



BUILDING SUSTAINING LEADING

BRIDGE HOUSING
CORPORATION

BRIDGE PROPERTY
MANAGEMENT COMPANY

BRIDGE ECONOMIC
DEVELOPMENT CORPORATION

Monday August 10, 2020

Dear President Yee and Supervisors,

I am an Executive Vice President of BRIDGE Housing Corporation, one of the partners in Reservoir Community Partners LP, the project sponsor of the Balboa Reservoir project that is before the Board on August 11, 2020, for your consideration of an appeal of the projects Supplemental EIR, General Plan amendments, Planning Code and Zoning Map amendments, a Development Agreement and a purchase and sale agreement of the surplus project site from the SFPUC to us. The proposed project would demolish the current reservoir improvements, build the neighborhood infrastructure to support housing, including new streets, sidewalks, 4 acres of open space, and all new utilities, then construct 1,100 homes, including 550 affordable units for a range of low to moderate income households, including educators (363 internally subsidized by the project's market rate units and 187 subsidized by the City and County of San Francisco).

I have 30 years of experience as a developer of affordable housing projects, including complex structuring for master plan infrastructure and 100% affordable housing developments. BRIDGE Housing Corporation builds affordable housing developments throughout the western United States, including over 2,600 affordable homes completed and another 3,700 in our pipeline in San Francisco. Enclosed is a summary of BRIDGE Housing's experience and expertise and my professional biography.

On August 6, 2020 you received a letter from Stuart Flashman, attorney for the SEIR appellants, which included an attached letter from Joseph Smooke. Mr. Smooke's letter asserts that the Balboa Reservoir could feasibly be developed as a 550 unit 110% affordable housing project and that such an alternative was required to be evaluated in the Supplemental EIR as a project

alternative. This letter identifies inaccuracies and missing considerations in Mr. Smooke's assertions that a 550 unit affordable housing project is financially feasible at the Balboa Reservoir.

The proposed Balboa Reservoir project relies on site-specific financial economic analysis that has been developed by three non-profit affordable developers in concert with leading affordable housing finance consultants. The proposal was vetted by numerous subject-matter experts, including the Mayor's Office of Housing and Community Development, The Office of Economic and Workforce Development and their consultants, the Budget and Legislative Analyst (BLA), The SPFUC and their consultants, among others over a 3 year planning period. In contrast Mr. Smooke's letter asserts that a specific desired outcome is feasible for the site without that level of detailed analysis. The letter from Smooke reflects a lack of understanding of the Development Agreement, the plans for Balboa Reservoir, and the affordable housing financing proposed for the project.

Inaccurate analysis of affordable housing costs and subsidies. Smooke suggests that MOHCD could subsidize the affordable housing "gap" amount for all 550 units with \$77 million. This number is incorrect and assumes greater public investment than available. Smooke does not accurately represent costs of construction, needed gap subsidy, applicability of some funding sources to educator housing, eligibility criteria for infrastructure funds, or the ongoing operation and maintenance costs for the project.

Inaccurate and too low Construction Costs. Smooke asserts that the affordable units will cost \$400,000 each to construct and only require \$140,000 per unit in subsidy from MOHCD. The project financial proforma and the Budget and Legislative Analyst (BLA) report also attached to Mr. Flashman's letter show that the average per unit cost of the affordable housing is over \$800,000 per unit, which is consistent with construction costs in SF. Smooke cites the Berkson Fiscal Feasibility report as his basis for the cost of the affordable housing, but nowhere does that report discuss the cost to construct the affordable housing.

Smooke suggests that under his scheme the City funding would take three phases to allocate, which would extend out the construction timeline, add costs, extend the time and further jeopardize the chances of getting the affordable housing built. Specifically construction efficiencies would be lost, thus increasing both construction and operations costs for the affordable housing.

Inaccurate and too low Needed Gap Subsidy. MOHCD's typical subsidy for affordable housing is over \$300,000 per unit. At that rate, Smooke's concept for all 550 units to be funded by MOHCD would cost at least \$165 million, not the \$77 million he claims. Notably the Affordable Housing Plan for the Balboa Reservoir restricts MOHCD's funding commitments to \$239,000 per unit for the 187 MOHCD subsidized units, or roughly \$45 Million. If all 550 units of affordable housing could be built at this gap level, far below the average, the project would require \$132 Million in local subsidy. Smooke does not identify a source for these additional dollars.

Incorrect about Funding Source eligibility. Smooke suggests that "The remainder of the funding for each phase would come from a combination of LIHTC (low income housing tax credits), State grants, and other affordable housing capital subsidies for a total of about 45% of the project cost." Smooke's plan does not acknowledge or resolve financing for educator housing – which cannot avail itself of LIHTC or other state programs, while providing dedicated teacher housing at the identified income range of 70-130% AMI. Smooke's plan would not allow for 150 units of affordable educator housing intended to serve City College and San Francisco Unified School District, without a substantial increase in subsidy from the City above what is discussed in the prior paragraph.

Because the Balboa Reservoir currently has no streets, open space, utilities or other infrastructure, we will be expending approximately \$48.3 million to build out the necessary new infrastructure and create building pads, including the 5 100% affordable buildings proposed. Smooke proposes to fund the majority of the infrastructure with a \$30 Million dollar State of California IIG grant, noting he is targeting the largest available grant. Smooke does not

acknowledge that the 550 unit affordable project would not be competitive for that level of funding. Maximum IIG grant eligibility considers unit count, density, affordability and leverage of other funds. A phased development of the site would further reduce the maximum grant amount for infrastructure dollars. Cash flow and timing of source availability is critical when planning a project undertaking this scale of public improvements and affordable housing – this consideration is completely absent in Smooke’s proposal.

As noted previously, Smooke asserts that MOHCD could more than double its funding commitment to this project without describing additional sources or tradeoffs.

Lacks Consideration for Costs for Ongoing Operations. The proposed project includes 4 acres of open space, a community center and pedestrian amenities. Smooke does not address the costs associated with ongoing maintenance and operations of these community amenities. The project relies on the 1100 units, especially the market rate ownership and rental units, to fund the ongoing maintenance and operations of these public amenities. A 550 unit affordable project could not fund these operations and accordingly would result in less public amenities or significant ongoing costs for City funded maintenance of these public amenities.

In making its CEQA Finding rejecting an 800-unit project with 400 affordable units and 400 market rate units as financially infeasible, the Planning Commission relied upon a feasibility analysis by Economic and Planning Systems and a peer review of that analysis by Century Urban on behalf of OEWD. Copies of both are attached. The EPS analysis sets forth in detail how the 550 affordable units in the proposed project rely upon internal subsidies from the market rate units and the new infrastructure improvements also subsidized by the market rate units to be feasible. A 100% affordable projects would enjoy neither of those benefits but instead would require enormous subsidies from MOHCD, subsidies that are highly unlikely to be available in the foreseeable future.

Respectfully,
Brad Wiblin





BRAD WIBLIN
Executive Vice President

Division: Business Development

Work Experience

1994-Present: EVP, BRIDGE Housing
(previously SVP, VP, Director, PM)
1990-1994: Associate, Project Manager,
Brady and Associates
1987-1990: Project Manager, The
Planning Center
1984-1987: Assistant Project Manager,
Cornoyer-Hedrick Architects & Planners

Professional Affiliations

Member, Urban Land Institute.
Member, Residential Real Estate
Committee, University of San Diego.

Education

1994: Masters, City and Regional
Planning, UC Berkeley.
1985: BS, Design, Arizona State
University.

Since joining BRIDGE in 1994, Brad has completed the development of over 2,000 units of affordable and market-rate housing in San Jose, Irvine, Carlsbad, San Marcos and San Diego. His experience includes some of BRIDGE's most complex transit-oriented developments, including MacArthur Station in Oakland, COMM22 in San Diego, and Balboa Park in San Francisco.

In 1998 he opened BRIDGE's San Diego office, establishing a solid foundation for BRIDGE's expanded presence in Southern California. Currently based in San Francisco, he leads the company's Business Development Group, which sources and acts on development and acquisition opportunities and positions BRIDGE to enter new markets.

Prior to BRIDGE, Brad was a land planner and urban designer primarily responsible for the design elements of residential and mixed-use communities. He is an associate member of the Urban Land Institute and a member of the Residential Real Estate Committee of the University of San Diego. He has a B.S. in Design from Arizona State University and a Master's in City and Regional Planning from UC Berkeley.

Relevant Project Experience

MacArthur Station, Oakland
COMM22, San Diego
Balboa Park, San Francisco



About BRIDGE Housing

BRIDGE Housing strengthens communities and improves the lives of its residents, beginning—but not ending—with affordable housing.



Since 1983, BRIDGE has been a mission-driven nonprofit that operates like a business. We pay close attention to the double-bottom line of financial and social return on investment, always in pursuit of quality, quantity, affordability.

