollution, where thousands of relatively small sources of pollution cause a serious environmental health problem.

CEQA has responded to this problem of incremental environmental degradation by requiring analysis of cumulative impacts.⁵⁰

CEQA sets no geographic limits or jurisdictional boundaries upon the environmental impacts that decision makers are to consider.⁵¹ For this reason, CEQA is sometimes the best remedy available to a local government to temporarily block rival towns from approving projects without considering their noxious impacts outside the town's boundaries.⁵² For instance, an appellate court rebuked the city of Hanford for approving a coal-fired cogeneration plant without adequately assessing the air and water quality implications of transporting and processing coal.⁵³ To fulfill this obligation, the city would need to consider the air quality impacts within the entire Kings County Air Pollution Control District, and the potential of the plant to use far more than its fair share of the limited supply of groundwater drawn from the 700 square mile Tulare Lake Basin, only ten square miles of which are located within the boundaries of the city of Hanford.⁵⁴

49. See Legislative Analyst's Office, *CEQA: Making It Work Better*, *supra* note 41, at 10.

50. Daniel P. Selmi, *The Judicial Development of the California Environmental Quality Act*, 18 U.C. DAVIS L. REV. 197, 244 (1984-1985).

51. The notion that an environmental assessment is not limited to the jurisdiction's or agency's boundaries was established by case law early in the history of the National Environmental Policy Act. See, e.g., *Sierra Club v. Lynn*, 502 F.2d 43 (5th Cir. 1974).

52. See Shelley Ross Saxer, *Local Autonomy or Regionalism?: Sharing the Benefits and Burdens of Suburban Commercial Development*, 30 IND. L. REV. 659, 668-69 (1997) (describing use of CEQA by cities to halt unwanted development approved in neighboring towns).

53. *Kings County Farm Bureau v. City of Hanford*, 270 Cal. Rptr. 650, 654, 665 (Cal. Ct. App. 1990).

54. *Id.*

C. Growth-Inducing Impacts

CEQA requires EIRs to address the growth-inducing impacts likely to follow in the wake of an approved project.⁵⁵ To glimpse what it means for a lead agency to take account of growth-inducing impacts, consider *City of Antioch v. City Council*.⁵⁶ In that case, a private developer sought approval from the city of Pittsburg, California to permit construction of a roadway 6,400 feet long, and eighty-four feet wide (enough space for up to eight lanes of traffic), and to certify establishment of a community facilities district to finance the work.⁵⁷ It wasn't enough under CEQA for the city to study only the direct consequences of building the road. The court required the city to assess the environmental impacts of the development that could be anticipated to follow upon completion of the roadway, admonishing that "[c]onstruction of the roadway and utilities cannot be considered in isolation from the development it presages."⁵⁸

The city of Pittsburg contended that such an inquiry involved pure speculation and should be deferred, in the interest of efficiency, until after the city had received a completed application for a specific development.⁵⁹ The court disagreed because it concluded that "the sole reason to construct the road and sewer project is to provide a catalyst for further development in the immediate area."⁶⁰ A private developer wouldn't normally incur the costs of building a new road unless it was confident of the development potential of the adjacent area. CEQA calls for conducting environmental assessments "at the earliest possible time," to identify the potential significant effects of a project before it becomes too late to evaluate alternatives and fashion mitigation measures that would reduce any adverse effects.⁶¹

55. CAL. CODE REGS. tit. 14, § 15126.2(d) (2006) entitled "Growth-Inducing Impact of the Proposed Project" requires that the EIR:

Discuss the ways in which the proposed project could foster economic or population growth, or the construction of additional housing, either directly or indirectly, in the surrounding environment. Included in this are projects which would remove obstacles to population growth (a major expansion of a waste water treatment plant might, for example, allow for more construction in service areas). Increases in the population may tax existing community service facilities, requiring construction of new facilities that could cause significant environmental effects. Also discuss the characteristic of some projects which may encourage and facilitate other activities that could significantly affect the environment, either individually or cumulatively. It must not be assumed that growth in any area is necessarily beneficial, detrimental, or of little significance to the environment.

56. 232 Cal. Rptr. 507 (Ct. App. 1986).

57. *Id.* at 508.

58. *Id.* at 513.

59. *Id.* at 511.

60. *Id.* at 514.

61. CAL. PUB. RES. CODE §§ 21002, 21003.1 (West 2006).

Pittsburg officials welcomed the prospect of new development. But if they had not, and had opposed further growth, it would have illustrated an important anomaly of CEQA. In implementing a no-growth agenda, the city's obligations under CEQA would depend on whether it voted simply to deny the developer a permit to build the road, or changed the zoning to lower permissible densities. The city would not have had to perform a CEQA analysis just to vote "no" on the road permit because CEQA is inapplicable to "[p]rojects which a public agency rejects or disapproves."⁶² Alternately, had the city amended its zoning code to reduce the allowable densities on the properties abutting the proposed road in a preemptive strike against intensive development along the roadway, that down-zoning ordinance would have been subject to CEQA.⁶³

In conclusion, EIRs must address three particular aspects of a project: alternatives, cumulative impacts, and growth-inducing impacts. As discussed below, *Muzzy Ranch* suggests that EIRs must also consider a fourth factor: the impact of development displaced by rejection of a proposed project or by enactment of growth-restrictive policies. Because the California Supreme Court has granted review in *Muzzy Ranch*, the policy implications of requiring displaced development analysis in EIRs merit a closer look.

III. THE CASE FOR AND AGAINST INCLUDING DISPLACED DEVELOPMENT IN EIRS

Adding "displaced development" to the list of factors an EIR should cover could certainly increase the costs of preparing an EIR. Homebuilders and developers usually end up paying the bill for EIRs. To them, the costs of evaluating displaced development may be justified as a counterweight to many other features of an ideal EIR—review of alternatives to the proposed project, cumulative impacts, and growth-inducing consequences—which often yield an exhaustive list of reasons *not* to build a project at a particular location. These analyses fall short of pinpointing or prioritizing where development should be located to accommodate California's rapidly growing population. In contrast, displaced development analysis might show that the development site is more environmentally benign when matched against the locations to which displaced development might migrate.

Disapproving a development project or reducing its density always appears, superficially, to be good for the environment. In the language of the California Building Industry Association, a trade group representing

62. *Id.* § 21080(b)(5).

63. This point was made in the California Building Industry Association's Amicus Curiae Brief in Support of Muzzy Ranch Company at 2-3, *Muzzy Ranch Co. v. Solano County Airport Land Use Comm'n*, 23 Cal. Rptr. 3d 60 (Cal. Ct. App. 2005) (No. S131484).

California homebuilders and subdividers, "decisions designed to restrict or prevent housing development are commonly exempted from CEQA review, on the mistaken and unstudied assumption that such decisions are necessarily environmentally beneficial."⁶⁴ Researchers at the Public Policy Institute of California faulted the common practice of local officials to mitigate a project's possible environmental impacts by reducing its density.⁶⁵ Viewed locally, the lowered density might mitigate traffic congestion or loss of open space. But viewed regionally, pushing development to outlying areas might only worsen these problems. Alternatively, the units are simply never built and the mitigation could serve to exacerbate housing shortages.⁶⁶

In its review of *Muzzy Ranch*, the California Supreme Court has an opportunity to reduce the no-growth bias implicit in CEQA. By affirming *Muzzy Ranch* and requiring EIRs to explore the environmental consequences of displaced development, the California Supreme Court could advance CEQA's essential mission of encouraging legislators to direct development away from environmentally sensitive locations, and encourage mitigation of negative impacts that are feasibly avoidable.

Some observers who see nothing wrong with requiring developers to pay the costs of a displaced development assessment might balk at forcing local governments to absorb the costs of those studies. Usually, the cost of a CEQA analysis is covered by fees the local government levies against private developers as part of the price for filing petitions for zone changes, general plan amendments, subdivision map approvals, conditional use permits, or development agreements.⁶⁷ When environmental review is required for government-initiated zoning or planning changes, such as Turlock's superstore ban or the Solano County airport land use plan at issue in *Muzzy Ranch*, the local government must cover from its own resources the often daunting costs of an EIR. To save money and conserve staff resources, it is tempting for public agencies to

64. *Id.*

65. Barbour & Teitz, *supra* note 35, at 18.

66. *Id.* at iv. The report provides as an example that:

lowering a residential project's density might help mitigate traffic congestion or open space problems at the local scale, but when viewed regionally might only compound the problems if development is pushed to outlying areas. If, instead of being displaced, the development fails to occur, then the so-called mitigation may compound housing shortages.

67. CAL. CODE REGS. tit. 14, § 15045(a) (2006) provides:

For a project to be carried out by any person or entity other than the lead agency, the lead agency may charge and collect a reasonable fee from the person or entity proposing the project in order to recover the estimated costs incurred in preparing environmental documents and for procedures necessary to comply with CEQA on the project. Litigation expenses, costs and fees incurred in actions alleging noncompliance with CEQA are not recoverable under this section.

hold themselves to a lower standard of environmental assessment than they impose upon private developers. State law admonishes cities not to do this. The state legislature has mandated that projects initiated by public agencies receive "the same level of review and consideration" as those the local government requires of private projects.⁶⁸

In the language of CEQA, displaced development would be described as an *indirect* physical impact of the rejected project, to be analyzed only if "reasonably foreseeable" and not "speculative or unlikely to occur."⁶⁹ Lead agencies are free to terminate discussion of improbable or unforeseeable indirect impacts, though only after a "thorough investigation."⁷⁰ To see where courts have drawn the line between pure speculation and responsible forecasting, we can compare two cases involving the application of CEQA to annexations. Annexations of unincorporated territory to a city require approval by a Local Agency Formation Commission.

In the first of the two cases, the venerable *Bozung v. Local Agency Formation Commission of Ventura County*,⁷¹ the Local Agency Formation Commission approved annexation of 677 acres of agriculturally zoned land from unincorporated Ventura County to the City of Camarillo.⁷² The landowner had pushed for the annexation so that it could develop the property because Ventura County had a strict policy against re-zoning land from agricultural to urban uses.⁷³ The county's view was that development should only take place within the boundaries of incorporated cities and the City of Camarillo had indicated it would be receptive to the development if the annexation were approved.⁷⁴ The Local Agency Formation Commission did not prepare an EIR since the annexation itself wouldn't have a direct physical impact on the environment. But given the realities of development politics in Ventura County and Camarillo, and the manifest desire of the property owner to develop, the California Supreme Court envisioned indirect physical impacts flowing from the annexation.⁷⁵ The court sent the case back to the Local Agency Formation Commission for a CEQA analysis with this explanation: "Vital to our disposition of this case is that [the] application stated the land was presently used for agriculture and would be used 'for

68. CAL. PUB. RES. CODE § 21001.1 (West 2006).

69. CAL. CODE REGS. tit. 14, § 15064(d)(3) ("An indirect physical change is to be considered only if that change is a reasonably foreseeable impact which may be caused by the project. A change which is speculative or unlikely to occur is not reasonably foreseeable.").

70. *Id.* § 15145.

71. 529 P.2d 1017 (Cal. 1975).

72. *Id.* at 1020.

73. *Id.* at 1020–21 & n.3.

74. *Id.* at 1029–30.

75. *Id.*

residential, commercial and recreational uses ... anticipated ... in the near future."⁷⁶

Conversely, in *Simi Valley Recreation & Park District v. Local Agency Formation Commission of Ventura County*, the Ventura County Board of Supervisors did not conduct any CEQA analysis when it ordered the detachment of 10,000 acres of open space (4,200 acres of it located within a state park) from the Simi Valley Recreation and Park District to the county.⁷⁷ The county Board of Supervisors believed that the site could be administered more efficiently by the county than by the Recreation and Park District.⁷⁸ The detached site was near the then-unincorporated community of Moorpark and separated from the balance of the park district's turf by a mountain range. Despite the transfer, the land would remain open space since Ventura County had a firm policy against the urbanization of agricultural land located within the unincorporated area.⁷⁹ In contrast to the openly anticipated development in *Bozung*, the county's resolution approving the detachment of acreage from the Simi Valley Recreation and Park District asserted: "[t]here is no present development planned for the detached area."⁸⁰ Subsequent appellate court decisions have highlighted the distinction between *Bozung* and *Simi Valley* as the difference between "an essential step culminating in action which may affect the environment (*Bozung*) and approval of a reorganization which portends no particular action affecting the environment (*Simi Valley*)."⁸¹

IV. DISPLACED DEVELOPMENT: TWO CONFLICTING CASES

The implications of including displaced development in an EIR are evident in both *Muzzy Ranch* and *Turlock*, as this section describes.

A. *The Muzzy Ranch Case*

This pending California Supreme Court case involves the local government's power to limit residential density in the Muzzy Ranch community near the Travis Air Force Base, a major economic hub in Solano County.⁸² In California, government entities in each county known as Airport Land Use Commissions are empowered to forecast future operations at each airport in the state, identify the areas near the airport

76. *Id.* at 1021.

77. 124 Cal. Rptr. 635 (Ct. App. 1975).

78. *Id.* at 650.

79. *Id.* at 647.

80. *Id.* at 644 (quoting the county resolution).

81. *Fullerton Joint Union High School Dist. v. Bd. of Educ.*, 654 P.2d 168, 180 (Cal. 1982).

82. *Muzzy Ranch Co. v. Solano County Airport Land Use Comm'n*, 23 Cal. Rptr. 3d 60 (Ct. App. 2005).

that could be subject to disturbing noise levels and low-flying aircraft, and enact a land use compatibility plan to assist local governments in their zoning and planning for areas that are potentially affected by airport operations.⁸³ In order to fulfill this state mandate, the Solano County Airport Land Use Commission (the Commission) adopted a compatibility plan known as the Travis Air Force Base Land Use Plan (the Plan). To protect residents from being exposed to loud overflight noise, the Plan sought to hold housing densities within the “compatibility area” to those levels already permitted under the zoning ordinances and general plans of the affected cities and the county. The Plan would have frozen housing densities for “hundreds of thousands of acres of private property in a wide swath [of] more than 600 square miles extending more than 35 miles through Solano County.”⁸⁴

Muzzy Ranch brought suit against the Commission because the ranch was located directly within the Plan’s recommended no-change zone. Under the Plan, the ranch owner had to seek modifications of the local zoning and general plan in order to increase allowable housing densities. Any modification required Commission approval, and since the Commission could not approve a requested modification inconsistent with the Plan, such approval would be unlikely. If the Commission rejected the ranch owner’s proposed development plan, the county board of supervisors could still amend the general plan and accompanying zoning ordinance by overruling the Commission’s decisions by a two-thirds majority vote.⁸⁵

In its lawsuit, Muzzy Ranch sought to set aside the Plan, claiming it violated CEQA by failing to address the critical needs of a fast-growing community for new development, especially housing. Significantly, Muzzy Ranch claimed that the Plan did not adequately address the environmental “impacts of forcing that inevitable growth into other areas.”⁸⁶

The Commission thought its plan was not a “project” under CEQA⁸⁷ and that even if it were, it would qualify for the common sense regulatory exemption. Both claims were based on the assumption that enactment of the Plan effected no change in the physical environment.⁸⁸ Commission attorneys contended that Muzzy Ranch’s arguments about displaced

83. State Aeronautics Act, CAL. PUB. UTIL. CODE §§ 21001-21707 (West 2006).

84. *Muzzy Ranch*, 23 Cal. Rptr. 3d at 62 (quoting appellant’s assertion not contradicted by the Commission).

85. CAL. GOV’T CODE § 65302.3 (West 2006) (citing CAL. PUB. UTIL. CODE § 21676).

86. Appellant’s Reply Brief at 12-13, *Muzzy Ranch*, 23 Cal. Rptr. 3d 60 (No. A104955).

87. Respondent’s Brief at 20, *Muzzy Ranch*, 23 Cal. Rptr. 3d 60 (No. A104955).

88. The Commission had relied on the advice of outside counsel—a leading CEQA expert, the late Michael Remy—that the Plan was not a “project” because it had recommended no changes to the status quo of any zoning or general plan designations, and so in itself could not possibly impact the environment directly or indirectly. *Id.* at 13-14.

development stretched the notion of proximate causation beyond reason⁸⁹ and that such an analysis would call for pure speculation to hold their client accountable for displaced housing.⁹⁰ To the Commission, as a matter of law it would be impossible to know for sure "that even a single-dwelling unit will be 'displaced' or redirected from within Compatibility Zone C to outside of that Zone due to the Commission's adoption of the [Plan]."⁹¹ The Commission argued that housing developers would have to propose new subdivisions, general plans and zoning would have to be changed, and other constraints to development would have to be lifted. The quantity of new housing that could be built outside the compatibility zone without any zone changes would need to be measured against potential housing demand. As far as the Commission was concerned, Muzzy Ranch had proved neither the demand nor the supply side of the equation. The Commission figured that the best time to assess the environmental impacts of possible housing developments would be when such developments were proposed by subdividers, and then actually approved by receptive local governments by revising their zoning and general plans.⁹²

The court disagreed with the Commission on both points, declaring the Plan to be a project as defined by CEQA and finding that the Plan did not fall within the common sense exemption for environmentally inconsequential government decisions.⁹³ The Commission had previously conceded that Solano County was likely to experience significant population growth with pressures mounting to urbanize undeveloped land throughout the county, including the vacant sites near the airport.⁹⁴ This concession prompted the court to note: "Although it is presently unclear precisely how adoption of the [Plan] will affect the environment, it is undeniable that placing a vast area of land largely off-limits to future residential development will have long term impacts on the use of land and population distribution in the region."⁹⁵ The court identified the physical change that the Commission had overlooked as increased housing development outside the project area.⁹⁶

The court rejected the Commission's claim that attempting to analyze displaced housing would be unduly speculative by distinguishing

89. See Opening Brief on the Merits at 17, *Muzzy Ranch Co. v. Solano County Airport Land Use Comm'n*, No. S131484 (Cal. May 13, 2005).

90. *Id.* at 29.

91. Respondent's Petition for Rehearing at 7-8, *Muzzy Ranch*, 23 Cal. Rptr. 3d 60 (Ct. App. 2005) (No. A104955).

92. See Opening Brief on the Merits, *supra* note 89, at 38.

93. *Muzzy Ranch Co. v. Solano County Airport Land Use Comm'n*, 23 Cal. Rptr. 3d 60, 64-67 (Ct. App. 2005).

94. *Id.* at 67.

95. *Id.* at 72.

96. *Id.* at 69.

rank speculation from informed forecasting.⁹⁷ In its briefing to the California Supreme Court, Muzzy Ranch defends the court's holding on grounds that:

[I]t is not speculation for experts preparing CEQA analyses to calculate or predict growth patterns and/or resulting changes in land use regulations in the future in Solano County and elsewhere to accommodate housing for the growth that is now prohibited by the Plan. These calculations are undertaken in virtually every [Environmental Impact Report] pursuant to CEQA's directive that public agencies evaluate the "growth-inducing" impacts of their actions.⁹⁸

Indeed, most local governments already possess information about how they plan to accommodate housing needs for all income groups within their boundaries since these data are required for compliance with state housing element guidelines, and housing elements are a mandatory element of the general plans that local governments must put in place as a condition to exercising land use controls.⁹⁹

Although the county sought to saddle the environmental challenger, Muzzy Ranch, with the burden of proving the impacts of displaced development, the court put that obligation firmly upon the public entity, the Commission, as a pre-condition to its successfully claiming the common sense exemption. Following the appellate court's decision, the county will have to demonstrate with substantial evidence that its proposed land use plan could not possibly have a discernibly significant environmental effect. The court's rationale was that under CEQA procedures, the lead agency must assess whether the proposed activity has a potential to cause any physical changes in the environment (whether benign or harmful) before going public with its initial environmental analysis. In other words, the agency determines whether the common sense exemption applies before providing notice to the public about the project, so it would be virtually impossible for anyone outside the lead agency to offer unsolicited proof concerning the potential impacts of the Commission's action. Once it identifies even the mere possibility of an impact, the agency is barred from concluding with certainty that the project is entitled to the common sense exemption.¹⁰⁰ Later, when the agency releases the results of its analysis, a successful

97. CEQA Guidelines sections 15144 and 15145 contrast "forecasting" (agency must use best efforts to find out and disclose all it reasonably can) with "speculation" (impacts too speculative for evaluation justify the lead agency noting its conclusion and terminating further discussion).

98. Appellant Muzzy Ranch Co.'s Answer Brief on the Merits at 29, *Muzzy Ranch Co. v. Solano County Airport Land Use Comm'n*, No. S131484 (Cal. July 13, 2005).

99. CAL. GOV'T CODE § 65301(c) (West 2006).

100. See *Muzzy Ranch Co. v. Solano County Airport Land Use Comm'n*, 23 Cal. Rptr. 3d 60, 65 (Ct. App. 2005).

challenger could force the agency to start its decision process all over again for having overlooked significant potential impacts in its preliminary environmental assessment.

Imagine the consequences if the California Supreme Court endorses the lower court's opinion in *Muzzy Ranch*. The court would remand the airport land use plan to the Commission for a closer look at the environmental impacts of limiting development in a large swath of land surrounding the airport. Instead of accepting existing zoning and planning limits on housing development in the airport area as optimal, the Commission would need to gather information enabling it to balance overflight considerations against other environmental impacts flowing from the development pattern it ultimately prescribes.

B. *The Turlock Case*

The second of the two cases could be characterized as the anti-*Muzzy*. Wal-Mart desired to build a 225,000 square foot superstore—including a full-service grocery—at the intersection of State Route 99 and Tuolumne Road in the city of Turlock.¹⁰¹ At first, Wal-Mart officials felt quite welcome,¹⁰² which was not especially surprising because the city was eager to receive the point-of-origin sales tax that a new Wal-Mart would yield. City officials were cognizant of how abundant such revenues could be since they were already booking substantial tax revenues from a Wal-Mart that had been ringing up sales within the city for over a decade.¹⁰³

The mood among city officials regarding the superstore darkened abruptly after Wal-Mart superstore opponents—union and local supermarket representatives—conferred successively with each of the five city council members and convinced them to vote for a city-wide ban on big box discounters selling groceries.¹⁰⁴ The ban applied to “discount superstores,”¹⁰⁵ defined as “a discount store that exceeds 100,000 square feet of gross floor area and devotes at least 5 percent of the total sales

101. See *Wal-Mart Stores, Inc. v. City of Turlock*, 41 Cal. Rptr. 3d 420, 422 (Ct. App.), review denied, No. S143488, 2006 Cal. LEXIS 8623 (July 12, 2006); *Wal-Mart Plan is Confirmed*, MODESTO BEE, May 4, 2005, at B1.

102. *Turlock*, 41 Cal. Rptr. 3d at 422.

103. The Land Use Element of the Turlock General Plan credits increased sales tax revenues flowing to the town from general merchandise sold at a Wal-Mart outlet in Turlock that opened in May 1993. See CITY OF TURLOCK PLANNING COMM'N, TURLOCK GENERAL PLAN—LAND USE ELEMENT, at 2-17, available at <http://www.turlock.ca.us/citydepartments/communityplanning/generalplan/> (follow “Land Use Element” link in sidebar) (last visited Oct. 10, 2006).

104. About twenty-two percent of grocery workers nationwide are union members; Wal-Mart's implacable stance against unionization is well known. See George Lefcoe, *The Regulation of Superstores: The Legality of Zoning Ordinances Emerging from the Skirmishes Between Wal-Mart and the United Food and Commercial Workers Union*, 58 ARK. L. REV. 833, 834 n.4, 835 n.8 (2006).

105. *Wal-Mart Stores, Inc. v. City of Turlock*, 41 Cal. Rptr. 3d 420, 423 (Ct. App. 2006).

floor area to the sale of nontaxable merchandise, often in the form of a full-service grocery department.”¹⁰⁶

Wal-Mart sued the city, challenging the ban as beyond the city’s legitimate land use powers and contending that the city had failed to comply with CEQA by evaluating the environmental impacts of banning grocery sales by big box discounters within the city limits.¹⁰⁷ Specifically, Wal-Mart argued that because the ordinance presented site-specific impacts not contemplated in the EIR certified for the city’s general plan, the ordinance was not exempt from further environmental review.¹⁰⁸ The court upheld the ordinance against both these claims.

1. *Legitimate Exercise of Police Power*

In its briefs, Wal-Mart assailed the ban as an abuse of local zoning powers, alleging that it had been enacted not for legitimate land use reasons but rather to restrain Wal-Mart from competing with unionized supermarkets; and faulted as unjustifiable the distinctions drawn in the ordinance among discount superstores, discount clubs, discount stores, and freestanding supermarkets.¹⁰⁹ The city countered by advancing a plausible planning justification for the ban. In an agenda report to the city council dated December 9, 2003, the City Planning Manager explained:

Discount superstores compete directly with existing grocery stores, many of which anchor neighborhood-serving commercial centers. Many smaller stores within a neighborhood center rely upon the foot traffic generated by the grocery store for their existence. In neighborhood centers where the primary grocery store closes, vacancy rates typically increase and deterioration takes place in the remaining center. For instance, the tenants in the Turlock Town Center have been adversely impacted by the closure of Albertson’s and the entire center lacks its former vitality. For the residents surrounding Turlock Town Center, longer trips are now necessary to acquire day-to-day consumer goods.

106. *Id.* at 424.

107. *Id.* at 421.

108. *Id.* at 422.

109. *Id.* at 439–40 & n.25 (citing *Hernandez v. City of Hanford*, 40 Cal. Rptr 3d 905 (Ct. App. 2006) (striking down a ban on furniture sales outside the downtown area because it excepted furniture sales by department stores)); *cf.* *Friends of Davis v. City of Davis*, 100 Cal. Rptr. 2d 413, 420 (Cal. Ct. App. 2000) (“Where certain uses are permitted, a city cannot arbitrarily exclude others who would employ a similar use”); *Roman Catholic Welfare Corp. v. City of Piedmont*, 289 P.2d 438, 442–43 (Cal. 1955) (ruling that an ordinance prohibiting the construction of private schools within a certain zone district, while allowing the construction of public schools, should be invalidated). *See generally* R. Randall Kelso, *Standards of Review Under the Equal Protection Clause and Related Constitutional Doctrines Protecting Individual Rights: The “Base Plus Six” Model and Modern Supreme Court Practice*, 4 U. PA. J. CONST. L. 225 (2002).

The proposed zoning ordinance amendment is intended to preserve the city's existing neighborhood-serving shopping centers that are centrally located within the [neighborhood]. . . . This distribution of shopping and employment creates a land use pattern that reduces the need for vehicle trips and encourages walking and biking for shopping, services, and employment.

In short, the proposed amendments are intended to protect grocery stores in existing neighborhood centers to prevent a significant change in land use, employment and traffic patterns throughout the city. . . .

A significant concern with discount superstores is that they combine neighborhood-serving retail [grocery] in a more remote, regional-serving retail center, such as along State Highway 99. This means that local residents are forced to drive further for basic services for groceries, causing a shift in traffic patterns, and potentially overburdening streets that were not designed to accommodate such traffic.¹¹⁰

The court rejected Wal-Mart's challenge to the ordinance, determining that "the police power empowers cities to control and organize development within their boundaries as a means of serving the general welfare," and that Turlock's decision to favor neighborhood shopping centers over superstores was reasonably related to furthering their development and quality of life objectives.¹¹¹

2. *Wal-Mart's CEQA Challenge*

When it passed the ordinance, the Turlock city council simultaneously adopted findings that the ordinance was consistent with the general plan, posed no previously unconsidered environmental effects, and was therefore entitled to the CEQA Guidelines section 15138 exemption.¹¹² Wal-Mart argued that the city could not "piggy-back," in the words of the *Turlock* court,¹¹³ on the EIR for its general plan, because there were "significant environmental effects peculiar to the Ordinance,"

110. *Wal-Mart Stores, Inc. v. City of Turlock*, 41 Cal. Rptr. 3d 420, 423 (Ct. App. 2006), review denied, No. S143488, 2006 Cal. LEXIS 8623 (July 12, 2006). For a similar justification, see *Citizen Advocates For A Livable Missoula, Inc. v. City Council of City of Missoula*, 2006 MT 47, 130 P.3d 1259. The city council voted to allow a big box Safeway grocery store even though some residents opposed it, and contended that it contradicted certain city Growth Policy goals for making neighborhood centers pedestrian friendly. The Safeway was allowed nonetheless because it was the retail anchor, the economic heart of that neighborhood's retail core. 130 P.3d at 1261.

111. *Turlock*, 41 Cal. Rptr. at 441.

112. *Id.* at 428. The ordinance stated that "any potential indirect secondary impacts of the proposed amendments on the physical environment are speculative and are not reasonably foreseeable, and are, therefore, not subject to review under CEQA." *Id.*

113. *Id.* at 428-29.

namely that it would “inevitably lead either to the development of a multi-tenant shopping center in the place of the proposed Wal-Mart Supercenter, or to the development of a Wal-Mart Supercenter outside the City limits, either of which will have negative impacts on traffic and air quality.”¹¹⁴ However, the *Turlock* court didn’t see the need for such a site-specific analysis because Wal-Mart failed to demonstrate that any site-specific affects particular to the ban would follow from the ordinance.

As a preliminary matter, the legitimacy of the limited environmental review that the Turlock city staff deemed sufficient in this situation depended on the superstore ban being consistent with the city’s previously adopted general plan.¹¹⁵ However, the superstore ban was in fact inconsistent with the Turlock general plan and EIR in several respects. At the time the city of Turlock prepared the EIR accompanying the general plan, it hadn’t contemplated distinguishing discount superstores from discount clubs, freestanding supermarkets, and discount retailers without grocery stores. Nothing in the land use element of the Turlock General Plan designated grocery stores as only belonging within the community/neighborhood commercial areas and not within the region-serving commercial zones.¹¹⁶ The plan listed “food and drug” sales as appropriate within both types of zones.¹¹⁷

The land use element of the general plan envisioned no problem regarding potential demand for supermarkets—contrary to the dire prediction in the staff report that a superstore would likely result in one or more neighborhood grocery store closures. The plan projected the city’s population growth at just over three percent annually,¹¹⁸ adding 10,000 residents between 2006 and 2010, approximately the population needed to support each grocery store.¹¹⁹ The plan also noted that Turlock attracted food shoppers from outside its boundaries, another fact not taken into account in the staff report supporting the superstore ban.¹²⁰

Wal-Mart also alleged that the city’s claim that the superstore would lead to increased traffic congestion was not consistent with the plan. The plan’s transportation element explained: “Traffic conditions within the city are generally good. Residents can travel across town by automobile in less than ten minutes. Delays, when they happen, are isolated and of

114. *Id.* at 429 (quoting Petitioner’s brief).

115. *See* CAL. CODE REGS. tit. 14, § 15183 (2006).

116. *See* TURLOCK GENERAL PLAN—LAND USE ELEMENT, *supra* note 103, at 2-6 to -7.

117. *Id.*

118. *See* CITY OF TURLOCK PLANNING COMM’N, TURLOCK GENERAL PLAN—HOUSING ELEMENT (Oct. 2003), at chart 1, *available at* <http://www.turlock.ca.us/citydepartments/communityplanning/generalplan/> (follow “Housing Element” link in sidebar).

119. *See* TURLOCK GENERAL PLAN—LAND USE ELEMENT, *supra* note 103, at 2-21.

120. *Id.* at 2-16

short durations.”¹²¹ Further, the transportation element anticipated that the area including the intersection of Tuolumne Road with State Route 99 would experience some congestion if developed to its full potential, but nothing in the record indicated that a superstore would push traffic congestion beyond this limit.¹²²

Turning to the sufficiency of the environmental analysis for the ordinance itself, Wal-Mart contended that with a particular site in mind, the city could have meaningfully studied the previously unexamined implications of the distinction between a superstore on the one hand, and a free-standing discount club or multi-tenant shopping center on the other.¹²³ Wal-Mart protested that the ordinance illogically banned superstores while permitting uses that would generate even more traffic and air pollution, including discount stores¹²⁴ and discount clubs.¹²⁵ Wal-Mart’s experts concluded that these uses would draw more combined traffic, more congestion, more vehicle miles traveled, and more air pollution than Wal-Mart because superstore shoppers satisfy more of their retail needs under one roof.¹²⁶

As in *Muzzy Ranch*, the *Turlock* court assumed for purposes of its opinion that the superstore ban was a “project” under CEQA.¹²⁷ However, the *Turlock* court held that CEQA Guideline section 15183 applied, exempting the superstore ban as a project with development densities consistent with general plan policies. In alighting on this exemption,¹²⁸

121. CITY OF TURLOCK PLANNING COMM’N, TURLOCK GENERAL PLAN — TRANSPORTATION ELEMENT, at 5-1, available at <http://www.turlock.ca.us/citydepartments/communityplanning/generalplan/> (follow “Transportation” link on sidebar) (last visited Oct. 11, 2006).

122. *Id.* at 5-4 (sanctioning a Level of Service D for the intersection at buildout).

123. *Id.* at 5-4 to -5.

124. Wal-Mart Stores, Inc. v. City of Turlock, 41 Cal. Rptr. 3d 420, 424 (Ct. App. 2006). The ordinance defines discount stores as those

with off-street parking that usually offer a variety of customer services, centralized cashing, and a wide range of products. They usually maintain long store hours seven (7) days a week. The stores are often the only ones on the site, but they can also be found in mutual operation with a related or unrelated garden center or service station. Discount stores are also sometimes found as separate parcels within a retail complex with their own dedicated parking.

125. The ordinance defines a “discount club” as “a discount store or warehouse where shoppers pay a membership fee in order to take advantage of discounted prices on a wide variety of items, such as food, clothing, tires, and appliances; many items are sold in large quantities or bulk.” *Id.*

126. *Id.* at 423–24.

127. *Id.* at 427.

128. The city had added this basis for exemption at the request of the attorney representing Safeway and the union. The Turlock city attorney concluded this was a good idea “but is somewhat inconsistent with some of our earlier CEQA exemption determinations.” Petition for Review at 8 n.1, Wal-Mart Stores, Inc. v. City of Turlock, 41 Cal. Rptr. 3d 420 (Cal. July 12, 2006) (No. S143488) (quoting from the administrative record).

never before utilized by any reported California court opinion,¹²⁹ the court was fulfilling a legislative preference for the use of staged program or tiered EIRs. The idea behind tiered EIRs is that general environmental effects should be described in a master EIR for projects consisting of a "policy, plan, program, or ordinance."¹³⁰ Later, if there are project-specific effects peculiar to the project or its site,¹³¹ a site-specific EIR concentrates on those, to the extent that they were not analyzed as part of the prior EIR.¹³² The court held that the ordinance did not present reasonably foreseeable site-specific impacts, such as the prospect of a Wal-Mart supercenter being built outside the Turlock city limits, concluding:

As a matter of logic, we recognize that Wal-Mart's possible reactions can be divided into two categories—either Wal-Mart will build a supercenter near City or it will not. Each category is foreseeable. Nevertheless, substantial evidence must exist in the administrative record before a foreseeable alternative is reasonably foreseeable. Here, Wal-Mart simply assumed it would build a supercenter near City and failed to present evidence that rendered this possibility reasonably foreseeable. The building of a supercenter near City is an essential link in the causal chain that leads to the impacts on traffic and air quality alleged by Wal-Mart. Without this essential link, the causal chain is broken and the alleged impacts to traffic and air quality cannot reach the level of probability necessary to be regarded as reasonably foreseeable.¹³³

The court also concluded that the development of the site into something other than a supercenter did not present previously unconsidered environmental impacts. Except for a discount superstore, all types of development that could have been constructed at the site before the enactment of the ban could still be built there afterward, and so could not be said to have resulted peculiarly from the superstore ban.¹³⁴ The site

129. *Wal-Mart Stores, Inc. v. City of Turlock*, 41 Cal. Rptr. 3d 420, 422 (Ct. App. 2006) ("We publish this opinion because no other published opinion has upheld the approval of a project based on the application of the provisions in Guidelines section 15183.").

130. CAL. PUB. RES. CODE § 21093(a) (West 2006).

131. *Turlock*, 41 Cal. Rptr. 3d at 427. Section 15183 of the CEQA Guidelines provides in part:

CEQA mandates that projects which are consistent with the development density established by existing . . . general plan policies for which an EIR was certified shall not require additional environmental review, except as might be necessary to examine whether there are project-specific significant effects which are peculiar to the project or its site. . . . [A]ny rezoning action consistent with the general plan . . . shall be treated as a project subject to this section.

132. CAL. PUB. RES. CODE § 21068.5.

133. *Turlock*, 41 Cal. Rptr. 3d at 437.

134. *Id.* at 431, 433–34.

was vacant before the enactment of the ban, and for all the court could know for sure, would remain so afterward.

The court contrasted the facts surrounding Wal-Mart's proposed development with the kind of evidence that certain sanitation districts had introduced in a case the same court had decided a year earlier involving a Kern County ordinance imposing stringent controls against the spreading of sewage sludge across agricultural lands.¹³⁵ Employees of the sanitation districts responsible for disposing of enormous quantities of treated sewage made the uncontradicted assumption that sewage sludge would continue to be produced, and if it couldn't be spread as before over agricultural lands in Kern County, the districts would almost certainly have to elect one of these disposal options: "(1) further treatment to convert Class B biosolids to EQ biosolids followed by land application, (2) land application of Class B biosolids somewhere other than Kern County, (3) incineration, or (4) disposal in a landfill."¹³⁶ The court agreed that Kern County needed to analyze the secondary physical consequences of these alternatives in an EIR before enacting a law that would disrupt existing sludge disposal practices.

As the court in *Turlock* noted, Wal-Mart had numerous options while the sanitation districts did not. Sanitation districts that had been spreading sewage sludge on farms in Kern County would have to find another place for the sludge. For them, pulling up stakes was not an option. They had to dispose of the sludge somewhere, so it was reasonably foreseeable to the county that the land disposal ban would lead to environmental impacts elsewhere. In contrast, Wal-Mart could abandon altogether the idea of building a superstore to serve the Turlock market area, or could opt to serve the Turlock market area by locating in another jurisdiction nearby. Admittedly, no one except Wal-Mart had proposed any development for the site at State Route 99 and Tuolumne Road, and no authorized Wal-Mart representative had identified an alternate site outside Turlock, but within the same market area, where it might locate a superstore. It is also true that the city would not be in as good a position as Wal-Mart to identify other potential superstore locations.

Based on the distinction between pure speculation and responsible forecasting drawn in *Simi Valley* and *Bozung*, the *Turlock* court was wrong to conclude that the city could enact its superstore ban without performing a thorough investigation of offsite impacts under CEQA. CEQA requires local governments relying on a general plan EIR "to analyze potentially significant offsite impacts and cumulative impacts of

135. County Sanitation Dist. No. 2 of L.A. County v. County of Kern, 27 Cal. Rptr. 3d 28, 35 (Ct. App. 2005).

136. *Id.* at 55.

the project not discussed in the prior environmental impact report with respect to the general plan.”¹³⁷ There was certainly one undeniable direct physical consequence of outlawing the proposed superstore that was not analyzed in Turlock’s general plan EIR: the consequences of Wal-Mart not being allowed to place a superstore in Turlock at its preferred location. Unless the consequences of keeping out the superstore were analyzed at the time of the superstore ban, they might never be assessed. The environmental analysis for a superstore outside of the city could not consider as an alternative a more centrally-located site that would require Turlock residents to drive less. Likewise, the superstore ban would excuse later applicants seeking to develop the site from having to compare the impacts of their projects with those of a discount superstore. An observation made a year earlier in *County Sanitation District No. 2 v. County of Kern* would also apply to *Turlock*: without considering all reasonably foreseeable environmental consequences “the environmental review contemplated by CEQA would contain a gap, and California’s environment would be deprived of the benefits that might result from [the] County’s consideration of feasible alternatives, cumulative impacts, and mitigation measures.”¹³⁸

The *Turlock* court placed the burden of proving the reasonable foreseeability of displaced development on Wal-Mart. This is a questionable allocation of the evidentiary burden. Every public agency is charged with making a responsible initial determination of whether an activity is a “project” as CEQA defines it.¹³⁹ The CEQA Guidelines specify that an agency’s claim of exemption should only be made “after thorough investigation” by the lead agency.¹⁴⁰ California courts have consistently ruled that environmental review of a project’s potential

137. CAL. PUB. RES. CODE § 21083.3(c) (West 2006).

138. *County Sanitation Dist.*, 27 Cal. Rptr. 3d at 70.

139. *Davidon Homes v. City of San Jose*, 62 Cal. Rptr. 2d 612, 617 (Cal. Ct. App. 1997) (“An agency abuses its discretion if there is no basis in the record for its determination that the project was exempt from CEQA.”).

140. CAL. CODE REGS. tit. 14, § 15145 (2006) (“If, after thorough investigation, a lead agency finds that a particular impact is too speculative for evaluation, the agency should note its conclusion and terminate discussion of the impact.”). There is a practical reason for not placing this burden on the CEQA challenger. As one such challenger noted:

The party challenging an ordinance will often have a very short time to pull together its CEQA evidence, and *Turlock* has set the bar extremely high with respect to the quality and quantity of evidence that must be produced, essentially eliminating a challenger’s ability to rely on reasonable assumptions and interpreting “reasonably foreseeable” to effectively mean “highly probable.” This will make it extremely difficult and expensive to challenge ordinances based on the indirect environmental effects of bans on certain uses, meaning only the most wealthy and sophisticated challengers will be able to raise effective CEQA challenges to these types of ordinances.

E-mail from Gregory D. Brown, Gibson, Dunn & Crutcher, to author (Sept. 27, 2006).

physical impacts cannot be deferred until that development is actually proposed—even though the future development may never occur, could take various forms, and that the extent and location of that development cannot be determined with certainty.¹⁴¹ The difficulties of forecasting environmental effects may limit the scope of the environmental analysis required but do not excuse a “best efforts” CEQA study.¹⁴² The *Muzzy Ranch* court correctly explained that an agency need not produce an EIR if it concludes that a project falls within the scope of a categorical exemption or the common sense exemption. But if the agency doesn’t bear the burden of proof to justify a claimed exemption from CEQA after a disappointed project proponent makes a reasonable case for the possibility of displaced development, it could frustrate CEQA’s fundamental purpose of ensuring environmentally informed decision making.

Making a thorough assessment of displaced development can be challenging work for city planners unfamiliar with local market conditions. Suppose Turlock city planners weren’t sure where else in the region Wal-Mart might place a superstore or couldn’t ascertain the type of projects likely to be built at the intersection of State Route 99 and Tuolumne Road. They could have sought additional information from Wal-Mart or other big box developers. Presumably, a local government enacting a superstore ban for legitimate planning reasons would have wanted that information. At least the city would have shown good faith by trying to determine the existence of indirect physical impacts following the superstore ban. Also, Turlock planning officials might have had to consult real estate marketing experts about alternate superstore sites that could serve the Turlock market area. Ultimately, the city would have to draw its own conclusions about the reliability of the expert forecasts regarding alternate sites, but lead agencies regularly do this in formulating the alternatives analysis found in most EIRs.

To summarize the holdings of *Muzzy Ranch* and *Turlock*, the appellate court deciding *Muzzy Ranch* recognized the myopia of a local government rejecting growth at one location for environmental reasons

141. See, e.g., *Stanislaus Audubon Soc’y, Inc. v. County of Stanislaus*, 39 Cal. Rptr. 2d 54, 63 (Ct. App. 1995) (quoting *City of Antioch v. City Council*, 232 Cal. Rptr. 507, 514–15 (Ct. App. 1986)).

142. In *Napa Citizens for Honest Government v. Napa County Board of Supervisors*, 110 Cal. Rptr. 2d 579, 598 (Ct. App. 2001), the court stated that:

It does not follow, however, that an EIR is required to make a detailed analysis of the impacts of a project on housing and growth. Nothing in the Guidelines, or in the cases, requires more than a general analysis of projected growth. The detail required in any particular case necessarily depends on a multitude of factors, including, but not limited to, the nature of the project, the directness or indirectness of the contemplated impact and the ability to forecast the actual effects the project will have on the physical environment.

without considering the environmental consequences of shifting that development to other sites within the same burgeoning market area. It placed the burden of identifying those alternate sites on the local government enacting the no-growth policy. The *Turlock* court conceded the importance of local governments considering the environmental impacts of displaced development, but it placed the burden of establishing the reasonable foreseeability of displaced development on the target of the city's superstore ban. This was wrong. Since the city had initiated the zone change, the city should have been charged with assessing the environmental impacts of its action, including impacts arising from displaced development.

CONCLUSION

CEQA has become an elaborate paper filter for screening proposed development projects that involve discretionary local government approvals. CEQA requires local governments to prepare EIRs before voting on land use controls such as zoning, subdivision approvals, annexations, or general plans, if those controls would facilitate individual development projects that could alter the physical environment. An EIR brings together all the community's land use concerns in one document.

Until now, CEQA has tended to focus on the neighborhood impacts of proposed development. EIRs are particularly good at spotlighting all the imaginable harmful consequences of building at any particular location. But CEQA offers scant guidance on where it would be best to locate the 600,000 or so new residents expected to arrive or to be born in California each year between now and 2015.¹⁴³ Whenever a lead agency has elected not to prepare a formal EIR, neighbors opposed to new development can delay it by filing suit and introducing a fair argument supported by substantial evidence of possible environmental impacts.¹⁴⁴ This tactical use of CEQA has nothing to do with CEQA's primary purpose of preventing avoidable environmental degradation.¹⁴⁵ It can

143. Cal. Dep't of Housing & Cmty. Dev., *California's Deepening Housing Crises* (Feb. 15, 2006), <http://www.hcd.ca.gov/hpd/hc021506.pdf>.

144. Evidence contradicting the assertion that a project would have significant effects on the environment is not enough to warrant a "negative declaration, because it could be 'fairly argued' that the project might have a significant environmental impact." *Friends of "B" Street v. City of Hayward*, 165 Cal. Rptr. 514, 523 (Ct. App. 1980).

145. For example, in *Leonoff v. Monterey County Board of Supervisors*, 272 Cal. Rptr. 372 (Ct. App. 1990), neighboring owners opposed the establishment of a storage yard for construction equipment already being used by contractors located nearby. The court rejected petitioner's claim, observing that:

The question here is not whether heavy equipment will be entering and exiting Carmel Valley Road. It already does and will continue to do so, from one location or another. The question is whether there will be a significant environmental effect if it enters and exits at the same location instead of several. Objectors urge a myopic

even contribute to patterns of development that are destructive of the natural environment by tempting developers and local governments to take the politically expedient course of directing new development into previously unbuilt areas where they will find only minimal opposition because no one is living there, instead of into enclaves already surrounded by housing tracts populated by well-organized residents.

Given the state's underfunded roads and schools, and infamously poor air quality, most new development would only seem to worsen the quality of life for existing residents. Yet, growth in California appears inevitable and needs to be housed somewhere. CEQA should be a tool for assisting local officials to direct new development where it will do the least harm or the most good to the physical environment. As researchers at the Public Policy Institute of California concluded: "Currently CEQA does not effectively accommodate regional strategies that trade off increases in negative effects in one geographic area or for one environmental impact in exchange for corresponding reductions in another."¹⁴⁶ By insisting that EIRs take into account the possibility of displaced development, the California Supreme Court would be interpreting CEQA to minimize environmental damage while fulfilling the legislative aspiration of "providing a decent home and satisfying living environment for every Californian."¹⁴⁷

perspective, focusing on the increase in traffic at one segment of the road while ignoring the corresponding decrease in traffic at other segments.

Id. at 380.

146. Barbour & Teitz, *supra* note 35, at iv.

147. CAL. PUB. RES. CODE § 21000 (g) (West 2006).

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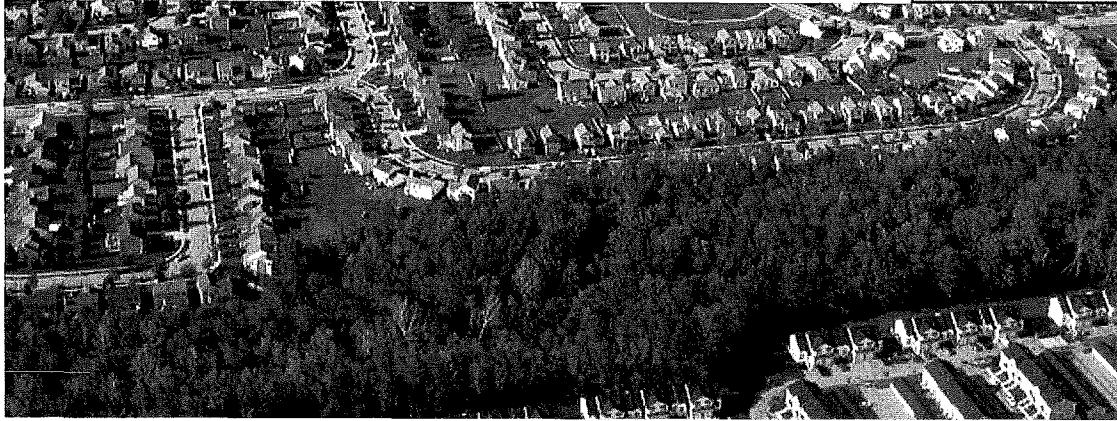
September 14, 2016 By Issi Romem — 4 Comments



Key Takeaways:

- The link between housing production and outward expansion is unmistakable: cities that expand more produce proportionally more new housing.
- Throughout the country, housing production is skewed towards low density areas.
- Densification has slowed down across the board, and especially in expensive cities, undermining their ability to compensate for less outward expansion.
- Unless they enact fundamental changes that allow for substantially more densification, cities confronting growth pressure face a tradeoff between accommodating growth through outward expansion, or accepting the social implications of failing to build enough new housing.



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The U.S. population is projected to continue growing for decades to come, reaching 400 million circa 2050. Accommodating more people at current living standards will require many new homes, but how will cities deliver such housing? Must they continue expanding outward to provide enough housing, as they have done historically, or will densification within the existing footprint do the trick?

To those who value urbanism and feel strongly against sprawl – as does this author – the answer may seem self-evident at first. Of course cities should favor densification over the ills of sprawl. But if the past is any guide to the future, failing to expand cities will come at a cost. Cities that have curbed their expansion have – with limited exception – failed to compensate with densification. As a result they have produced far less housing than they would otherwise, with severe national implications for housing affordability, geographic mobility and access to opportunity, all of which are keenly felt today as we approach the top of another housing cycle.

This study extends an earlier one entitled “Has the Expansion of American Cities Slowed Down?” which created a new framework for consistently measuring the historic area of cities’ developed footprint, and showed that while the expansion of certain expensive U.S. cities is slower than it used to be, others are expanding with gusto. In contrast, the current study examines cities’ housing production within the developed footprint. It documents that housing production is proportional to outward expansion, and helps explain the fact with two observations: first, that new home construction is skewed towards low density areas and, second, that in recent decades densification has grown much less common, particularly in those cities whose expansion has slowed down the most.

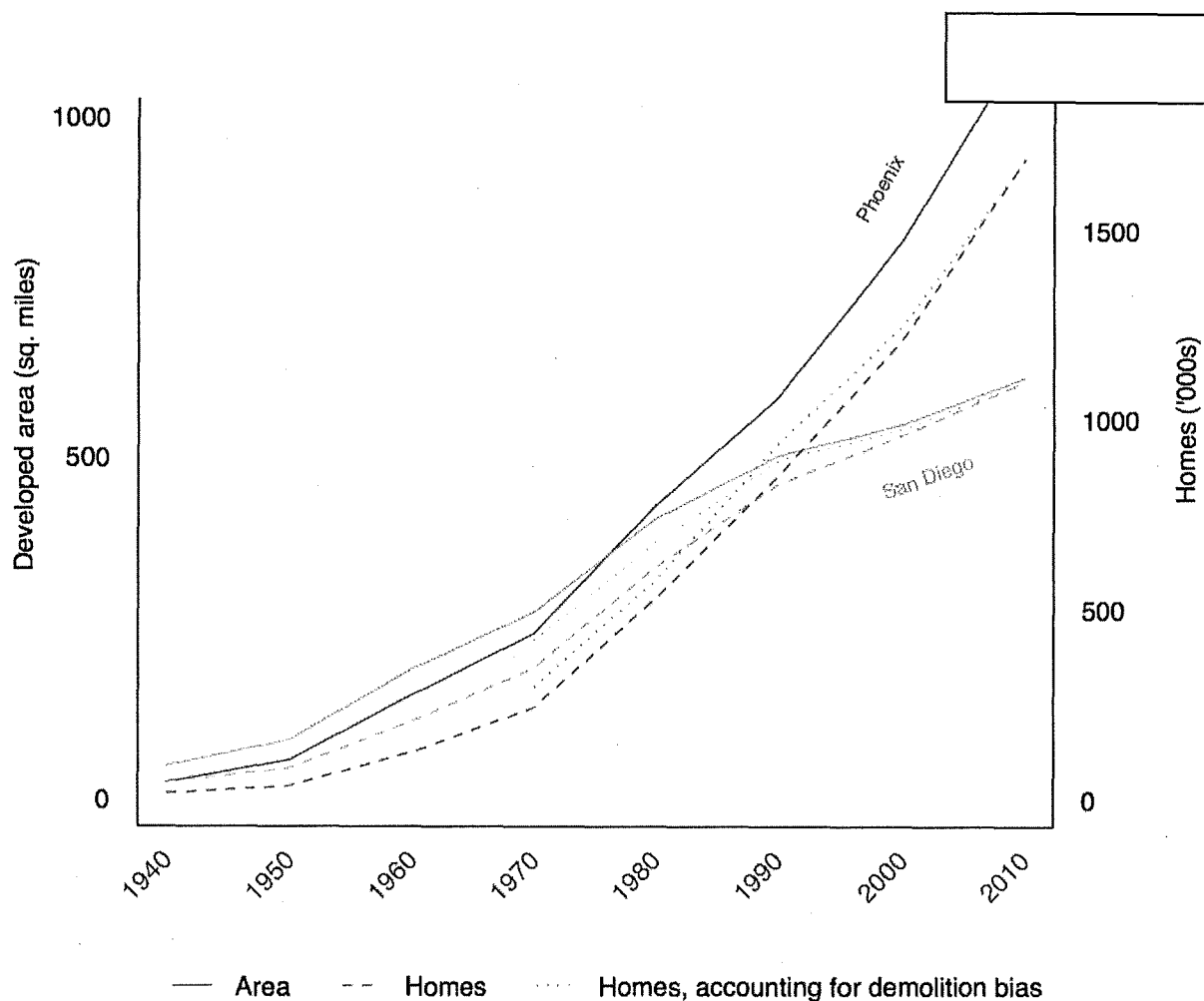
Both studies use the age of existing residential structures in the U.S. drawn from the American

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necessary to recreate cities' past developed footprints or observe local housing densities. Whenever possible, historic data at the county level from 1970 onwards, which shows the number of homes observed *at the time*, is used to account for demolition bias. The impact of demolition bias in those cases is limited, suggesting the same elsewhere. A full account of the methods used, including their shortcomings, is provided in the methodology section.

The Link Between U.S. Cities' Housing Production And Their Outward Expansion Is Unmistakable

Let's start with an example. The cities of San Diego and Phoenix developed very similarly from 1950 to 1980. However as the chart below illustrates, their paths diverged after 1980 when San Diego's growth slowed down while Phoenix's picked up.

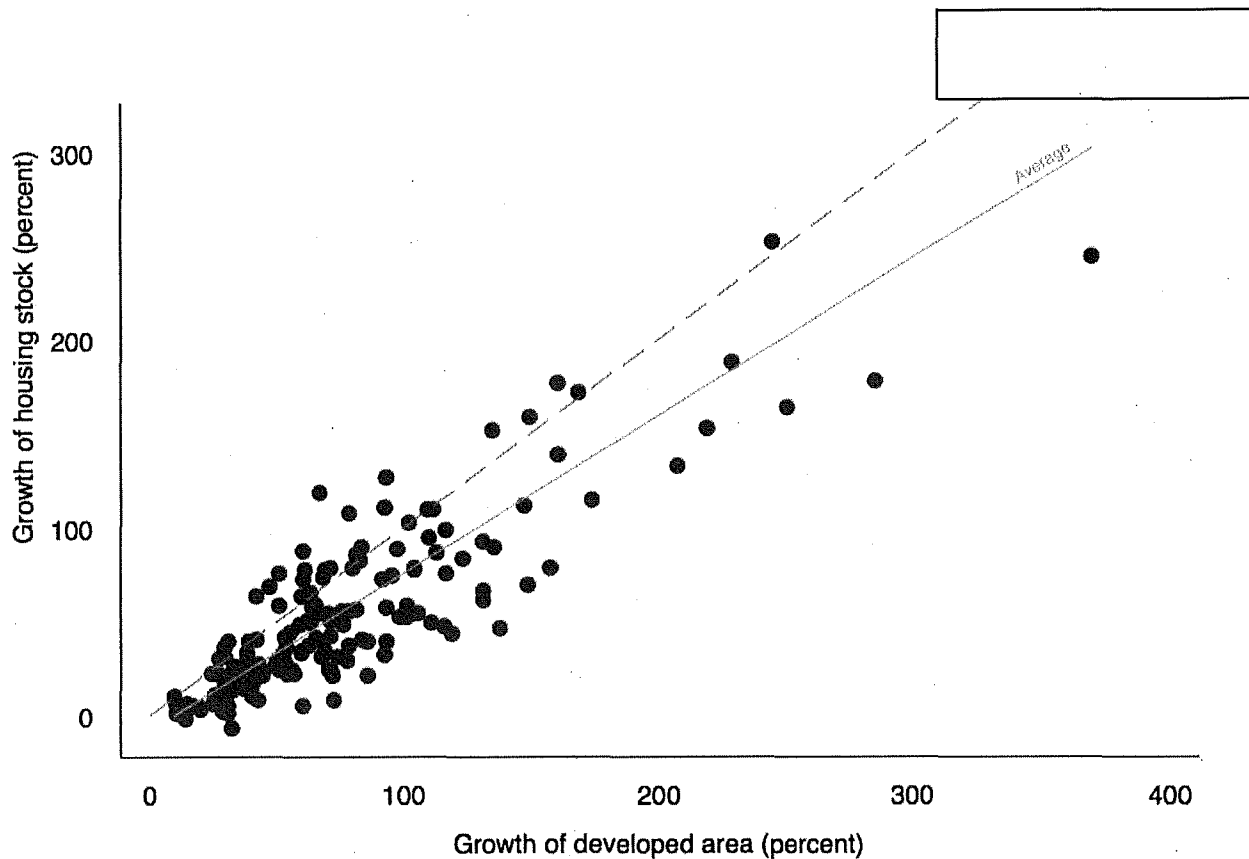
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Source: BuildZoom.

Notes: San Diego and Phoenix refer to the San Diego-Carlsbad, CA CBSA and the Phoenix-Mesa-Scottsdale, AZ CBSA, respectively. This chart considers residential areas as developed when they exceed a density of 200 existing homes per square mile. The cities' areas do not account for demolition bias.

In both San Diego and Phoenix, the close relationship between the size of the developed land area and the number of homes is no coincidence (once demolition bias is accounting for the relationship is even closer). In fact, it is generally the case that U.S. cities' produce new housing in proportion to their rate of outward expansion. The next chart demonstrates the relationship between housing production and outward expansion across all U.S. cities with population over 250,000 residents, and it is unmistakable.²

Housing Production vs Outward Expansion 1980-2010

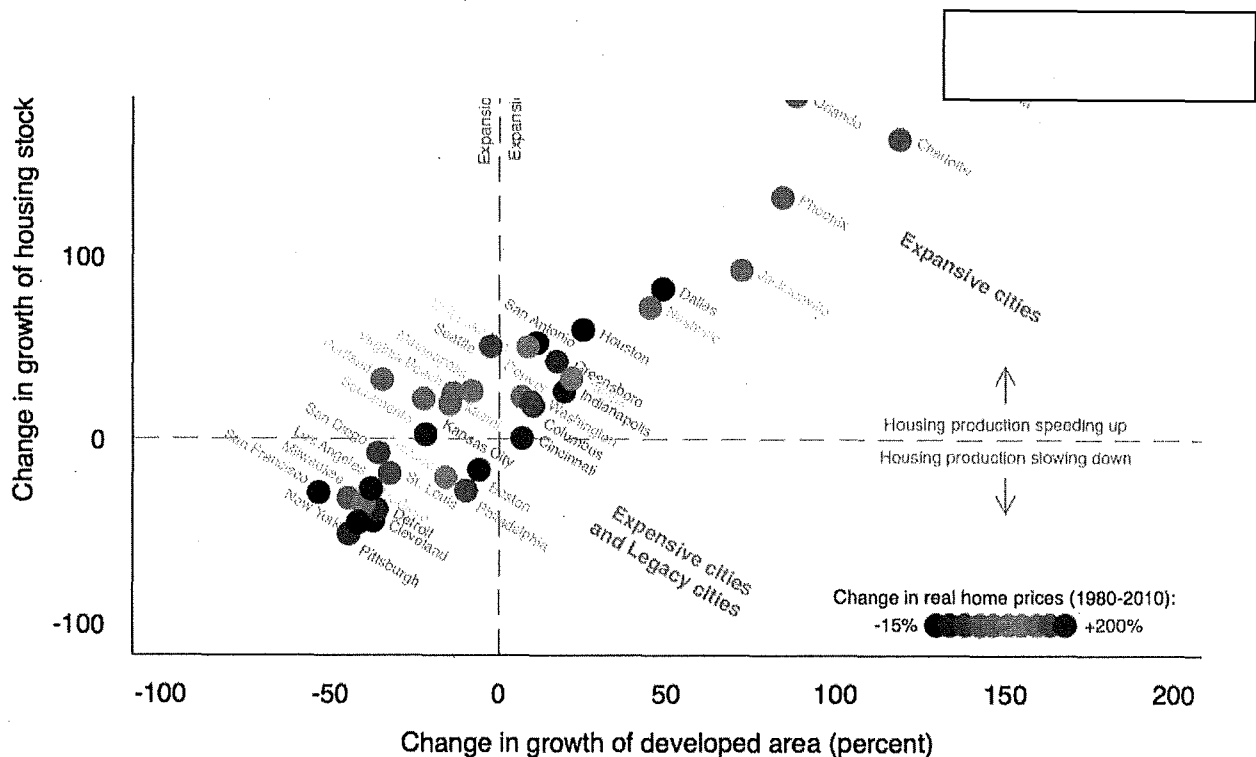
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Source: BuildZoom

Notes: The observations in the chart are all U.S. metro areas with 2010 population over 250,000. Housing production accounts for demolition bias but growth of the developed area does not. This chart considers residential areas as developed when they exceed a density of 200 currently existing homes per square mile. Metro areas and their developed area associated with each correspond to CSAs, or to CBSAs that are not part of a CSA. An ordinary least squares regression of the plotted variables yields $Y = -0.082 (0.052) + 0.838 (0.078) X$; $N = 158$; $R\text{-squared} = 0.755$ (robust standard errors in parentheses). Whether a city lies above or below the 45 degree line indicates whether its global density increased or decreased, respectively, so the chart indicates that, on average, U.S. cities' global density has decreased.

Going a step further, when cities *change* their pace of outward expansion, their rate of housing production tends to *change* accordingly. The following chart considers two 30 year periods – 1950 to 1980 and 1980 to 2010 – and plots the change between the periods in the number of new homes built, against the change between the periods in the extent of outward expansion. This chart, too, exhibits a clear relationship. Greater increases (and decreases) in cities' pace of outward expansion coincide, on average, with proportionally greater increases (and decreases) in their rate of housing production.

Housing Production vs Outward Expansion Change from 1950-1980 to 1980-2010

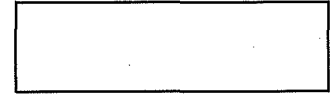
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Source: BuildZoom

Notes: Observations include the 40 most populated U.S. metro areas. This chart does not account for demolition bias. However, to the extent that the magnitude of demolition bias (in percent) is consistent across the two periods, observing the *change* in the housing stock differences out the bias. This chart considers residential areas as developed when they exceed a density of 200 currently existing homes per square mile. Developed areas correspond to CSAs, or to CBSAs that are not part of a CSA. Housing prices are always at the CBSA level. The change in housing prices is the percent change in average inflation-adjusted quarterly housing prices during the decades spanning 2005-2014 and 1975-1984.

In the earlier study I labeled U.S. cities as either expensive, expansive – with an *a* – or as legacy cities. Both expensive and expansive cities are economically vibrant and face pressure to grow, but whereas expansive cities like Atlanta, Houston and Phoenix continually provide ample new housing at affordable prices, expensive cities like San Francisco, New York and San Diego do not. Since the 1970s, expensive cities have failed to produce enough new homes to keep real housing costs steady, and as a result they have curbed their population growth and sent real housing prices on a long-run upward spiral. Legacy cities are ones whose economic power has faded, and no longer generate population growth or housing price growth.

Expansive cities are easy to identify in the chart. They pervade the upper-right quadrant, showing both an increased rate of outward expansion and of housing production. Expensive and legacy cities, on the other hand, are jointly clustered near the origin and in the lower-left quadrant. They can be distinguished by their colors, which correspond to the real changes in cities' housing prices from 1980 to 2010. A

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Not all cities fall into the upper-right and lower-left quadrants. Some are clearly located in the upper-left quadrant, indicating that they have increased the rate of housing production without increasing the pace of outward expansion, or even while slowing it down. Portland and Seattle are good examples. But such cities send an ambiguous message. On one hand, they offer encouraging evidence that cities can undergo meaningful densification while curbing their outward expansion. On the other hand, they have failed to avoid escalating housing costs – as indicated by their color. Moreover, the increase in such cities' rate of housing production pales in comparison to what similarly-sized cities like Phoenix and Atlanta have achieved through outward expansion.

Why does housing production correspond so closely with outward expansion? There can be many possible reasons, but two of them stand out as particularly important:

- Undeveloped and low density areas produce a disproportionately large share of cities' new housing. Restricting the flow of undeveloped land "into" a city chokes off subsequent rounds of densification, because low density areas add new housing more readily than denser ones.
- Cities which curb their outward expansion are also likely to curb densification within the existing footprint, e.g. through more restrictive land use policy.

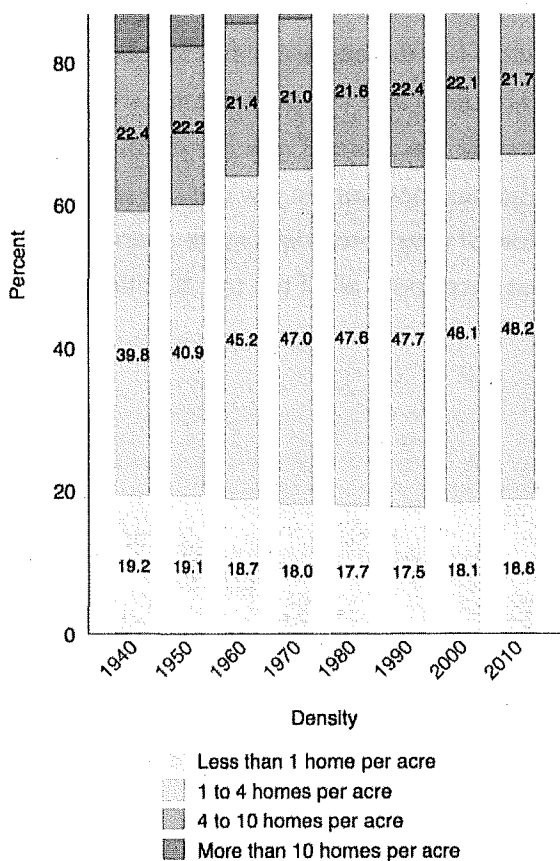
Throughout the country, housing production is skewed towards low density areas

The density of stereotypical suburbia is around 4 homes per acre. Densities up to about 10 homes per acre are still suburban in nature, consisting of low-rise development that often features single family homes, just packed more tightly than the stereotype. The following images illustrate these densities. In what follows, I refer to areas with a housing density below 4 homes per acre – including undeveloped areas – as low density areas.

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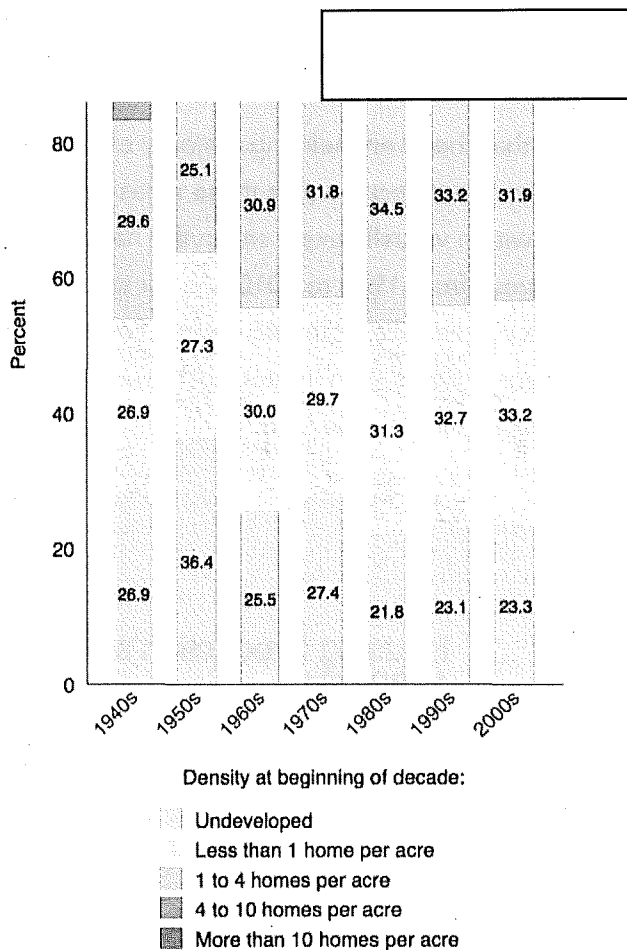
From left to right: roughly one home per acre in Edinburg, NJ; roughly 4 homes per acre in Boulder, CO; roughly 10 homes per acre in Los Angeles, CA. Examples drawn from the Lincoln Land Institute's Visualizing Density gallery.

Housing production in the U.S. is overwhelmingly concentrated in low density areas. As the rightmost bar in the right hand chart shows, 23.3 percent of new homes in the 2000s were built in undeveloped areas, another 33.2 percent in developed areas with a prior density below 1 home per acre, and yet another 31.9 percent in areas with a prior density between 1 and 4 homes per acre. In total, 88.4 percent of new homes in the 2000s were built in low density areas.³ The remaining bars in the chart correspond to earlier decades, and show that the number has consistently remained just below 90 percent since about 1950. Overall, the chart reveals that new housing does not emerge *only* from the initial development of rural land, but also from the gradual densification of low density areas.⁴

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Source: BuildZoom.

Notes: areas considered developed when they first exceed 200 existing homes per square miles, which is equivalent to 0.3125 homes per acre. The share is out of all homes built in areas that were developed by the corresponding year. This chart does not account for demolition bias.

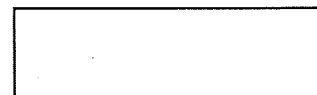


Source: BuildZoom.

Notes: areas considered developed when they first exceed 200 existing homes per square miles, which is equivalent to 0.3125 homes per acre. The share is out of all new homes built in areas that were developed by the end of the corresponding decade. This chart does not account for demolition bias.