- Participated in the development of more than 17,000 homes and apartments in California and the Pacific Northwest, with total development cost of over \$3 billion
- Approximately 11,700 apartments under property and/or asset management
- \$3.8 billion in total development cost currently under construction and in pipeline
- Largest nonprofit affordable housing developer on the West Coast, according to *Affordable Housing Finance*
- Successful track record of partnerships with all levels of government, market-rate developers and other nonprofits
- 350+ resident programs at 80+ properties
- A+ rating from Standard & Poor's, first nonprofit developer of its kind to be rated
- Recipient of more than 180 local, national and international awards, including five ULI Global Awards for Excellence
- Headquartered in San Francisco, with offices in San Diego, Orange County, Portland and Seattle

03/2019

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BRIDGE HOUSING/SAN FRANCISCO DEVELOPMENTS

Completed Projects In Operation

	Type	Units
25 Sanchez (SF RAD)	Senior/Disabled Rental	90
255 Woodside (SF RAD)	Senior/Disabled Rental	110
462 Duboce (SF RAD)	Senior/Disabled Rental	42
474 Natoma	Family Rental	60
1101 Connecticut (Potrero Block X)	Family Rental	72
3850 18th Street (SF RAD)	Senior/Disabled Rental	107
Alemaný (SF RAD)	Family Rental	158
Amancio Ergina Village	Family Ownership	72
Armstrong Place Senior Housing	Senior Rental	116
Armstrong Townhomes	Family Ownership	124
Cecil Williams Glide Community House	Supportive Rental	52
Coleridge Park Homes	Family Rental	49
Fell Street Apartments	Family Rental	82
Geraldine Johnson Manor	Senior Rental	54
Holloway Terrace	Family Ownership	42
Holly Courts (SF RAD)	Family Rental	118
Mission Dolores (SF RAD)	Senior/Disabled Rental	91
Mission Walk	Family Ownership	131
Morgan Heights	Family Ownership	63
North Beach Place	Family/Senior Rental	341
One Church Street Apartments	Family Rental	93
Parkview Common	Family Ownership	114
Rene Cazenave	Supportive Rental	120
Steamboat Point Apartments	Family Rental	108
Swiss American Hotel	Family Rental	67
The Coronet	Senior Rental	150

TOTAL 2,626

In Construction

88 Broadway	Family Rental	125
500 Folsom (Family Rental	109
735 Davis	Senior/Supportive Rental	53
Avanza 490	Family Rental	81
La Fénix at 1950	Family/Supportive Rental	157

TOTAL 525

Predevelopment

4840 Mission Street	Family Rental	137
Balboa Reservoir (Master Plan)	Family Rental	1,100
Mission Bay Block 9	Supportive Rental	141
Potrero Block B	Family Rental	167
Potrero (Remaining Phases)	Family Rental	1,502
South San Francisco	Family Rental	158

TOTAL 3,205

GRAND TOTAL

6,356



BRIDGE houses over 6,500 people in its San Francisco properties and has:

- A 30+ year relationship with San Francisco
- Participated in the development of over 2,600 homes in San Francisco
- Over 3,700 San Francisco units in the pipeline



BALBOA RESERVOIR

TO: City & County of San Francisco
FROM: Century Urban, LLC
SUBJECT: Financial Feasibility of Balboa Reservoir Project Alternative B
DATE: May 12, 2020

The City & County of San Francisco (the “City”) has engaged Century Urban, LLC (“Century | Urban”) to perform a peer review of the Financial Feasibility of Balboa Reservoir Project Alternative B dated May 12, 2020 (the “Analysis”) and prepared by Economic Planning Systems, Inc. (“EPS”). This memorandum sets forth Century | Urban’s conclusion regarding the Analysis.

Project Overview

The Balboa Reservoir site is a 17.6-acre parcel in the area west of Twin Peaks, south of central San Francisco, and northwest of Ocean and Lee Avenues. The site was originally built as a water reservoir, but has never been used for that purpose and is currently used as a surface parking lot. Approvals are currently being processed to develop the site into a master-planned, mixed-use project with: mixed-income housing; open space; a childcare facility/community room available for public use; retail space; on- and off-street parking; and new streets, utilities, and other infrastructure. The master developer’s (the “Developer’s”) proposed option (the “Proposed Project”) under the draft subsequent environmental impact report (“Draft SEIR”) calls for 1,100 dwelling units, 7,500 square feet of retail space, 10,000 square feet of childcare and community space, 550 residential parking spaces, and up to 450 public parking spaces. Fifty percent of the units in the Proposed Project would be affordable to low- and moderate-income households; 33 percent of the units would be subsidized by the Developer, and 17 percent would be subsidized by the City.

The Proposed Project is evaluated as the base case against which the feasibility of Alternative B is evaluated. Pursuant to the Draft SEIR, Alternative B would be identical to the Proposed Project with respect to the land uses, street configurations, and site plan block configurations. However, under Alternative B, the site would be developed with approximately 800 dwelling units. This alternative would include 7,500 square feet of retail space, 10,000 square feet of childcare and community space, and 400 residential parking spaces. Alternative B would not include a public parking garage. Other aspects of the Proposed Project including open space and transportation and circulation improvements would remain the same under Alternative B.

Summary of Analysis

EPS prepared the Analysis based on its review of a shared pro forma, which has been developed collaboratively by the Developer and the City. Based on this shared pro forma, EPS prepared an



analysis of the projected sources and uses for the Proposed Project and Alternative B and the resulting net surplus or deficit. These sources and uses are summarized in the table below.

Summary of Master Developer Sources and Uses

	Scenario (in thousands \$)	
	Proposed Project	Alternative B
Sources		
Public Finance (CFD Bonds)	\$12,500	\$9,091
Upfront Infrastructure Payments	\$22,705	\$16,512
Proceeds from Pad Sales	\$70,759	\$51,198
Subsidy from Outside Sources	\$39,500	\$31,045
Total Sources	\$145,464	\$107,847
Uses		
Land Acquisition	\$11,157	\$11,157
Hard Costs (Horizontal)	\$34,050	\$34,050
Soft Costs (Horizontal)	\$14,246	\$14,246
Financing Costs	\$6,657	\$6,657
Affordable Subsidy	\$72,471	\$61,562
Master HOA Costs	\$2,054	\$2,054
Master Developer Fee	\$4,830	\$4,830
Total Uses	\$145,464	\$134,555
Net Surplus/Deficit	\$0	(\$26,708)

As shown in the table above, based on the Developer's assumptions regarding the availability of Public Finance (CFD Bonds), Upfront Infrastructure Payments, Proceeds from Pad Sales, and Subsidy from Outside Sources, as well as the subsidy amount available to reduce the required Affordable Subsidy, the Proposed Project is projected to have a net surplus/deficit of \$0. In comparison, Alternative B is projected to have a net deficit of approximately \$26.7 million indicating that it is infeasible as compared to the Proposed Project. The net deficit shown for Alternative B is based on certain assumptions regarding reductions in the amounts available from Public Finance, Upfront Infrastructure Payments, Proceeds from Pad Sales, and Subsidy from Outside Sources due to the reduced number of dwelling units under Alternative B. While the projected Affordable Subsidy amount under uses for Alternative B is projected to decrease, the amount of this decrease is insufficient to offset the reduction in available sources and avoid a net deficit.

Conclusion

Based on Century | Urban's review of the Analysis, while the key findings summarized in EPS' May 12, 2020 memorandum are dependent on certain assumptions regarding the availability of project funding sources and are subject to how the economic effects of the COVID-19 pandemic unfold over time, EPS' key findings appear to be generally reasonable and appropriate.

MEMORANDUM

To: Reservoir Community Partners, LLC
From: Economic & Planning Systems, Inc.
Subject: Financial Feasibility of Balboa Reservoir Project Alternative B;
EPS #201010
Date: May 12, 2020

The Economics of Land Use



The San Francisco Planning Department prepared a draft subsequent environmental impact report (Draft SEIR) for the Balboa Reservoir project, which studies two options for the Proposed Project and four Alternatives. Economic & Planning Systems, Inc. (EPS) was retained by Reservoir Community Partners, LLC (Developer, Master Developer, or Project Sponsor) to evaluate the financial feasibility of Alternative B, the Reduced Density Alternative.

As described in more detail below, the Project Sponsor has determined the Proposed Project is financially feasible; however, the feasibility of the Project is subject to the availability and successful award of state grants and various affordable housing public subsidies.

Summary of Analysis: *Alternative B is not feasible, showing a deficit of approximately \$26.7 million. This deficit is caused primarily due to the relatively fixed costs of the required horizontal infrastructure, as the number of units across which the infrastructure costs can be shared is reduced, as well as the anticipated reduction of outside funding available to support affordable housing.*

Project Description and Background

As described in the Balboa Reservoir Project Draft SEIR, the Balboa Reservoir site is a 17.6-acre parcel in the area West of Twin Peaks and south of central San Francisco, northwest of Ocean and Lee Avenues. The site was originally built as a water reservoir, but has never been used for that purpose and is currently used as a surface parking lot. The Proposed Project calls for the development of the site with mixed-income housing; open space; a childcare facility/community room available for public use; retail space; on- and off-street parking; and new streets, utilities, and other infrastructure. The Developer's Proposed

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Option calls for 1,100 dwelling units, 7,500 square feet of retail space, 10,000 square feet of childcare and community space, 550 residential parking spaces, and approximately 220 public parking spaces. Building heights would range from 25 to 78 feet. Fifty percent of the units in the Proposed Project would be affordable to Low- and Moderate-income households; 33 percent of the units would be subsidized by the Developer and 17 percent would be subsidized by the City. The Developer's Proposed Option is evaluated as the base case "Proposed Project," against which the feasibility of Alternative B is evaluated.