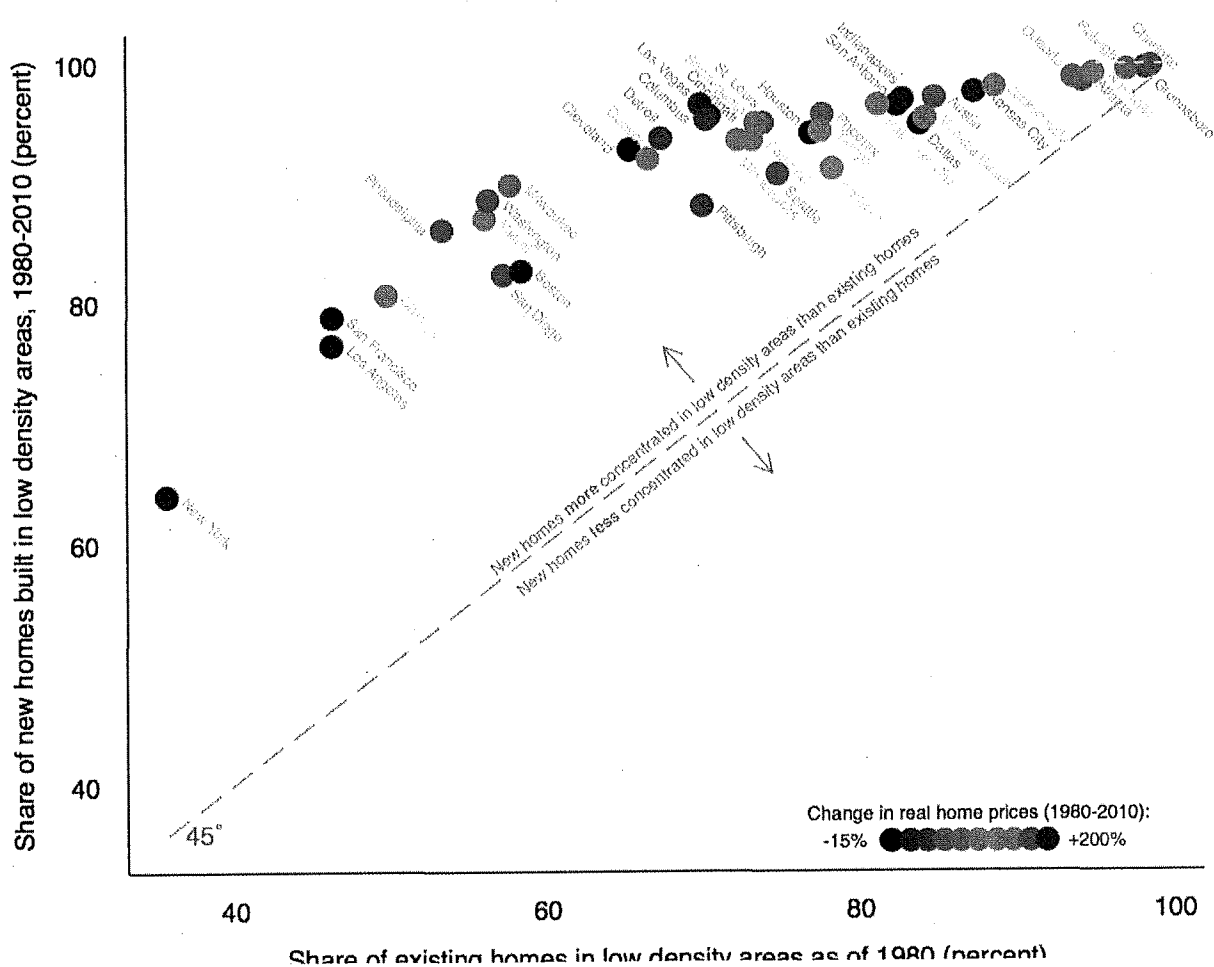
In addition to being concentrated in low density areas, new homes are also substantially *more* concentrated in low density areas than existing homes. The chart on the left shows that, throughout the observed period, about 60 to 70 percent of existing homes in the U.S. were in low density areas, compared to almost 90 percent of new homes.⁵ In a slight abuse of terminology, I refer to this pattern as housing production being *skewed* towards low density areas.⁶

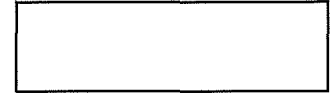
Housing production is skewed towards low density areas because it is easier and less costly to build there. For example, denser areas are likely to contain fewer vacant lots, and the best lots will have been developed long ago. Compared to building on the best lots, building less accommodating ones results in greater costs, complexities and uncertainty, and redeveloping a non-vacant lot only magnifies the



The fact that the overwhelming majority of new homes are built in low density areas and that housing production is skewed towards these areas – in the sense described – is true not just in national aggregate but also within virtually every city in the nation. The next chart plots the share of *new* homes built in low density areas from 1980 to 2010 against the share of *existing* homes that were in low density areas as of 1980. If a city lies above the 45 degree line it means that its flow of new homes was more concentrated in low density areas than its stock of pre-existing ones. Without exception, all of the top 40 cities are above the 45 degree line.

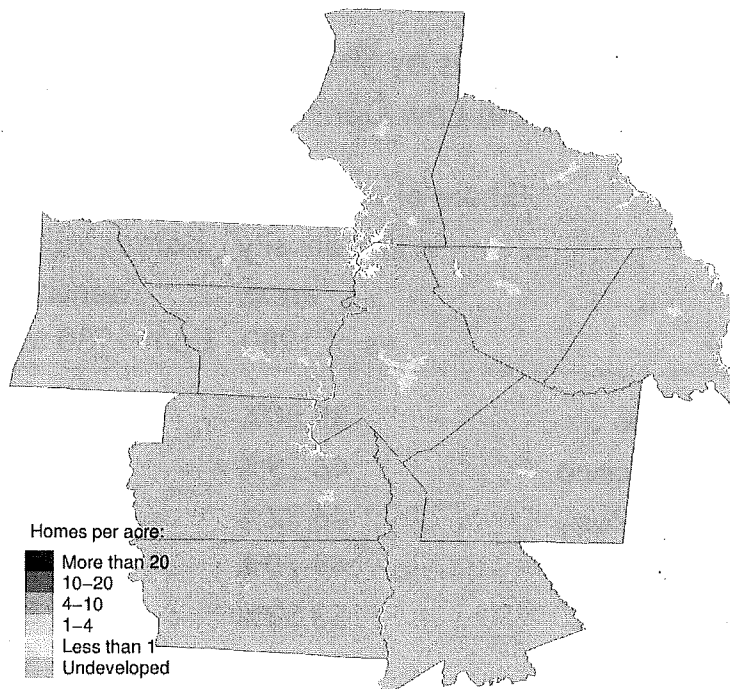
Housing Production's Skew Towards Low Density Areas 1980-2010



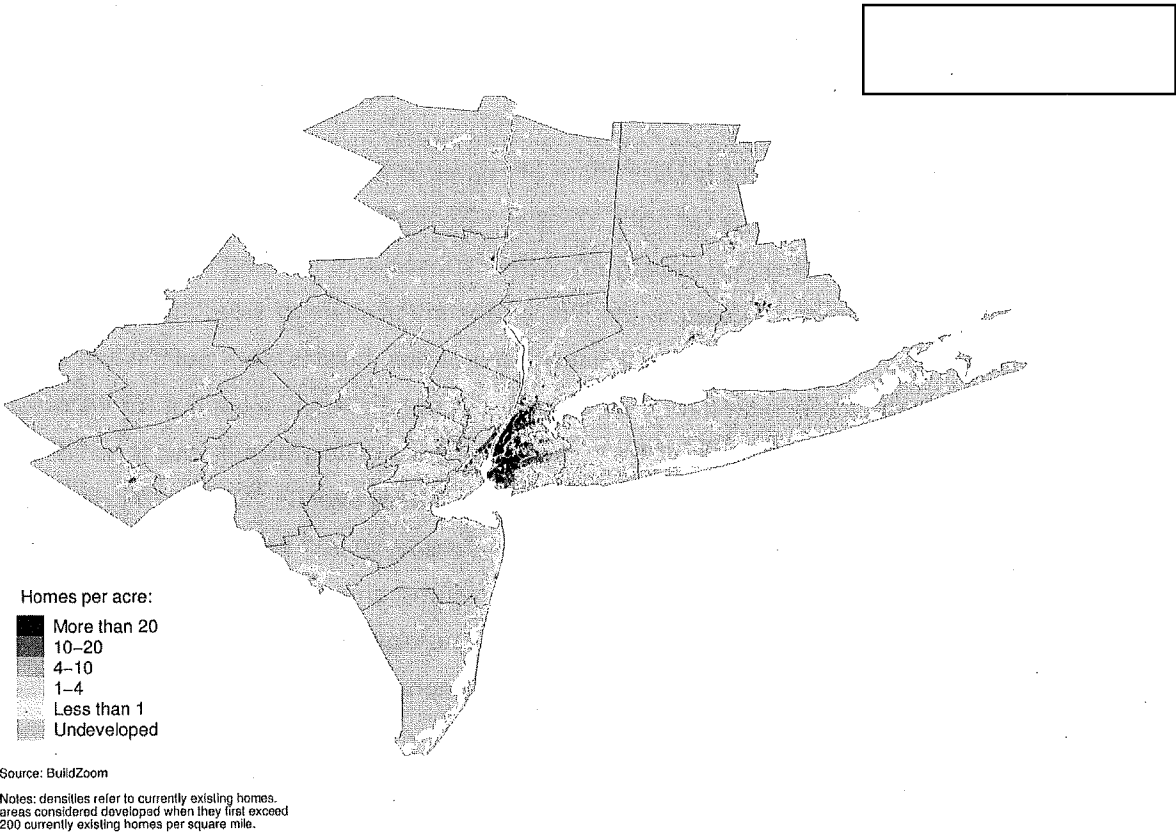
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Cities on the right of this chart had a greater share of homes in low density areas as of 1980, whereas cities on the left were denser. On the far right, cities like Charlotte – mapped below – were essentially devoid of dense areas at the time, so virtually all of their subsequent housing production occurred in low density areas as well. As one progresses to the left, a substantial share of cities' housing stock lay outside of low density areas and yet, still, an overwhelming share of new homes were built in low density areas. In Dallas, low density areas accounted for 83.9 percent of pre-existing homes, but for 94.9 percent of new homes. In Denver they accounted for 66.6 percent of pre-existing homes, but for 91.9 percent of new homes. Coastal California was dense by American standards even in 1980, with just 46.3 percent of homes in San Francisco and Los Angeles located in low density areas.⁸ Yet even in San Francisco, hemmed in by mountains, water and a quasi-religious environmental mindset, 78.7 percent of new homes were built in low density areas. In Los Angeles the number was 76.4 percent. Only in New York, whose extent of pre-war urban fabric is unparalleled elsewhere in the nation, and which is also mapped below, was the share of new homes built in low density areas substantially lower, and *even there* it was 63.8 percent.

Charlotte–Concord, NC–SC CSA Density as of 1940



Source: BuildZoom



Download animated densification maps for all U.S. cities.

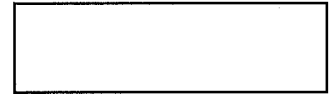
Top 40 U.S. Cities by Share of New Homes
Built in Low Density Areas

City	Share of <i>all</i> homes	Share of <i>new</i>
	in low density areas as of 1980	homes built in low density areas from 1980 to 2010
1 New York	35.80%	63.79%
2 San Francisco	46.29%	78.68%
3 Los Angeles	46.32%	76.35%
4 Chicago	49.70%	80.61%
5 Philadelphia	53.33%	85.95%
6 Miami	56.09%	86.94%
7 Washington	54.33%	80.17%

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11	Cleveland	65.34%	92.82%
12	Denver	66.57%	91.92%
13	Detroit	67.45%	93.73%
14	Las Vegas	69.94%	96.47%
15	Pittsburgh	70.00%	88.06%
16	Columbus	70.25%	95.25%
17	Cincinnati	70.47%	95.58%
18	Minneapolis	72.31%	93.53%
19	Portland	73.28%	93.53%
20	Sacramento	73.45%	94.94%
21	St. Louis	73.92%	95.02%
22	Seattle	74.88%	90.67%
23	Houston	77.03%	94.11%
24	Tampa	77.72%	94.25%
25	Phoenix	77.74%	95.74%
26	Hartford	78.35%	91.22%
27	Salt Lake City	81.21%	96.45%
28	San Antonio	82.50%	96.57%
29	Indianapolis	82.77%	97.00%
30	Dallas	83.89%	94.94%
31	Virginia Beach	84.25%	95.43%
32	Austin	84.78%	97.12%
33	Kansas City	87.35%	97.66%
34	Jacksonville	88.62%	98.13%
35	Orlando	93.67%	98.89%
36	Atlanta	94.25%	98.50%
37	Nashville	94.99%	99.19%
38	Raleigh	97.11%	99.46%
39	Greensboro	98.37%	99.61%
40	Charlotte	98.72%	99.73%

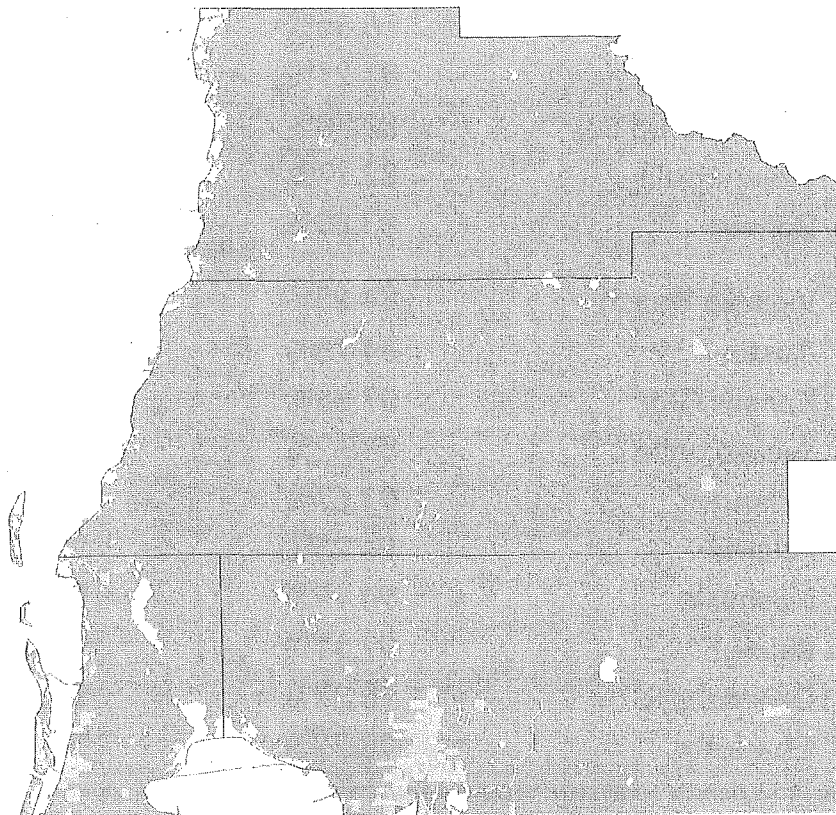
Notes: Low density areas refer to developed areas whose density of currently

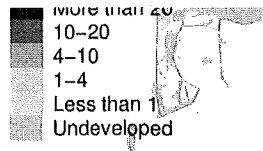
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quarterly housing prices during the decades spanning 2005-2014 and 1975-1984.

Housing production's skew towards low density areas is important, because it is consistent with the notion that a greater inflow of undeveloped land helps cities produce more housing, through both initial development and subsequent rounds of densification. For reasons explained earlier, e.g. with respect to vacant lots, such densification is easier in low density areas. Crucially, expansive cities' namesake outward expansion keeps low density areas more plentiful there than in expensive cities. In contrast, expensive cities have limited their inflow of undeveloped land by curbing their outward expansion, thereby choking off the initial development of new areas as well as subsequent rounds of densification. The animated density map of Tampa, below, shows how the city expanded over time, but it shows how denser areas *within* the city's developed footprint expanded over time as well. The latter process visually represents the gradual rounds of densification that follow after an area is first developed.

Tampa–St. Petersburg–Clearwater, FL Metro Area **Density as of 1940**



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Source: BuildZoom

Notes: densities refer to currently existing homes.
 areas considered developed when they first exceed
 200 currently existing homes per square mile.

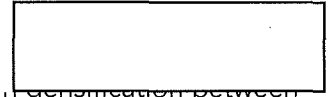
Download animated densification maps for all U.S. cities.

Densification Has Slowed Down Across The Board, But Much More So In Expensive Cities

An important development of recent decades is the increasing paucity of densification. During the first post-war decades, it was fairly common for areas to grow more dense through construction on vacant lots, and in particular through the replacement of older structures with new ones containing more dwellings. The data show that densification has grown far less common over time, especially in the expensive cities.

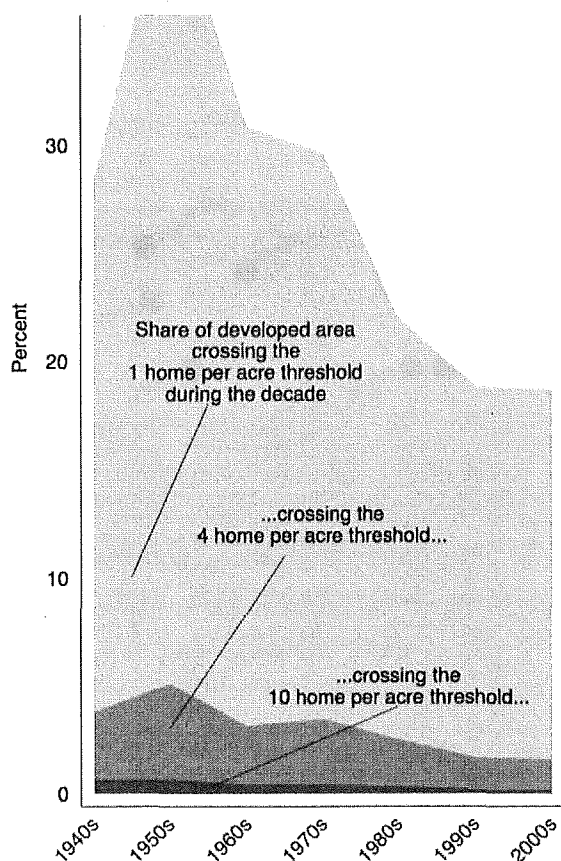
One way of quantifying densification is asking what share of developed areas whose density was below a certain threshold at the onset crossed that threshold by the end of a period. For example, of the developed land whose density in 1950 was below 1 home per acre, the share surpassing that density during the 1950s was 42.1 percent. The left hand chart below shows that the share fell sharply after the 1950s, down to just 18.6 percent in the 2000s – less than half. The share of developed land crossing the 4 and 10 home per acre thresholds also peaked in the 1950s and then fell even more sharply, down to less than one third of its peak level by the 2000s.

Another way of quantifying densification is asking what share of areas increased their density by some fixed amount during a period. Of all the developed land as of 1950, 41.3 percent increased its density by 0.5 homes per acre or more during the 1950s. The right hand chart shows that this measure of densification, too, fell sharply after the 1950s, down to just 11.3 percent in the 2000s. Similarly, the share of developed land adding 1 or more homes per acre fell from 12.2 percent in the 1950s to 3.8 percent in the 2000s, and the share of developed land adding 2 or more homes per acre fell from 3.6 percent in the 1950s to just 0.95 percent in the 2000s.

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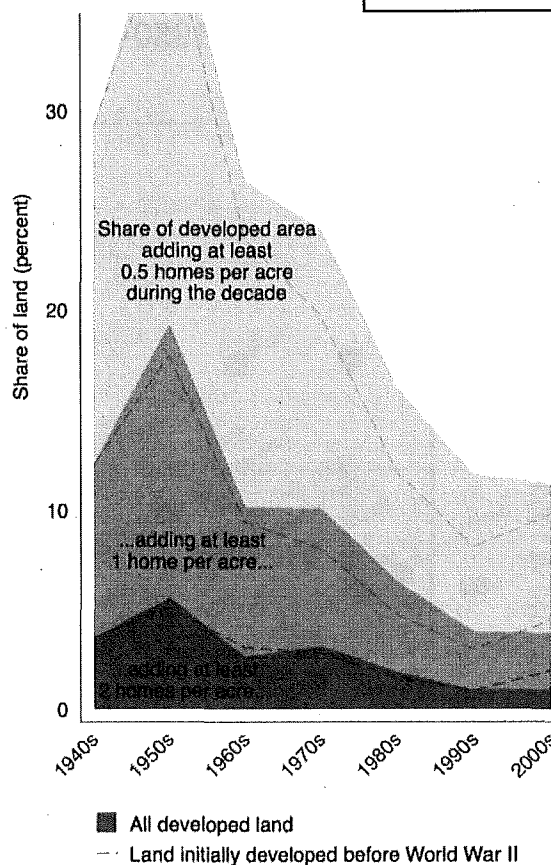
...dashed lines in the right hand chart. Interestingly, these areas exhibit an uptick in densification between the 1990s and the 2000s. The uptick tells us that the recent urban renaissance is not a myth, but that so far it has been far too limited in scale to reverse the long term trend of decreasing densification.

Aside from the slowdown in densification, the numbers also tell us that in the U.S. today, substantial densification is the exception. Just 3.8 percent of areas adding over 1 home per acre and just 0.95 percent adding over 2 homes per acre over the span of a decade is not very much, and the fraction of areas that cross the 4 and 10 home per acre thresholds each decade is also exceedingly small. In fact, the vast majority of the developed area of U.S. cities maintains a fixed level of density that doesn't usually change much over time.

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Source: BuildZoom

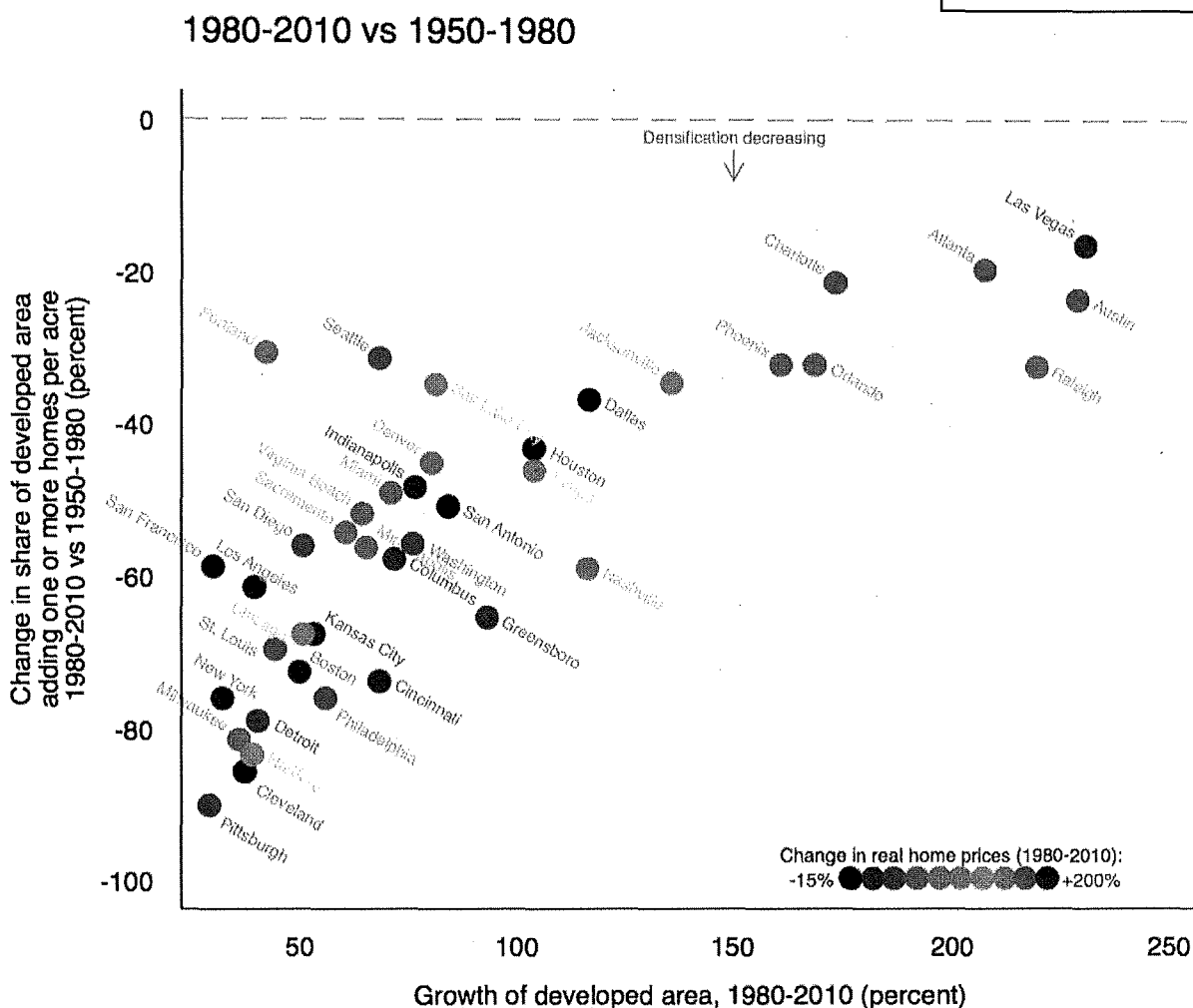
Notes: areas considered developed when they first exceed 200 existing homes per square mile, which is equivalent to 0.3125 homes per acre. The shares are out of all areas developed by the beginning of the corresponding decade. This chart does not account for demolition bias.



Source: BuildZoom

Notes: areas considered developed when they first exceed 200 existing homes per square mile, which is equivalent to 0.3125 homes per acre. The shares are out of all areas developed by the beginning of the corresponding decade. This chart does not account for demolition bias.

Whereas the previous two charts address the entire nation, the following chart tells us how different cities compare. For example, 57.1 percent of the developed area of New York as of 1950 added one or more homes per acre by 1980, but only 13.6 percent of its developed area as of 1980 added one or more homes per acre by 2010, which amounts to a 76.2 percent decrease in densification. The chart plots the change in cities' pace of densification from 1980 to 2010 relative to the 1950 to 1980 period – as in the New York example – against the cities' rate of outward expansion from 1980 to 2010. The pace of densification decreased everywhere, without exception, but the upward slope showing in the chart indicates that more expansive cities reduced their pace of densification less than others. Both legacy cities and expensive cities are clustered on the left hand side, and both groups experienced greater reductions in densification than the expansive cities on the right. Thus, in addition to the expensive cities'

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Source: BuildZoom


Notes: Observations include the 40 most populated U.S. metro areas. This chart considers residential areas as developed when they exceed a density of 200 currently existing homes per square mile. This chart does not account for demolition bias. However, to the extent that the magnitude of demolition bias (in percent) is consistent across the two periods, observing the *change* in densification differences out the bias. Developed areas correspond to CSAs, or to CBSAs that are not part of a CSA. Housing prices are always at the CBSA level. The change in housing prices is the percent change in average inflation-adjusted quarterly housing prices during the decades spanning 2005-2014 and 1975-1984.

Top 40 U.S. Cities by Change in Densification

Share of land area that densified by one or more homes per acre (percent)	Expansion of developed footprint, 1980-2010	Change in real home values, 1980-2010
Percent		

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4 Austin	66.0%	50.3%	-23.7%	228.9%	26.3%
5 Portland	58.8%	40.6%	-31.0%	42.3%	78.2%
6 Seattle	54.9%	37.5%	-31.7%	68.5%	119.4%
7 Orlando	64.6%	43.7%	-32.3%	168.7%	30.6%
8 Phoenix	73.1%	49.4%	-32.4%	160.9%	30.2%
9 Raleigh	42.6%	28.7%	-32.7%	219.3%	26.8%
10 Jacksonville	40.0%	26.1%	-34.8%	135.6%	39.1%
11 Salt Lake City	57.8%	37.5%	-35.0%	81.5%	49.2%
12 Dallas	50.1%	31.5%	-37.0%	116.9%	-10.2%
13 Houston	62.1%	35.1%	-43.5%	104.2%	-15.5%
14 Denver	64.2%	35.1%	-45.3%	80.3%	39.3%
15 Tampa	81.0%	43.4%	-46.5%	104.1%	40.0%
16 Indianapolis	32.6%	16.8%	-48.5%	76.5%	4.6%
17 Miami	90.2%	45.6%	-49.5%	71.2%	74.9%
18 San Antonio	60.9%	29.8%	-51.1%	84.2%	-12.4%
19 Virginia Beach	60.7%	29.1%	-52.0%	64.4%	64.3%
20 Sacramento	66.3%	30.1%	-54.6%	60.5%	64.2%
21 Washington	62.1%	27.3%	-56.1%	76.2%	99.6%
22 San Diego	86.2%	37.8%	-56.2%	51.0%	106.5%
23 Minneapolis	46.3%	20.1%	-56.6%	65.4%	39.3%
24 Columbus	49.4%	20.7%	-58.0%	71.8%	12.9%
25 San Francisco	74.0%	30.4%	-58.9%	30.1%	188.1%
26 Nashville	42.4%	17.3%	-59.2%	116.5%	36.9%
27 Los Angeles	79.9%	30.5%	-61.8%	39.5%	129.5%
28 Greensboro	36.5%	12.5%	-65.6%	93.1%	10.2%
29 Chicago	58.7%	18.9%	-67.8%	50.9%	49.5%
30 Kansas City	47.6%	15.3%	-67.8%	53.6%	1.7%
31 St. Louis	44.9%	13.5%	-69.9%	44.2%	19.4%
32 Boston	31.3%	8.5%	-72.9%	50.0%	153.7%
33 Cincinnati	46.6%	12.1%	-74.0%	68.4%	5.7%

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	1975-1984	1985-1994	1995-2004	2005-2014	1975-1984
39 Cleveland	47.5%	6.7%	-86.0%	37.6%	-0.9%
40 Pittsburgh	40.1%	3.9%	-90.3%	29.4%	14.4%

Notes: Observations include the 40 most populated U.S. metro areas. This chart considers residential areas as developed when they exceed a density of 200 existing homes per square mile. This chart does not account for demolition bias. However, to the extent that the magnitude of demolition bias is consistent across the two periods, the bias is differenced out of the *change* in densification across the periods. Developed areas correspond to CSAs, or to CBSAs that are not part of a CSA. Housing prices are always at the CBSA level. The change in housing prices is the percent change in average inflation-adjusted quarterly housing prices during the decades spanning 2005-2014 and 1975-1984.

Why has the pace of densification decreased? One reason is national in scope: despite some fluctuations, the total amount of new housing built each decade in the U.S. has remained fairly constant since the 1950s, but because of urban expansion the area absorbing it has grown much larger. Thus, new housing is spread more thinly, which amounts to less densification. Another way of putting it is that the demand for new housing – or growth pressure – per unit of developed land is less intense than it used to be.

Of course, growth pressure is more intense in some cities than in others. Legacy cities have seen the greatest reduction in growth pressure, so it is not surprising that their pace of densification has fallen most sharply. But both expensive and expansive cities have strong economies fueling their demand for housing, so a different reason must be found to explain why the pace of densification has fallen more in expensive cities than it has in expansive ones.

One reason has already been touched upon. By curbing their outward expansion, expensive cities have stemmed their subsequent supply of low density areas that are flush with opportunities for further development. A sizable share of densification occurs through infill – not the kind of infill for which planners reserve the term, but simply construction on vacant land scattered within developed areas. The best land is used first, and as densification progresses the remaining lots are fewer and increasingly more challenging to build on, until redevelopment ultimately becomes the only alternative. Expansive cities maintain a robust supply of fresh land that is in the early phases of the progression. In contrast, expensive cities' reduced rate of outward expansion means that most of their land is farther along in the progression, and as a result it is getting harder for them to densify. It is no coincidence that builders today report an unprecedented shortage of vacant lots that is most pronounced in the West and the Northeast, where expensive cities cluster.

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development can be shrewd, e.g. if it is hardwired into local land use policy, it is almost never contested such as height limits or single family zoning, and it can leave little opportunity for densification.⁹ The former type of low density area – ripe for further development – is bound to be more common in expansive cities, whereas the latter type of low density area – shunning development – is likely to be more common in expensive cities.

It is likely that a growing body of restrictive local land use policies has made densification harder in general (some of the policies are not land use policies per se, but building requirements that implicitly affect land use). Attention was recently drawn to the fact that 40 percent of the buildings in Manhattan could not be built legally today, and a report from the Boston suburb of Somerville – whose population is roughly 80,000 – concluded that only 22 buildings in the entire suburb meet its current zoning regulations. Restrictive land use policy can help explain why the pace of densification has decreased across the board. Inasmuch as such policy has grown even more restrictive in expensive cities than in expansive ones, it too can help explain the differential decrease in the pace of densification across these city types.

What is the path forward?

The projected growth of the U.S. population will exert growth pressure on expensive and expansive cities alike. There is infinite nuance in how cities can respond to the challenge, but essentially they must situate themselves in the space defined by three alternatives.

The first alternative is to expand with gusto. Cities that follow this path will maintain housing at more affordable levels, thereby retaining their current social character. However, going down this path will further entrench the ills associated with sprawl. Today's expansive cities are already on this path. The expensive cities could renew their expansion, too, but it is not equally feasible for all of them to do so because some of them – particularly on the west coast – already face natural geographic boundaries that limit their potential to expand.

The second alternative is to avoid expansion, and maintain the status quo with respect to densification. Going down this path will divert population growth towards more accommodating U.S. cities (the expansive ones), and it will minimize changes to the physical character of cities and their surrounding environment. However, it will render housing increasingly unaffordable for a growing share of the population, and has already set in motion a sorting process whereby, on net, the affluent migrate into

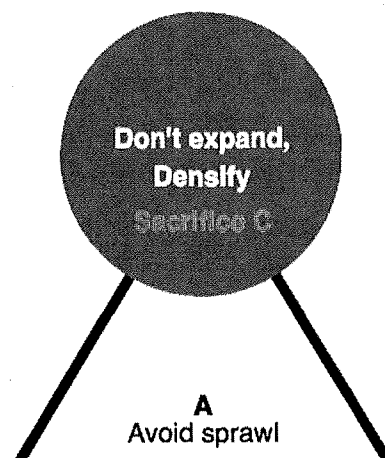
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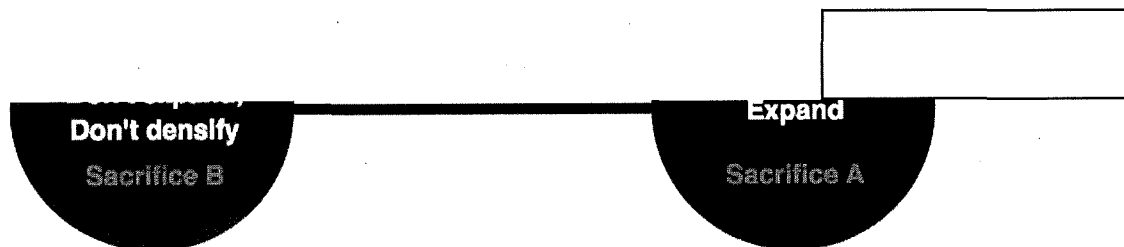
The third alternative is to enact fundamental changes to land use policy that prompt far more substantial densification than any U.S. city has undergone to date. For expensive cities to increase their housing production on par with expansive ones would require a reset of land use norms. It would require cities to stop relying on vacant lots as the primary means of densification, and embrace redevelopment instead. For example, it would warrant the undoing of single family zoning through the permission and incentivization of multifamily redevelopment in areas currently reserved for single family homes. Such a change would need to be coupled with a broader acceptance of multifamily housing as a legitimate place for raising children.¹¹ It would also require a leap of faith that in the chicken-and-egg conundrum of density and transportation infrastructure, density can come first. This alternative will accommodate population growth, and will maintain housing affordability at a level that is more expensive than what the first alternative can achieve, but which is far more reasonable than what the second one offers.¹² As a result, it will also go a long way towards maintaining the social character of the city. However, it will come at the cost of substantially altering the built environment. The facade will change.

The following diagram summarizes the tradeoffs that cities face. Of course, cities do not literally face a choice among the three alternatives. Rather, the overall impact of the land use policy enacted by all of the governing bodies in a city is equivalent to choosing a location within the triangle, representing a certain mix the of three alternatives.

The Land Use Trilemma

Cities facing growth pressure can achieve any two items in the trio, *but not all three*.



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Notes: Municipalities, districts or neighborhoods *within* cities that face growth pressure may be geographically bounded and therefore unable to expand, in which case they face a land use *dilemma*.

Source: BuildZoom

Is the third alternative realistic? Many grand events and changes have come about in our lifetimes, and the introduction of substantial densification in U.S. cities could be another. The nascent YIMBY movement and the current media uproar in reaction to restrictive land use policy are both promising signs. Nevertheless, the third alternative appears unlikely at this time. The control of planning decisions in the U.S. tends to be highly dispersed, and decisions made at a more local level tend to reject development because negatively impacted stakeholders are usually concentrated nearby, whereas the beneficiaries are not. Moreover, the expensive cities' current trajectory ultimately benefits the haves, who hold more sway than the have-nots.

If we rule out the third alternative as unrealistic, then cities confronting growth pressure face a tradeoff between accommodating growth through outward expansion, or accepting the social implications of failing to build enough new housing. Sprawl is not something to be welcomed. But people must understand that with neither outward expansion nor meaningful densification, U.S. cities cannot provide enough housing to prevent equally unwelcome changes to their social character. In the words of former Palo Alto planning and transportation commissioner Kate Vershov-Downing, "if things keep going as they are [the] streets will look just as they did decades ago, but [the] inhabitants, spirit, and sense of community will be unrecognizable."

This study benefited from the helpful comments of Nate Clinton, Jack Cookson, Wendell Cox, Matthew Gardner, Joshua Hausman, Katie Huber, Jed Kolko, Alex Litvak, Nick Pataki, Albert Saiz and Egon Terplan. Any remaining errors are my own.

Footnotes:

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leads to an underestimate of the past housing stock, the conversion of an industrial structure built decades ago into loft housing would result in an overestimate of the past housing stock. On average, underestimation dominates over the 1970-2010 period in which historic data shed light on "development bias."

2. The chart indicates that, on average, the percent increase in the number of homes in a city was proportional to the percent increase in the developed area of the city, but it does not indicate that all new homes were built on undeveloped land. A sizable share of new homes were built in areas that were previously developed, thereby raising the (local) density in those areas.
3. The 88.4 percent figure includes new homes built on undeveloped land. Among new homes built *only* within cities' developed footprint, i.e. excluding undeveloped land, low density areas accounted for 84.8 percent of new homes.
4. Even if the threshold used to distinguish developed and undeveloped land were adjusted from its present level of 200 currently existing homes per square mile to a reasonable alternative, it would still hold true that a large share of new housing emerges from the gradual densification of low density areas.
5. Note that the share of homes in low density areas has slowly inched up since 1950, which means the U.S. has grown more suburban over the decades.
6. Looking at things the other way around, areas denser than 10 homes per acre account for a substantially greater share of existing homes than of new homes. Thus, using the same slight abuse of terminology, it can be said that housing production is skewed away from denser areas.
7. Of course, in reality not all else is equal. Areas whose residents more vehemently oppose development are likely to remain less dense, whereas areas whose residents are less oppositional will have grown denser, potentially generating a negative correlation between density and opposition to development.
8. Note that San Francisco refers to the San Jose-San Francisco-Oakland, CA CSA, which spans both the San Francisco-Oakland-Hayward, CA CBSA and the San Jose-Sunnyvale-Santa Clara, CA CBSA. Similarly, Los Angeles refers to the Los Angeles-Long Beach, CA CSA, which includes both the Los Angeles-Long Beach-Anaheim, CA CBSA and the Riverside-San Bernardino-Ontario, CA CBSA.
9. When resistance to densification is hardwired into local land use policy, e.g. through single family zoning, one will be hard pressed to find evidence of disrupted development, because no developer would attempt it. Building condo towers in Palo Alto, for example, would be a highly lucrative undertaking, but no developer would apply for permission to build them because there is (presently) no hope of approval.

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areas' ability to grow denser. On the other hand, if the new transportation infrastructure connects undeveloped areas to the city, or functionally tethers existing nearby cities to it, then such infrastructure amounts to a catalyst for expansion.

11. Shifting from single family to multifamily housing involves a sacrifice in terms of living standards. The current wave of interest in micro-units takes the sacrifice of living standards to an extreme.
12. The third alternative will maintain housing prices near construction costs, but these costs are higher when development is denser, and even more so when it involves redevelopment. Cities would do well to streamline the redevelopment process, both procedurally and otherwise. For example, one could imagine a service allowing property owners to signal their willingness to sell to developers engaged in redevelopment, thereby easing the frictions associated with lot assembly.

Methodology:

1. **Definition of cities:** cities in the study are defined using current White House Office of Management and Budget (OMB) definitions for Combined Statistical Areas (CSAs) and Core-Based Statistical Areas (CBSAs). CBSAs are defined along county lines and each CBSA consists of one or more counties. CSAs are clusters of contiguous CBSAs, so every CSA consists of multiple constituent CBSAs, e.g. the San Francisco-Oakland-Hayward, CA CBSA and the San Jose-Sunnyvale-Santa Clara, CA CBSA jointly comprise the San Jose-San Francisco-Oakland, CA CSA. However, some CBSAs do not fall within a CSA, e.g. the San Diego-Carlsbad, CA CBSA. The cities in this study consist of all CSAs and, in addition, all CBSAs that do not fall within a CSA (the latter include both metropolitan and micropolitan statistical areas).
2. **Determination of an area's housing density over time:** areas' housing densities each decade are determined at the Census block-group level. Data on the estimated number of currently existing housing units in each block group, broken down by decade built, is obtained from the 2010-2014 5-year American Community Survey (ACS) summary files. Data on the land area of each block group is obtained from the 2014 Census TIGER shapefiles. The cumulative number of existing housing units built in a block group until a given decade is divided by the block group's land area to obtain an estimate of its housing density as of that decade. Note that *housing density does not reflect non-residential structures*, i.e. if an area contains non-residential structures it may be more densely developed than housing density alone would suggest. Housing density estimates are likely to be biased for two reasons:
 - **Demolition bias:** housing density estimates reflect only currently existing housing units, i.e. dwellings that were observed in the 2010-2014 5-year ACS. The construction of housing units that were later demolished – prior to observation in 2010-2014 – is not reflected in the data. Housing units built as part of subsequent redevelopment, and which were still in place as of the 2010-2014 5-year ACS, are reflected in the data. For example, suppose 10 housing units were built on a 10 acre block group in 1965, and then demolished in 1985 and replaced by 20 new housing units. The block group will be recorded as having a housing density of zero homes per acre through the 1980 observation, as having an increase of 2 homes per acre during the 1980s, and as having a housing density of 2 homes per acre from the 1990 observation on. More generally, the term "demolition bias" is a catch-all for cases in which the number of currently existing homes of a given construction vintage in an area may differ from their number in the past. In addition to demolition, homes that shifted to non-residential use in the past contribute to "demolition bias" as well. The bias can also occur in the opposite direction. For example, whereas demolition per se leads to an underestimate of the past housing stock, the conversion of an industrial structure built decades ago into loft housing would result in an overestimate of the past housing stock. On average, underestimation dominates over the 1970-2010 period in which historic data shed light on "development bias." See "accounting for demolition bias" below.
 - **Granularity bias:** areas whose current housing density is low are likely to be carved up by the Census into larger – less granular – plots of land, and are therefore more likely to include some rural territory that lowers their calculated density. Block groups near the urban-rural fringe are likely to be less densely populated, and are therefore more likely to include rural territory that artificially lowers their observed density.
3. **Determination of an area's vintage:** the decade in which an area was first developed, referred to as the area's vintage, is determined at the Census block group level, as the decade in which the density of currently existing housing units first exceeds 200 units per square mile.
4. **Estimation of cities' land area over time:** a city's land area as of a given decade is determined by summing the area of its constituent Census blocks – not block groups – when they satisfy two conditions. First, their vintage must be equal to or older than the given decade. Second, the blocks must be defined by the Census as part of an urban area, as per the Census' current definition of urban areas. A brief description of the current definition is available [here](#), and comprehensive details are available [here](#). As a result, in block groups containing a mixture of urban and rural blocks, only the land area of the urban blocks

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include people living in the rural portion of the counties comprising each city. County population estimates for 1970 through 1980 were obtained from a National Bureau of Economic Research (NBER) compilation, available here, and for 2000 and 2010 from the Census' American FactFinder.

7. **Housing price growth:** housing price growth is derived from quarterly, non-seasonally adjusted Federal Housing Finance Agency (FHFA) housing price indices for all transactions, available via the St. Louis Federal Reserve's FRED portal. The indices were adjusted for inflation using the consumer price index for all urban consumers and for all items less shelter, also obtained from the portal. The indices are available from 1975 onwards. To obtain a long-run view of housing prices that is not overly driven by transitory factors, e.g. the extent of fluctuation during the 2000s boom and bust, housing price growth is taken as the percent change in the ten year average of the inflation-adjusted indices during the decade from 2005 to 2014 and similarly during the decade from 1975 to 1984. The FHFA indices are available for CBSAs, but not for CSAs. For each CSA, the study uses the CBSA-level index for the "main" CBSA, as indicated by the informal name used to refer to the CSA in the study. For example, the housing price index used for San Francisco, i.e. the San Jose-San Francisco-Oakland, CA CSA, is the housing price index for the San Francisco-Oakland-Hayward, CA CBSA, as indicated by the informal reference to the CSA as San Francisco, rather than San Jose. The substitution of a CBSA-level index for a CSA-level one is an approximation.

8. **Accounting for demolition bias:** the extent of demolition bias is assessed, and accounted for where possible, in the following steps.

- Contemporaneous data on the number of homes at the county level, broken down by year structure built, is obtained from the 1970-2010 decennial Censuses (such data, even without the breakdown, is not available at the county level for 1950 and 1960). The source: Minnesota Population Center. *National Historical Geographic Information System*: Version 2.0. Minneapolis, MN: University of Minnesota 2011.
- The contemporaneous data is used to construct the observed number of housing units in each county and decade, by structures' construction vintage decade, e.g. the number of homes in Ventura County, CA, observed in the 1980 Census as being in structures built during the 1950s is recorded. These numbers are summed at the city level, i.e. at the appropriate CBSA or CSA level (see above).
- The number of homes observed in each city prior to 2010 using the 2010-2014 5-year ACS – as opposed to the contemporaneous data – is then adjusted using the appropriate contemporaneous data. For example, suppose the number of homes observed in the Los Angeles-Long Beach, CA CSA in structures built prior to 1980 decreased by 10 percent between the contemporaneous 1980 and 2010 observations (obtained in step b). In this case, the number of currently existing homes observed in the 2010-2014 5-year ACS as having been built before 1980 will be divided by $0.9 = 1 - 0.1$ to adjust for the decrease observed in the contemporaneous data.
- Note that in the contemporaneous data, areas that fall within or outside the city's developed footprint cannot be distinguished, because the geographic granularity of the contemporaneous data is not as fine as the 2010-2014 5-year ACS data. Thus, the adjustment for demolition bias reflects contemporaneous observations of all housing in the city's constituent counties, including those in undeveloped areas.
- The adjustment for demolition bias can be applied to the number of homes in a city from 1970 onwards, as well as changes thereof. Because appropriate contemporaneous data is not available before 1970, the adjustment cannot be applied to any measure that spans earlier years, e.g. the period 1950-1980. Furthermore, the limited geographic granularity of the contemporaneous data limits the scope for adjusting measures of local density, including estimates of cities' area which rely on density.

Downloads:

Download animated densification maps for all U.S. cities.

Individual decade-by-decade animated densification maps for top 100 most populated U.S. cities (by 2010 population):

(For all U.S. cities' maps, see below)

1. New York-Newark, NY-NJ-CT-PA CSA – 23.08 million
2. Los Angeles-Long Beach, CA CSA – 17.88 million
3. Chicago-Naperville, IL-IN-WI CSA – 9.82 million
4. Washington-Baltimore-Arlington, DC-MD-VA-WV-PA CSA – 9.02 million
5. San Jose-San Francisco-Oakland, CA CSA – 8.15 million
6. Boston-Worcester-Providence, MA-RI-NH-CT CSA – 7.89 million
7. Philadelphia-Reading-Camden, PA-NJ-DE-MD CSA – 7.07 million
8. Dallas-Fort Worth, TX-OK CSA – 6.81 million
9. Miami-Fort Lauderdale-Port St. Lucie, FL CSA – 6.17 million
10. Houston-The Woodlands, TX CSA – 6.11 million
11. Atlanta-Athens-Clarke County-Sandy Springs, GA CSA – 5.9 million
12. Detroit-Warren-Ann Arbor, MI CSA – 5.32 million
13. Seattle-Tacoma, WA CSA – 4.27 million



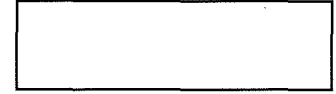
21. Orlando-Baytown-DeLand-Orlando, FL CSA – 2.02 million
22. Tampa-St. Petersburg-Clearwater, FL Metro Area – 2.78 million
23. Pittsburgh-New Castle-Weirton, PA-OH-WV CSA – 2.66 million
24. Sacramento-Roseville, CA CSA – 2.41 million
25. Charlotte-Concord, NC-SC CSA – 2.38 million
26. Kansas City-Overland Park-Kansas City, MO-KS CSA – 2.32 million
27. Columbus-Marion-Zanesville, OH CSA – 2.31 million
28. Salt Lake City-Provo-Orem, UT CSA – 2.27 million
29. Indianapolis-Carmel-Muncie, IN CSA – 2.25 million
30. Las Vegas-Henderson, NV-AZ CSA – 2.2 million
31. Cincinnati-Wilmington-Maysville, OH-KY-IN CSA – 2.13 million
32. San Antonio-New Braunfels, TX Metro Area – 2.12 million
33. Milwaukee-Racine-Waukesha, WI CSA – 2.03 million
34. Raleigh-Durham-Chapel Hill, NC CSA – 1.91 million
35. Nashville-Davidson-Murfreesboro, TN CSA – 1.76 million
36. Virginia Beach-Norfolk, VA-NC CSA – 1.74 million
37. Austin-Round Rock, TX Metro Area – 1.72 million
38. Greensboro-Winston-Salem-High Point, NC CSA – 1.59 million
39. Hartford-West Hartford, CT CSA – 1.49 million
40. Jacksonville-St. Marys-Palatka, FL-GA CSA – 1.47 million
41. Louisville/Jefferson County-Elizabethtown-Madison, KY-IN CSA – 1.43 million
42. New Orleans-Metairie-Hammond, LA-MS CSA – 1.41 million
43. Grand Rapids-Wyoming-Muskegon, MI CSA – 1.38 million
44. Greenville-Spartanburg-Anderson, SC CSA – 1.36 million
45. Memphis-Forrest City, TN-MS-AR CSA – 1.34 million
46. Oklahoma City-Shawnee, OK CSA – 1.32 million
47. Birmingham-Hoover-Talladega, AL CSA – 1.29 million
48. Harrisburg-York-Lebanon, PA CSA – 1.22 million
49. Buffalo-Cheektowaga, NY CSA – 1.22 million
50. Rochester-Batavia-Seneca Falls, NY CSA – 1.18 million
51. Albany-Schenectady, NY CSA – 1.17 million
52. Richmond, VA Metro Area – 1.16 million
53. Albuquerque-Santa Fe-Las Vegas, NM CSA – 1.15 million
54. Tulsa-Muskogee-Bartlesville, OK CSA – 1.11 million
55. Fresno-Madera, CA CSA – 1.08 million
56. Dayton-Springfield-Sidney, OH CSA – 1.08 million
57. Knoxville-Morristown-Sevierville, TN CSA – 1.04 million
58. Tucson-Nogales, AZ CSA – 1.03 million
59. El Paso-Las Cruces, TX-NM CSA – 1.01 million
60. Urban Honolulu, HI Metro Area – .95 million
61. Cape Coral-Fort Myers-Naples, FL CSA – .94 million
62. Chattanooga-Cleveland-Dalton, TN-GA-AL CSA – .91 million
63. Omaha-Council Bluffs-Fremont, NE-IA CSA – .9 million
64. North Port-Sarasota, FL CSA – .9 million
65. Columbia-Orangeburg-Newberry, SC CSA – .88 million
66. Little Rock-North Little Rock, AR CSA – .84 million
67. Bakersfield, CA Metro Area – .84 million
68. McAllen-Edinburg, TX CSA – .84 million
69. Madison-Janesville-Beloit, WI CSA – .83 million
70. Modesto-Merced, CA CSA – .77 million
71. Baton Rouge, LA Metro Area – .76 million
72. Syracuse-Auburn, NY CSA – .74 million
73. South Bend-Elkhart-Mishawaka, IN-MI CSA – .72 million
74. Des Moines-Ames-West Des Moines, IA CSA – .71 million
75. Springfield-Greenfield Town, MA CSA – .69 million

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83. Harrisburg-Denver / Harrisburg, NE CSA – .60 million
84. Toledo-Port Clinton, OH CSA – .65 million
85. Jackson-Vicksburg-Brookhaven, MS CSA – .65 million
86. Colorado Springs, CO Metro Area – .65 million
87. Portland-Lewiston-South Portland, ME CSA – .62 million
88. Fort Wayne-Huntington-Auburn, IN CSA – .61 million
89. Lafayette-Opelousas-Morgan City, LA CSA – .6 million
90. Lakeland-Winter Haven, FL Metro Area – .6 million
91. Mobile-Daphne-Fairhope, AL CSA – .6 million
92. Visalia-Porterville-Hanford, CA CSA – .6 million
93. Reno-Carson City-Fernley, NV CSA – .58 million
94. Scranton-Wilkes-Barre-Hazleton, PA Metro Area – .56 million
95. Augusta-Richmond County, GA-SC Metro Area – .56 million
96. Palm Bay-Melbourne-Titusville, FL Metro Area – .54 million
97. Fayetteville-Lumberton-Laurinburg, NC CSA – .54 million
98. Lansing-East Lansing-Owosso, MI CSA – .53 million
99. Kalamazoo-Battle Creek-Portage, MI CSA – .52 million
100. Springfield-Branson, MO CSA – .52 million

Individual decade-by-decade animated densification maps for all U.S. cities (alphabetical):

1. Aberdeen, SD Micro Area
2. Aberdeen, WA Micro Area
3. Abilene, TX Metro Area
4. Ada, OK Micro Area
5. Alamogordo, NM Micro Area
6. Albany, GA Metro Area
7. Albany-Schenectady, NY CSA
8. Albert Lea, MN Micro Area
9. Albuquerque-Santa Fe-Las Vegas, NM CSA
10. Alexandria, LA Metro Area
11. Alexandria, MN Micro Area
12. Alpena, MI Micro Area
13. Altoona, PA Metro Area
14. Altus, OK Micro Area
15. Amarillo-Borger, TX CSA
16. Americus, GA Micro Area
17. Anchorage, AK Metro Area
18. Andrews, TX Micro Area
19. Anniston-Oxford-Jacksonville, AL Metro Area
20. Appleton-Oshkosh-Neenah, WI CSA
21. Ardmore, OK Micro Area
22. Arkadelphia, AR Micro Area
23. Asheville-Brevard, NC CSA
24. Astoria, OR Micro Area
25. Athens, OH Micro Area
26. Atlanta-Athens-Clarke County-Sandy Springs, GA CSA
27. Augusta-Richmond County, GA-SC Metro Area
28. Augusta-Waterville, ME Micro Area
29. Austin-Round Rock, TX Metro Area
30. Bakersfield, CA Metro Area
31. Bangor, ME Metro Area
32. Barre, VT Micro Area
33. Batesville, AR Micro Area
34. Baton Rouge, LA Metro Area
35. Beaumont-Port Arthur, TX Metro Area

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44. Big Spring, TX Micro Area
45. Big Stone Gap, VA Micro Area
46. Billings, MT Metro Area
47. Binghamton, NY Metro Area
48. Birmingham-Hoover-Talladega, AL CSA
49. Bismarck, ND Metro Area
50. Blacksburg-Christiansburg-Radford, VA Metro Area
51. Bloomington-Bedford, IN CSA
52. Bloomington-Pontiac, IL CSA
53. Bloomsburg-Berwick-Sunbury, PA CSA
54. Bluefield, WV-VA Micro Area
55. Blytheville, AR Micro Area
56. Boise City-Mountain Home-Ontario, ID-OR CSA
57. Boone, NC Micro Area
58. Boston-Worcester-Providence, MA-RI-NH-CT CSA
59. Bowling Green-Glasgow, KY CSA
60. Bozeman, MT Micro Area
61. Bradford, PA Micro Area
62. Brainerd, MN Micro Area
63. Breckenridge, CO Micro Area
64. Brookings, OR Micro Area
65. Brookings, SD Micro Area
66. Brownsville-Harlingen-Raymondville, TX CSA
67. Brownwood, TX Micro Area
68. Brunswick, GA Metro Area
69. Buffalo-Cheektowaga, NY CSA
70. Burley, ID Micro Area
71. Burlington, IA-IL Micro Area
72. Burlington-South Burlington, VT Metro Area
73. Butte-Silver Bow, MT Micro Area
74. Cadillac, MI Micro Area
75. Camden, AR Micro Area
76. Campbellsville, KY Micro Area
77. Cape Coral-Fort Myers-Naples, FL CSA
78. Cape Girardeau-Sikeston, MO-IL CSA
79. Carbondale-Marion, IL Metro Area
80. Carlsbad-Artesia, NM Micro Area
81. Casper, WY Metro Area
82. Cedar City, UT Micro Area
83. Cedar Rapids-Iowa City, IA CSA
84. Champaign-Urbana, IL Metro Area
85. Charleston-Huntington-Ashland, WV-OH-KY CSA
86. Charleston-Mattoon, IL Micro Area
87. Charleston-North Charleston, SC Metro Area
88. Charlotte-Concord, NC-SC CSA
89. Charlottesville, VA Metro Area
90. Chattanooga-Cleveland-Dalton, TN-GA-AL CSA
91. Cheyenne, WY Metro Area
92. Chicago-Naperville, IL-IN-WI CSA
93. Chico, CA Metro Area
94. Cincinnati-Wilmington-Maysville, OH-KY-IN CSA
95. Claremont-Lebanon, NH-VT Micro Area
96. Clarksburg, WV Micro Area
97. Clarksdale, MS Micro Area

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106. College Station-Bryan, TX Metro Area
107. Colorado Springs, CO Metro Area
108. Columbia-Moberly-Mexico, MO CSA
109. Columbia-Orangeburg-Newberry, SC CSA
110. Columbus, MS Micro Area
111. Columbus, NE Micro Area
112. Columbus-Auburn-Opelika, GA-AL CSA
113. Columbus-Marion-Zanesville, OH CSA
114. Cookeville, TN Micro Area
115. Coos Bay, OR Micro Area
116. Cordele, GA Micro Area
117. Corinth, MS Micro Area
118. Cornelia, GA Micro Area
119. Corpus Christi-Kingsville-Alice, TX CSA
120. Coshocton, OH Micro Area
121. Crescent City, CA Micro Area
122. Crestview-Fort Walton Beach-Destin, FL Metro Area
123. Crossville, TN Micro Area
124. Cullowhee, NC Micro Area
125. Cumberland, MD-WV Metro Area
126. Dallas-Fort Worth, TX-OK CSA
127. Danville, IL Metro Area
128. Danville, KY Micro Area
129. Danville, VA Micro Area
130. Davenport-Moline, IA-IL CSA
131. Dayton-Springfield-Sidney, OH CSA
132. DeRidder-Fort Polk South, LA CSA
133. Decatur, IL Metro Area
134. Defiance, OH Micro Area
135. Del Rio, TX Micro Area
136. Deming, NM Micro Area
137. Denver-Aurora, CO CSA
138. Des Moines-Ames-West Des Moines, IA CSA
139. Detroit-Warren-Ann Arbor, MI CSA
140. Dickinson, ND Micro Area
141. Dixon-Sterling, IL CSA
142. Dodge City, KS Micro Area
143. Dothan-Enterprise-Ozark, AL CSA
144. Douglas, GA Micro Area
145. Dublin, GA Micro Area
146. Dubuque, IA Metro Area
147. Duluth, MN-WI Metro Area
148. Dumas, TX Micro Area
149. Duncan, OK Micro Area
150. Durango, CO Micro Area
151. Dyersburg, TN Micro Area
152. Eagle Pass, TX Micro Area
153. Eau Claire-Menomonie, WI CSA
154. Edwards-Glenwood Springs, CO CSA
155. Effingham, IL Micro Area
156. El Centro, CA Metro Area
157. El Dorado, AR Micro Area
158. El Paso-Las Cruces, TX-NM CSA
159. Elk City, OK Micro Area

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167. Escanaba, MI Micro Area
168. Eugene, OR Metro Area
169. Eureka-Arcata-Fortuna, CA Micro Area
170. Evanston, WY Micro Area
171. Evansville, IN-KY Metro Area
172. Fairbanks, AK Metro Area
173. Fairfield, IA Micro Area
174. Fallon, NV Micro Area
175. Fargo-Wahpeton, ND-MN CSA
176. Farmington, NM Metro Area
177. Fayetteville-Lumberton-Laurinburg, NC CSA
178. Fayetteville-Springdale-Rogers, AR-MO Metro Area
179. Fergus Falls, MN Micro Area
180. Findlay-Tiffin, OH CSA
181. Fitzgerald, GA Micro Area
182. Flagstaff, AZ Metro Area
183. Florence, SC Metro Area
184. Florence-Muscle Shoals, AL Metro Area
185. Fond du Lac, WI Metro Area
186. Forest City, NC Micro Area
187. Fort Collins, CO Metro Area
188. Fort Dodge, IA Micro Area
189. Fort Leonard Wood, MO Micro Area
190. Fort Madison-Keokuk, IA-IL-MO Micro Area
191. Fort Morgan, CO Micro Area
192. Fort Smith, AR-OK Metro Area
193. Fort Wayne-Huntington-Auburn, IN CSA
194. Fredericksburg, TX Micro Area
195. Fremont, OH Micro Area
196. Fresno-Madera, CA CSA
197. Gadsden, AL Metro Area
198. Gainesville-Lake City, FL CSA
199. Galesburg, IL Micro Area
200. Gallup, NM Micro Area
201. Garden City, KS Micro Area
202. Gillette, WY Micro Area
203. Goldsboro, NC Metro Area
204. Grand Forks, ND-MN Metro Area
205. Grand Island, NE Metro Area
206. Grand Junction, CO Metro Area
207. Grand Rapids-Wyoming-Muskegon, MI CSA
208. Great Bend, KS Micro Area
209. Great Falls, MT Metro Area
210. Green Bay-Shawano, WI CSA
211. Greeneville, TN Micro Area
212. Greensboro-Winston-Salem-High Point, NC CSA
213. Greenville, MS Micro Area
214. Greenville-Spartanburg-Anderson, SC CSA
215. Greenville-Washington, NC CSA
216. Greenwood, MS Micro Area
217. Grenada, MS Micro Area
218. Gulfport-Biloxi-Pascagoula, MS Metro Area
219. Guymon, OK Micro Area
220. Hailey, ID Micro Area
221. Harrisburg-York-Lebanon, PA CSA

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229. Houghton-West Houghton, MI Micro Area

230. Hereford, TX Micro Area

231. Hermiston-Pendleton, OR Micro Area

232. Hickory-Lenoir, NC CSA

233. Hillsdale, MI Micro Area

234. Hilo, HI Micro Area

235. Hilton Head Island-Bluffton-Beaufort, SC Metro Area

236. Hobbs, NM Micro Area

237. Homosassa Springs, FL Metro Area

238. Hood River, OR Micro Area

239. Hot Springs-Malvern, AR CSA

240. Houghton, MI Micro Area

241. Houma-Thibodaux, LA Metro Area

242. Houston-The Woodlands, TX CSA

243. Huntingdon, PA Micro Area

244. Huntsville-Decatur-Albertville, AL CSA

245. Huron, SD Micro Area

246. Hutchinson, KS Micro Area

247. Idaho Falls-Rexburg-Blackfoot, ID CSA

248. Indianapolis-Carmel-Muncie, IN CSA

249. Iron Mountain, MI-WI Micro Area

250. Ithaca-Cortland, NY CSA

251. Jackson, MI Metro Area

252. Jackson, OH Micro Area

253. Jackson, TN Metro Area

254. Jackson, WY-ID Micro Area

255. Jackson-Vicksburg-Brookhaven, MS CSA

256. Jacksonville, NC Metro Area

257. Jacksonville-St. Marys-Palatka, FL-GA CSA

258. Jamestown, ND Micro Area

259. Jamestown-Dunkirk-Fredonia, NY Micro Area

260. Jasper, IN Micro Area

261. Jefferson City, MO Metro Area

262. Jesup, GA Micro Area

263. Johnson City-Kingsport-Bristol, TN-VA CSA

264. Johnstown-Somerset, PA CSA

265. Jonesboro-Paragould, AR CSA

266. Joplin-Miami, MO-OK CSA

267. Juneau, AK Micro Area

268. Kahului-Wailuku-Lahaina, HI Metro Area

269. Kalamazoo-Battle Creek-Portage, MI CSA

270. Kalispell, MT Micro Area

271. Kansas City-Overland Park-Kansas City, MO-KS CSA

272. Kapaa, HI Micro Area

273. Kearney, NE Micro Area

274. Keene, NH Micro Area

275. Kennett, MO Micro Area

276. Kennewick-Richland, WA Metro Area

277. Kerrville, TX Micro Area

278. Ketchikan, AK Micro Area

279. Key West, FL Micro Area

280. Killeen-Temple, TX Metro Area

281. Kinston, NC Micro Area

282. Kirksville, MO Micro Area

283. Klamath Falls, OR Micro Area

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297. Laramie, WY Micro Area

292. Lamesa, TX Micro Area

293. Lancaster, PA Metro Area

294. Lansing-East Lansing-Owosso, MI CSA

295. Laramie, WY Micro Area

296. Laredo, TX Metro Area

297. Las Vegas-Henderson, NV-AZ CSA

298. Laurel, MS Micro Area

299. Lawton, OK Metro Area

300. Lebanon, MO Micro Area

301. Lewiston, ID-WA Metro Area

302. Lewistown, PA Micro Area

303. Lexington, NE Micro Area

304. Lexington-Fayette-Richmond-Frankfort, KY CSA

305. Liberal, KS Micro Area

306. Lima-Van Wert-Celina, OH CSA

307. Lincoln-Beatrice, NE CSA

308. Little Rock-North Little Rock, AR CSA

309. Logan, UT-ID Metro Area

310. Logansport, IN Micro Area

311. London, KY Micro Area

312. Longview-Marshall, TX CSA

313. Los Angeles-Long Beach, CA CSA

314. Louisville/Jefferson County-Elizabethtown-Madison, KY-IN CSA

315. Lubbock-Levelland, TX CSA

316. Ludington, MI Micro Area

317. Lufkin, TX Micro Area

318. Lynchburg, VA Metro Area

319. Macomb, IL Micro Area

320. Macon-Warner Robins, GA CSA

321. Madison-Janesville-Beloit, WI CSA

322. Madisonville, KY Micro Area

323. Magnolia, AR Micro Area

324. Malone, NY Micro Area

325. Manhattan-Junction City, KS CSA

326. Manitowoc, WI Micro Area

327. Mankato-New Ulm-North Mankato, MN CSA

328. Mansfield-Ashland-Bucyrus, OH CSA

329. Marinette, WI-MI Micro Area

330. Marion, IN Micro Area

331. Marquette, MI Micro Area

332. Marshall, MN Micro Area

333. Marshall, MO Micro Area

334. Marshalltown, IA Micro Area

335. Martin-Union City, TN-KY CSA

336. Martinsville, VA Micro Area

337. Maryville, MO Micro Area

338. Mason City, IA Micro Area

339. McAlester, OK Micro Area

340. McAllen-Edinburg, TX CSA

341. McComb, MS Micro Area

342. McMinnville, TN Micro Area

343. McPherson, KS Micro Area

344. Medford-Grants Pass, OR CSA

345. Memphis-Forrest City, TN-MS-AR CSA

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353. Minnetonka, MN Micro Area
354. Missoula, MT Metro Area
355. Mitchell, SD Micro Area
356. Mobile-Daphne-Fairhope, AL CSA
357. Modesto-Merced, CA CSA
358. Monroe-Ruston-Bastrop, LA CSA
359. Montgomery, AL Metro Area
360. Montrose, CO Micro Area
361. Morgantown-Fairmont, WV CSA
362. Moses Lake-Othello, WA CSA
363. Moultrie, GA Micro Area
364. Mount Pleasant, TX Micro Area
365. Mount Pleasant-Alma, MI CSA
366. Mount Vernon, IL Micro Area
367. Mountain Home, AR Micro Area
368. Murray, KY Micro Area
369. Myrtle Beach-Conway, SC-NC CSA
370. Nacogdoches, TX Micro Area
371. Nashville-Davidson-Murfreesboro, TN CSA
372. Natchez, MS-LA Micro Area
373. Natchitoches, LA Micro Area
374. New Bern-Morehead City, NC CSA
375. New Orleans-Metairie-Hammond, LA-MS CSA
376. New York-Newark, NY-NJ-CT-PA CSA
377. Newport, OR Micro Area
378. Norfolk, NE Micro Area
379. North Platte, NE Micro Area
380. North Port-Sarasota, FL CSA
381. North Wilkesboro, NC Micro Area
382. Ocala, FL Metro Area
383. Ogdensburg-Massena, NY Micro Area
384. Oil City, PA Micro Area
385. Oklahoma City-Shawnee, OK CSA
386. Omaha-Council Bluffs-Fremont, NE-IA CSA
387. Oneonta, NY Micro Area
388. Orlando-Deltona-Daytona Beach, FL CSA
389. Oskaloosa, IA Micro Area
390. Ottumwa, IA Micro Area
391. Owatonna, MN Micro Area
392. Owensboro, KY Metro Area
393. Oxford, MS Micro Area
394. Paducah-Mayfield, KY-IL CSA
395. Palestine, TX Micro Area
396. Palm Bay-Melbourne-Titusville, FL Metro Area
397. Pampa, TX Micro Area
398. Panama City, FL Metro Area
399. Paris, TN Micro Area
400. Paris, TX Micro Area
401. Parkersburg-Marietta-Vienna, WV-OH CSA
402. Parsons, KS Micro Area
403. Payson, AZ Micro Area
404. Pecos, TX Micro Area
405. Pensacola-Ferry Pass-Brent, FL Metro Area
406. Peoria-Canton, IL CSA
407. Philadelphia-Reading-Camden, PA-NJ-DE-MD CSA

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416. Plattsburgh, NY Micro Area

417. Pocatello, ID Metro Area

418. Point Pleasant, WV-OH Micro Area

419. Ponca City, OK Micro Area

420. Poplar Bluff, MO Micro Area

421. Port Angeles, WA Micro Area

422. Portland-Lewiston-South Portland, ME CSA

423. Portland-Vancouver-Salem, OR-WA CSA

424. Pottsville, PA Micro Area

425. Prescott, AZ Metro Area

426. Price, UT Micro Area

427. Pueblo-Canon City, CO CSA

428. Pullman-Moscow, WA-ID CSA

429. Quincy-Hannibal, IL-MO CSA

430. Raleigh-Durham-Chapel Hill, NC CSA

431. Rapid City-Spearfish, SD CSA

432. Redding-Red Bluff, CA CSA

433. Reno-Carson City-Fernley, NV CSA

434. Richmond, VA Metro Area

435. Richmond-Connersville, IN CSA

436. Riverton, WY Micro Area

437. Roanoke, VA Metro Area

438. Rochester-Austin, MN CSA

439. Rochester-Batavia-Seneca Falls, NY CSA

440. Rock Springs, WY Micro Area

441. Rockford-Freeport-Rochelle, IL CSA

442. Rockingham, NC Micro Area

443. Rocky Mount-Wilson-Roanoke Rapids, NC CSA

444. Rolla, MO Micro Area

445. Rome-Summerville, GA CSA

446. Roseburg, OR Micro Area

447. Roswell, NM Micro Area

448. Russellville, AR Micro Area

449. Rutland, VT Micro Area

450. Sacramento-Roseville, CA CSA

451. Safford, AZ Micro Area

452. Saginaw-Midland-Bay City, MI CSA

453. Salina, KS Micro Area

454. Salinas, CA Metro Area

455. Salisbury, MD-DE Metro Area

456. Salt Lake City-Provo-Orem, UT CSA

457. San Angelo, TX Metro Area

458. San Antonio-New Braunfels, TX Metro Area

459. San Diego-Carlsbad, CA Metro Area

460. San Jose-San Francisco-Oakland, CA CSA

461. San Luis Obispo-Paso Robles-Arroyo Grande, CA Metro Area

462. Sandpoint, ID Micro Area

463. Santa Maria-Santa Barbara, CA Metro Area

464. Sault Ste. Marie, MI Micro Area

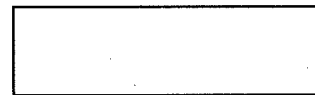
465. Savannah-Hinesville-Statesboro, GA CSA

466. Sayre, PA Micro Area

467. Scottsbluff, NE Micro Area

468. Scranton-Wilkes-Barre-Hazleton, PA Metro Area

469. Seattle-Tacoma, WA CSA

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477. Santa Ana-Brea, AZ Metro Area
478. Silver City, NM Micro Area
479. Sioux City-Vermillion, IA-SD-NE CSA
480. Sioux Falls, SD Metro Area
481. Snyder, TX Micro Area
482. Somerset, KY Micro Area
483. Sonora, CA Micro Area
484. South Bend-Elkhart-Mishawaka, IN-MI CSA
485. Spencer, IA Micro Area
486. Spirit Lake, IA Micro Area
487. Spokane-Spokane Valley-Coeur d'Alene, WA-ID CSA
488. Springfield-Branson, MO CSA
489. Springfield-Greenfield Town, MA CSA
490. Springfield-Jacksonville-Lincoln, IL CSA
491. St. George, UT Metro Area
492. St. Louis-St. Charles-Farmington, MO-IL CSA
493. Starkville, MS Micro Area
494. State College-DuBois, PA CSA
495. Steamboat Springs-Craig, CO CSA
496. Stephenville, TX Micro Area
497. Sterling, CO Micro Area
498. Stillwater, OK Micro Area
499. Storm Lake, IA Micro Area
500. Sumter, SC Metro Area
501. Susanville, CA Micro Area
502. Sweetwater, TX Micro Area
503. Syracuse-Auburn, NY CSA
504. Tallahassee-Bainbridge, FL-GA CSA
505. Tampa-St. Petersburg-Clearwater, FL Metro Area
506. Taos, NM Micro Area
507. Terre Haute, IN Metro Area
508. Texarkana, TX-AR Metro Area
509. The Dalles, OR Micro Area
510. Thomasville, GA Micro Area
511. Tifton, GA Micro Area
512. Toccoa, GA Micro Area
513. Toledo-Port Clinton, OH CSA
514. Topeka, KS Metro Area
515. Traverse City, MI Micro Area
516. Troy, AL Micro Area
517. Tucson-Nogales, AZ CSA
518. Tullahoma-Manchester, TN Micro Area
519. Tulsa-Muskogee-Bartlesville, OK CSA
520. Tupelo, MS Micro Area
521. Tuscaloosa, AL Metro Area
522. Twin Falls, ID Micro Area
523. Tyler-Jacksonville, TX CSA
524. Ukiah, CA Micro Area
525. Urban Honolulu, HI Metro Area
526. Utica-Rome, NY Metro Area
527. Uvalde, TX Micro Area
528. Valdosta, GA Metro Area
529. Vernal, UT Micro Area
530. Vernon, TX Micro Area
531. Victoria-Port Lavaca, TX CSA

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539. Vero Beach, FL Metro Area

540. Warren, PA Micro Area

541. Warsaw, IN Micro Area

542. Washington, IN Micro Area

543. Washington-Baltimore-Arlington, DC-MD-VA-WV-PA CSA

544. Waterloo-Cedar Falls, IA Metro Area

545. Watertown, SD Micro Area

546. Watertown-Fort Drum, NY Metro Area

547. Wauchula, FL Micro Area

548. Wausau-Stevens Point-Wisconsin Rapids, WI CSA

549. Waycross, GA Micro Area

550. Weatherford, OK Micro Area

551. Wenatchee, WA Metro Area

552. West Plains, MO Micro Area

553. Wheeling, WV-OH Metro Area

554. Wichita Falls, TX Metro Area

555. Wichita-Arkansas City-Winfield, KS CSA

556. Williamsport-Lock Haven, PA CSA

557. Williston, ND Micro Area

558. Willmar, MN Micro Area

559. Wilmington, NC Metro Area

560. Winnemucca, NV Micro Area

561. Winona, MN Micro Area

562. Woodward, OK Micro Area

563. Wooster, OH Micro Area

564. Worthington, MN Micro Area

565. Yakima, WA Metro Area

566. Yankton, SD Micro Area

567. Youngstown-Warren, OH-PA CSA

568. Yuma, AZ Metro Area

569. Zapata, TX Micro Area



Issi Romem

Issi has always been fascinated with cities, and earned a Ph.D. in economics at Berkeley in order to study them. He has taught econometrics as an adjunct lecturer at Berkeley, and has consulted on matters involving housing, transportation and the regional economy. In a past life Issi studied architecture and now loves playing blocks with his children.