As conceptualized and as summarized in the Draft SEIR, Alternative B would be identical to the Proposed Project with respect to the land uses, street configurations, and site plan block configurations. However, under Alternative B, the site would be developed with approximately 800 dwelling units. This alternative would include 7,500 square feet of retail space, 10,000 square feet of childcare and community space, and 400 residential parking spaces. Alternative B would not include a public parking garage. In general, building heights would be reduced compared to the Proposed Project, resulting in slightly less efficient buildings.¹ Other aspects of the Proposed Project including open space and transportation and circulation improvements would remain the same under the alternative.

The Balboa Reservoir site is currently owned by the City and County of San Francisco through its Public Utilities Commission, which has determined that the site is surplus and not needed for future water storage. The Developer and the San Francisco Public Utilities Commission (SFPUC) have tentatively agreed upon a fair market land purchase price of \$11.2 million.

Approach and Key Findings

To support this evaluation of the financial feasibility of Alternative B, the Developer, via Century Urban, LLC, a consultant to the City, shared a project pro forma that had been developed collaboratively between the City and the Project Sponsor to analyze the development economics of the Proposed Project. EPS studied the assumptions and results of the cash flow model and considered the feasibility of Alternative B in this context. Discussions with the Project Sponsor team and Century Urban helped provide additional background and context for EPS's consideration. The conclusions outlined below are based on EPS's evaluation of the shared model, discussions with those close to the project, and EPS's professional judgement as a real estate and land use economics consulting firm, active in the San Francisco area. This analysis is based on the best available information at this time.

- 1. Through careful analysis of the development economics of the Proposed Project and evaluation of potential outside funding sources (e.g., Infill Infrastructure Grant, State Park Grant, Affordable Housing and Sustainable Communities Program, and City subsidy for affordable units), the Project Sponsor and the City have determined that the Proposed Project is feasible.**

The Project Sponsor is evaluating the types of outside funding sources that may be appropriate to help fund the horizontal improvements required to support the Proposed Project, including the state's Infill Infrastructure Grant (IIG), a state Park Grant, the

¹ The Project Sponsor conservatively estimates the loss of efficiency to be approximately 2 to 3 percent. This assumption seems reasonable, but EPS has not independently verified this assumption.

California Housing and Community Development's Affordable Housing and Sustainable Communities Program (AHSC), as well as the subsidies required from the City to achieve an affordable housing goal of 50 percent. Eligibility criteria and competitiveness for many of these sources is tied to project density, and the Project Sponsor estimates the Proposed Project is optimizing competitiveness in this regard and at the limit of the potential grant and subsidy amounts that may be awarded.²

- 2. Alternative B, the "Reduced Density Alternative," reduces the maximum number of residential units from 1,100 units under the Proposed Project to 800 units, a reduction of approximately 27 percent.**

The reduction in the number of units occurs by reducing the density of each pad (through reduced building heights) rather than by concentrating development on fewer pads. With the reduction in the number of residential units, the number of parking spaces is reduced to 400 spaces that would serve the residential uses only. The remainder of the program, including leasable space for commercial and nonprofit uses and parks and open space remains the same.

- 3. The reduction in the number of units does not contribute to a proportionate decrease in the expected land payment to SFPUC or the horizontal infrastructure investment required to support new development.**

The expected land cost is estimated at approximately \$11.2 million. SFPUC requires the land payment for the site to reflect fair market value. In this case the fair market value will be determined through an appraisal process; however, it is not expected that SFPUC would accept less than \$11.2 million for the land under a reduced development scenario. The sitewide infrastructure costs (e.g., utility infrastructure, roads/curbs/gutters, earthwork and grading, and parks and open space) are estimated at approximately \$43.6 million in Phases 0 and 1 and \$4.7 million in Phase 2, for a total of \$48.3 million (in uninflated 2019 dollars). Unless development is reduced to the point that not all pads are developed, this investment in horizontal infrastructure is relatively fixed. The "per door" infrastructure cost is \$45,000 per door for the Proposed Project and \$60,000 per door for Alternative B, a 33 percent increase. This additional cost burden (on a per door basis) would be in addition to vertical development costs that already cannot be supported by project revenues alone (see next finding).

- 4. With the 50 percent affordability target (33 percent to be subsidized by the Developer and 17 percent to be subsidized by the City), the vertical development in the Proposed Project requires approximately \$72.5 million of additional funding according to the shared project pro forma. The reduced program renders the vertical development less feasible and makes it less likely the vertical development can support higher per door horizontal infrastructure costs.**

Since, development fees (including profits) are included as a use of funds, a "Net Surplus/Deficit" of \$0 or greater represents a feasible project, while a negative number

² Many of the grants the Project Sponsor will be seeking cannot be applied for until entitlements are in place. As such, the Proposed Project is currently underwritten based on the Project Sponsor's best estimate of the types of grants that will be pursued and the likely amount of those grants if awarded.

represents a project deficit and an infeasible project. . As shown in **Table 1**, Alternative B is \$26.7 million short of feasibility. Also note that this deficit is significantly larger than the \$11.2 million land acquisition cost, so, even if the SFPUC were willing to accept a reduced land payment, no amount of reduction in land cost would result in feasibility.

At the same time, as the development program is reduced, many sources are subject to decreases. Reducing the number of units reduces the amount of outside funding that can be reasonably expected, as it is anticipated that the reduced density project may not compete as well for the grant funding that is underwritten into the shared project pro forma. **Table 1** presents a summary of current estimates of the sources and uses for the Proposed Project and Alternative B.

In addition, while certain uses are fixed (e.g., land acquisition, infrastructure improvements), the subsidy that flows to the affordable housing developer decreases with a reduced number of affordable residential units.

Table 1 Summary of Master Developer Sources and Uses

Summary of Master Developer Sources and Uses	Scenario (in thousands \$)	
	Proposed Project	Alternative B
Uses		
Land Acquisition	(\$11,157)	(\$11,157)
Hard Costs (Horizontal)	(\$34,050)	(\$34,050)
Soft Costs (Horizontal)	(\$14,246)	(\$14,246)
Financing Costs	(\$6,657)	(\$6,657)
Affordable Subsidy [1]	(\$72,471)	(\$61,562)
Master HOA Costs	(\$2,054)	(\$2,054)
Master Developer Fee	(\$4,830)	(\$4,830)
Gross Expenditures	(\$145,464)	(\$134,555)
Sources		
Public Finance (CFD Bonds)	\$12,500	\$9,091
Upfront Infrastructure Payments	\$22,705	\$16,512
Proceeds from Pad Sales	\$70,759	\$51,198
Subsidy from Outside Sources (State) [2]	\$39,500	\$31,045
Gross Revenues	\$145,464	\$107,847
Net Surplus/Deficit	\$0	(\$26,708)

[1] Affordable subsidy identified here is net of approximately \$40 million of grant funding through the state's Housing and Community Development's Multifamily Housing Program (MHP) and Affordable Housing and Sustainable Communities Program (AHSC).

[2] The primary outside funding sources are the Statewide Park Program (SSP) and the state's Infill Infrastructure Grant (IIG) Program.

Source: Reservoir Community Partners LLC; Economic & Planning Systems, Inc.

Methodology

EPS was provided access to the shared project pro forma, dated December 5, 2019, which has been developed collaboratively between the City and the Project Sponsor to analyze the development economics of the Proposed Project. EPS reviewed the model and considered the reasonableness of the underlying assumptions. The model is prepared from the perspective of the Project Sponsor, acting as Master Developer, with responsibility for entitling the development, arranging financing, acquiring the land, and installing the horizontal infrastructure.³ The Master Developer will then sell the eight development pads to vertical developers that will build the improvements.

Development Costs

Each of the primary development costs, or uses, is described below, along with EPS's assessment of how and why the development cost may or may not differ between the Proposed Project and Alternative B.

Land Acquisition. The Project Sponsor will purchase the land from the SFPUC at an estimated cost of \$11.2 million. While the SFPUC shares the Project Sponsor's goal to achieve significant affordable housing at the site, the SFPUC, on behalf of its ratepayers, requires fair market consideration for the land. While the exact transaction price may still vary depending on the results of a pending appraisal, the estimate of \$11.2 million is the prevailing assumption, generating value to SFPUC while contributing to the feasibility of the Proposed Project. It is not expected that SFPUC would accept less for the land under a reduced development scenario. As such, **Table 1** preserves the land acquisition cost of \$11.2 million under Alternative B.

Horizontal Hard/Soft Costs. The hard costs of developing the horizontal improvements are based on an April 2019 budget estimate from Cahill Contractors. The estimate for the hard costs (\$34 million) is attached as **Appendix A**. Costs include demolition, hazardous materials abatement, earthwork (grading/paving), installing site utilities, concrete and asphalt work, landscape, irrigation, site furnishings, electrical work, and final site cleanup. Soft costs include entitlements, architectural and engineering drawings, professional services, and contingency. Soft costs are typically estimated as a percentage of hard costs, and in this case, represent approximately 40 percent of the hard cost estimate, which, in EPS's opinion, is a reasonable assumption. Because the reduced density associated with Alternative B is achieved by lowering the heights of the vertical construction rather than eliminating one or more development pads, there is no significant change to the required horizontal improvements, and it is reasonable to expect the hard and soft costs would remain substantially similar under Alternative B.