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Comments



BrooklynG says

September 14, 2016 at 8:33 pm

Thanks for this very thorough and interesting analysis. Questions of densification and affordability are very top-of-mind here in New York City these days. Two successive administrations have embraced the idea of increasing density through rezoning. Bloomberg expected additional inventory would reduce prices. By and large, in neighborhoods which he rezoned like Williamsburg and downtown Brooklyn, the opposite happened.

De Blasio believes in upzoning to add inventory, too, and is also incorporating mandated affordable housing into his rezoning strategy, although it appears that most of the affordable units created under his plan will be targeted to incomes above median in the neighborhoods where they are built. There is tremendous skepticism among residents of neighborhoods targeted for his rezonings that the result will be other than displacement of current residents.

I'm curious as to whether you encountered any data that indicates where an expensive city has adopted your "third alternative," and the result was a reduction in housing cost. Theoretically, increased supply should reduce cost, but demand for real estate in New York is global, and barring a worldwide economic collapse, I don't believe anyone knows what the true depth of that demand might be.

Your scenarios do not appear to take into account the opportunity for strong rent regulation to preserve the social character. Was there a reason why this possibility was not assessed?

Thanks again for your report. You are welcome to contact me directly by email if you like.

Reply

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issi, this is excellent work. I am among a group of researchers in New Zealand, on these issues.

We are experiencing serious problems consequent on urban planning that assumes a growth boundary will be harmless due to upzoning for redevelopment within existing built areas, which allegedly will enable continued adequate housing supply relative to the more free-sprawling past. However, there is decades of evidence surrounding exactly this kind of planning assumption, from the UK, that indicates the assumption to be unreasonable.

Your distinction between intensification and "redevelopment" is most useful. Much of the planners assumptions for "housing supply" in the UK and now NZ, is in fact by way of "redevelopment" as well as intensification. There are many and various seeming reasons for redevelopment and intensification always falling short of the assumptions made in Plans – such as local resident opposition. But what we are concluding here, is that the underlying problem is site-owner incentives. "Development potential" always capitalizes into a site value regardless of whether any redevelopment or intensification occurs. It is perfectly rational for site owners to continue to "hold" their investment in anticipation of continued capital gains.

A pair of NZ economists, Arthur Grimes and Andrew Aitken, produced a paper in 2010 entitled "Housing Supply, Land Costs and Price Adjustment", in which they attempted to explain why planners standard models always predicted considerably more housing supply from upzoning, than what occurs in real life. Their conclusion was that profit potential is impounded in rising land values, with no change in developer surplus to compensate for the significantly higher costs. Their last sentence is:

"...once land costs are introduced appropriately to the analysis, the q specification will have greater success in modeling housing supply, and for understanding price dynamics, than has hitherto been the case."

Clearly, freely-expanding cities have a "land rent curve" that really resembles classical text-book ones, with a gradual rise from true rural values. The way the land values are derived is truly a question of "differential rent". Under these conditions, site values remain anchored, and developing a site more intensely does mean that the cost of the site can be split up over more housing units. Planners and even economists, are assuming that this continues to be the case regardless of the curtailment of expansion with a growth boundary or a proxy for one (such as infrastructure plans). But some literature correctly observes in many examples around the world, that "site values are elastic to allowed density".

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contrast, if an urban economy like Houston's is evolving the right sort of "cluster" in its centre, the path to profit is in providing floor space faster and cheaper than the opposition. Ironically, Manhattan probably succeeded in much of its famous building "up" during an era when its site values were being kept lower by the liberality of urban area expansion onto rural land, with a knock-on effect on land values all the way from fringe to centre (i.e. the classic "differential" effect).

While the NY urban area does not have an explicit growth boundary, a tipping point must have been passed whereby the potential for supply of housing on true rural land where it exists, no longer provides a "differential" anchor to land values in the whole urban area. In this case, whether because of an explicit growth boundary, or a proxy for one, or geographic restrictions, site values switch to being derived by an "extractive" process, sometimes referred to as "monopoly rent" but more correctly in the case of urban land, "monopolistic competition". Speculative effects with high cyclical volatility, are then added on top of this.

Coincidentally, a fortnight ago, Phil Hayward, "The Myth of Affordable Intensification", was posted on "Making New Zealand" blog. This and projected further postings will probably be of interest to you.

Political progress is slow, regardless of how much insight can be provided by researchers. The USA has a massive advantage in that so many of its cities have not yet proceeded down the misguided path of contemporary urban planning fashion.

By the way, did you notice my comment on your earlier posting on the Expansion of American Cities? That was an excellent analysis too, and I am delighted to see the direction your analyses are taking.

Reply



mark gelband says

September 15, 2016 at 6:16 pm

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I live in Boulder, CO, where we have artificially constrained supply – height limits, blue line, open space, restrictive zoning and land use, and we are surrounded by sprawl, and still see a lack of affordability because of housing shorting. This is not just in Boulder proper but also in the surrounding feeder communities. I am a relatively privileged SFR homeowner. I also see how local gov't favors me in selfish ways.

However, I also see the legacy effects of code that was largely created during periods of manifest suburbia and have become even more regressive and restrictive.

Below are a list of less regressive zoning and land-use changes that we can do differently to directly impact affordability and housing supply in Boulder in ways that are aligned with climate action goals and "purported" community values.

- Eliminate all commercial linkage fees and drastically reduce the cost of all building fees – commercial and residential – linkage fees of all kinds are regressive, pass-through fees that limit who can develop (only very well funded large developers) that raise the cost of living for everyone.
- Eliminate all affordable housing fees – same reasons as above. On a recent, market-rate, larger apartment project, fees added nearly \$700 a month to the cost of rent for a unit.
- Get the city out of the housing busines (some exceptions below) – in tight markets taking more housing out of the market belies commone sense supply & demand
- Reduce the minimum lot size of RL-1 lots to 2,500 in conjunction with eliminating all compatible development rules – Boulder RL-1 lot size is currently 7,000 sq feet, an entirely arbitrary number. Many RL-1 areas of town once had 3,000 sq ft lot size minimums.
- Put a hard cap on homes larger than 2,500 sq feet above ground and charge significant excise tax to build larger on lots that can accommodate
- Excise tax empty bedrooms in any home larger than 2,500 sq feet above the ground – low property taxes and high sales taxes make are also hugely regressive, transferring more burden onto those least able to afford life.
- Change the restrictive occupancy rules to directly correlate to number of bedrooms in a home/apartment
- Enable co-ops throughout the city
- Whenever a home gets scraped, incentivize the lot be subdivided and multiple smaller homes

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flow on major city thoroughways and reduces speeds in neighborhoods

- Require housing plans from fire, police, city and school district that ensure a minimum percent of workers live in city – use already owned city land to build workforce housing
- Make OAU and ADU a by-right option for all homeowners
- Charge significant excise taxes for off-street “public” parking
- Make all building to the max height of 55’ by-right without review and consider easing the restriction in transit center areas
- Provide density bonuses for micro residential units

These will not “solve” the issue, but they will mitigate the worst impacts of “no-growth” and “slow-growth” policies. One of the problems with what your article describes as “what is,” does not offer a vision for potential ways this reality could be different. I see many pathways in addressing the one option you summarily dismiss at the end of your piece.

Thanks for considering. Kindness and smiles.

Reply



Dave Roberts says

September 15, 2016 at 11:35 pm

Great summary of the history and economic rationale that encourages sprawl. The options available to manage population growth that you summarized make it clear that something has to change if we want different outcomes. I’ll vote for higher density near BART stations. Nothing seems as silly as a billion dollar transit station surrounded by bungalows.

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AUTHOR SPOTLIGHT:



Issi Romem

Issi has always been fascinated with cities, and earned a Ph.D. in economics at Berkeley in order to study them. He has taught econometrics as an adjunct lecturer at Berkeley, and has consulted on matters involving

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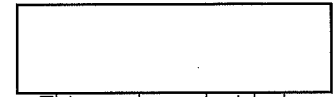
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By Issi Romem, BuildZoom Chief Economist *** Note

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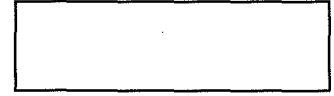
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THE EFFECT OF DOWNZONING FOR MANAGING RESIDENTIAL DEVELOPMENT AND DENSITY*

David A. Newburn (corresponding author)

Department of Agricultural and Resource Economics

University of Maryland

Email: dnewburn@umd.edu

Jeffrey S. Ferris

Department of Agricultural and Resource Economics

University of Maryland

Abstract

This study analyzes the effect of a downzoning policy on both the rate and density of residential development using a difference-in-differences (DID) approach. Spatially explicit panel data on subdivisions are exploited to estimate average treatment effects for downzoned areas. Our results indicate that although downzoning does not significantly alter the rate of development, it does strongly affect the density of development. The lower density in agricultural zoning relative to the residential control area is only partly attributable to downzoning because, as our DID results indicate, it is important to control for baseline differences that exist prior to policy adoption.

Keywords: exurban, sprawl, zoning, land-use change, spatial modeling

JEL codes: Q24, R14, R52

* The authors are, respectively, assistant professor and Ph.D. candidate, Department of Agricultural and Resource Economics, University of Maryland, College Park. This research is supported by a NSF Water Sustainability and Climate Award No. CBET-1058101 and NSF Long-Term Ecological Research (LTER) Program Grant No. DEB-1027188 for the Baltimore Ecosystem Study (BES). We would like to thank Elena Irwin, Lori Lynch, Charles Towe, and Doug Wrenn for helpful comments. We also appreciate data and comments provided by Rob Hirsch, Wally Lippincott, Don Outen, Steve Stewart and others at the Baltimore County Department of Environmental Protection and Sustainability.

I. INTRODUCTION

Managing urban sprawl is critical to maintaining the integrity of agricultural and resource areas, particularly due to low-density exurban development. Zoning regulations, typically implemented as minimum lot sizes, are one of the primary land-use policies used to reduce farmland and forest conversion. Spatially explicit parcel-level models of residential land-use change have been used to analyze the effect of zoning regulations on the rate of development (e.g., Irwin, Bell, and Geoghegan 2003; Irwin and Bockstael 2004), residential density (e.g., McConnell, Walls, and Kopits 2006; Newburn and Berck 2006; Lichtenberg and Hardie 2007), or both development rate and density (e.g., Lewis, Provencher, and Butsic 2009; Wrenn and Irwin 2014). However, an empirical issue in these prior studies is that the model estimation relies on subdivision development only after zoning was adopted. Because zoning is not randomly assigned, estimating the effect of zoning may be susceptible to selection bias.

Butsic, Lewis, and Ludwig (2011) account for the endogeneity of zoning on the rate of development by employing a full information maximum likelihood (FIML) model that jointly estimates zoning and development decisions. Interestingly, they find that a model assuming zoning is exogenous indicates that zoning reduces the probability of development; however, zoning is no longer significant in the model that accounts for endogeneity. The reason for the difference between the models, as they explain, is that agricultural zoning has been applied to parcels that are inherently less likely to be developed due to unobserved factors. Cunningham (2007) analyzes the effect of urban growth boundaries (UGBs) on the rate of development in the greater Seattle area, while using a difference-in-differences (DID) hazard model to address the issue of endogeneity. Dempsey and Plantinga (2013) apply similar DID empirical methods to estimate the effect of the UGBs on development rates in Oregon. Although these studies

demonstrate how it is important to account for the endogeneity of zoning or growth controls in estimating the effect on the rate of development, they do not consider the effect on the density of development.

In this paper, we analyze the effect of a downzoning policy on both the rate of residential development and density using a spatially explicit panel dataset of subdivisions in Baltimore County, Maryland. We use a panel Heckman selection model with two stages that are jointly estimated. The first stage is a panel probit model to estimate the landowner's discrete decision on whether to develop or remain undeveloped. The second stage is the choice of residential density represented as the number of buildable lots per area in the subdivision, conditional on development in the first stage. Land-use decisions for both model stages are estimated using covariates on parcel attributes within a geographic information system (GIS), including zoning designation, accessibility to employment centers and major roads, land quality, surrounding land uses, and other attributes. Importantly, we are able to exploit subdivision data spanning periods before and after policy adoption in 1976 to identify the heterogeneous spatial treatment effect from rural downzoning. Specifically, a DID model formulation is used that includes multiple treatment areas (agricultural and watershed protection zoning) and a control area (residential zoning) during both the pre-zoning period in 1967-1976 and the post-zoning period in 1977-1986.

Our analysis highlights several key findings and contributions to the literature. This is the first study, to our knowledge, that estimates the effect of downzoning on both the rate and density of development using a DID modeling approach. We find that although downzoning has no significant effect on the rate of development, it does strongly affect the density of development. Specifically, the average treatment effects show a reduction in the density of

development of 39% and 46%, respectively, in agricultural and watershed protection zoning areas. Butsic, Lewis, and Ludwig (2011) find similarly that agricultural zoning does not affect the rate of development and suggests that zoning simply “follows the market” (i.e., it does not alter land development). Our results indicate that an assessment of downzoning should consider the effect on both the rate and density of development because, at least in our analysis, the latter effect on density is more significant.

Second, to implement the DID modeling approach, we manually reconstruct the historic subdivision boundaries to create a panel dataset that spans periods before and after the downzoning event.¹ The DID modeling approach is helpful because the largest downzoned region (agricultural zoning) has a lower rate of development even prior to the 1976 downzoning event. Moreover, the lower density in agricultural zoning relative to the residential control area is only partly attributable to the adoption of downzoning. The DID model results indicate that agricultural zoning has a significantly lower density of development than the residential zoning area during the period before downzoning. Hence, a model relying on subdivision data only after downzoning, as often done in the prior literature, would overestimate the effect of agricultural zoning on the density of development. Third, we also consider minor subdivisions in the land conversion process, which are often ignored in prior studies that focus solely on major subdivisions. Our results suggest that an important effect of the downzoning policy is not to reduce the rate of development, but rather to shift the type of development from major subdivisions to minor subdivisions in the downzoned area designated for agricultural zoning. Minor subdivisions are not only a significant aspect of prior land conversion, but also the zoned capacity for minor subdivisions comprises the largest number of remaining development rights in this region.

II. BACKGROUND ON DOWNZONING POLICY IN BALTIMORE COUNTY

Rapid urbanization is a major concern for states, such as Maryland and other regions in the United States. The proportion of developed land area in the entire State of Maryland more than doubled from 8.9% to 18.2% during the period 1973 to 2000; and of the 546,000 acres of newly developed land, low-density residential development accounts for 62% (Irwin and Bockstael 2007). Similar development trends, where the majority of the acreage developed occurs as low-density exurban development, are also found more widely in other regions across the United States (Heimlich and Anderson 2001). Low-density development is an important factor contributing to the loss of agricultural and forest lands. In the Chesapeake Bay region, the largest estuary in the United States, development is a source of water quality degradation particularly from nutrient and sediment export to local waterways. Baltimore County also has three regional reservoirs that provide the regional drinking water supply to 1.8 million residents in the Baltimore Metropolitan Region and, thus, low-density development in the rural upland watershed affects the quality of this water supply. To address these concerns, Maryland has been one of the leading states in the adoption of smart growth policies, and Baltimore County is a pioneer within Maryland (Outen 2007).

Baltimore County (population 805,000 in 2010) is located adjacent to the City of Baltimore but is a distinct political entity. Because there are no incorporated municipalities in Baltimore County, the county government determines zoning and land-use regulations for the entire county. Baltimore County implemented a UGB in 1967, also known as the urban-rural demarcation line, which historically represents one of the first UGBs in the United States. The rural area outside the UGB covers 387 square miles, representing approximately two-thirds of

the county land area. The UGB is designed to reduce development and conserve agricultural and forested land in rural areas by restricting municipal sewer and water access exclusively to parcels within the UGB. Although the UGB may constrain higher density development that requires municipal sewer service, it does not prevent lower density development on individual septic systems that is still able to leapfrog into rural areas beyond the UGB. The entire rural region allowed a maximum density of one residential lot per acre even after the UGB adoption in 1967 for residential development on septic systems. Hence, the majority of the acreage developed in the county continued to occur as low-density exurban development despite the UGB, resulting in significant losses in farmland and forested areas.

For this reason, Baltimore County eventually adopted resource conservation (RC) zoning areas in the comprehensive plan that became effective in late 1976 (Figure 1). Our study region focuses on the rural area located outside the UGB to understand the effect of the downzoning policy on residential development. The rural downzoning policy included three main zoning types. Agricultural (RC2) zoning covers the majority of the rural area and originally allowed a maximum density of one residential lot per 25 acres in 1976, which was later decreased to one residential lot per 50 acres in 1979. Watershed protection (RC4) zoning is designated to protect those watersheds and major rivers and streams associated with the three regional reservoirs for the Baltimore Metropolitan Region: Liberty, Loch Raven, and Prettyboy. Watershed protection zoning allows a maximum density of one residential lot per five acres. Residential (RC5) zoning allows a maximum density of one residential lot per two acres and is designated to provide a sacrifice area for residential development in the rural area, which thus serves as the control area for our empirical analysis.

III. EMPIRICAL MODEL ON RESIDENTIAL DEVELOPMENT AND DENSITY

In this section, we outline the panel Heckman selection model that is used to estimate the effect of downzoning on development and density decisions. The landowner is assumed to be a profit-maximizing agent and in the first stage decides to develop parcel i or remain undeveloped in each period t . Conditional on development, the landowner chooses the residential density in the second stage measured as the number of residential lots per acre on the developed parcel. We estimate a bivariate sample selection model with correlation to take into account that development and density decisions may be determined based upon a similar set of observed and unobserved parcel attributes (Heckman 1979). In the first stage, let Y_{it}^* represent the unobserved latent variable on the value from residential development for the landowner on parcel i in period t net the value from remaining undeveloped. Assuming that the parcel is initially undeveloped, then parcel i develops in period t if $Y_{it}^* > 0$ indicated by the binary variable for development status $Y_{it} = 1$ and otherwise $Y_{it} = 0$. Development decisions are assumed to be irreversible.

A panel probit model is used to estimate the probability of development in the first stage. Zoning is represented by the vector of categorical variables Z_{it} . There are three main zoning types in our case. Agricultural (RC2) zoning and watershed protection (RC4) zoning are both areas that are downzoned and used as separate treatment areas (i.e., multiple treatments). Residential (RC5) zoning is used as the control area, which is omitted as the baseline type. The variable τ is a post-regulatory dummy variable that takes on a value of one for any year in 1977 or later, after the downzoning policy was adopted in Baltimore County. Interaction terms between the binary zoning variables Z_{it} and post-regulatory dummy variable τ are used to estimate the effect of downzoning on land-use decisions in the period after downzoning relative to the baseline period prior to downzoning. Let X_{it} be a vector of control variables, such as

distance to Baltimore City, slope, and other parcel attributes. Let θ_{it} be a vector of exclusion restrictions included in the first stage but omitted from the second stage of the Heckman selection model. Let T_t be a vector of annual time dummy variables used to capture regional market development trends (e.g., interest rate, employment rate), where a single year is omitted from each period before and after the downzoning policy for identification. Equation [1] presents the first-stage panel probit model of probability of development, where ε_{it} is a normally distributed disturbance term that is independently and identically distributed but clustered at the parcel level

$$Y_{it}^* = Z_{it}\beta_1 + \tau\beta_2 + \tau Z_{it}\beta_3 + X_{it}\beta_4 + \theta_{it}\beta_5 + T_t\beta_6 + \varepsilon_{it} . \quad [1]$$

In the second stage, we estimate residential density conditional upon the parcel being selected for development in the first stage. The dependent variable for this equation is $\ln(D_{it}^*)$, which is a latent variable for the natural logarithm of the number of residential lots per acre if the parcel were developed. We use the natural logarithm of residential density because, given that development occurs, the number of residential lots per acre is strictly positive. Because we only observe density decisions on parcels that actually develop, we observe $\ln(D_{it}) = \ln(D_{it}^*)$ for developed parcel i in period t and otherwise this variable is not considered. Equation [2] presents the second-stage decision for residential density that is estimated as a function of the same set of covariates included in equation [1], aside from θ_{it} , which is excluded for purposes of identification

$$\ln(D_{it}^*) = Z_{it}\gamma_1 + \tau\gamma_2 + \tau Z_{it}\gamma_3 + X_{it}\gamma_4 + T_t\gamma_5 + \eta_{it} . \quad [2]$$

Development and density decisions from equations [1] and [2] are estimated simultaneously through a FIML Heckman selection model with correlated error terms. We assume errors are jointly and normally distributed, and the parameter ρ represents the coefficient of correlation between these equations. A positive ρ estimate, for instance, would suggest that controlling for observed covariates, parcels selected for subdivision develop at higher densities than would occur on undeveloped parcels. Regardless of sign, if the estimated correlation parameter ρ is significant, it implies that ignoring correlation between these two equations may result in inconsistent parameter estimates. Equation [3] presents the error structure estimated in this model

$$\begin{bmatrix} \varepsilon_{it} \\ \eta_{it} \end{bmatrix} = N \left(0, \begin{bmatrix} 1 & \rho \\ 0 & \sigma^2 \end{bmatrix} \right). \quad [3]$$

Marginal effects are calculated for covariates included in the first-stage probability of development and second-stage residential density equations. Let $K_{it} = \{Z_{it}, X_{it}, \theta_{it}, \tau, T_t\}$ be a vector of covariates included in equations [1] and [2] and let $\kappa_{it}^j \in K_{it}$ be the covariate j for subsequent marginal effects. For the first stage, equation [4] presents the marginal effect of the covariate κ_{it}^j on the annual probability of development

$$\frac{\partial \Pr[Y_{it} = 1 | K_{it}]}{\partial \kappa_{it}^j} = \frac{\partial \Phi[K_{it}\beta]}{\partial \kappa_{it}^j}. \quad [4]$$

where $\Phi[\cdot]$ represents the cumulative normal distribution function.

In the second stage, the marginal effect for each covariate on natural log of residential density are calculated conditional upon a parcel being selected for development

$$\frac{\partial E[\ln D_{it} | Y_{it} = 1, K_{it}]}{\partial \kappa_{it}^j} = \gamma_j - \rho \left(\frac{\phi[K_{it}\beta]}{\Phi[K_{it}\beta]} \right) \left(K_{it}\beta + \frac{\phi[K_{it}\beta]}{\Phi[K_{it}\beta]} \right). \quad [5]$$

The marginal effects account for the direct effect of covariate κ_{it}^j on residential density from coefficient γ_j as well as the indirect effect on which parcels are selected for development.

Average Treatment Effects on Downzoned Areas

We also calculate the average treatment effects on the annual probability of development and density for the downzoned areas. It is important to understand how the treatment effects for nonlinear DID models contrast with those in a standard linear DID model (Puhani 2012). In the linear DID model, a parametric assumption is often used to restrict the time effect to be constant across groups and the group difference to be constant across time. Hence, the treatment effect in the linear DID model is recovered through the assumption of additive separability of the conditional expectation function, which implies that the treatment effect is the estimated coefficient for the interaction term. In a nonlinear model, such as the probit model in equation [1], it is the unobserved latent variable Y_{it}^* that applies the DID assumption for a constant difference between groups across time rather than the observed outcome variable Y_{it} .

The treatment effect on the treated group is the difference between the observed outcome with downzoning Y_{it} and the counterfactual outcome without downzoning Y_{it}^0 . Consider, for example, only the subset of parcels in the downzoned area for agricultural zoning, where $Z_{it} = 1$ below indicates the parcel is located in agricultural zoning. Note that an analogous formulation would hold for the subset of parcels located in the downzoned area for watershed protection zoning. The conditional expectation for the observed binary outcome with downzoning is

$$E[Y_{it} | Z_{it} = 1, \tau = 1, \Omega_{it}] = \Pr[Y_{it} = 1 | Z_{it} = 1, \tau = 1, \Omega_{it}] = \Phi(\beta_1 + \beta_2 + \beta_3 + \Omega_{it}\beta) \quad [6]$$

where $\Omega_{it}\beta = X_{it}\beta_4 + \theta_{it}\beta_5 + T_{it}\beta_6$ represents the other remaining variables in equation [1]. The conditional expectation for the counterfactual binary outcome without downzoning is

$$E[Y_{it}^0 | Z_{it} = 1, \tau = 1, \Omega_{it}] = \Pr[Y_{it}^0 = 1 | Z_{it} = 1, \tau = 1, \Omega_{it}] = \Phi(\beta_1 + \beta_2 + \Omega_{it}\beta) . \quad [7]$$

Hence, according to the formulation derived in Puhani (2012), the treatment effect for the DID probit model is

$$\begin{aligned} & \Pr[Y_{it} | Z_{it} = 1, \tau = 1, \Omega_{it}] - \Pr[Y_{it}^0 | Z_{it} = 1, \tau = 1, \Omega_{it}] \\ &= \Phi(\beta_1 + \beta_2 + \beta_3 + \Omega_{it}\beta) - \Phi(\beta_1 + \beta_2 + \Omega_{it}\beta) \end{aligned} \quad [8]$$

This indicates that the treatment effect is zero only if the coefficient β_3 for the interaction term is equal to zero. Moreover, the sign of β_3 must be equal to the sign of the treatment effect since the cumulative normal distribution for the probit model is a strictly monotonic function. See Puhani (2012) for further details on the derivation of treatment effects in nonlinear DID models.²

Analogously, equation [9] displays the treatment effect for the residential density, conditional on development, for each of the downzoned areas

$$E[D_{it} | Y_{it} = 1, Z_{it} = 1_{it}, \tau = 1, \Omega_{it}] - E[D_{it}^0 | Y_{it} = 1, Z_{it} = 1_{it}, \tau = 1, \Omega_{it}]. \quad [9]$$

Note that because the dependent variable in the estimation of equation [2] is represented as the natural logarithm of residential density, the predicted values in equation [9] are transformed to report the treatment effects in terms of residential density.

IV. DATA

Spatially explicit panel data on residential development is essential both to characterize the location and density decisions in the pre-zoning period during 1967-1976 and to understand the effect of heterogeneous zoning regulations implemented in the post-zoning period during 1977-1986. We use parcel data from the Maryland Department of Planning to estimate the model for residential development and density decisions in Baltimore County. Using historic archives of recorded subdivision plats, we manually reconstruct the panel of residential subdivisions from 1967 to 1986.³ We determine the year of subdivision based upon the recorded approval time on the subdivision plat maps. All parcels from the same subdivision plat are aggregated to recover the original parent parcel boundaries for the landscape as of 1967. We also recorded the number of buildable residential lots for each subdivision to calculate the density of residential development. Our sample includes those parcels located in RC zoning areas that are eligible for residential development in 1967 and could be subdivided into two or more residential lots. Parcels that are enrolled in conservation easements are considered developable from 1967 until the date of easement, after which they are not considered developable. The sample includes a total of 5,528 developable parcels starting in 1967, of which there are 263 subdivisions in 1967-1976 prior to downzoning and 295 subdivisions in 1977-1986 after downzoning.

As outlined above, there are three major zoning types in rural Baltimore County including RC2 zoning for agricultural preservation, RC4 zoning for watershed protection, and RC5 zoning for residential use (Figure 1). A distinction is made in the residential subdivision approval process between major and minor subdivisions. Major subdivisions are projects including four or more residential lots and require a formal public hearing prior to approval.

Minor subdivisions include only two or three residential lots and only require the planning board approval rather than a public hearing. During the formulation of the RC zoning in 1976, minor exemption rules were created in the agricultural and watershed protection zoning areas.

Specifically, parcels with 2 to 100 acres located in agricultural zoning are still allowed to be split into two residential lots. Parcels with 6 to 10 acres in watershed protection zoning are allowed two residential lots.

Table 1 summarizes the number of subdivisions, residential lots, acreage developed, and average density by zoning type for the periods 1967-1976 and 1977-1986. In agricultural zoning, the total number of subdivisions is relatively similar before and after downzoning, with 123 subdivisions in 1967-1976 and 127 subdivisions in 1977-1986. However, the total number of residential lots is lower after downzoning; specifically, agricultural zoning has 1,330 lots in 1967-1976 compared to only 481 lots in 1977-1986. A shift in the type of subdivisions occurs in agricultural zoning, indicating a decrease in the proportion of major subdivisions and an increase in the proportion of minor subdivisions after downzoning. Note that agricultural zoning has 86 major and 37 minor subdivisions in 1967-1976, in comparison to 27 major and 100 minor subdivisions in 1977-1986 (Table 1). Figures 1 and 2 show the spatial distribution of major and minor subdivisions before and after downzoning, respectively. Furthermore, the average density decreases after downzoning for subdivisions in agricultural zoning, with an average density of 0.29 lots per acre in 1967-1976 compared to 0.14 lots per acre in 1977-1986. In residential zoning, a larger number of subdivisions occur after downzoning, with 76 subdivisions in 1967-1976 and 106 subdivisions in 1977-1986. Major subdivisions are the predominate type of development in residential zoning both before and after downzoning. Overall, the average

density is relatively similar before and after downzoning, with an average density of 0.49 lots per acre in 1967-1976 and 0.47 lots per acre in 1977-1986.

The summary of raw data in Table 1, of course, does not control for parcel characteristics or other market factors that may vary between zoning regions. Hence, to examine the effect of downzoning further, we estimate the econometric model outlined in equations [1]-[3] and below describe the covariates used for this analysis. The first stage is a panel probit model with a binary indicator for development status that takes on a value of one in the year of subdivision and zero otherwise. In the second stage, the outcome variable is the residential density calculated as the total number of residential lots per acre. Table 2 provides the summary statistics for the covariates.

Zoning is represented as a categorical variable based on the dominant zoning type on the parcel. Residential zoning, the least restrictive zoning type, is used as the baseline zoning category. The entire rural area has the same maximum density at one lot per acre prior to downzoning in 1967-1976. Hence, the binary indicator variables for agricultural and watershed protection zoning, respectively, are expected to control for baseline differences in unobserved time invariant factors relative to residential zoning. Using the DID modeling framework, we also include interaction terms for both agricultural and watershed protection zoning and the post-regulatory dummy variable for years 1977 or later. If downzoning is restrictive, then we would expect downzoning to reduce the probability of development and density on parcels in agricultural zoning or watershed protection zoning relative to similar parcels located in residential zoning.

The distance from each parcel to Baltimore City in miles is calculated to represent accessibility to regional employment opportunities. Similarly, the distance from each parcel to

the closest major road or highway is used to represent access to the transportation infrastructure. Parcels located farther from Baltimore City or major roads are expected to have lower probability of development and density. Parcel area is represented in natural log form. We expect larger parcels to have a higher probability of development due to economies of scale. We create a dummy variable for authorized minor to indicate whether the parcel has zoned capacity for only two or three lots. Parcels with authorized minors tend to be smaller parcels that are expected to be less likely to develop. The average percent slope and elevation in meters are both calculated for each parcel using the digital elevation model (DEM) from the US Geological Survey. Parcels with steeper slopes tend to be more costly to develop and, thus, higher sloped areas are expected to have lower probability of development and density. Parcels at higher elevation tend to have more desirable views of the surrounding landscape suggesting a positive effect on the probability of development and density outcomes.

We use soil survey data from the US Department of Agriculture to calculate the proportion of the parcel with hydric or potentially hydric soils. Hydric soils generally correspond to areas located along rivers and streams with floodplain zones and have shallow depth to the water table that inhibit percolation needed for septic systems servicing residential development in rural areas. Higher levels of hydric soils are therefore expected to constrain the likelihood and density of development. We create a binary indicator variable on eligibility for the Maryland Agricultural Land Preservation Foundation (MALPF), which is a major statewide easement program. Eligibility for MALPF requires meeting criteria for both parcel size (at least 50 acres or adjacency to equivalent sized protected area) and high quality soils (at least 50% of land area with soil capability class I, II, or III). Easement eligibility is expected to decrease the probability of development because, as found empirically in Towe, Nickerson, and Bockstael (2008), the

existence of an easement program may delay the decision to subdivide. This variable is used as an exclusion restriction in the first-stage equation since, assuming that the parcel is selected for development, the eligibility for an easement program is not expected to affect the density of development. We create a dummy variable to indicate the presence of an existing house that is also used as an exclusion restriction in the first-stage equation on the development decision. An existing house may indicate working farmland where the owner resides and, thus, may reduce probability of development relative to farmland without an existing house. Conditional on development, it is not expected that the presence of an existing house would influence the density of development.