Financing Costs. Financing costs are the financial carrying costs of the construction loan, and include the loan origination fee and the interest. While these terms may vary between the time of this estimate and the time that the financing is arranged, the costs will be related to the hard costs, and potentially to other overall development costs, and, therefore, substantially the same between the Proposed Project and Alternative B.

Affordable Housing Subsidy. The Proposed Project reflects a goal that 50 percent of the 1,100 units, or 550 units, be affordable to Low and Moderate-income households. The Master

³ Vertical developers may be affiliates of the Project Sponsor.

Developer will subsidize 33 percent, or up to 363 units and the City of San Francisco, through the Mayor's Office of Housing and Community Development (MOHCD), is committing to subsidizing 17 percent of the total units, or up to 187 units. At a conceptual level, this agreement is not expected to change in Alternative B; the Master Developer will subsidize 33 percent of the total units and the City will subsidize 17 percent of the total units, up to a maximum per door that is still being finalized and not-to-exceed the amount the Master Developer is subsidizing.

In **Table 1**, the Affordable Housing Subsidy line item shows the net subsidy for 33 percent of the units that the Master Developer is responsible for funding. The shared project pro forma currently estimates that the total subsidy needed will be approximately \$113 million. On a per door basis, the affordable housing subsidy gap to be addressed by the Developer is approximately \$312,000. Presuming that approximately \$40 million of state subsidy is available through the California Housing and Community Development's Multifamily Housing Program (MHP) and Affordable Housing and Sustainable Communities Program (AHSC) (see *Subsidy from Outside Sources* below), the total subsidy is reduced to \$72.5 million as shown on **Table 1**, and the per door subsidy is reduced to approximately \$200,000. To confirm the reasonableness of the estimated subsidy, EPS reviewed the typical level of subsidy provided by MOHCD, as shown in **Appendix B**. Appendix B is a summary of past, pending, and projected affordable housing subsidies granted through MOHCD and shows subsidies ranging from a low of \$100,000 per door to a high of \$356,700 per door. The average subsidy per door of the units currently under construction is \$298,000, suggesting a per door subsidy from the Master Developer of up to \$312,000 is a reasonable subsidy amount in the Proposed Project.

Because the subsidy from the City is tied to the number of units and because the development under Alternative B is slightly less efficient, the resulting gap, which is the obligation of the Master Developer as described above, is disproportionately affected, as shown in **Table 1**. The Project Sponsor estimates that there would be a minimum 2.5 to 3 percent loss of efficiency based on the smaller buildings in Alternative B,, resulting in a conservative 10 percent increase in the gap to be financed. EPS discussed this concept with the Project Sponsor and concurs that this is a reasonable estimate.

Master HOA Costs. There is expected to be a Homeowners Association (HOA) that Project apartment and townhome owners pay to support ongoing operations and maintenance (O&M) of the shared infrastructure, such as the park and park programming, lighting, pathways, etc. The Master HOA costs are costs (or dues) the Master Developer incurs from the time the HOA is formed to when the obligation to pay dues is transferred to vertical developers. Because the total O&M expenses of the shared infrastructure is the same regardless of the number of units, this line item is estimated to stay the same under Alternative B.

Master Developer Fee. As the Master Developer, the Project Sponsor is working on a fee basis, which is typical. Under the Proposed Project, the fee is estimated at \$4.8 million. Because the work for the Master Developer is largely the same under Alternative B as the Proposed Project, the Master Developer Fee is expected to remain the same under Alternative B. Even if the Master Developer waived its fee entirely, the savings to the overall Project Costs would not be enough to render Alternative B feasible.

Funding Sources

Each of the primary sources of revenue is described below, along with EPS's assessment of how and why the development cost may or may not differ between the Proposed Project and Alternative B.

CFD Bond Proceeds. A Community Facilities District (CFD) will be formed, through which future townhome property owners will pay a special tax each year as part of their property tax bill. Revenue from the CFD special tax will be used to pay the debt service on a bond issuance, the proceeds from which will help fund infrastructure. The amount of the special tax and, therefore, the size of the bond are informed by feasibility considerations (i.e., how much each household or parcel can support). As such, the revenue from this source will decrease as the project density is reduced, assuming that the total number of townhomes decreases in the same proportion that the total number of units decreases. **Table 1** illustrates this reduction and assumes the reduction is proportional to the decrease in the number of units since a property owner's capacity to pay the special tax stays constant regardless of the size of the project.

Upfront Infrastructure Payments. While the CFD structure works well for the for-sale townhome development, it is not preferred for the developers of the rental residential product who prefer to pay Upfront Infrastructure Payments, rather than annual supplemental special taxes over time. The rental residential development will share in the infrastructure cost obligation, and the capacity is tied to the number of units. Similarly, the reduction in Upfront Infrastructure Payments is assumed proportional to the decrease in the number of units.

Proceeds from Pad Sales. Upon completion of the horizontal improvements, the Master Developer will sell the individual development sites (or pads) to vertical developers. The pad for the townhome units will be sold at market rate prior to vertical development. Of the remaining development, both the market rate and affordable units are expected to contribute to land acquisition costs, and the mechanism for that is through the pad sale proceeds. The estimated revenue from the pad sales is based on a per unit estimate of the land value. Because the proceeds from pad sales is estimated on a per door basis, the revenue from this line item decreases under Alternative B, as shown on **Table 1**. Note that the decrease in the proceeds from pad sales is not recouped through a lower land acquisition cost from the SFPUC; that estimate remains at \$11.2 million. Put differently, holding the SFPUC land payment constant at \$11.2 million, the required land payment per unit increases under the alternative scenario, which negatively impacts the ability for vertical development projects to contribute more to land and/or infrastructure payments.

Subsidy from Outside Sources. The economics of the Proposed Project are highly dependent on identifying and securing outside funding sources. The primary outside funding sources are the Statewide Park Program (SSP),⁴ the state's Infill Infrastructure Grant (IIG) Program,⁵ and the

⁴ The Statewide Park Program is a competitive grant program intended to create new parks and new recreation opportunities in underserved communities across California.

⁵ IIG is grant assistance, available as gap funding to infrastructure improvements required for specific residential or mixed-use infill development. Funds will be allocated through a competitive process for Large Jurisdictions, based on the merits of the individual infill projects and areas. Application selection criteria includes housing density, project readiness, access to transit, proximity to amenities, and housing affordability.

California Housing and Community Development's Multifamily Housing Program (MHP) and Affordable Housing and Sustainable Communities Program (AHSC). None of these sources has been secured, but the eligibility and award criteria for each have been evaluated and appear appropriate for the Proposed Project.

While competitive, award of the SSP does not appear to be tied to project density, and revenue from this outside funding source is assumed to be the same under the Proposed Project and Alternative B. Competitiveness for both the IIG and the AHSC grants appears tied to project density and the number of affordable and overall units. For estimating purposes, the amount of these grants is assumed to decrease in proportion to the reduction in the number of units. MHP is a deferred loan program with a maximum award on a per unit basis, and therefore has also been assumed to decrease in proportion to the reduction in the number of units.

General Observations

EPS reviewed and confirmed as reasonable several of the underlying market assumptions, including market rate rents for the apartments and sales prices for the townhomes. Using CoStar Real Estate Group data for the San Francisco multifamily apartment market, generally, and CoStar market data for the nearby Avalon Ocean Avenue project, specifically, the average rent assumption of \$4.68 per square foot and the average vacancy rate assumption of 5.5 percent are consistent with market comparables. Current rents at Avalon Ocean Avenue range between \$3.95 per square foot for 2-bedroom units to \$5.45 per square foot for studio units, and vacancy is averaging approximately 1.7 percent.

Effective rents in the broader San Francisco market are lower than the rents assumed in the project pro forma, averaging approximately \$4.20 per square foot. The effective rents do not reflect a premium for new construction and or other project amenities, such as the onsite park space and associated park programming, that will affect achievable rents under the Proposed Project. See **Appendix C** for market data specific to the Avalon Ocean Avenue project and **Appendix D** for multifamily market data in San Francisco as of March 2020.

The return-on-cost is an appropriate metric to evaluate the feasibility of the vertical development of the apartments and commonly used by publicly-traded Real Estate Investment Trusts (REIT). A return-on-cost of greater than 5 percent, as demonstrated in the project pro forma, is reasonable.

As a general note, this memorandum is being prepared as the world seeks to address the COVID-19 pandemic, an unprecedented public health crisis that has endangered vulnerable populations and caused sudden and dramatic shifts in economic and social behavior. Since the economic effect has been both significant and abrupt, the pandemic may potentially have implications for some of the assumptions and conclusions described above. However, given that the length and severity of the pandemic is still unknown, the specific economic implications will depend on how the crisis and economic response unfold over the next many months.

About EPS

EPS is a land economics consulting firm experienced in the full spectrum of services related to real estate development, the financing of public infrastructure and government services, land use and conservation planning, and government organization. For a full statement of qualifications, please see **Appendix E**.



APPENDICES:

- Appendix A: Cahill Construction Budget Estimate
- Appendix B: MOHCD Historical Affordable Housing Subsidies
- Appendix C: Avalon Ocean Avenue Market Data, CoStar Report
- Appendix D: San Francisco Multifamily Real Estate Market Conditions, CoStar Report, 1st Quarter 2020
- Appendix E: EPS Statement of Qualifications



APPENDIX A:
Cahill Construction Budget Estimate

Balboa Reservoir Horizontal

#	DESCRIPTION	QUANTITY	UNIT	UNIT \$	BUDGET \$	COMMENTS	Phase 1	Phase 2A	Phase 2B	Phase 3	Breakouts	Lee Avenue
							Pre Vertical	During Initial vertical	During Late Vertical	Post Phase 1 Vertical		
							BUDGET \$	BUDGET \$	BUDGET \$	BUDGET \$	North St from Lee to Frida Kahlo	Lee Avenue
1	HAZARDOUS MATERIALS ABATEMENT											
	Site Remediation- Allowance for SMP dtd 3	1	LS	230,000.00	230,000		230,000					
	Dewatering of Contaminated underground	0	LS	0.00	0	assume not required						
	Monitoring	0	LS	0.00	0	By Owner as required						
	Mobilization, Layout, Demobilization	0	LS	0.00	0							
	Subguard / SDI	230,000	\$	1.00%	2,300		2,300	0	0	0	0	0
	SUBTOTAL HAZARDOUS MATERIALS ABATEMENT				232,300		232,300	0	0	0	0	0
2	DEMOLITION											
	Demolition of existing AC paving and Conc	1	LS	520,000.00	520,000		520,000					100,000
	Demolition at Old North Street from Lee to	1	LS	388,000.00	388,000		388,000				388,000	0
	Misc. site demo	1	LS	75,000	75,000		75,000					
	Subguard / SDI	983,000	\$	1.00%	9,830		9,830	0	0	0	3,880	1,000
	SUBTOTAL DEMOLITION				992,830		992,830	0	0	0	391,880	101,000
3	EARTHWORK, GRADING & PAVING											
	Traffic Control (Mostly by sub and in Mass	1	LS	50,000	50,000	no drilled piers allowance	20,000	10,000	10,000	10,000	25,000	25,000
	Survey / Staking	1	LS			Included below				0	0	0
	Mass Ex and Grading	1	LS	3,107,000	3,107,000	Per BKF plan dated 2/18/19	2,607,000	200,000	100,000	200,000	300,000	300,000
	Dust Control (Mostly by sub and included	1	LS	40,000	40,000	allowance	20,000	10,000	5,000	5,000	10,000	10,000
	SWPPP / Erosion Control	1	LS	150,000	150,000	allowance	80,000	30,000	20,000	20,000	15,000	30,000
	Allow for piezometers for grdwater	0	LS	0.00	0	assume not required						
	Dewatering	0	LS	0	0	assume no dewatering of ground water,					0	0
	Adjacent property pre-demo survey	0	LS	0.00	0	assume not applicable						
	Subsidence monitoring / survey during	0	LS	0.00	0	assume not applicable						
	Misc. earthwork / backfill	1	LS	100,000	100,000	allowance	25,000	25,000	25,000	25,000	0	0
	Subguard / SDI	3,447,000	\$	1.00%	34,470		27,520	2,750	1,600	2,600	450	3,650
	SUBTOTAL EARTHWORK				3,481,470		2,779,520	277,750	161,600	262,600	45,450	368,650
4	SITE UTILITIES											
	Low Pressure water	1	LS	995,000	995,000	2400 LF 12", 15 fire hydrants, 13 12"	995,000	0			109,450	398,000
	Cathodic Protection	0	LS	0.00	0	Excluded, assumes soil is non						
	POC to Existing Water Mains	1	LS	0.00	Included							
	AWWS (option 1), option 2 is \$172,000 less	1	LS	1,700,000	1,700,000	Incl allowance for material (often provided by the City)4 hydrants, 2 20"	1,700,000				0	748,000
	COMBINATION SEWER/STORM DRAIN	1	LS	1,690,000.00	1,690,000	2870 LF 24" RCP, 23 catch basins, 17	1,690,000				0	692,900
	Utility Demolition	1	LS	0	Included							
	West Street-Shared north and south ext.	1	LS	0	Included							
	Reservoir Park Utilities and bio-retention	1	LS	694,000	694,000				694,000			
	Paseo Utilities and bioretention	1	LS	127,000.00	127,000				63,500		63,500	
	PUC Easement Utilities and bioretention	1	LS	360,000.00	360,000						360,000	
	TRAFFIC											
	New Traffic Signal:	1	LS	624,000	624,000		624,000				362,000	
	Traffic Signal Modifications	1	LS	Included above	0							
	Traffic Control Allowance	1	LS	Included above	0							
	Allowance for Geothermal removal/rework	1	LS	286,000.00	286,000	allowance	286,000					286,000
	Allowance for encroachment removal	1	LS	230,000	230,000	allowance	230,000					230,000
	Joint Trench	1	LS	1,540,000	1,540,000		1,240,000	300,000			0	660,000
	Gas	1	LS	462,000	462,000	Allows for 15 laterals, if loop only,	462,000				70,000	76,000

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Balboa Reservoir Horizontal

#	DESCRIPTION	QUANTITY	UNIT	UNIT \$	BUDGET \$	COMMENTS	Phase 1	Phase 2A	Phase 2B	Phase 3	Breakouts	Lee Avenue
							Pre Vertical	During Initial vertical	During Late Vertical	Post Phase 1 Vertical		
							BUDGET \$	BUDGET \$	BUDGET \$	BUDGET \$	North St from Lee to Frida Kahlo	
	PG&E - utility connection fees by Owner	1	LS			by owner						
	AT&T / Comcast - utility connection fees	1	LS	0.00		by owner						
	Subguard / SDI	8,708,000	\$	1.00%	87,080		72,270	3,000	7,575	4,235	5,415	30,909
SUBTOTAL SITE UTILITIES					8,795,080		7,299,270	303,000	765,075	427,735	546,865	3,121,809
5	SITE CONCRETE											
	Street Section incl. fine grade, compaction,	1	LS	2,591,000	2,591,000		1,641,000	950,000			343,000	1,144,000
	Sidewalks	1	LS	1,572,000.00	1,572,000		572,000	500,000	500,000		189,000	615,000
	Site Concrete at Reservoir Park	1	LS	953,000.00	953,000			953,000			0	0
	Site Concrete at Paseo's	1	LS	225,000.00	225,000				113,000	112,000	0	0
	Site Concrete at PUC Easement	1	LS	495,000.00	495,000					495,000	0	0
	Raised Medians	1	LS	127,500.00	127,500		80,000	47,500			0	127,500
	Curb & Gutter	1	LS	359,000.00	359,000		200,000	159,000			44,000	146,000
	Handicap Ramps	1	LS	237,600.00	237,600	33 each	80,000	87,600	70,000		28,512	95,040
	Crosswalks	1	LS	309,200.00	309,200		200,000	109,200			37,104	123,680
	Pavers at Shared West St. extensions	11,000	SF	32.00	352,000				352,000		0	0
	Pavers at Reservoir park	12,600	SF	32.00	403,200	fig 13.2			403,200		0	0
	Pavers at Paseo's	2,000	SF	32.00	64,000	fig 13.2			32,000	32,000	0	0
	Pavers at PUC Easement	16,100	SF	32.00	515,200	fig 13.2				515,200	0	0
	Light Post Concrete Footings	1	LS	0	0	Included above					0	0
	Light Column Concrete Footings	1	LS	0	0	included above					0	0
	Light Bollard Concrete Footings	1	LS	0	0	Included above					0	0
	Bio-Retention concrete at streets	1	LS	174,000	174,000	fig 13.2	130,000	44,000			52,000	0
	Frida Kahlo work for new Intersection/Clos	1	LS	190,000	190,000		190,000				190,000	0
	Misc. Site Concrete, Layout, Staking	1	LS	100,000	100,000		60,000	20,000	10,000	10,000	15,000	30,000
	Subguard / SDI	8,667,700	\$	1.00%	86,677		31,530	28,703	14,802	11,642	8,986	22,812
SUBTOTAL SITE CONCRETE					8,754,377		3,184,530	2,899,003	1,495,002	1,175,842	907,602	2,304,032
6	ASPHALT PAVING & STRIPING											
	AB Under Paving	0	SF		0	included in line #3					0	0
	Asphalt Concrete Streets	0	SF		0	included in line #3					0	0
	Decorative Paving at Crosswalks	0	SF		0	included in line #3					0	0
	Bike Path	0	SF		0	included in line #3					0	0
	Striping	1	LS	50,000	50,000		30,000	20,000			7,000	14,000
	Temporary Asphalt Paving	1	SF	75,000	75,000	allowance	50,000	25,000			10,000	20,000
	Asphalt Patch Misc in Streets	1	LS	45,000	45,000	allowance			45,000		15,000	30,000
	Subguard / SDI	170,000	\$	1.00%	1,700		800	450	450	0	320	640
SUBTOTAL ASPHALT PAVING & STRIPING					171,700		80,800	45,450	45,450	0	32,320	64,640
7	LANDSCAPE, IRRIGATION & SITE FURNISHINGS											
	Trees, planting, irrigation, bio-retention soil/drain rock at Streets	1	LS	1,253,000	1,253,000		300,000	100,000	853,000		191,000	445,000
	Trees, planting, irrigation, bio-retention soil/drain rock at Reservoir Park	1	LS	1,086,000	1,086,000				1,086,000		0	0
	Trees, planting, irrigation, bio-retention soil/drain rock at Brighton Paseo	1	LS	233,000.00	233,000					233,000		
	Trees, planting, irrigation, bio-retention soil/drain rock at San Ramon Paseo	1	LS	116,000.00	116,000				116,000			
	Trees, planting, irrigation, bio-retention soil/drain rock at PUC Easement	1	LS	564,000.00	564,000					564,000		
	Import Top Soil and Amend	2,500	CY	100.00	250,000	allow	30,000	10,000	110,000		8,000	16,000
	Misc. Site Furnishings, Fencing	1	LS	200,000	200,000		50,000	50,000	50,000	50,000		
	Exterior Metal Railings	1	LS	300,000	300,000	allow			225,000	75,000		
	Community garden	1	LS	0	0	Included With Reservoir Park above						
	Play Structure and Surface	1	LS	200,000	200,000				200,000			