Surrounding land-use variables are included to capture the potential spatial spillover effects from neighboring protected areas and developed land uses. The surrounding land-use variables include the percentage of land use in parks, developed land use (e.g., residential, commercial, industrial, etc.), and undeveloped land use within a 500-meter buffer outside the boundary for each parcel. These variables are lagged temporally to represent the surrounding land uses prior to development, and the undeveloped land use category is omitted as the baseline. Surrounding developed land use has an ambiguous effect since neighboring development may either represent congestion, such as increased traffic or loss of open space (Irwin and Bockstael 2002), or agglomeration, such as nearby infrastructure. Surrounding parkland is expected to have a positive effect on the likelihood of development and density because parks may provide amenity value to nearby residents (Wu and Plantinga 2003; Turner 2005).

V. ESTIMATION RESULTS

Estimation results for the FIML panel Heckman model on the probability of development and residential density are provided in Table 3. The estimated correlation parameter $\hat{\rho}$ is 0.13 and not statistically significant. Table 4 provides the marginal effects of the covariates on the annual probability of development and residential density, which are calculated according to equations [4] and [5], respectively. The delta method is used to compute the standard errors for the marginal effects. The estimated regression coefficients need not have the same significance as the marginal effects in nonlinear models, particularly for interaction terms such as those between the post-regulatory dummy and zoning type variables in our case (Ai and Norton 2003). Hence, we emphasize the significance of the marginal effects in Table 4 for the discussion below.

The marginal effects for covariates used as control variables in Table 4 generally conform to expectations when significant and yield the following results. The marginal effect of distance to Baltimore City on the density of development is negative and significant at the 1% level, indicating that parcels farther from this city center are developed at lower density. The marginal effect of distance to Baltimore City on the annual probability of development is negative but not significant. The marginal effect of average slope is negative and significant for both the annual probability of development and density. Hence, parcels with steeper slopes are less likely to develop and also occur at lower density when developed, presumably due to higher construction costs with increasing slope. As expected, the marginal effect of hydric soils is also negatively significant on the annual probability of development and density in Table 4. The marginal effect of parcel size is positively significant on the probability of development suggesting that larger parcels with economies of scale are more likely to be developed, though larger parcels are more likely to occur at lower density on average. The dummy variable for authorized minor is negatively significant indicating that smaller parcels are less likely to be

developed. The marginal effect of surrounding developed land use is positive and significant for the probability of development and density presumably suggesting that development in the vicinity provides infrastructure to increase the suitability for development. The marginal effect of surrounding parks is not statistically significant indicating no discernable effect from nearby protected open space. As for the exclusion restrictions, the indicator variable for existing house is negative and significant for the probability of development. Meanwhile the dummy variable on easement eligibility is negative but not significant.

Our primary interest is the marginal effect for the zoning type variables in Table 4. The baseline marginal effect of agricultural zoning on the annual probability of development is negative and significant at the 1% level. Meanwhile, the marginal effect for the interaction term for agricultural zoning in the post-regulatory period is not statistically significant. This suggests that parcels in agricultural zoning have a lower likelihood of development than parcels in residential zoning in the baseline period prior to downzoning; however, there is no significant change that further decreases the likelihood of development in agricultural zoning after the downzoning policy is adopted. Hence, the DID modeling approach employed in this analysis is helpful because, as commonly done in the prior literature, a model relying on subdivision data only after downzoning would have incorrectly indicated that the downzoning policy caused a reduction in the likelihood of development in agricultural zoning. Marginal effects of agricultural zoning on the density of development are negative and significant for both the baseline and interaction terms. Hence, the density of development is lower in agricultural zoning relative to residential zoning during the baseline period prior to downzoning. After downzoning, the density is further decreased in agricultural zoning relative to the control area. This suggests that the

lower density in agricultural zoning relative to the residential control area is only partly attributable to downzoning because baseline differences exist even prior to the policy adoption.

The marginal effects of watershed protection zoning on the annual probability of development are not significant for both the baseline and post-regulatory period (Table 4). The likelihood of development, therefore, is similar in the watershed protection and residential zoning areas prior to downzoning, and the introduction of the downzoning policy did not have a significant effect on the likelihood of development in the watershed protection zoning area relative to the control area. The marginal effect of watershed protection zoning on the density of development is not significant for the baseline period, but it is negative and highly significant for the interaction term on watershed protection zoning in the post-regulatory period. This suggests that prior to downzoning the density of development is similar in the watershed protection and residential zoning areas. However, the density of development decreases significantly in watershed protection zoning relative to the control area after downzoning is adopted.

Table 5 shows the average treatment effects in the downzoned areas for the annual probability of development and residential density, which are calculated using equations [8] and [9] respectively. For the parcels in agricultural zoning, the annual probability of development is 0.00370 with downzoning, on average, as compared to 0.00413 for the counterfactual without downzoning. The average treatment effect on the treated for the annual probability is -0.00043 in agricultural zoning, which corresponds to a 10.4% decrease in the probability of development; however, this decrease is not statistically significant from zero at the 5% level. For parcels in watershed protection zoning, the average treatment effect on the annual probability of development is -0.00273 , which is also not significantly different from zero.

For parcels in agricultural zoning, the density of development is 0.25 lots per acre with downzoning compared to 0.41 lots per acre for the counterfactual without downzoning (Table 5). The average treatment effect on the density of development is -0.16 lots per acre for agricultural zoning, which is significantly different from zero at the 1% level. This implies that downzoning resulted in a 39% decrease in the density of development in agricultural zoning. For the parcels in watershed protection zoning, the average treatment effect on the density of development is -0.14 lots per acre, which is also significantly different from zero at the 1% level. This result translates to a 46% decrease in the density of development in watershed protection zoning due to the downzoning policy.

It is informative to compare our results to findings in prior studies analyzing the effect of zoning on residential development. Lichtenberg and Hardie (2007) and McConnell, Walls, and Kopits (2006), for instance, suggest that minimum lot size zoning may exacerbate low-density sprawl development. In both studies, they find empirical evidence that the average residential lot size increases for subdivisions located in areas zoned with larger minimum lot sizes. They argue that because zoning regulations are constraining, then homeowners are required to consume larger lots than desired and this, in turn, extends the urban boundary. This argument relies on the assumption of a closed-city model (e.g. Pasha 1996), where the same number of buildable lots is developed with or without downzoning. This implies that if downzoning reduces the average density of development then the rate of development in the downzoned area must correspondingly increase to compensate and maintain the closed-city assumption asserted in Lichtenberg and Hardie (2007) and McConnell, Walls, and Kopits (2006), although neither study analyzes the effect of zoning on the rate of development.

Our results similarly suggest that the average density of development decreases in the downzoned areas with larger minimum lot sizes (Table 5). Because we are estimating a reduced-form model, we are not able to assess whether the overall rate of development changes with downzoning. That said, the DID modeling framework allows us to assess whether the rate of development in the downzoned areas changes relative to the control area. Our results suggest that the downzoning did not significantly change the rate of development between the downzoned and control areas. Table 1 further indicates that the number of buildable lots decreases over time in the agricultural and watershed protection zoning areas, whereas the number of buildable lots is similar over time in the residential control area. Hence, at least in our study region, we do not find supporting evidence that downzoning exacerbated low-density sprawl. Instead it is more likely that downzoning has a minimal effect on the rate of acreage developed, but downzoning did reduce the number of households on those developed areas.

Robustness Checks

We conduct two robustness checks to examine the potential sensitivity of our estimation results. First, we examine the model results when using a restricted sample within a one-mile spatial buffer on either side of the residential zoning boundary. The rationale is that although our DID modeling framework does attempt to control for unobservable differences in time invariant attributes, these differences between zoning areas may be more difficult to control when using parcels located far apart. Exploiting the spatial discontinuity by limiting the analysis to parcels within the vicinity of a boundary has been used successfully by Black (1999) to assess the household value of school quality across school district boundaries and by Cunningham (2007) to assess the rate of development across urban growth boundaries. In our case, the spatially

restricted sample contains parcels in the control area located within one mile inside the residential zoning boundary, and it also contains parcels in both agricultural and watershed protection zoning located within one mile of the residential zoning boundary. We then use this restricted sample within the one-mile spatial buffer to estimate the panel Heckman model outlined in equations [1]-[3]. Table 6 provides the average treatment effects for the downzoned areas, which are calculated analogously to the results presented in Table 5. Table 6 shows that the average treatment effects for the density of development in agricultural and watershed protection zoning are -0.14 and -0.15 , respectively; both of which are significant at the 1% level. The average treatment effects for the annual probability of development are not significant for either agricultural or watershed protection zoning. Hence, the significance and magnitude of the results in Table 6 for the restricted sample in the spatial buffer are similar to the results in Table 5 for the unrestricted sample.

Second, we conduct a spatial falsification test. This analysis restricts the sample to parcels located outside but within less than two miles of the residential zoning boundary. Then we create the hypothetical assumption that a pseudo-zoning boundary exists one mile outside the actual residential zoning boundary. Therefore, the control group is now hypothetically assumed to be parcels located outside but within zero to one mile from the residential zoning boundary. Meanwhile, parcels located one to two miles outside the residential zoning boundary are assumed to have their actual zoning type (i.e., either agricultural or watershed protection zoning). We then use this restricted sample to estimate the panel Heckman model outlined in equations [1]-[3], and Table 7 provides the average treatment effects for the downzoned areas. All of the treatment effects are not significantly different from zero for the pseudo-zoning boundary results in Table 7. In sum, the average treatment effects for the density of development are significant in

agricultural and watershed protection zoning when using the actual zoning boundary for the unrestricted sample (Table 5) and the restricted sample within a one-mile spatial buffer (Table 6). Meanwhile, the spatial falsification test confirms that the density of development does not change significantly when using the pseudo-zoning boundary.⁴

VI. CONCLUSIONS

In this paper, we analyze the effect of a rural downzoning policy on both the rate and density of residential development using a DID modeling framework. We find that the most significant effect of the downzoning policy is to reduce the density of development. Specifically, the average treatment effects indicate that, due to the adoption of the downzoning policy, the density of development decreases by 39% in the agricultural zoning area and 46% in the watershed protection zoning area. Meanwhile, the downzoning policy has little or no influence on the rate of development. The average treatment effects on the probability of development are negative but not significant for both downzoned areas.

Our analysis suggests that overall the downzoning policy has a minimal effect of the amount of development but it did reduce the number of households in those downzoned areas. One reason explaining the policy's low effectiveness in reducing the likelihood of development in agricultural zoning is the minor exemption rule. As a political compromise in the 1976 downzoning process, parcels in agricultural zoning with 2 to 100 acres are still allowed to be split into two residential lots to create a minor subdivision. Hence, the effect of the downzoning policy was not to reduce the rate of development but rather shift the type of development from major subdivisions to minor subdivisions in the agricultural zoning area. According to Table 1,

minor subdivisions in agricultural zoning comprise 220 out of the 481 residential lots after downzoning (approximately 46%). Without this allowance for minor subdivisions, the downzoning policy would likely have been more effective at reducing the amount of development in the zoning area designated for agricultural preservation.

In conclusion, our analysis indicates that downzoning has different effects on the rate and density of development and, thus, both are essential to assess the overall effect on residential development patterns. The historic reconstruction of subdivision development over long time periods is helpful because, as we find, the differences between agricultural and residential zoning areas in the period prior to zoning need to be accounted for when assessing the effect attributable to the downzoning policy. This type of analysis is rare because, similar to our region, the initial major downzoning event in other studies typically occurred decades ago. Nonetheless, it is important to study the effects of zoning and other land-use regulations in different regions since they are mainly state and local decisions. The design of policies and level of stringency in enforcement are likely to vary across jurisdictions, and therefore, analyses in different contexts are needed to help policymakers understand the range of potential effectiveness for land management.

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TABLE 1

Subdivisions, Residential Lots, Acreage Developed and Average Density by Zoning Type in
1967-1976 and 1977-1986

Zoning Type	Major Subdivisions		Minor Subdivisions		Total Subdivisions	
	1967-1977	1977-1986	1967-1977	1977-1986	1967-1977	1977-1986
Subdivisions						
Agricultural	86	27	37	100	123	127
Watershed Protection	52	34	12	28	64	62
Residential	62	79	14	27	76	106
Total	200	140	63	155	263	295
Residential Lots						
Agricultural	1,243	261	87	220	1,330	481
Watershed Protection	1,111	337	30	62	1,141	399
Residential	1,928	1,796	35	65	1,963	1,861
Total	4,282	2,394	152	347	4,434	2,741
Acreage Developed						
Agricultural	4,274	1,824	281	1,556	4,555	3,380
Watershed Protection	2,945	2,125	138	564	3,083	2,688
Residential	3,898	3,787	92	219	3,991	4,005
Total	11,117	7,736	511	2,339	11,629	10,073
Average Density (lots per acre)						
Agricultural	0.291	0.143	0.310	0.141	0.292	0.142
Watershed Protection	0.377	0.159	0.217	0.110	0.370	0.148
Residential	0.495	0.474	0.380	0.297	0.492	0.465
Total	0.385	0.309	0.297	0.148	0.381	0.272

Note: Major subdivisions have four or more residential lots, and minor subdivisions have two or three residential lots.

TABLE 2

Summary Statistics for Covariates

Variables	Mean	Standard Deviation	Min	Max
Zoning Type				
Agricultural	0.6769	0.4676	0	1
Watershed Protection	0.1616	0.3683	0	1
Residential	0.1615	0.3680	0	1
Parcel Characteristics				
Distance to Baltimore City	21.2598	9.1321	2.8453	39.189
Distance to Major Road	0.7470	0.6738	0.0070	4.7062
Slope	10.5753	4.9587	0	42.9550
Elevation	16.6747	4.9822	0.1006	28.8327
Hydric Soils	0.1386	0.1933	0	1
Ln(Parcel Area)	2.4685	1.1375	0.6931	5.9848
Authorized Minor	0.4944	0.5168	0	1
Existing House	0.3472	0.4761	0	1
Easement Eligibility	0.0482	0.2143	0	1
Surrounding Land Use within 500-Meter Buffer				
Parks (%)	3.2271	10.0177	0	97.8537
Developed (%)	12.6768	12.6827	0	91.4041
Undeveloped (%)	84.0961	15.9311	0.9518	100
Parcels	5,528			
Observations in panel model	105,283			

TABLE 3

Full Information Maximum Likelihood Estimation of Panel Heckman Selection Model on
Development and Residential Density

Variables	Probability of Development		Ln(Density)	
	Coefficient	Standard Error	Coefficient	Standard Error
Zoning Type ^a				
Agricultural	-0.2917**	0.0590	-0.2192	0.1161
Watershed Protection	-0.0956	0.0680	-0.1471	0.0956
Agricultural*Post-1977	-0.0379	0.0797	-0.4982**	0.1090
Watershed Protection*Post-1977	-0.1145	0.0876	-0.6339**	0.1236
Post-1977	0.3441**	0.1128	-0.1227	0.1839
Parcel Characteristics				
Distance to Baltimore City	-0.0011	0.0025	-0.0180**	0.0036
Distance to Major Road	-0.0127	0.0258	0.0534	0.0380
Slope	-0.0095**	0.0036	-0.0191**	0.0071
Elevation	0.0140**	0.0051	0.0092	0.0085
Hydric Soils	-0.7335**	0.1223	-0.7041*	0.3100
Ln(Parcel Area)	0.1529**	0.0176	-0.2236**	0.0508
Authorized Minor	-0.1502*	0.0588	0.0968	0.0886
Existing House	-0.1225**	0.0335	--	--
Easement Eligibility	-0.0582	0.0646	--	--
Surrounding Land Use within 500-Meter Buffer				
Parks (%)	0.0029*	0.0014	-0.0026	0.0020
Developed (%)	0.0043**	0.0012	0.0055*	0.0024
Constant	-2.9437**	0.1333	0.0032	1.0787
ρ	0.1363	0.6249		
Annual Time Fixed Effects	Yes		Yes	
Observations	105,283		558	

^a Baseline zoning type = residential zoning

** Significant at the 1% level; * significant at the 5% level

TABLE 4

Marginal Effects of Covariates on the Annual Probability of Development
and Residential Density

	Probability of Development		Ln(Density)	
	Coefficient	Standard Error	Coefficient	Standard Error
Zoning Type ^a				
Agricultural	-0.004699**	0.001142	-0.200490**	0.076692
Watershed Protection	-0.001912	0.001368	-0.140950	0.092283
Agricultural*Post-1977	-0.000551	0.001143	-0.495760**	0.109292
Watershed Protection*Post-1977	-0.001521	0.001089	-0.626550**	0.119482
Parcel Characteristics				
Distance to Baltimore City	-0.000016	0.000036	-0.017970**	0.003572
Distance to Major Road	-0.000183	0.00037	0.054263	0.037506
Slope	-0.000137**	0.000052	-0.018450**	0.006469
Elevation	0.000201**	0.000073	0.008325	0.007103
Hydric Soils	-0.010533**	0.001797	-0.656790**	0.196674
Ln(Parcel Area)	0.002196**	0.000263	-0.233470**	0.025347
Authorized Minor	-0.002096**	0.000811	0.106445	0.078823
Existing House	-0.001683**	0.000441	--	--
Easement Eligibility	-0.000789	0.000828	--	--
Surrounding Land Use within 500-Meter Buffer				
Parks (%)	0.000041	0.000021	-0.002820	0.001864
Developed (%)	0.000062**	0.000018	0.005184**	0.001969

^a Baseline zoning type = residential zoning

** Significant at the 1% level; * significant at the 5% level

TABLE 5

Average Treatment Effects for Downzoned Areas

Zoning Type ^a	Annual Probability of Development		Average Treatment Effect
	With Downzoning	Without Downzoning	
Agricultural	0.003699** (0.000326)	0.004127** (0.000872)	-0.000429 (0.000934)
Watershed Protection	0.007858** (0.000979)	0.010595** (0.002017)	-0.002737 (0.002234)
	Residential Density (Lots per Acre)		Average Treatment Effect
	With Downzoning	Without Downzoning	
Agricultural	0.247549** (0.013902)	0.406408** (0.039652)	-0.158859** (0.041138)
Watershed Protection	0.163505** (0.008672)	0.305966** (0.033149)	-0.142461** (0.034061)

Note: Robust standard errors are shown in parentheses.

^a Baseline zoning type = residential zoning

** Significant at the 1% level; * significant at the 5% level

TABLE 6

Average Treatment Effects for Downzoned Areas:

Robustness Check Using Model for Restricted Sample within One-Mile Spatial Buffer of
Residential Zoning Boundary

Annual Probability of Development			
Zoning Type ^a	With Downzoning	Without Downzoning	Average Treatment Effect
Agricultural	0.003738** (0.000440)	0.003876** (0.000918)	-0.000138 (0.001024)
Watershed Protection	0.008765** (0.001346)	0.013276** (0.002665)	-0.004511 (0.002961)
Residential Density (Lots per Acre)			
	With Downzoning	Without Downzoning	Average Treatment Effect
Agricultural	0.256291** (0.020105)	0.400346** (0.042592)	-0.144054** (0.047075)
Watershed Protection	0.171176** (0.011929)	0.319711** (0.034352)	-0.148535** (0.035931)

Note: Robust standard errors are shown in parentheses.

^a Baseline zoning type = residential zoning

** Significant at the 1% level; * significant at the 5% level

TABLE 7

Average Treatment Effects for Downzoned Areas:

Spatial Falsification Test Using Model for Restricted Sample in One-Mile Pseudo Spatial Buffer
Outside of Residential Zoning Boundary

Zoning Type ^a	Annual Probability of Development		Average Treatment Effect
	With Downzoning	Without Downzoning	
Agricultural	0.004306** (0.000722)	0.002433** (0.000721)	0.001872 (0.001022)
Watershed Protection	0.007449** (0.002141)	0.012110** (0.003478)	-0.004661 (0.004112)
	Residential Density (Lots per Acre)		Average Treatment Effect
	With Downzoning	Without Downzoning	
Agricultural	0.252181** (0.023575)	0.231341** (0.029805)	0.020840 (0.038085)
Watershed Protection	0.151263** (0.019662)	0.176668** (0.026422)	-0.025405 (0.031295)

Note: Robust standard errors are shown in parentheses.

^a Baseline zoning type = residential zoning

** Significant at the 1% level; * significant at the 5% level

FIGURE 1: Residential Subdivisions in 1967-1976 in Rural Baltimore County

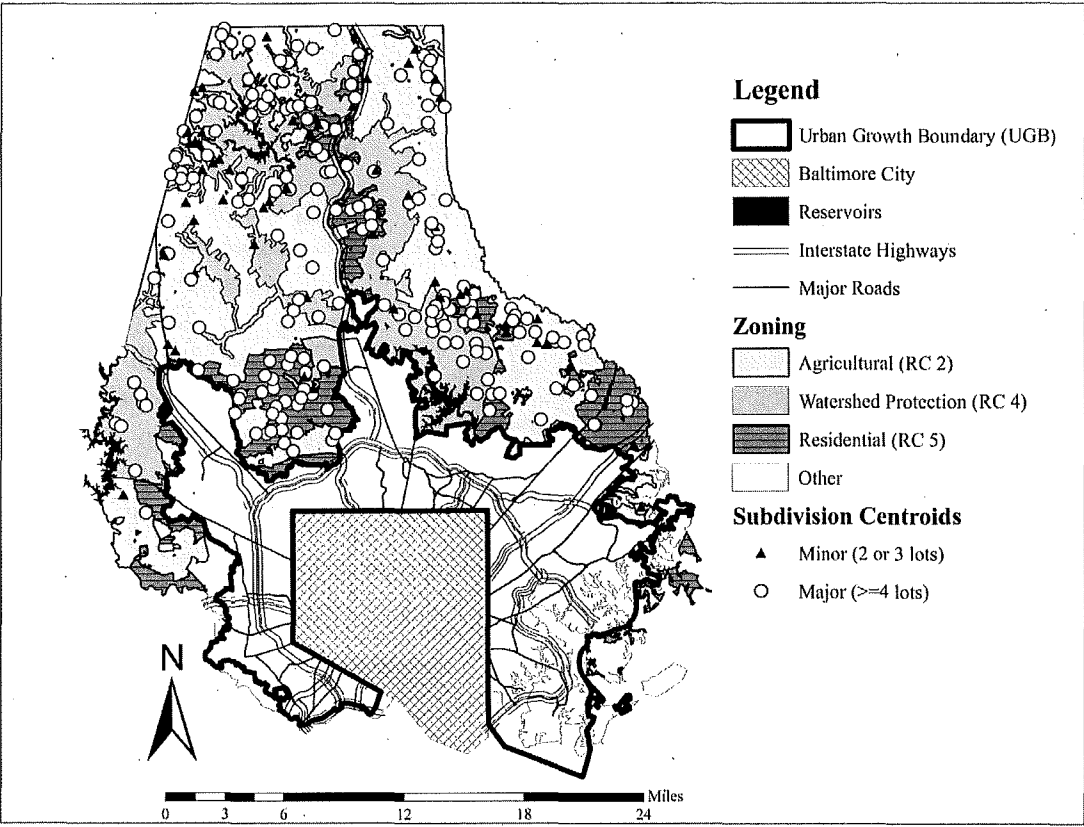
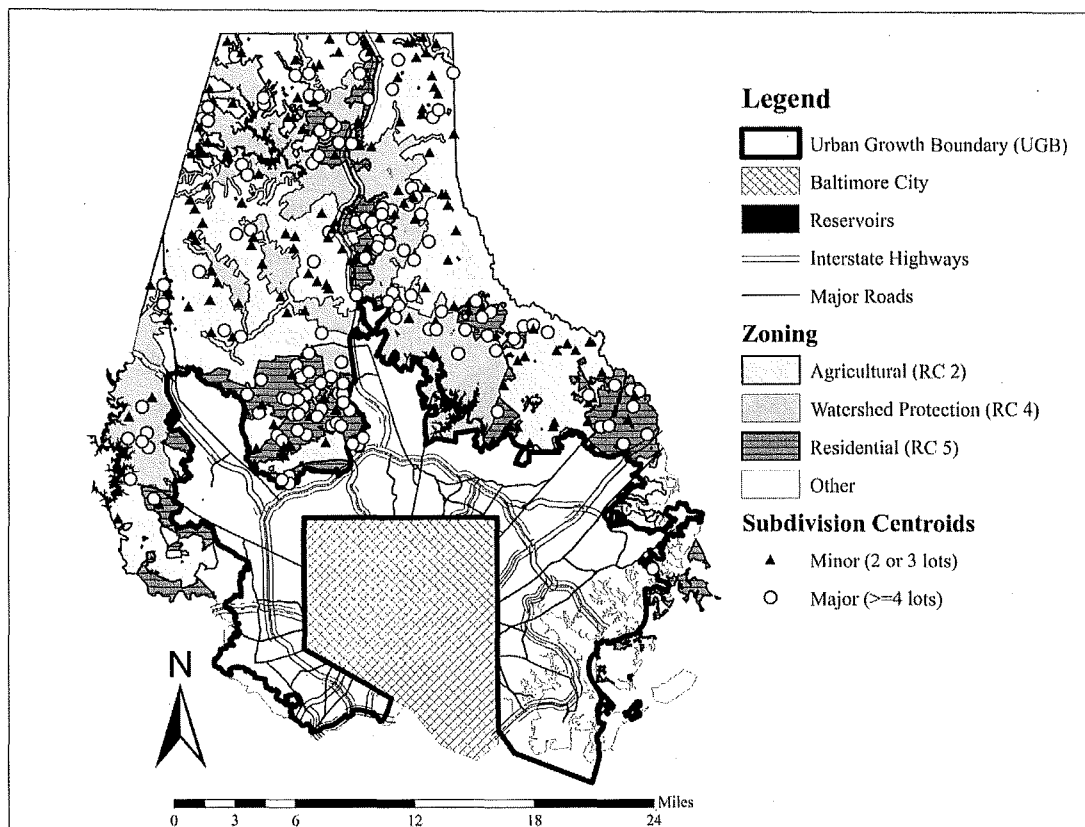


FIGURE 2: Residential Subdivisions in 1977-1986 in Rural Baltimore County



ENDNOTES

¹ Cunningham (2007), for instance, uses a DID hazard model to provide interesting analysis estimating the effect of UGBs on real options and the rate of development. This analysis, however, is subject to bias because it does not reconstruct the historic parent parcel for the original landowner decision, and instead it assumes that each current residential home is an independent event (e.g., a subdivision with ten houses built is assumed to be ten independent events).

² As explained in Puhani (2012), the treatment effect in a nonlinear DID model is equal to the difference of two cross differences. Specifically, the cross difference of the conditional expectation of the observed outcome for the DID probit model is

$$\frac{\Delta^2 E[Y_{it} | \tau, Z, \Omega_{it}]}{\Delta \tau \Delta Z} = [\Phi(\beta_1 + \beta_2 + \beta_3 + \Omega_{it}\beta) - \Phi(\beta_2 + \Omega_{it}\beta)] - [\Phi(\beta_1 + \Omega_{it}\beta) - \Phi(\Omega_{it}\beta)].$$

Meanwhile, the cross difference of the conditional expectation of the counterfactual outcome without treatment is

$$\frac{\Delta^2 E[Y_{it}^0 | \tau, Z, \Omega_{it}]}{\Delta \tau \Delta Z} = [\Phi(\beta_1 + \beta_2 + \Omega_{it}\beta) - \Phi(\beta_2 + \Omega_{it}\beta)] - [\Phi(\beta_1 + \Omega_{it}\beta) - \Phi(\Omega_{it}\beta)]. \text{ Hence,}$$

the treatment effect for the DID probit model is

$$\frac{\Delta^2 E[Y_{it} | \tau, Z, \Omega_{it}]}{\Delta \tau \Delta Z} - \frac{\Delta^2 E[Y_{it}^0 | \tau, Z, \Omega_{it}]}{\Delta \tau \Delta Z} = [\Phi(\beta_1 + \beta_2 + \beta_3 + \Omega_{it}\beta) - \Phi(\beta_1 + \beta_2 + \Omega_{it}\beta)].$$

³ We manually reconstruct the panel of residential subdivisions until 2007. For identification purposes, we focus the analysis on a ten-year window before and after the downzoning policy in 1967-1986 to reduce the effect of potentially confounding time-varying unobservable factors over a longer period.

⁴ Additionally, we examine the sensitivity of the results for the analysis shown in Tables 6 and 7 using different buffer widths. Specifically, we repeat the analysis using a two-mile spatial buffer on either side of residential zoning boundary, which yields similar results to those shown in Table 6 for the one-mile spatial buffer. We also created a pseudo-zoning boundary at two miles outside residential zoning, meaning that zero to two miles is the control group and two to four miles is the treatment group. All of the treatment effects are not significant for this spatial falsification test with the two mile pseudo-zoning boundary, similar to those results in Table 7 for the one-mile pseudo-zoning boundary.

Subject: (BOS)

From: La_MER <la_mer@sbcglobal.net>
Sent: Sunday, September 18, 2016 10:35 PM
To: Board of Supervisors, (BOS)
Cc: Somera, Alisa (BOS); Low, Jen (BOS); Tammy Scott-Wigens; karentarantola@zephyrsf.com; Deidre Von Rock-Ricci
Subject: File No. 160894: Zoning - Interim Moratorium of First Story Business or Professional Services Uses in West Portal Avenue Neighborhood Commercial District

Dear Supervisor,

I am a business owner in West Portal and I support the continuance of the Interim Moratorium of First Story Business or Professional Services Uses in West Portal Avenue Neighborhood Commercial District. I believe further discussions are necessary among the stakeholders regarding the current Planning Code matters on West Portal Avenue. Additional time is needed to further consider the effects of this interim moratorium for both business owners and the residents of our community.

Sincerely,

Mary E Ravetti

La MER Inc
West Portal Merchant
(415) 681-1101

From: Board of Supervisors, (BOS)
To: BOS-Supervisors; Somera, Alisa (BOS)
Subject: File 1608944 FW: 360-A West Portal, SF
Attachments: 360-A West Portal, Moratorium in the West Portal NCD

From: Dominic Tiscornia [mailto:domjt@sbcglobal.net]
Sent: Monday, September 19, 2016 6:04 AM
To: Yee, Norman (BOS) <norman.yee@sfgov.org>; Low, Jen (BOS) <jen.low@sfgov.org>; Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Subject: Fw: 360-A West Portal, SF

From: Dominic Tiscornia <domjt@sbcglobal.net>;
To: Norman.Yee@sfgov.org <Norman.Yee@sfgov.org>;
Cc: Jen.Low@sfgov.org <Jen.Low@sfgov.org>; Board.of.Supervisors@sfgov.org <Board.of.Supervisors@sfgov.org>;
Subject: 360-A West Portal, SF
Sent: Tue, Sep 6, 2016 1:55:00 AM

Dear Supervisor Yee; Ms. Low and Board of Supervisors:

I am a long time resident of San Francisco. I heard about the new legislation you introduced on August 2 to enact a new Moratorium in the West Portal NCD. I am strongly against it and I am appalled by it. I need to ask you why you are doing this, and who can possibly gain from this? Do you wish to see more hair/nail salons, pet groomers, dry cleaners, second hand clothing store or other unsustainable businesses on West Portal?

We all wish for a more vibrant West Portal NCD. However, I fail to see how you accomplish this goal by discriminating against an entire genre of "Business and Professional Services," which I'd like to see more of, not less. Your discrimination will surely create additional vacancies in a neighborhood that is already plagued by vacancies over the years. (For building owners: this will surely depress rents). Most of all, you will force my long-time advisor, Peter Chen at 360-A West Portal, out of this neighborhood. I am strongly against this legislation and am asking you to stop the process immediately.

Sincerely,

Dominic Tiscornia

From: Mercia Tiscornia <mercsf@sbcglobal.net>
Sent: Monday, September 19, 2016 6:20 AM
To: Yee, Norman (BOS)
Cc: Low, Jen (BOS); Board of Supervisors, (BOS)
Subject: 360-A West Portal, Moratorium in the West Portal NCD

Supervisor Yee; Ms. Low and Board of Supervisors:

I am a long time resident of San Francisco. I heard about the new legislation you introduced on August 2 to enact a new Moratorium in the West Portal NCD. I am strongly against it and I am appalled by it. I need to ask you why you are doing this, and who can possibly gain from this? Do you wish to see more hair/nail salons, pet groomers, dry cleaners, second hand clothing store or other unsustainable businesses on West Portal? Businesses like Raymond James that bring in people who have money to contribute to the economy is what is needed! Do not be a puppet for other people's or corporation's private agenda.

We all wish for a more vibrant West Portal NCD. However, I fail to see how you accomplish this goal by discriminating against an entire genre of "Business and Professional Services," which I'd like to see more of, not less. Your discrimination will surely create additional vacancies in a neighborhood that is already plagued by vacancies over the years. (For building owners: this will surely depress rents). Most of all, you will force my long-time advisor, Peter Chen at 360-A West Portal, out of this neighborhood. I am strongly against this legislation and am asking you to stop the process immediately.

Sincerely,

Mercia Tiscornia
Sent from my iPad

From: Board of Supervisors, (BOS)
To: BOS-Supervisors
Subject: File 160918 - 921 FW: Conditional Use Appeal - 2785 San Bruno Avenue
Attachments: Email to Project Planner J. Speirs with Attachments.pdf; Email from tenant Aditya.pdf; Email from tenants Sam & Luke.pdf; Email from Listing Agent Confirming No Stove.pdf

From: Linda Huang [<mailto:lindahuang504@yahoo.com>]

Sent: Monday, September 19, 2016 12:14 PM

To: Breed, London (BOS) <london.breed@sfgov.org>; Johnston, Conor (BOS) <conor.johnston@sfgov.org>; Calvillo, Angela (BOS) <angela.calvillo@sfgov.org>

Cc: David Silverman <dsilverman@reubenlaw.com>; Linda Huang <lindahuang504@yahoo.com>; Eric Huang <exh012@yahoo.com>

Subject: Conditional Use Appeal - 2785 San Bruno Avenue

Dear President Breed,

Please find attached additional materials in support of tomorrow's hearing on the 2785 San Bruno Avenue project. These materials have also been forwarded to our project planner, Jeffrey Speirs on September 16th. It has come to our attention that the appellant claims the structure in the rear of the existing single family home at one point contained a stove and kitchen. The structure has never contained a stove as long as my family has owned the property, since 2014, and I have attached here statements from the two previous tenants attesting to the fact that the structure in the rear never contained a kitchen during their tenancies at 2785 San Bruno.

Thank you,
Linda Huang

Subject: 2785 San Bruno Ave
From: Linda Huang (lindahuang504@yahoo.com)
To: jeffrey.speirs@sfgov.org;
Cc: lindahuang504@yahoo.com; dsilverman@reubenlaw.com;
Date: Friday, September 16, 2016 10:28 PM

Hi Jeff,

Per our conversation earlier this evening, I reached out to the previous tenants and they state there was no stove in the rear during their tenancy. As I said before, everyone in the property shared a kitchen. I am also attaching an email from the listing agent of the property and she clearly remembers the condition of the house -- there was no stove or refrigerator on the property.

Please let me know if you have any questions and I would be glad to help.

Sam - Aug 2014 to Aug 2015

Aditya - Sept 2015 to May 2016 (which I forgot to send you the lease last time, I found his lease and have attached a copy)

Eric - Current (which in the exhibit 2 of the appellant's response letter dated 9/15/16, there is clearly still no stove. I state again that we are unsure when the stove was remove if there was one, but there was no stove when we purchased the house).

Thank you,
Linda Huang

Attachments

- Email from tenant Aditya.pdf (86.03KB)
- Email from tenants Sam & Luke.pdf (97.29KB)
- Aditya Davar Lease Agreement 2015-2016.pdf (712.92KB)
- Email from Listing Agent Confirming No Stove.pdf (107.38KB)

Subject: Re: 2785 San Bruno Avenue San Francisco

From: Li-Hwa Hsing (lihwahsing@gmail.com)

To: lindahuang504@yahoo.com;

Date: Friday, September 16, 2016 3:03 PM

Hi Linda,

I'm sorry, the only picture that I took at the time of sale was the second link you sent to me yesterday.