Balboa Reservoir Horizontal

#	DESCRIPTION	QUANTITY	UNIT	UNIT \$	BUDGET \$	COMMENTS	Phase 1	Phase 2A	Phase 2B	Phase 3	Breakouts	Lee Avenue
							Pre Vertical	During Initial vertical	During Late Vertical	Post Phase 1 Vertical		
							BUDGET \$	BUDGET \$	BUDGET \$	BUDGET \$	North St from Lee to Frida Kahlo	Lee Avenue
	Bike Racks	8	EA	1,500	12,000		3,000	3,000	3,000	3,000		0
	Pavilion at Park	1	LS	400,000	400,000				400,000			
	Site Benches	24	EA	3,000	72,000	Allow	18,000	18,000	18,000	18,000		0
	Trash/Recycling Receptacle	16	EA	3,000	48,000	Allow	12,000	14,000	12,000	10,000		
	Movable Furniture	0	LS		0	Not included						
	Subguard / SDI	4,734,000	\$	1.00%	47,340		4,130	1,950	30,730	10,530	1,990	4,610
	SUBTOTAL LANDSCAPE & IRRIGATION				4,781,340		417,130	196,950	3,103,730	1,063,530	200,990	465,610
17	CAULKING & SEALANTS											
	Sitework Caulking Allowance	1	LS	75,000	75,000		20,000	15,000	20,000	20,000	5,000	10,000
	Subguard / SDI	75,000	\$	1.00%	750		200	150	200	200	50	100
	SUBTOTAL CAULKING & SEALANTS				75,750		20,200	15,150	20,200	20,200	5,050	10,100
25	PAINTING											
	Exterior Site Painting	1	LS	125,000	125,000		20,000	15,000	60,000	30,000	7,000	14,000
	Subguard / SDI	125,000	\$	1.00%	1,250		200	150	600	300	70	140
	SUBTOTAL PAINTING				126,250		20,200	15,150	60,600	30,300	7,070	14,140
26	MISC SPECIALTIES & EQUIPMENT											
	Misc. Specialties	0	LS		0	Assume none						
	Subguard / SDI	0	\$	1.00%	0						0	0
	SUBTOTAL MISC SPECIALTIES & EQUIPMENT				0		0	0	0	0	0	0
27	SIGNAGE											
	Site Signage	1	LS	250,000	250,000	allowance	50,000	50,000	100,000	50,000	14,000	28,000
	Subguard / SDI	250,000	\$	1.00%	2,500		500	500	1,000	500	140	280
	SUBTOTAL SIGNAGE				252,500		50,500	50,500	101,000	50,500	14,140	28,280
37	ELECTRICAL											
	Electrical - site power / lighting	1	LS			see below						
	Streetlight System	1	LS	1,320,000	1,320,000		800,000	520,000			102,000	336,000
	Specialty Lighting/elect. at reservoir park	1	LS	350,000	350,000	Main lighting included above			350,000			
	Specialty Lighting/elect at paseo's	1	LS	85,000	85,000	Main lighting included above			42,000		43,000	
	Specialty Lighting/elect. at PUC easement	1	LS	200,000	200,000	Main lighting included above				200,000		
	Lighting at west St. Shared North and Sout	1	LS	0	0	Included						
	Temporary electrical / lighting	1	LS	100,000	100,000		25,000	25,000	25,000	25,000	5,000	10,000
	Subguard / SDI	2,055,000	\$	1.00%	20,550		8,250	5,450	4,170	2,680	1,070	3,460
	SUBTOTAL ELECTRICAL				2,075,550		833,250	550,450	421,170	270,680	108,070	349,460
42	GENERAL REQUIREMENTS, PROGRESSIVE CLEANING & FINAL CLEANING											
	Final Site Cleaning	1	LS	25,000	25,000		7,500	5,000	6,250	6,250	1,750	6,500
	Progressive Cleanup	20	MO	12,500	250,000		75,000	50,000	62,500	62,500	17,500	65,000
	Temporary Barricades & Fences	1	LS	45,000	45,000		13,500	9,000	11,250	11,250	3,150	11,700
	Temporary Toilets, Hand & Eye Wash Stati	20	MO	650	13,000		3,900	2,600	3,250	3,250	910	3,380

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Balboa Reservoir Horizontal

Breakouts

#	DESCRIPTION	QUANTITY	UNIT	UNIT \$	BUDGET \$	COMMENTS	Phase 1	Phase 2A	Phase 2B	Phase 3	North St from Lee to Frida Kahlo	Lee Avenue
							Pre Vertical	During Initial vertical	During Late Vertical	Post Phase 1 Vertical		
							BUDGET \$	BUDGET \$	BUDGET \$	BUDGET \$		
	Project Sign(s)	1	LS	3,000	3,000		900	600	750	750	210	780
	General Conditions Equipment & Tools	20	MO	250	5,000	for GC's only, all other equipment in the	1,500	1,000	1,250	1,250	350	1,300
	Security Containers	20	MO	250	5,000		1,500	1,000	1,250	1,250	350	1,300
	Cal OSHA permits	1	LS	600	600		180	120	150	150	42	156
	General Labor / Mat'l Handling / Maintain C	20	MO	10,000	200,000		60,000	40,000	50,000	50,000	14,000	52,000
	Plan Grid	20	MO	100	2,000		600	400	500	500	140	520
	Fire Extinguishers	4	EA	200	800		240	160	200	200	56	208
	First Aid, Onsite Safety Services & Site Sp	20	MO	500	10,000		3,000	2,000	2,500	2,500	700	2,600
	Misc. Safety Materials & Equipment	20	MO	500	10,000		3,000	2,000	2,500	2,500	700	2,600
	Yard Deliveries	20	MO	300	6,000		1,800	1,200	1,500	1,500	420	1,560
	Transportation / Parking (for GC staff only c	20	MO	300	6,000		1,800	1,200	1,500	1,500	420	1,560
	Drinking Water	20	MO	75	1,500		450	300	375	375	105	390
	Punchlist	1	LS	5,500	5,500		1,650	1,100	1,375	1,375	385	1,430
	Misc. General Expenses	20	MO	1,000	20,000		6,000	4,000	5,000	5,000	1,400	5,200
	Subguard / SDI	25,000	\$	1.00%	250	subguard on final cleanup only	75	50	63	63	18	65
SUBTOTAL GENERAL REQUIREMENTS, PROGRESSIVE & FINAL CLEANING							182,595	121,730	152,163	152,163	42,588	158,184
Fee, GC's, Insurance (assume bond not							1,609,313	447,513	632,599	345,355	230,203	698,594
Contractor contingency							354,049	98,453	139,172	75,978	50,645	139,719
Subtotal							18,056,486	5,021,099	7,097,760	3,874,883	2,582,881	7,824,250

APPENDIX B:

MOHCD Historical Affordable Housing Subsidies



Affordable Multifamily Housing New Construction Cost Comparison

Updated 3/31/2020

PROJECTS COMPLETED						Building Square Footage			Total Project Costs							
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR ¹	Res. ²	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost	Total Dev. Cost w/land	Local Subsidy5	Total Dev. Cost w/o land	Notes on Financing	Comments
95 Laguna Senior	95 Laguna	14,300	May-19	79	82	59,785	7,316	67,101	\$ 5,012,000	\$ 323,269,685	\$ 11,343,750	\$ 339,625,435	\$ 21,234,000	\$ 334,613,435	9% LIHTC	7 Story - 5 stories Type III over 2 stories Type IA + Community Services space (Open House)
Mission Family Housing	1036 Mission	15,200	Oct-18	88	134	92,462	6,955	99,417	\$ 5,551,029	\$ 407,262,125	\$ 6,583,453	\$ 419,396,607	\$ 17,704,400	\$ 413,845,578	2 HCD Loans (MHP & TOD)	Type IB - 9 story
Eddy and Taylor Family Housing	222 Taylor	22,344	Jun-19	113	211	108,440	21,086	129,526	\$ 9,300,000	\$ 562,090,372	\$ 14,837,459	\$ 586,227,831	\$ 22,187,436	\$ 576,927,831	2 HCD Loans (MHP & TOD)	Type IB - 8 story, extensive PG&E regional switch required
Completed Projects:	Average:	17,281		93	142	86,896	11,786	98,681	\$ 6,621,010	\$ 430,874,060	\$ 10,921,554	\$ 448,416,624	\$ 20,375,279	\$ 441,795,614		

PROJECTS UNDER CONSTRUCTION						Building Square Footage			Total Project Costs							
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR ¹	Res. ²	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost	Total Dev. Cost w/land	Local Subsidy5	Total Dev. Cost w/o land	Notes on Financing	Comments
490 South Van Ness	490 S. Van Ness Avenue	14,250	Apr-20	81	121	51,639	28,985	80,624	\$ 18,500,000	\$ 43,647,993	\$ 13,393,811	\$ 75,541,804	\$ 28,892,030	\$ 57,041,804		Type IA - 7 stories over partial basement
2060 Folsom Street	2060 Folsom	29,075	Nov-20	127	252	155,648	11,810	167,458	\$ 134,931	\$ 71,655,660	\$ 20,100,172	\$ 91,890,763	\$ 31,697,110	\$ 91,755,832	HCD AHSC Loan	9 Story Type IB - TAY, Childcare, Community Hub w/AHSC Improvements of \$6MM
1950 Mission Street	1950 Mission Street	36,590	Nov-20	157	262	113,432	48,142	161,574	\$ 9,775,000	\$ 85,644,853	\$ 15,171,496	\$ 110,591,349	\$ 44,945,740	\$ 100,816,349	HCD AHSC Loan	Type IA - 9 stories with significant (30% of sf) art and PDR spaces and Paseo Des Artes
Under Construction:	Average:	26,638		122	212	106,906	29,646	136,552	\$ 9,469,977	\$ 66,982,836	\$ 16,221,826	\$ 92,674,639	\$ 35,178,293	\$ 83,204,662		

PROJECTS IN PREDEVELOPMENT						Building Square Footage			Total Project Costs							
Project Name	Address	Lot sq.ft	Start Date (anticipated)	# of Units	# of BR ¹	Res. ²	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost	Total Dev. Cost w/land	Local Subsidy5	Total Dev. Cost w/o land	Notes on Financing	Comments
500 Turk Street	500 Turk Street	18,906	Jan-20	108	186	82,805	26,586	109,391	\$ 1,853,895	\$ 54,288,491	\$ 29,815,020	\$ 85,957,406	\$ 32,400,000	\$ 84,103,511	HCD AHSC Loan	Type I 8 stories on constrained site
Mission Bay S. Block 9A (Homeowner)		29,939	Feb-22	140	280	136,165	50,611	186,776	\$ -	\$ 110,040,000	\$ 22,053,737	\$ 132,093,737	\$ 79,200,000	\$ 52,893,737	Not LIHTC eligible; Home owner	Type I
681 Florida	681 Florida Street	19,000	Sep-20	130	199	89,770	58,530	148,300	\$ -	\$ 74,425,394	\$ 24,032,716	\$ 98,458,110	\$ 36,923,181	\$ 61,534,929	HCD MHP Loan	Type I mid rise, Large PDR presence
Sunnydale Block 6	TBD	73,000	Jan-22	168	327	187,000	30,000	217,000	\$ -	\$ 136,444,929	\$ 30,647,593	\$ 167,092,522	\$ 33,542,584	\$ 133,549,938	4% Credits; HCD IIG & AHSC	Type I mid rise, 30k sq ft of commercial; includes infrastructure costs
Potrero Block B	TBD	70,132	Jan-21	157	331	160,000	-	160,000	\$ -	\$ 126,588,392	\$ 24,990,228	\$ 151,578,620	\$ 15,688,292	\$ 135,890,328	4% Credits; HCD IIG & AHSC	Type I Midrise, includes infrastructure costs
BPUY	2430 San Jose Ave	30,750	Jan-21	131	214	175,335	10,741	186,076	\$ -	\$ 94,039,151	\$ 23,355,411	\$ 117,394,562	\$ 30,493,722	\$ 86,890,840	4% Credits; HCD IIG & AHSC	Type I Mid Rise on small very tight site, over BART. Does not include MOHCD purchase of land
266 4th Steet	266 4th Street	8,400	Dec-21	70	99	58,663	1,580	60,500	\$ 133,100	\$ 42,600,330	\$ 17,001,667	\$ 58,984,284	\$ 9,393,118	\$ 59,117,384		Type I, 8 stories over MUNI substation tunnel, structurally complex, small footprint
Parcel U	78 Haight Street	5,583	Dec-20	63	63	31,952	14,089	46,041	\$ 24,643	\$ 33,965,900	\$ 15,172,696	\$ 49,163,239	\$ 16,356,931	\$ 49,138,596	9% Fed Credits & State Credits	Type I mid rise on very small / tight site
600 7th Street	600 7th Street	37,800	Apr-22	200	290	107,000	45,857	152,857	\$ 10,000	\$ 113,057,596	\$ 20,826,614	\$ 133,884,210	\$ 48,956,220	\$ 133,884,210	Fed & State Credits; HCD IIG Gr	Type I, 8 stories
180 Jones Street	180 Jones Street	4,853	Sep-21	71	71	29,800	3,700	33,500	\$ -	\$ 34,109,171	\$ 13,639,695	\$ 47,748,866	\$ 13,950,000	\$ 47,748,866	4% LIHTC + MHP	Type I Mid Rise on small very tight site (studios)
HPSY Block 56	11 Innes Court	28,792	Aug-21	70	145	64,957	17,040	81,997	\$ -	\$ 49,263,904	\$ 13,914,818	\$ 63,178,722	\$ 20,575,045	\$ 63,178,722	IIG, AHP, AHSC	Type I (podium level) - Type V (levels 2- 5)
921 Howard	921 Howard	20,298	Dec-20	203	323	235,680	1,970	237,650	\$ 9,009,000	\$ 114,933,210	\$ 36,751,722	\$ 160,693,932	\$ 30,000,000	\$ 151,684,932	Califia MIP / 4%LIHTC	Type 1-A High Rise
In Predevelopment	Average:	28,954		126	211	113,261	21,725	134,053	\$ 2,206,128	\$ 81,979,706	\$ 22,683,493	\$ 105,519,851	\$ 30,623,258	\$ 102,125,458		

ALL PROJECTS	Average:	24,291		114	188	102,354	21,052	123,095	\$ 6,099,038	\$ 193,278,867	\$ 16,608,958	#####	\$ 28,725,610	\$ 209,041,911		
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SUBJECT PROJECT																
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PROJECTS COMPLETED		Acquisition by Unit/Bed/SF			Construction by Unit/Bed/SF			Soft Costs By Unit/Bed/SF			Total Development Cost (Incl. Land)			Subsidy	
Project Name	Compl. Date	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft ⁶	Soft/unit	Soft/BR	Soft/sq.ft6	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft6	Subsidy / unit	Leveraging ⁷
95 Laguna Senior	May-19	63,443	61,122	350	4,092,021	3,942,313	4,818	143,592	\$ 138,338	\$ 169	\$ 4,299,056	\$ 4,141,774	\$ 5,061	\$ 268,785	93.7%
Mission Family Housing	Oct-18	63,080	41,426	365	4,627,979	3,039,270	4,097	74,812	\$ 49,130	\$ 66	\$ 4,765,871	\$ 3,129,825	\$ 4,219	\$ 201,186	95.8%
Eddy & Taylor Family Housing	Jun-19	82,301	44,076	416	4,974,251	2,663,935	4,340	131,305	\$ 70,320	\$ 115	\$ 5,187,857	\$ 2,778,331	\$ 4,526	\$ 196,349	96.2%
Completed Projects:	Average:	69,608	48,874	377	4,564,750	3,215,173	4,418	116,570	\$ 85,929	\$ 117	\$ 4,750,928	\$ 3,349,977	\$ 4,602	\$ 222,107	95%

PROJECTS UNDER CONSTRUCTION		Acquisition			Construction			Soft Costs			Total Development Cost (Incl. Land)			Subsidy	
Project Name	Compl. Date	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft ⁶	Soft/unit	Soft/BR	Soft/sq.ft6	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft6	Subsidy / unit	Leveraging ⁷
490 South Van Ness	Apr-20	228,395	152,893	1,298	538,864	360,727	541	165,356	\$ 110,693	\$ 166	\$ 932,615	\$ 624,312	\$ 937	\$ 356,692	61.8%
2060 Folsom Street	Nov-20	1,062	535	5	564,218	284,348	428	158,269	\$ 79,763	\$ 120	\$ 723,549	\$ 364,646	\$ 549	\$ 249,584	65.5%
1950 Mission Street	Nov-20	62,261	37,309	267	545,509	326,889	530	96,634	\$ 57,906	\$ 94	\$ 704,403	\$ 422,104	\$ 684	\$ 286,279	59.4%
Under Construction:	Average:	97,240	63,579	523	549,530	323,988	500	140,086	\$ 82,787	\$ 127	\$ 786,856	\$ 470,354	\$ 723	\$ 297,518	62%

PROJECTS IN PREDEVELOPMENT		Acquisition			Construction			Soft Costs			Total Development Cost (Incl. Land)			Subsidy	
Project Name	Start Date (anticipated)	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft ⁶	Soft/unit	Soft/BR	Soft/sq.ft6	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft6	Subsidy / unit	Leveraging ⁷
500 Turk Street	Jan-20	17,166	9,967	98	502,671	291,874	496	276,065	\$ 160,296	\$ 273	\$ 795,902	\$ 462,137	\$ 786	\$ 300,000	62.3%
Mission Bay S. Block 9A (ownership)	Feb-22	-	-	-	786,000	393,000	589	157,527	\$ 78,763	\$ 118	\$ 943,527	\$ 471,763	\$ 707	\$ 565,714	40.0%
681 Florida	Sep-20	-	-	-	572,503	373,997	502	184,867	\$ 120,767	\$ 162	\$ 757,370	\$ 494,764	\$ 664	\$ 284,024	62.5%
Sunnydale Block 6	Jan-22	-	-	-	812,172	417,263	629	182,426	\$ 93,724	\$ 141	\$ 994,598	\$ 510,986	\$ 770	\$ 199,658	79.9%
Potrero Block B	Jan-21	-	-	-	806,295	382,442	791	159,173	\$ 75,499	\$ 156	\$ 965,469	\$ 457,941	\$ 947	\$ 99,925	89.7%
Balboa Park Upper Yard	Jan-21	-	-	-	670,306	410,328	503	153,824	\$ 94,163	\$ 115	\$ 824,131	\$ 504,491	\$ 618	\$ 249,952	69.7%
4th and Folsom	Dec-21	1,901	1,344	16	608,576	430,306	704	242,881	\$ 171,734	\$ 281	\$ 842,633	\$ 595,801	\$ 975	\$ 134,187	84.1%
Parcel U	Dec-20	391	391	4	539,141	539,141	738	240,836	\$ 240,836	\$ 330	\$ 780,369	\$ 780,369	\$ 1,068	\$ 259,634	66.7%
600 7th Street	Apr-22	50	34	0	565,288	389,854	740	104,133	\$ 71,816	\$ 136	\$ 669,471	\$ 461,704	\$ 876	\$ 244,781	63.4%
180 Jones Street	Sep-21	-	-	-	480,411	480,411	1,018	192,108	\$ 192,108	\$ 407	\$ 672,519	\$ 672,519	\$ 1,425	\$ 196,479	70.8%
HPSY Block 56	Aug-21	-	-	-	703,770	339,751	601	198,783	\$ 95,964	\$ 170	\$ 902,553	\$ 435,715	\$ 771	\$ 293,929	67.4%
921 Howard	Dec-20	44,379	27,892	444	566,173	355,830	484	181,043	\$ 113,782	\$ 155	\$ 791,596	\$ 497,504	\$ 676	\$ 147,783	81.3%
In Predevelopment	Average:	12,778	7,926	112	634,442	400,350	650	189,472	\$ 125,788	\$ 204	\$ 828,345	\$ 528,808	\$ 857	\$ 248,006	69.8%

All Projects:	AVERAGE	59,875	40,126	338	1,916,241	1,313,170	1,856	148,709	\$ 98,168	\$ 149	\$ 2,122,043	\$ 1,449,713	\$ 2,061	\$ 255,877	75.8%
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APPENDIX C:
Avalon Ocean Avenue
Market Data, CoStar Report

Property Summary Report

Avalon Ocean Avenue - 1200 Ocean Ave
 San Francisco, CA 94112 - Westwood Park MF Submarket



BUILDING

Type:	Mid-Rise Apartme...
Year Built:	2012
Units:	173
GBA:	161,063 SF
Floors:	4
Metering:	Individual
Construction:	Reinforced Concrete
Rent Type:	Market
Market Segment:	All

LAND

Land Area:	1.87 AC
Zoning:	NC2

EXPENSES PER UNIT

Taxes:	\$4,932.27 (2019)
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PARCEL

3180-003, 3180-006, 3180-007, 3180-009

SITE AMENITIES

Controlled Access, Courtyard, Elevator, Fitness Center, Furnished Units Available, Grill, Laundry Facilities, Maintenance on site, On-Site Retail, Package Service, Property Manager on Site, Storage Space

UNIT AMENITIES

Air Conditioning, Balcony, Carpet, Dishwasher, Disposal, Hardwood Floors, Heating, High Speed Internet Access, Ice Maker, Kitchen, Microwave, Oven, Refrigerator, Views, Walk-In Closets, Washer/Dryer, Washer/Dryer Hookup, Wheelchair Accessible (Rooms), Window Coverings

BEDROOM SUMMARY

Totals	Avg SF	Unit Mix		Vacancy		Avg Asking Rent		Avg Effective Rent		Concessions
		Units	Mix %	Units	Percent	Per Unit	Per SF	Per Unit	Per SF	
All Studios	642	74	42.8%	0	0.0%	\$3,387	\$5.47	\$3,371	\$5.45	0.5%
All 1 Beds	798	44	25.4%	2	4.6%	\$3,611	\$4.52	\$3,594	\$4.50	0.5%
All 2 Beds	1,149	55	31.8%	1	1.8%	\$4,567	\$3.97	\$4,543	\$3.95	0.5%
Totals	950	173	100%	3	1.7%	\$3,819	\$4.28	\$3,800	\$4.26	0.5%

UNIT BREAKDOWN

Bed	Bath	Avg SF	Unit Mix		Vacancy		Avg Asking Rent		Avg Effective Rent		Concessions
			Units	Mix %	Units	Vac %	Per Unit	Per SF	Per Unit	Per SF	
0	1	-	23	13.3%	0	0.0%	\$3,627	-	\$3,610	-	0.5%

Property uses Price Optimization Software

Updated March 27, 2020

Property Summary Report

Avalon Ocean Avenue - 1200 Ocean Ave
 San Francisco, CA 94112 - Westwood Park MF Submarket



UNIT BREAKDOWN

Bed	Bath	Avg SF	Unit Mix		Vacancy		Avg Asking Rent		Avg Effective Rent		Concessions
			Units	Mix %	Units	Vac %	Per Unit	Per SF	Per Unit	Per SF	
0	1	492	1	0.6%	0	0.0%	\$3,050	\$6.20	\$3,035	\$6.17	0.5%
0	1	502	1	0.6%	0	0.0%	\$3,091	\$6.16	\$3,077	\$6.13	0.5%
0	1	505	1	0.6%	0	0.0%	\$3,107	\$6.15	\$3,093	\$6.12	0.5%
0	1	516	3	1.7%	0	0.0%	\$3,225	\$6.25	\$3,210	\$6.22	0.5%
0	1	567	2	1.2%	0	0.0%	\$3,329	\$5.87	\$3,313	\$5.84	0.5%
0	1	595	2	1.2%	0	0.0%	\$3,379	\$5.68	\$3,363	\$5.65	0.5%
0	1	613	1	0.6%	0	0.0%	\$3,314	\$5.41	\$3,298	\$5.38	0.5%
0	1	764	1	0.6%	0	0.0%	\$4,657	\$6.10	\$4,635	\$6.07	0.5%
0	2	-	37	21.4%	0	0.0%	\$3,190	-	\$3,175	-	0.5%
0	2	1,051	1	0.6%	0	0.0%	\$4,451	\$4.24	\$4,430	\$4.22	0.5%
0	2	1,190	1	0.6%	0	0.0%	\$4,451	\$3.74	\$4,430	\$3.72	0.5%
1	1	716	2	1.2%	0	0.0%	\$4,017	\$5.61	\$3,998	\$5.58	0.5%
1	1	724	4	2.3%	0	0.0%	\$3,802	\$5.25	\$3,784	\$5.23	0.5%
1	1	748	2	1.2%	0	0.0%	\$3,318	\$4.44	\$3,302	\$4.41	0.5%
1	1	761	2	1.2%	0	0.0%	\$3,586	\$4.71	\$3,569	\$4.69	0.5%
1	1	762	2	1.2%	0	0.0%	\$3,425	\$4.49	\$3,409	\$4.47	0.5%
1	1	780	2	1.2%	0	0.0%	\$3,699	\$4.74	\$3,682	\$4.72	0.5%
1	1	782	4	2.3%	0	0.0%	\$3,434	\$4.39	\$3,418	\$4.37	0.5%
1	1	786	2	1.2%	0	0.0%	\$3,345	\$4.26	\$3,329	\$4.24	0.5%
1	1	791	2	1.2%	0	0.0%	\$3,480	\$4.40	\$3,464	\$4.38	0.5%
1	1	798	2	1.2%	0	0.0%	\$3,401	\$4.26	\$3,385	\$4.24	0.5%
1	1	802	2	1.2%	0	0.0%	\$3,522	\$4.39	\$3,505	\$4.37	0.5%
1	1	812	4	2.3%	0	0.0%	\$3,658	\$4.50	\$3,641	\$4.48	0.5%
1	1	834	2	1.2%	0	0.0%	\$3,475	\$4.17	\$3,459	\$4.15	0.5%
1	1	847	3	1.7%	0	0.0%	\$4,058	\$4.79	\$4,039	\$4.77	0.5%
1	1	851	3	1.7%	0	0.0%	\$3,536	\$4.15	\$3,519	\$4.14	0.5%
1	1	863	3	1.7%	0	0.0%	\$3,691	\$4.28	\$3,674	\$4.26	0.5%
1	1	871	3	1.7%	0	0.0%	\$3,637	\$4.18	\$3,619	\$4.16	0.5%
2	2	1,016	3	1.7%	0	0.0%	\