I can certainly recall the property had one kitchen (no stove, no refrigerator) and the condition of the property was not livable (inhabitable) at the time of sale.

On Fri, Sep 16, 2016 at 3:02 PM, Linda Huang <lindahuang504@yahoo.com> wrote:

Hi Li Hwa,

Can I please follow up on my email below? Also, in the purchase document attached, it was written the condition of the property is inhabitable (suitable for living)..did you mean uninhabitable (not suitable for living)?

Thank you,
Linda Huang

On Thursday, September 15, 2016 4:52 PM, Linda <lindahuang504@yahoo.com> wrote:

Hi Li Hwa,

I hope this email finds you well. My name is Linda Huang, I'm not sure if you remember but my parents Guo Fu Huang and Qi Nong Ma purchased the subject property from you in May of 2014. Since you were the listing agent, I was hoping to see if you still have any photographs of the house during the listing period. I tried looking online at Redfin and other online Real Estate websites but there are no photos, besides the front of the house (see links below). Do you recall anything about the property at the time you listed it? Did the previous owner live in the home or was the house rented to tenants? How many kitchens did the property have? Do you recall two stoves? Anything would help.

If you remember anything or have any photos, would you mind please letting me know?

<https://www.blossor.com/details/6-418900/2785-San-Bruno-Avenue,-San-Francisco,-CA-94134>

<https://www.redfin.com/CA/San-Francisco/2785-San-Bruno-Ave-94134/home/754538>

Thank you so much for your time in advance,
Linda Huang

--

Li-Hwa Hsing / Global Realty
Sales Manager
Broker-Associate

DRE# 00611965
Office: 415-759-8080
Cell: 415-806-8809

Subject: Stove in the kitchenette
From: Aditya Davar (addavar@gmail.com)
To: lhestate@yahoo.com;
Date: Friday, September 16, 2016 6:40 PM

Hey Linda,

I was your tenant from September 2015 to may 2016. I'm just confirming that there has never been a stove in the studio unit in the backyard. I've always used the kitchen inside the main house.

Cheers,
Aditya

Sent from my iPhone

Subject: Re: 2785 San Bruno Ave
From: Luke Fatora (luke.fatora@gmail.com)
To: samuel.schoenwald@sfcu.edu;
Cc: lhestate@yahoo.com; elizabeth.cooke17@gmail.com; julija.zibrat@gmail.com; schoe557@umn.edu;
Date: Friday, September 16, 2016 10:07 PM

There was not a stove in the back unit.

Best,
Luke

On Fri, Sep 16, 2016 at 10:03 PM, Sam Schoenwald <samuel.schoenwald@sfcu.edu> wrote:

Hi Linda,

Yeah, I lived in the rear room. There wasn't a stove in the rear. I shared the kitchen with the others.

Best,

Sam

On Fri, Sep 16, 2016, 6:49 PM Lhestate <lhestate@yahoo.com> wrote:

Hi Everyone,

Hope this email finds you well.

Can you guys confirm that when you were leasing the house from August 8, 2014 through August 31, 2015 that there was only one kitchen with one stove that was shared between you the four of you?

Please confirm if there was a stove in the rear where I believe Luke was sleeping or if you all shared the kitchen?

Thank you,
Linda Huang

From: Board of Supervisors, (BOS)
To: BOS-Supervisors; BOS Legislation (BOS)
Subject: File 160773 - 160780 FW: CITY POLITICS: Will conflict of interest and campaign \$\$\$ sink the "Beast on Bryant" before today's vote?

From: SF Scoops [mailto:sfscoops@yahoo.com]
Sent: Tuesday, September 13, 2016 9:37 AM
To: sfscoops@yahoo.com
Subject: CITY POLITICS: Will conflict of interest and campaign \$\$\$ sink the "Beast on Bryant" before today's vote?

WILL CONFLICT OF INTEREST AND CAMPAIGN CASH SINK THE CONTROVERSIAL "BEAST ON BRYANT" BEFORE TODAY'S VOTE?

Reports of a San Francisco Ethics Commission investigation into the role of a lobbyist and his wife, as well as campaign contributions to a City Hall staffer seeking elected office, have raised questions about a controversial Mission District development project that opponents have dubbed "the Beast on Bryant."

Developer Nick Podell's proposal to build 300 units of housing at 2000 Bryant Street comes before the Board of Supervisors for final approvals this afternoon amid growing concerns and apparently a formal investigation about whether Podell's lobbyist Boe Hayward received help from Hayward's wife, who works in the Mayor's Office of Housing and Community Development, in securing a feasibility memo and initial approval for the project. City ethics rules prohibit public employees from influencing or even engaging in city decisions in cases of conflict of interest, such as the involvement of one's spouse, or when one or one's family stands to gain financially from a city decision.

Hayward's lobbying firm Lighthouse Public Affairs also raised more than \$3,000 for Board of Supervisors candidate Hillary Ronen, whose boss Supervisor David Campos will vote on the project later today, through donations from Lighthouse employees and clients including real estate developers.

While working as a City Hall legislative aide, Ronen allegedly had contacts with Hayward that went unreported to the Ethics Commission, as required by City law, at the same time that Ronen made favorable statements regarding the project to several news outlets as a candidate to replace Campos in the November election. It is illegal to receive financial gifts in connection with the performance of one's duties as a city employee, and lobbyist donations to city employees running for office may be banned by the voters this November under Proposition T.

The "Beast on Bryant" project is supported by pro-housing organizations and opposed by Mission affordability activists and labor unions. Sources in the City Attorney's office say that today's vote may end up being postponed pending the results of the Ethics Department's investigation and potential finding of wrongdoing.

#

From: Board of Supervisors, (BOS)
To: BOS-Supervisors; BOS Legislation (BOS)
Subject: FW: 2785 San Bruno Ave - BOS File No. 160918 - Planning Case No. 2014-003173CUA - Supplement Statement In Support of Appeal Conditional Use Authorization
Attachments: 2785 San Bruno Ave - 2016-09-15 - Supp Brief for Board of Supes and Exhibits.pdf

From: Gabriel Nevin [mailto:gdn208@gmail.com]
Sent: Thursday, September 15, 2016 12:53 PM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Subject: 2785 San Bruno Ave - BOS File No. 160918 - Planning Case No. 2014-003173CUA - Supplement Statement In Support of Appeal Conditional Use Authorization

Members of the Board,

Please find attached the Supplemental Statement in Support of Appeal Conditional Use Authorization in the above referenced case.

Thank you,

Gabe Nevin
Law Office of Stephen M. Williams
1934 Divisadero Street
San Francisco, CA 94115
208-841-8115



London Breed, President
San Francisco Board of Supervisors
City Hall, #1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

September 15, 2014

RE: **SUPPLEMENTAL STATEMENT IN SUPPORT OF APPEAL-
CONDITIONAL USE AUTHORIZATION**
2785 San Bruno Avenue—Special Order September 20, 2016---3:00pm
BOS File No. 160918, Planning Case No. 2014-003173CUA Appeal of
Conditional Use Authorization Permitting the
Demolition of Sound Affordable Rent-Controlled Housing

President Breed and Members of the Board:

Introduction

This Supplemental Statement is submitted as a supplement to the prior materials in support of the appeal of the conditional use authorization granted by the Planning Commission. We have previously submitted to Planning a Petition signed most of the immediate neighborhood residents opposing the project as incompatible with the neighborhood and an improper use of the conditional use procedure. With this appeal, the neighbors submitted the signatures from the neighboring property owners representing more than 56% of the area within the 300-foot radius of the subject property. (only 20% needed to qualify the appeal).

In opposition to the neighbors' appeal the Dept. and the Developers take an unusual and completely improper tactic----they want to change the underlying facts of the Appeal as presented to the Planning Commission and as set forth in the application itself. The reason is simple. After receiving the Appeal brief the Dept. and the Developers now realize that the conditional use authorization was improperly granted to demolish two sound affordable (and occupied) rent controlled units. So now they come forward with a brand new theory that the second unit at the site is not really a unit because it does not have a kitchen.... therefore, they reason, both units may be demolished.

This tactic to try and change the underlying facts on an appeal is unprecedented and completely improper. The Dept. cannot simply change the underlying operative facts of a conditional use application at the appeal stage and thereby present to the Board a different set of "facts" than that presented to the Planning Commission for the underlying decision. As noted below, the "new evidence" (that the second unit has no kitchen) is completely false and is obviously a clumsy attempt to circumvent the law and important housing policies protecting affordable, rent controlled housing. The Board must stand up and reject loud and clear such a bizarre and desperate fraud and grant the appeal to save these valuable units of housing.

1. The Dept.'s (and Developer's) Written Responses Falsely and Improperly Attempt to Alter the Underlying Facts and Record on Appeal and Attempts to Present a Completely Different Factual Scenario to the Board Than That Which was Presented and Ruled Upon by the Planning Commission

The application filed by the developers states and the Planning Commission was told that there are two units at the site—one single family home and an “unauthorized unit.” As typically happens all over the City, there is an in-law unit in the garage, constructed without permits but which has been continuously occupied (and is still occupied). All of the analysis done by the Dept. was based on these facts and the neighbors are keenly aware that there are two units at the site and have been for years. As pointed out in the Appellants’ supporting documents, this fact (two units) has the following legal and policy ramifications:

- a. The units are covered by the Rent Control Ordinance—a single family home with a second unit (even an unauthorized unit) falls within the protections of Rent Control;
- b. Demolishing such units destroys “naturally affordable” sound rent-controlled housing and violates the overwhelming weight of the General Plan Policies, Housing Preservation Policies, the Mayor’s Executive Directives and every plan and policy in place (or contemplated) to attempt to address the affordability crisis that has been wreaking havoc with our City.
- c. The Dept. (and the Commission) failed to follow the new mandatory provisions of the Planning Code at Section 317(g)(6) (amended March 1, 2016) designed to save unauthorized housing units because of the affordability crisis.

Rather than accept that the project was approved in error and the Dept. failed to even follow the straightforward analysis proscribed by the Code, now the Dept. and the developers take the unusual and completely unprecedented step of attempting to falsely change the underlying facts of the appeal---without explanation. The letter submitted to the Board by the Planning Dept. admits that the Dept. and the staff found there was a second unit at the site on July 14, 2016, at the time of the Planning Commission hearing but that since that time, “*additional evidence provided since the hearing*” now convinces the Dept. otherwise. (Planning Dept. Response Letter dated September 12, 2016, page 2, footnote 1).

No explanation is provided as to what the “additional evidence” consists of, where it came from and why it was not produced over the past year while the application was pending. The mysterious “additional evidence” is not provided to the Board of Supervisors or to Appellants in the material filed by the Dept.

The Developers’ attorney takes a different approach he filed opposing the Appeal. The Developers starkly claim there is no additional unit and there never was such a unit; the developers’ representative then attacks counsel for the Appellants personally (over and over again) claiming that Appellants’ “theory” of an unauthorized unit is “fanciful”

September 15, 2016

and “unsupported by any City law or City Planner.” (Reuben, Junius & Rose brief, page 2, paragraph #2). Of course, all of this nonsense and bluster completely ignores the fact that the existence of the unit was part of the analysis by the Dept. and was submitted as a fact at the Planning Commission. The developers’ representative, attorney David Silverman also offers no explanation for the sudden change in the facts by the developers and fails to explain the missing unit except to attack the appeal as “based on deception and misrepresentation.” (RJR brief Page 13).

2. The In-Law Unit Had a Kitchen Until It Was Removed by the Developers in Order to Obtain Authorization to Demolish Both Naturally Affordable Sound Rent Controlled Units -----Appellants Hereby Submit Irrefutable Photographic Evidence to Confirm the Kitchen was Removed from the Unit

The only explanation offered by the Department and the Developers as to why the second unit at the site is suddenly now, not to be considered a housing unit is an unsupported claim that the unit has no kitchen. (Planning Dept. Letter page 7 second paragraph; RJR brief page 2 paragraph #2 and page 3 & paragraph # 7). Of course it has no kitchen! The Developers removed the kitchen hoping to slip the application by the Dept. and hoping to avoid the policies of the City that forbid the demolition of this housing!

The assertion that the unit has no kitchen is a complete misrepresentation of the actual facts surrounding the second unit at the site. As shown in the attached drawing from the Developers’ application, (Exhibit 1) the existing floor plan has a second unit which is attached to the main unit and shares an attached wall with the unit. This in-law unit has a bathroom, a kitchen and a bedroom (labeled “workshop”). It has a separate accessible entrance (Exhibit 2) and is independent of the main residential unit. There is no open visual connection to the main residential unit on the property. There is no question this unit meets ALL the criteria for a viable unauthorized unit set forth in Section 317.

The photographs following the drawing clearly show where the stove/oven was removed (Exhibit 3 &4). The gas line connection for the stove is still in the wall (Exhibit 5) and the oven exhaust fan and Hood is still attached to the wall above where the stove used to be. As evidenced by Exhibit 5, there are obvious stains on the wall from where the stove was located and the stains are further evidence of heavy and long term use. The assertions by the Dept. and the developer that the unit had no kitchen is simply and completely false and the attached photographs prove beyond any and all doubt that the unit was separate independent and fully equipped.

The series of attached photographs was taken this week by one of the neighbors on September 12, 2016, showing the subject second unit. Obviously the kitchen was fully equipped with a stove/oven and the gas connection pipe is still present and protruding from the wall. There is a range hood directly above where the oven was before it was removed by the Developers. Further the developers brief flatly asserts that the second unit is a “workshop” and that no one can sleep or live in the “workshop” as a separate

dwelling unit. (RJR brief page 3 paragraph #7). This is a direct misrepresentation of the true facts. There are tenants currently living in the unit and the neighbors were able to speak with them and take photographs of the separate entrance to the unit from San Bruno Avenue (Exhibit 2) and take photographs of the kitchen (Exhibits 3,4 &5) and the bedroom (Exhibit 6) which Mr. Silverman directly misrepresents as a “workshop”. The bed is visible and the tenant’s clothing and other personal effects make it crystal clear this was a separate in-law unit used for many years before the developers submitted the application to the Dept. to demolish it.

3. The Dept. and the Developers Must Not Be Permitted to Change the Underlying Facts on the Appeal of the Conditional Use Authorization

Attempting to change the underlying facts on appeal, especially the most important operative fact at the time of an appeal flies in the face of every concept of fundamental fairness and due process. On an appeal, the facts and the decision are to remain static and the parties to the appeal are permitted to dispute and argue the application of the laws and policies---only. It is incomprehensible now that the Department wishes to backtrack and completely change its position on the facts after the application has been pending for more than a year with no challenge to the facts and no changes to the application by the Department or the developer.

The problem for the opponents of the appeal is that both the Department and the developer know that they are dead wrong on the policies and the applicable law in this instance and they both know for a fact that the retention of these two affordable rent controlled units is mandated by the overwhelming weight of the policies of the Planning Code, the General Plan and all common sense and decency. The Board of Supervisors must not tolerate such absolutely clumsy false representations placed before it in this instance. At a minimum, the project has to be returned to the Planning Department for an analysis under the true facts of the situation. The Department’s position makes no sense at all. At the time the application was reviewed by the Dept., the application was submitted as having two units at the site. In that situation before the Planning Commission, the Department failed to apply the new provisions of the Planning Code applicable to unauthorized units at a time when the Dept. was acknowledging the fact that the building has an unauthorized unit in it!

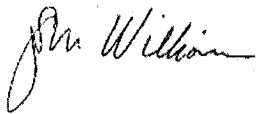
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September 15, 2016

Conclusion

The Proposed Project violates numerous priority policies which mandate that the City, the Board of Supervisors and the Planning Commission must act to save affordable, rent controlled housing---especially in the face of the current affordability crisis. The facts show that there is a separate housing unit at the site and that it had a full kitchen and functioned a viable and independent housing unit until the stove was removed. The Appellants ask that the appeal be granted and that the naturally affordable rent controlled housing be retained at the site.

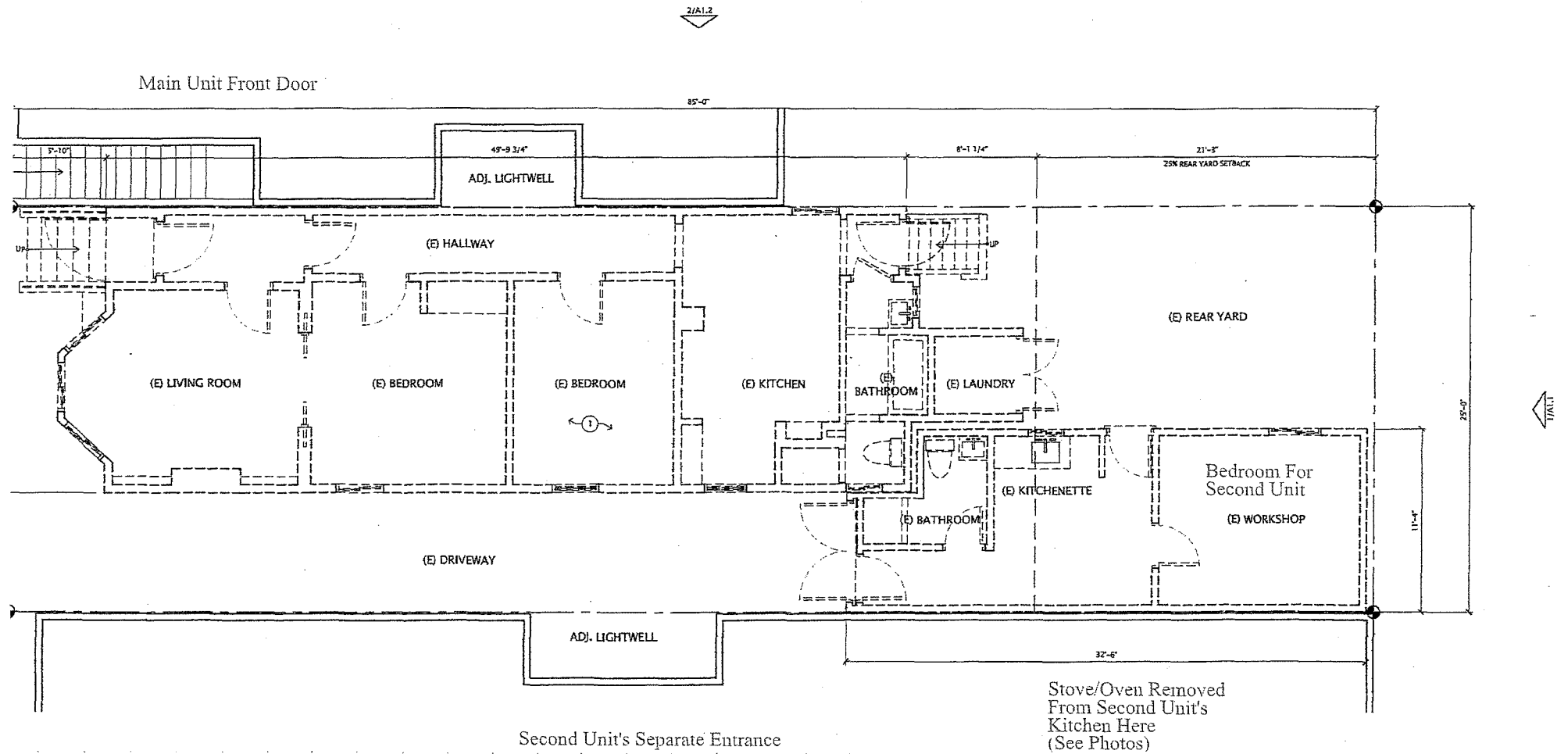
RESPECTFULLY SUBMITTED,

A handwritten signature in cursive script, appearing to read "Stephen M. Williams".

STEPHEN M. WILLIAMS, Attorney for the Appellants

Exhibit 1

2785 San Bruno Avenue Existing Floor Plan from Sponsors' Application



PLAN

Exhibit 2

Separate Independent Entrance To Second Unit at 2785 San Bruno Ave.

Current Tenants Pictured

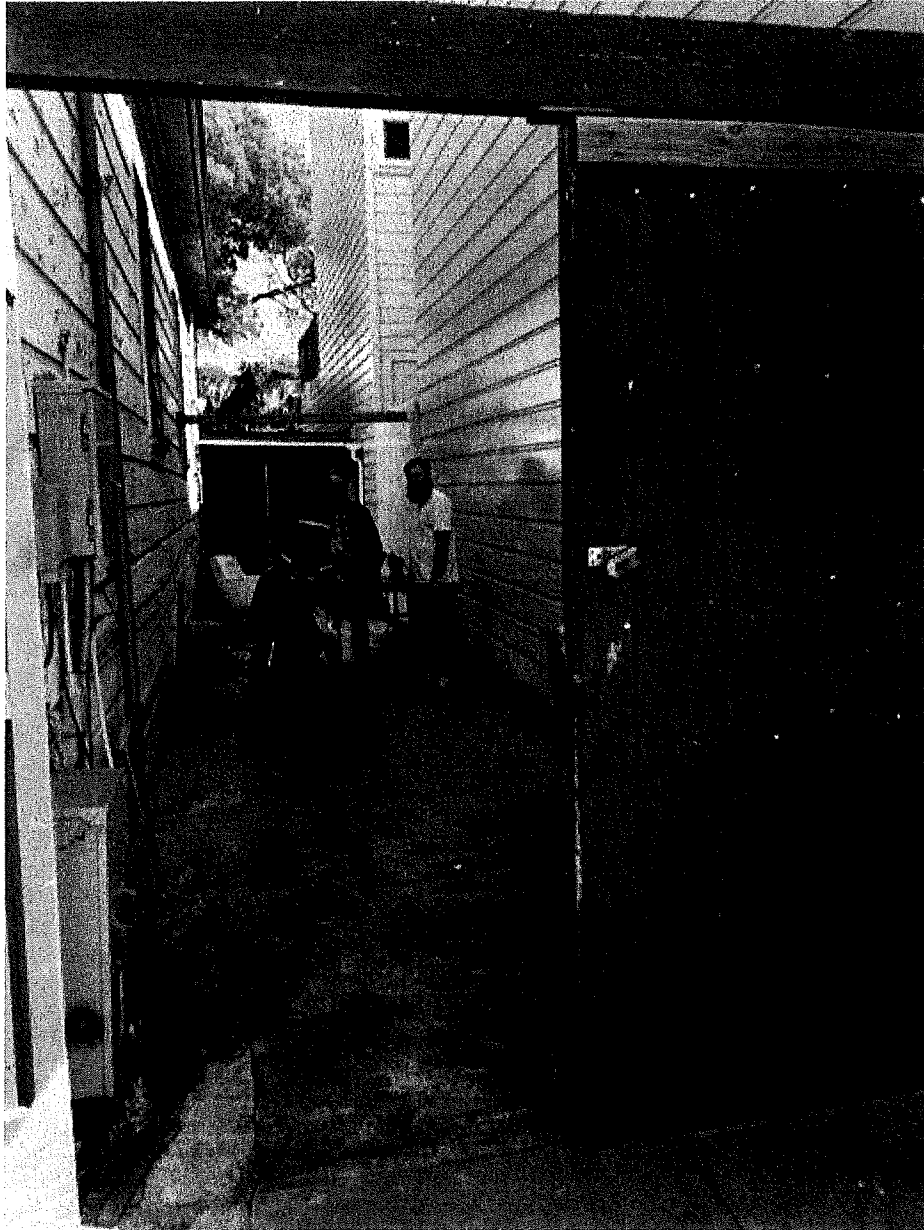


Exhibit 3

Kitchen Area of Second Unit
At 2785 San Bruno Ave
Taken in 2015 Shortly
After Developers
Removed The Stove/Oven
From The Unit.

Note Range Hood Still in Place

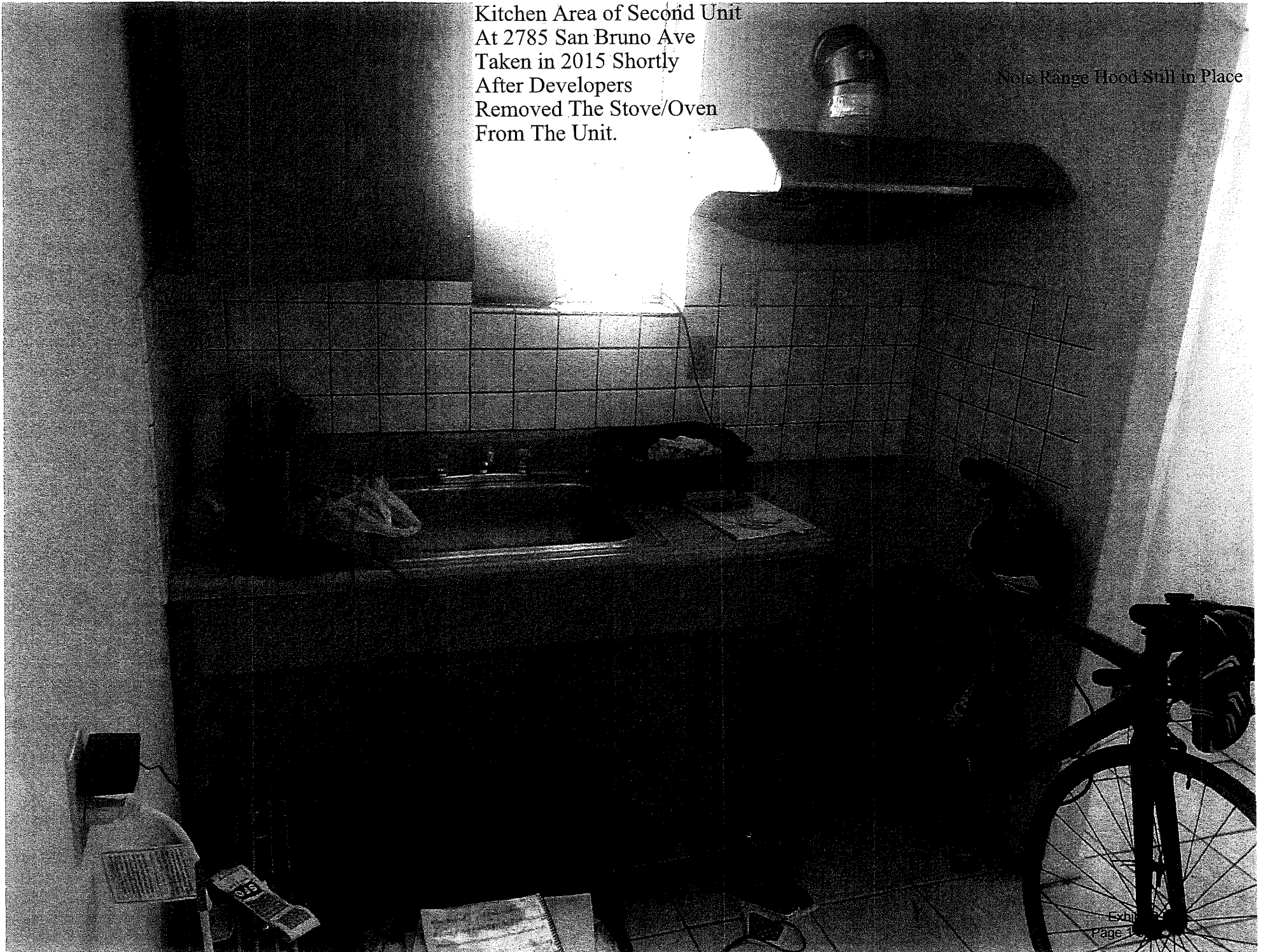


Exhibit 4

Same Kitchen Area In Second Unit
Photo Taken September 12, 2016

Note Range Hood
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Exhibit 5

Close Up of Gas Connection Used For Stove/Oven in Second Unit

Note Staining on Wall Showing Heavy, Long-Term Use As A Kitchen



Exhibit 6

Bedroom of Second Unit which Developers Label as
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London Breed, President
San Francisco Board of Supervisors
City Hall, #1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

September 15, 2014

RE: **SUPPLEMENTAL STATEMENT IN SUPPORT OF APPEAL-
CONDITIONAL USE AUTHORIZATION**

2785 San Bruno Avenue—Special Order September 20, 2016---3:00pm
BOS File No. 160918, Planning Case No. 2014-003173CUA Appeal of
Conditional Use Authorization Permitting the
Demolition of Sound Affordable Rent-Controlled Housing

RECEIVED
LONDON BREED
2016 SEP 15 PM 3:39

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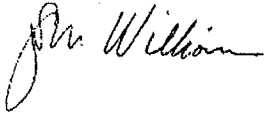
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September 15, 2016

Conclusion

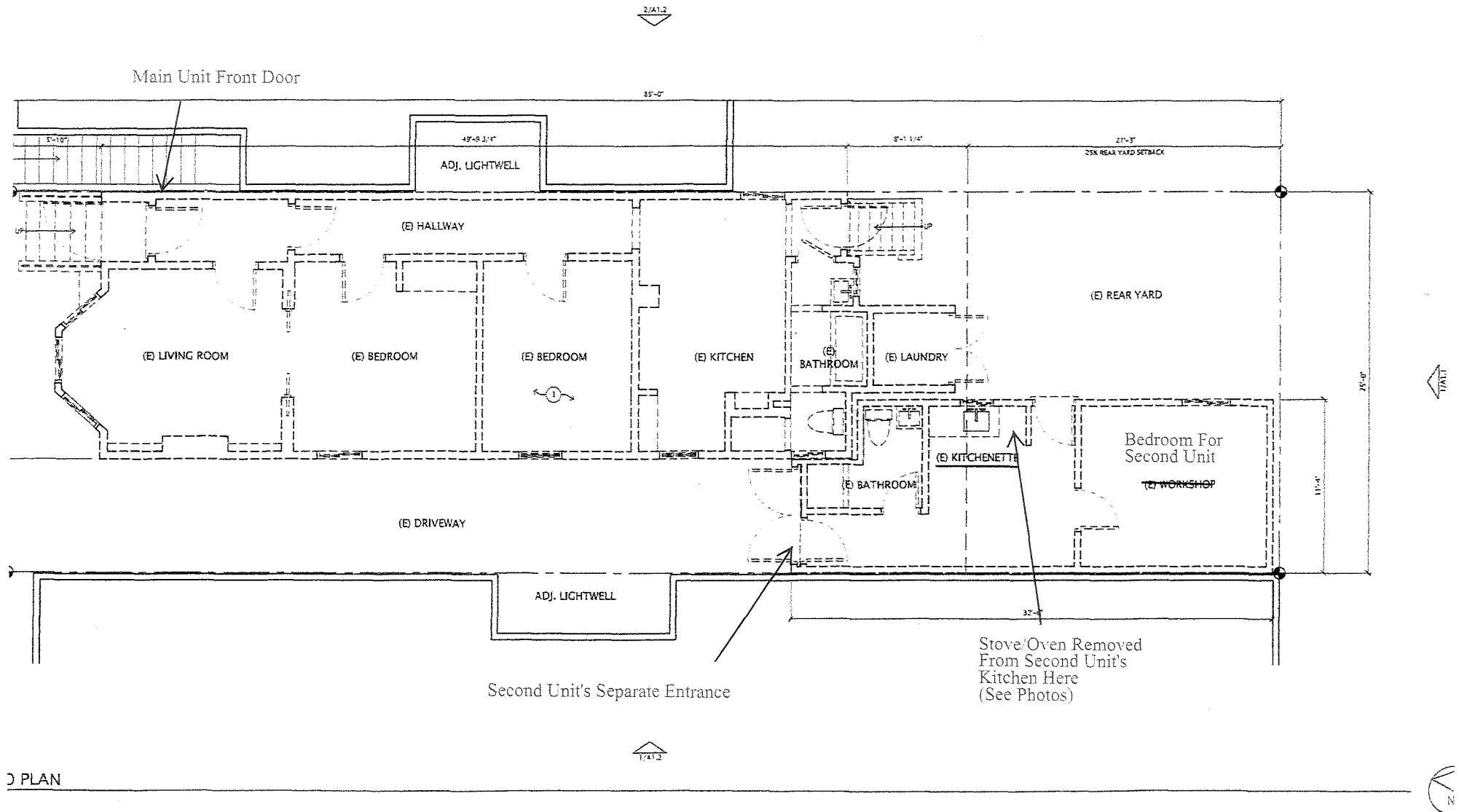
The Proposed Project violates numerous priority policies which mandate that the City, the Board of Supervisors and the Planning Commission must act to save affordable, rent controlled housing---especially in the face of the current affordability crisis. The facts show that there is a separate housing unit at the site and that it had a full kitchen and functioned a viable and independent housing unit until the stove was removed. The Appellants ask that the appeal be granted and that the naturally affordable rent controlled housing be retained at the site.

RESPECTFULLY SUBMITTED,

A handwritten signature in cursive script, appearing to read "Stephen M. Williams".

STEPHEN M. WILLIAMS, Attorney for the Appellants

2785 San Bruno Avenue Existing Floor Plan from Sponsors' Application



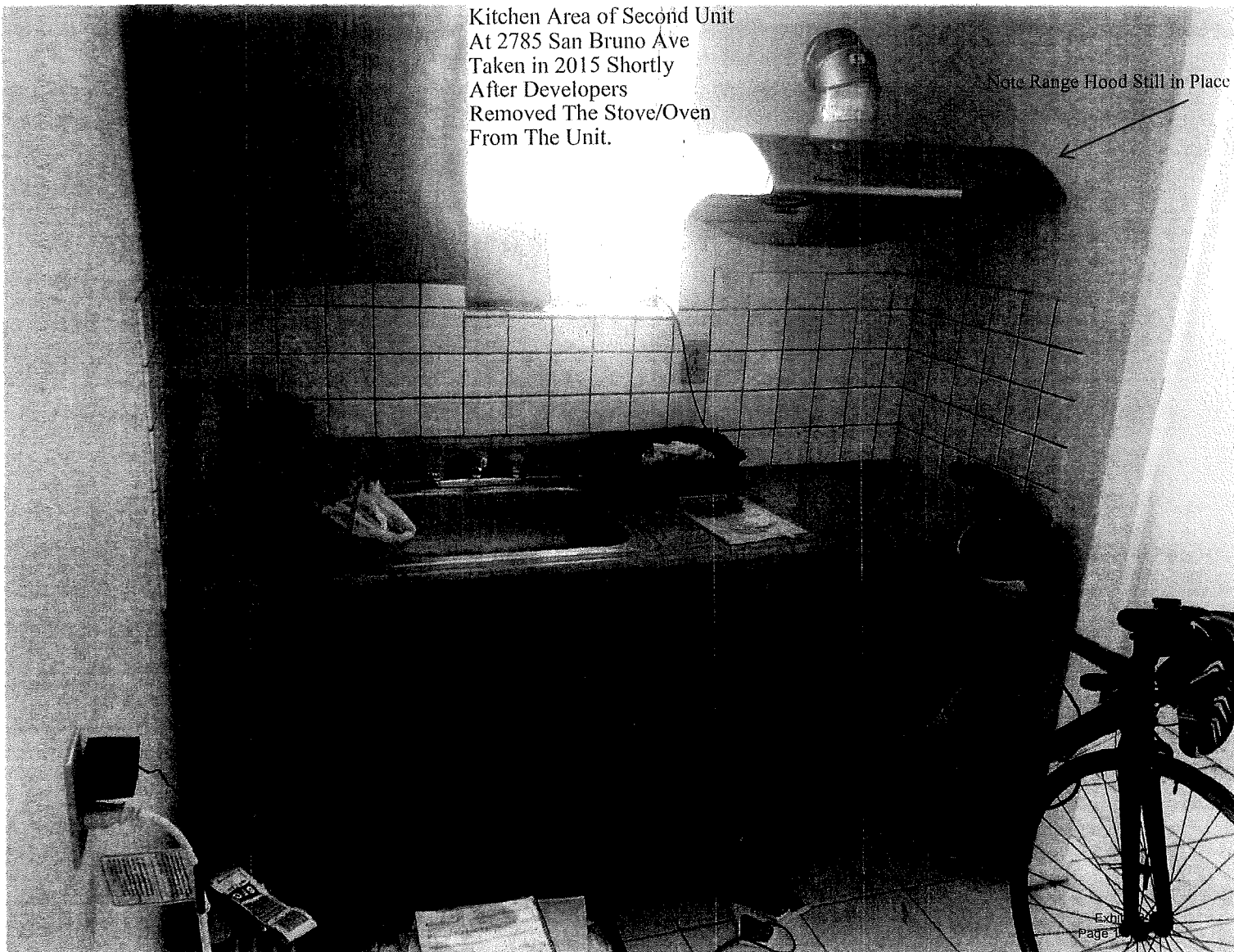
Separate Independent Entrance To Second Unit at 2785 San Bruno Ave.

Current Tenants Pictured



Kitchen Area of Second Unit
At 2785 San Bruno Ave
Taken in 2015 Shortly
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Removed The Stove/Oven
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Note Range Hood Still in Place



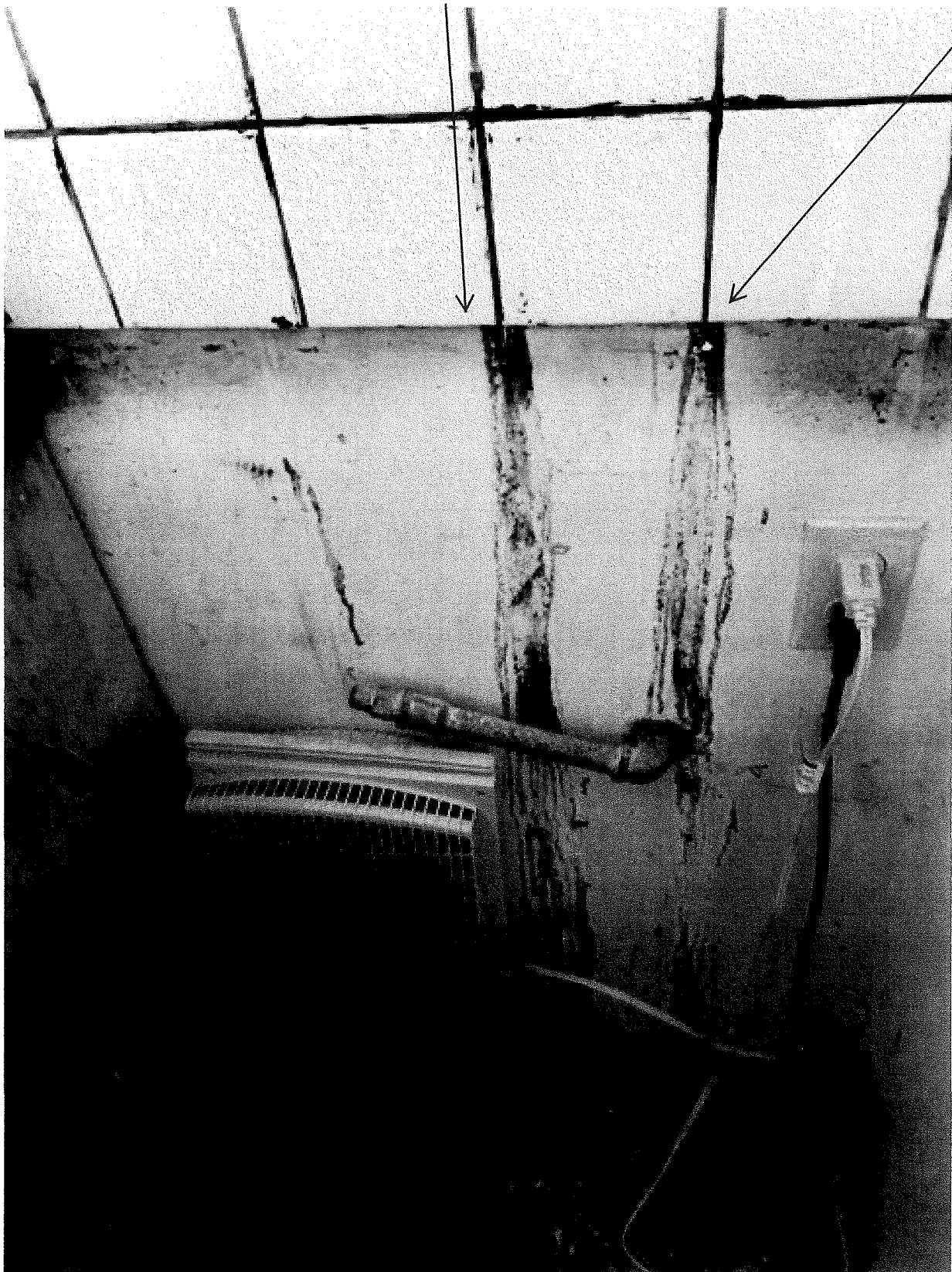
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Photo Taken September 12, 2016

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Close Up of Gas Connection Used For Stove/Oven in Second Unit

Note Staining on Wall Showing Heavy, Long-Term Use As A Kitchen



Bedroom of Second Unit which Developers Label as
"Workshop" on Plans and in Briefs Before the Board



From: Board of Supervisors, (BOS)
To: BOS Legislation (BOS)
Subject: FW: Public Comment Letter for Items 26-33 Sept13 BOS hearing regarding 2000-2070 Bryant st. and Arts Displacement
Attachments: BOS_Letter2000-2070Bryant.pdf *File 100918-921*

From: Skot Kuiper [mailto:videoamp@gmail.com]

Sent: Tuesday, September 13, 2016 11:35 AM

To: Lee, Mayor (MYR) <mayoredwinlee@sfgov.org>; Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>; Tang, Katy (BOS) <katy.tang@sfgov.org>; Summers, Ashley (BOS) <ashley.summers@sfgov.org>; Yee, Norman (BOS) <norman.yee@sfgov.org>; Choy, Jarlene (BOS) <jarlene.choy@sfgov.org>; Mar, Eric (BOS) <eric.mar@sfgov.org>; Farrell, Mark (BOS) <mark.farrell@sfgov.org>; Peskin, Aaron (BOS) <aaron.peskin@sfgov.org>; Breed, London (BOS) <london.breed@sfgov.org>; Kim, Jane (BOS) <jane.kim@sfgov.org>; Wiener, Scott <scott.wiener@sfgov.org>; Campos, David (BOS) <david.campos@sfgov.org>; Chung Hagen, Sheila (BOS) <sheila.chung.hagen@sfgov.org>; Cohen, Malia (BOS) <malia.cohen@sfgov.org>; Avalos, John (BOS) <john.avalos@sfgov.org>; Pagoulatos, Nickolas (BOS) <nickolas.pagoulatos@sfgov.org>; Ang, April (BOS) <april.ang@sfgov.org>; Angulo, Sunny (BOS) <sunny.angulo@sfgov.org>; Pollock, Jeremy (BOS) <jeremy.pollock@sfgov.org>; Kane, Jocelyn (ADM) <jocelyn.kane@sfgov.org>; DeCaigny, Tom (ART) <tom.decaigny@sfgov.org>; Patterson, Kate (ART) <kate.patterson@sfgov.org>; John Elberling <johne@todco.org>; Tony Kelly <tonykelly@astound.net>; Rick <rclistad@gmail.com>; Papadooloo . <papadooloo@gmail.com>; Spike Kahn <spikekahn@gmail.com>; Jonathan Youtt <jyoutt@gmail.com>; Kate Sofis <kate@sfmade.org>; Sharon Steuer <ssteuer@mac.com>; Skot Kuiper <videoamp@gmail.com>

Subject: Public Comment Letter for Items 26-33 Sept13 BOS hearing regarding 2000-2070 Bryant st. and Arts Displacement

Public Comment Letter for items 26-33 at Sept 13-14 Board of Supervisors Hearing

Dear Supervisors:

Thank you for hearing concerns over the development planned for the NEMIZ block of 2000-2070 Bryant St by Nick Podell Company and JP Morgan's Junius Real Estate Partners known collectively as "The Beast on Bryant".

I am addressing you as a co-founder of the internationally recognized non-profit community arts and education center known as CELLspace, which operated at the 2050 Bryant St location starting in 1996 until transitioning to InnerMission in 2012. This vibrant community facility now sits empty and blighted because of the actions of the developers.

I served as the arts representative for the WSoMa citizens planning task force and was active during the Eastern Neighborhoods rezoning process which effects this parcel in the Urban Mixed Use area. I am currently abroad helping celebrate the city sponsored Berlin Art Week and regret I am not able to testify to you in person today.

-This project is a neighborhood game changer that deserves it's own EIR to be issued. Concerns were expressed to the planning department over 2 years ago contesting the blanket EIR at this site and are finally being addressed as I'm hoping you've heard in testimony today. We have already surpassed the number of units in the pipeline planned to be built under the old blanket EIR by over 400 so I believe the law requires a stand alone EIR be conducted before this large project site is authorized.

-This project is currently in egregious violation of the arts and community facilities component of the San Francisco General Plan.

http://www.sf-planning.org/ftp/General_Plan/I9_Arts.htm

We know time and again the arts plan is ignored in favor of development displacement of our precious dwindling facilities. This project is special and at some point we have to demand you, the supervisors and leaders of our city, step up and do your elected or hired duty to uphold the common interests and laws of San Francisco regarding cultural preservation.

This facility has served to host many of your community meetings, fundraisers and outreach activities and has been enjoyed by several members of the board and 100,000's of thousands of citizens over it's run. It's pictures are on the front pages of the Mission District Eastern Neighborhoods plan demonstrating community diversity and facilities. CELLspace / InnerMission represented one of the largest independent non-profit community run organizations in SF and served as an example for countless other spaces to organize and grow over the decades of it's existence. Hundreds of thousands in city and grant funding has been poured into infrastructure to meet code compliance over the years and millions of hours of combined volunteer labor and personal investment that is now lost.

The current development plan does not address the loss of arts space and resources at the project site. The PDR replacement proposed is a small fraction and half the height of the previous structures and with no affordable pricing guarantee or obligation of use in a developer agreement accomplishes nothing to replace the 50,000sqft + we are losing in a viable way.

There is no plan to:

Replace the 5+member affordable group housing that served as caretakers of the facility

Replace the 10,000sqft of permitted community arts education and entertainment space

Replace the workspaces of 20+ visual artists and trade workshops housed within.

And this is just speaking on behalf of 2050 Bryant st. whose previous pricing was set at about .60 cents /sqft.

When you address the 20,000 sqft of American Conservatory Theaters workshop, 10,000sqft of the Production Specialties machine shop, the community auto repair yard, the independent video production houses, designers shops, affordable family run eatery and housing that made up the rest of the block it's really quite staggering.

-As this project is now backed by the mayor's office I would imagine it's politically moving forward and this office should harness some responsibility for the displacement.

On behalf of the arts community and former CELLspace operators here is our ask.

Reinstate the \$1 million dollar relocation and new facilities agreement that Nick Podell and Junius REP obligated in negotiations with InnerMission and the community. As InnerMission was forced out of San Francisco to Alameda, this fund should be put in trust to Grants for the Arts until the new facility and management group is identified.

<http://sf.curbed.com/2015/6/18/9948758/developer-commits-to-funding-a-new-home-for-the-mission-arts-space>

-As this project is now partnered with the mayors office, we call on the BOS and Mayors Office to direct the Department of Real Estate to provide a dormant city owned property to serve as this new community center with the above \$1Million funds provided by Nick Podell and Junius REP to provide the seed money for renovations and operations.

An ideal location is the long dormant now fire damaged and blighted Police Station at 2300 3rd st. in District 10. The surrounding neighborhood is already in favor of a community facility at this site and there may be matching funds available from the community benefits portion of the Warriors Arena plan. This is one potential site but there are many which have long awaiting activation plans in the cities inventory.

-The Entertainment Permit, which the city eventually required CELLspace to acquire, cost several hundred thousand in building improvements and years of labor, almost killing the organization. Not for a nightclub, but a community serving arts based facility. We would like special attention for the transfer of this permit to a new location or several locations collectively adding up to the 10,000 sqft of the former facility. You know how difficult it is to even find a location allowing a full permit so we request a special allowance from planning and the entertainment commission to not lose this resource but instead reallocate it to otherwise challenged community serving arts organizations and locations.

It was difficult to hear the developers lie to the community and to the planning department about their reasons for pulling the facility relocation offer. Please don't let them pull one over on you today as well.

I can be reached via email if you have any questions comments or concerns about the arts component as you progress into final hearings for this development.

Thank you for your time-

Skot Kuiper- SF Arts Advocate

videoamp@gmail.com

Public Comment Letter for items 26-33 at Sept 13-14 Board of Supervisors Hearing

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I can be reached via email if you have any questions comments or concerns about the arts component as you progress into final hearings for this development.

Thank you for your time-

Skot Kuiper- SF Arts Advocate
videoamp@gmail.com

From: Board of Supervisors, (BOS)
To: BOS-Supervisors; BOS Legislation (BOS)
Subject: File 160993 FW: street lamps
Attachments: Resolution Support Letter.doc; ATT00001.txt; I Support Supervisor Peskin's Proposed Resolution (File 160993) to Preserve Historic Streetlamps on Van Ness Avenue; RE: SUPPORT - Resolution to preserve the historic character of the Van Ness Corridor through reuse as well as replication of the Van Ness Avenue Historic Streetlamps; Please Save the Historic Street Lamps on Van Ness Ave; Save Van Ness historic corridor.; SUPPORT - Resolution to preserve the historic character of the Van Ness Corridor through reuse as well as replication of the Van Ness Avenue Historic Streetlamps; I Support Supervisor Peskin's Proposed Resolution (File 160993) to Preserve Historic Streetlamps on Van Ness Avenue; STREET LAMPS VAN NESS AVE

Dear Supervisors,

Please see the following communications received at the Clerk's office for File 160993.

Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244 San Francisco, CA 94102
(415) 554-5184
(415) 554-5163 fax
Board.of.Supervisors@sfgov.org

-----Original Message-----

From: k miller [mailto:gumgirl@pacbell.net]
Sent: Saturday, September 17, 2016 9:50 PM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Subject: street lamps

From: Board of Supervisors, (BOS)
To: BOS-Supervisors; BOS Legislation (BOS)
Subject: File 160993 FW: SUPPORT - Resolution to preserve the historic character of the Van Ness Corridor through reuse as well as replication of the Van Ness Avenue Historic Streetlamps

From: Pete and Gayle Gualfetti [mailto:gayle_pete@yahoo.com]

Sent: Saturday, September 17, 2016 7:24 PM

To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>

Subject: SUPPORT - Resolution to preserve the historic character of the Van Ness Corridor through reuse as well as replication of the Van Ness Avenue Historic Streetlamps

September 17, 2016

Dear Members of Board of Supervisors:

I write to express my strong support of Supervisor Aaron Peskin's proposed resolution, introduced on September 13, 2016, calling on SFMTA to fully explore the feasibility of reusing and/or replicating the Van Ness Avenue Historic Streetlamps.

In conjunction with the proposed Bus Rapid Transit (BRT) Project, I am dismayed that SFMTA is planning to remove the vast majority of the 259 Beaux Arts trolley poles, lamps, and brackets that have lined Van Ness Avenue since the opening of the Golden Gate Bridge. Despite their significance to the character and identity of San Francisco, SFMTA has failed to consider the feasibility of reusing and/or replicating the streetlamps as part of the BRT Project. Although SFMTA has agreed to retain four historic streetlamps located within the Civic Center National Historic Landmark District, the remaining 255 lamps on the twenty-two blocks of Van Ness Avenue outside of the Civic Center are slated for imminent demolition.

The Coalition to Save the Historic Streetlamps of Van Ness, is calling on SFMTA to make every effort to avoid their removal. With the installation of new landscaping and BRT stations, retention and reuse of the "Historic Streetlamps of Van Ness" would provide the architectural framework and historical continuity for new development along the entire Van Ness corridor, and celebrate civic pride to unite old and new San Francisco.

I strongly support the preservation and continued use of these historic streetlamps as we continue to revitalize this important architectural and transportation corridor.

Sincerely,

Pete and Gayle Gualfetti

Please forgive typos. We are using a little keyboard.

September 16, 2016

RE: **SUPPORT - Resolution to preserve the historic character of the Van Ness Corridor through reuse as well as replication of the Van Ness Avenue Historic Streetlamps**

Dear Members of Board of Supervisors:

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I strongly support the preservation and continued use of these historic streetlamps as we continue to revitalize this important architectural and transportation corridor.

Sincerely,

From: Board of Supervisors, (BOS)
To: BOS Legislation (BOS)
Subject: FW: ITEM 34. re: Historic Character of the Van Ness Corridor

From: mari eliza [mailto:mari.eliza@sbcglobal.net]
Sent: Saturday, September 17, 2016 4:47 PM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Cc: Campos, David (BOS) <david.campos@sfgov.org>; Peskin, Aaron (BOS) <aaron.peskin@sfgov.org>; Breed, London (BOS) <london.breed@sfgov.org>; Mar, Eric (BOS) <eric.mar@sfgov.org>; Cohen, Malia (BOS) <malia.cohen@sfgov.org>; Kim, Jane (BOS) <jane.kim@sfgov.org>; Avalos, John (BOS) <john.avalos@sfgov.org>; Tang, Katy (BOS) <katy.tang@sfgov.org>; Farrell, Mark (BOS) <mark.farrell@sfgov.org>; Wiener, Scott <scott.wiener@sfgov.org>; Yee, Norman (BOS) <norman.yee@sfgov.org>
Subject: ITEM 34. re: Historic Character of the Van Ness Corridor

September 17, 20126

Supervisors:

re: Meeting Agenda Tuesday, September 20, 2016 Agenda **Item 34. 160993** [Urging the San Francisco Municipal Transportation Agency to Preserve the Historic Character of the Van Ness Corridor], Sponsored by Aaron: Peskin

Please support the Resolution urging the San Francisco Municipal Transportation Agency to make all efforts to preserve the historic character of the Van Ness Corridor through reuse as well as replication of the Van Ness Avenue historic streetlamps.

Vancouver, Paris, London, Lima, Rome and Amsterdam have all kept their historic streetlamps. How can San Francisco remove our historic lamps and replace them with the silly looking things the SFMTA is suggesting? How do these lamps fit into the Beaux Arts style Civic Center buildings?

We support the requests of others who oppose the imposition of modern design on every aspect of our city. New is not necessary or desirable when it comes to a rich cultural diversity.

Leaves us our history.

Sincerely,

Mari Eliza, Art activist supporter of cultural diversity.

From: Board of Supervisors, (BOS)
To: BOS-Supervisors; BOS Legislation (BOS)
Subject: File 160993 FW: historic street lamps on Van Ness

From: Catherine [mailto:loveswritings@gmail.com]
Sent: Saturday, September 17, 2016 4:33 PM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Subject: historic street lamps on Van Ness

I am writing in support of Aaron Peskin's resolution, ITEM 34. 160993, to save the historic street lamps on Van Ness. These lamps are an important part of the history of San Francisco. It would go a long way to being an olive branch to those who oppose the project, because of issues such as this. At least if the lampposts were saved, there would be something to point to that said the SFMTA cared about about the history of the area. This is one place in the design that could make the whole project better.

Thank you.

Catherine Edwards
Resident on Van Ness Avenue

From: Alice LaRocca <alicelarocca@yahoo.com>
Sent: Sunday, September 18, 2016 11:45 AM
To: Board of Supervisors, (BOS); Mar, Eric (BOS); Farrell, Mark (BOS); Peskin, Aaron (BOS); Tang, Katy (BOS); Breed, London (BOS); Kim, Jane (BOS); Yee, Norman (BOS); Campos, David (BOS); Wiener, Scott; Avalos, John (BOS); Cohen, Malia (BOS)
Subject: Van Ness Avenue Historic Street Lamps

Sunday, September 18, 2016

RE: SUPPORT - Resolution to preserve the historic character of the Van Ness Corridor through reuse as well as replication of the Van Ness Avenue Historic Streetlamps

Dear Members of Board of Supervisors:

I write to express my strong support of Supervisor Aaron Peskin's proposed resolution, introduced on September 13, 2016, calling on SFMTA to fully explore the feasibility of reusing and/or replicating the Van Ness Avenue Historic Street lamps.

In conjunction with the proposed Bus Rapid Transit (BRT) Project, I am dismayed that SFMTA is planning to remove the vast majority of the 259 Beaux Arts trolley poles, lamps, and brackets that have lined Van Ness Avenue since the opening of the Golden Gate Bridge. Despite their significance to the character and identity of San Francisco, SFMTA has failed to consider the feasibility of reusing and/or replicating the street lamps as part of the BRT Project. Although SFMTA has agreed to retain four historic streetlamps located within the Civic Center National Historic Landmark District, the remaining 255 lamps on the twenty-two blocks of Van Ness Avenue outside of the Civic Center are slated for imminent demolition.

The Coalition to Save the Historic Streetlamps of Van Ness, is calling on SFMTA to make every effort to avoid their removal. With the installation of new landscaping and BRT stations, retention and reuse of the "Historic Streetlamps of Van Ness" would provide the architectural framework and historical continuity for new development along the entire Van Ness corridor, and celebrate civic pride to unite old and new San Francisco.

I strongly support the preservation and continued use of these historic streetlamps as we continue to revitalize this important architectural and transportation corridor.

Sincerely,

Alice LaRocca
80 Hill St.
San Francisco, Ca. 94110

P.S. As a member of the historic Liberty-Hill Neighborhood Association, we would be thrilled to have these street lamps installed in our neighborhood!

Sent from my iPad

From: Board of Supervisors, (BOS)
To: BOS-Supervisors
Subject: File 160993 FW: street lamps
Attachments: Resolution Support Letter.doc; ATT00001.txt

-----Original Message-----

From: k miller [mailto:gumgirl@pacbell.net]
Sent: Saturday, September 17, 2016 9:50 PM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Subject: street lamps

September 16, 2016

RE: **SUPPORT - Resolution to preserve the historic character of the Van Ness Corridor through reuse as well as replication of the Van Ness Avenue Historic Streetlamps**

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I strongly support the preservation and continued use of these historic streetlamps as we continue to revitalize this important architectural and transportation corridor.

Sincerely,

From: Shari Steiner <sharisteiner@gmail.com>
Sent: Sunday, September 18, 2016 1:08 AM
To: Board of Supervisors, (BOS)
Subject: Please Save the Historic Street Lamps on Van Ness Ave
Attachments: Save-Van-Ness-Street-Lamps-2Sept16-2 (1).doc

I am a San Francisco resident proud of our beautiful heritage, and wish to be counted as supporting retaining the Historic Street Lamps on Van Ness Avenue as per my attached letter.

Thank you, Shari Steiner 94110



This email has been checked for viruses by Avast antivirus software.
www.avast.com

Sept 18, 2016

RE: SUPPORT - Resolution to preserve the historic character of the Van Ness Corridor through reuse as well as replication of the Van Ness Avenue Historic Streetlamps

Dear Members of Board of Supervisors:

I write to express my strong support of Supervisor Aaron Peskin's proposed resolution, introduced on September 13, 2016, calling on SFMTA to fully explore the feasibility of reusing and/or replicating the Van Ness Avenue Historic Streetlamps.

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Sincerely,

Shari Steiner, Long Time Resident of San Francisco, 94110

From: Board of Supervisors, (BOS)
To: BOS-Supervisors; BOS Legislation, (BOS)
Subject: FW: SUPPORT: Aaron Peskin's Resolution - File 160993
Attachments: FW: Letter of Support for Streetlights from Friends of Lafayette Park

From: Florentina Mocanu-Schendel [mailto:mocanu.florentina@gmail.com]
Sent: Monday, September 19, 2016 10:51 PM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Subject: SUPPORT: Aaron Peskin's Resolution - File 160993

September 19, 2016

RE: SUPPORT - Resolution to preserve the historic character of the Van Ness Corridor through reuse as well as replication of the Van Ness Avenue Historic Streetlamps

Dear Members of Board of Supervisors:

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Sincerely,

Florentina Mocanu-Schendel, San Francisco Resident

Subject: FW: Letter of Support for Streetlights from Friends of Lafayette Park
Attachments: Friends of Lafayette Park StreetLamps Support Letter.docx

-----Original Message-----

From: Steffen Franz/IDC [mailto:standout1@earthlink.net]
Sent: Monday, September 19, 2016 6:09 AM
To: Chan, Connie (BOS) <connie.chan@sfgov.org>
Cc: Lynne Newhouse Segal <LYNNENEW@aol.com>
Subject: Letter of Support for Streetlights from Friends of Lafayette Park

Greetings Connie-

Attached please find a letter of support for Supervisor Peskin's resolution regarding the Van Ness corridor street lights.

Please review and let me know if you need any more information.

Thank you and regards-

Steffen Franz
President, Friends of Lafayette Park
Chair, Park, Recreation and Open Space Advisory Committee (D2)

Independent Distribution Collective
2001 Van Ness Avenue - Suite 411
San Francisco, CA, 94109 USA
415 292-7007 office 9 am - 5 pm (PST) M - F
415 292-5007 fax

skype: indydistro
gmail: indiedistro@gmail.com

"Independent Music Moving Forward"
<http://www.independentdistro.com>

Friends of Lafayette Park
c/o San Francisco Parks Alliance
1663 Mission St #320
San Francisco, CA 94103

September 19th, 20016

RE: SUPPORT - Resolution to preserve the historic character of the Van Ness Corridor through reuse as well as replication of the Van Ness Avenue Historic Streetlamps

Dear Members of Board of Supervisors:

On behalf of Friends of Lafayette Park, I write to express our strong support of Supervisor Aaron Peskin's proposed resolution, introduced on September 13, 2016, calling on SFMTA to fully explore the feasibility of reusing and/or replicating the Van Ness Avenue Historic Streetlamps. [Insert brief description of organization/business writing in support of resolution]

In conjunction with the proposed Bus Rapid Transit (BRT) Project, we are dismayed that SFMTA is planning to remove the vast majority of the 259 Beaux Arts trolley poles, lamps, and brackets that have lined Van Ness Avenue since the opening of the Golden Gate Bridge. Despite their significance to the character and identity of San Francisco, SFMTA has failed to consider the feasibility of reusing and/or replicating the streetlamps as part of the BRT Project. Although SFMTA has agreed to retain four historic streetlamps located within the Civic Center National Historic Landmark District, the remaining 255 lamps on the twenty-two blocks of Van Ness Avenue outside of the Civic Center are slated for imminent demolition.

We urge you to join the Coalition to Save the Historic Streetlamps of Van Ness in calling on SFMTA to make every effort to avoid their removal. With the installation of new landscaping and BRT stations, retention and reuse of the "Historic Streetlamps of Van Ness" would provide the architectural framework and historical continuity for new development along the entire Van Ness corridor, and celebrate civic pride to unite old and new San Francisco.

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Sincerely,

Steffen Franz
President, Friends of Lafayette Park Board

From: Board of Supervisors, (BOS)
To: BOS-Supervisors; BOS Legislation (BOS)
Subject: FW: SUPPORT - Resolution to preserve the historic character of the Van Ness Corridor File 160993

From: Karla Metzler [mailto:kmkpm@sbcglobal.net]
Sent: Monday, September 19, 2016 11:37 AM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Subject: SUPPORT - Resolution to preserve the historic character of the Van Ness Corridor File 160993

Dear Board of Supervisors,

I am writing in strong support of Aaron Peskin's Resolution – File 160993, Agenda ITEM 34. 160993 on September 20th and every other proposal to reel in SFMTA from their reckless use of our tax dollars.

I have never been an 'activist', but they are wreaking havoc with our neighborhoods and the City's character – from L-Taraval to the Mission to Van Ness. Minimally, they need more or new oversight.

Karla Metzler

From: Board of Supervisors, (BOS)
To: BOS-Supervisors
Subject: FW: Save the Ribbon of Light Streetlamps on Van Ness Ave!

From: Eva-Lynne Leibman [mailto:eeleibman@gmail.com]
Sent: Tuesday, September 13, 2016 10:05 PM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>; Tang, Katy (BOS) <katy.tang@sfgov.org>; BreedStaff, (BOS) <breedstaff@sfgov.org>
Subject: Save the Ribbon of Light Streetlamps on Van Ness Ave!

Eva-Lynne Leibman

1835 40th Ave, San Francisco, CA 94122, eeleibman@gmail.com, 415.640.8785

September 13, 2016

RE: SUPPORT - Resolution to preserve the historic character of the Van Ness Corridor through reuse as well as replication of the Van Ness Avenue Historic Streetlamps

Dear President Breed and Supervisor Tang,

As our Supervisors, we trust that you will take San Francisco in directions that will enhance our city as well as respect the history of our beloved city. I was extremely upset to hear that, without consideration of the character, beauty, and continuity, SF is planning on replacing the beautiful, and not broken, Ribbon of Light Streetlamps with a modern and severe new light.

I strongly support, and hope you will also support Supervisor Aaron Peskin's proposed resolution, introduced on September 13, 2016, calling on SFMTA to fully explore the feasibility of reusing and/or replicating the Van Ness Avenue Historic Streetlamps.

In conjunction with the proposed Bus Rapid Transit (BRT) Project, I am dismayed that SFMTA is planning to remove the vast majority of the 259 Beaux Arts trolley poles, lamps, and brackets that have lined Van Ness Avenue since the opening of the Golden Gate Bridge. Despite their significance to the character and identity of San Francisco, SFMTA has failed to consider the feasibility of reusing and/or replicating the streetlamps as part of the BRT Project. Although SFMTA has agreed to retain four historic streetlamps located within the Civic Center National Historic Landmark District, the remaining 255 lamps on the twenty-two blocks of Van Ness Avenue outside of the Civic Center are slated for imminent demolition.

The Coalition to Save the Historic Streetlamps of Van Ness, is calling on SFMTA to make every effort to avoid their removal. With the installation of new landscaping and BRT stations, retention and reuse of the "Historic Streetlamps of Van Ness" would provide the architectural framework and historical continuity for new development along the entire Van Ness corridor, and celebrate civic pride to unite old and new San Francisco.

I strongly support the preservation and continued use of these historic streetlamps as we continue to revitalize this important architectural and transportation corridor.

Sincerely,

Eva-Lynne Leibman

District 4

From: Board of Supervisors, (BOS)
To: BOS-Supervisors
Subject: FW: NTHP support letter for Van Ness Streetlamps
Attachments: NTHP Van Ness Streetlamps Support ltr.pdf

From: Anthony Veerkamp [<mailto:AVeerkamp@savingplaces.org>]
Sent: Monday, September 12, 2016 5:41 PM
To: Chan, Connie (BOS) <connie.chan@sfgov.org>
Cc: Mike Buhler (mbuhler@sfheritage.org) <mbuhler@sfheritage.org>; Brian Turner <BTurner@savingplaces.org>
Subject: NTHP support letter for Van Ness Streetlamps

Hello Ms. Chan:

At Mike Buhler's suggestion, I am attaching a letter from the National Trust in support of Supervisor Peskin's resolution to preserve the historic character of the Van Ness Corridor through reuse as well as replication of the Van Ness Avenue Historic Streetlamps. Please let me know if you have any questions or if I can be of any assistance.

Best, Anthony

Anthony Veerkamp | FIELD DIRECTOR
P 415.692.8084 M 415.425.7779

NATIONAL TRUST FOR HISTORIC PRESERVATION
San Francisco Field Office
5 Third Street, Suite 707, San Francisco, CA 94103-3208
SavingPlaces.org





**National Trust for
Historic Preservation**

Save the past. Enrich the future.

September 13, 2016

San Francisco Board of Supervisors
San Francisco City Hall
1 Dr Carlton B Goodlett Pl #244
San Francisco, CA 94102

RE: SUPPORT - Resolution to preserve the historic character of the Van Ness Corridor through reuse as well as replication of the Van Ness Avenue Historic Streetlamps

Dear Members of Board of Supervisors:

On behalf of the National Trust for Historic Preservation, I write to express our strong support of Supervisor Aaron Peskin's proposed resolution calling on SFMTA to fully explore the feasibility of reusing and/or replicating the Van Ness Avenue Historic Streetlamps.

The National Trust for Historic Preservation is a privately funded nonprofit organization that works to save America's historic places. We advocate with governments to save America's heritage, and we strive to create a cultural legacy that is as diverse as the nation itself so all of us can take pride in our part of the American story.

Based on the threatened destruction of the historic streetlamps, a coalition comprised of San Francisco Beautiful, San Francisco Heritage, the Victorian Alliance of San Francisco, the Pacific Heights Residents Association, and other organizations have nominated the streetlamps for the National Trust's 2016 list of "America's 11 Most Endangered Historic Places," which garners national attention and builds momentum to save places facing a grave and urgent threat of demolition or irreparable damage.

The National Trust supports the Coalition to Save the Historic Streetlamps of Van Ness and calls on SFMTA to make every effort to avoid their removal, and encourage all members of the Board of Supervisors to lend your support as well. Retention and reuse of the historic streetlamps would provide the urban design framework and historical continuity for new development along the entire Van Ness corridor, and celebrate civic pride to unite old and new San Francisco.

We strongly support the preservation and continued use of these historic streetlamps as we continue to revitalize this important architectural and transportation corridor.

Sincerely,

A handwritten signature in black ink, appearing to read "Anthony Veerkamp".

Anthony Veerkamp
Field Director

San Francisco Field Office

The Hearst Building, 5 Third Street, Suite 707 San Francisco, CA 94103

E info@savingplaces.org P 415.947.0692 F 415.947.0699 www.PreservationNation.org

From: Board of Supervisors, (BOS)
To: BOS-Supervisors
Subject: FW: CA Legislature endorses R-N Carbon Tax

From: dmassen@citizensclimate.org [mailto:dmassen@citizensclimate.org]
Sent: Tuesday, September 13, 2016 7:36 PM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Cc: John Avalos <john@avalos2012.org>; Andrew Kingsdale <akingsdale@yahoo.com>
Subject: CA Legislature endorses R-N Carbon Tax

Dear Supervisors,

If you haven't heard, I'd like you to know that last month the California Legislature adopted AJR 43, urging Congress to enact legislation virtually identical to the revenue-neutral carbon tax in your resolution 336-14 two years ago. Significant language was taken directly from your resolution.

Ten of you were in office then; Assemblymember Chiu voted in favor in Sacramento. Thank you again for your leadership on solving climate change.

Warm regards,

Dave Massen
SF chapter leader
Citizens' Climate Lobby
415.626.7086

From: Board of Supervisors, (BOS)
To: BOS-Supervisors
Subject: FW: I'm the 4,323rd signer: "Stop SFMTA (San Francisco Municipal Transportation Agency)"

From: Louis Urban [mailto:petitions-noreply@moveon.org]
Sent: Monday, September 19, 2016 7:31 AM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Subject: I'm the 4,323rd signer: "Stop SFMTA (San Francisco Municipal Transportation Agency)"

Dear San Francisco Board of Supervisors,

I just signed a petition addressed to you titled Stop SFMTA (San Francisco Municipal Transportation Agency). So far, 4,323 people have signed the petition.

You can reach me directly by replying to this email. **Or, post a response for MoveOn.org to pass along to all petition signers by clicking here:** http://pac.petitions.moveon.org/target_talkback.html?tt=tt-23483-custom-54063-20260919-tp_f6Q

The petition states:

"As residents and taxpayers of San Francisco we believe that the SFMTA's first and foremost responsibility is to improve MUNI and to make MUNI a more desirable means of transportation. It is not SFMTA's job to make owning and driving a motor vehicle more expensive and difficult. The SFMTA needs to be accountable to all the citizens of San Francisco. We need a balanced, unbiased municipal transportation policy. We respectfully request that the Mayor and District Supervisors immediately stop the SFMTA from: 1. Installing new parking meters and extending the hours of enforcement 2. Enforcing Sunday parking meters 3. Increasing meter rates, fees and fines "

My additional comments are:

SFMTA is out of control

To download a PDF file of all of your constituents who have signed the petition, including their addresses, click this link: http://petitions.moveon.org/deliver_pdf.html?job_id=1856064&target_type=custom&target_id=54063

To download a CSV file of all of your constituents who have signed the petition, including their addresses, click this link:

http://petitions.moveon.org/deliver_pdf.html?job_id=1856064&target_type=custom&target_id=54063&csv=1

Louis Urban
San Francisco, CA

This email was sent through MoveOn's public petition website, a free service that allows anyone to set up their own online petition and share it with friends. MoveOn does not endorse the contents of petitions posted on our public petition website. If you have any questions, please email petitions@moveon.org. If you don't want to receive further emails updating you on how many people have signed this petition, click here:

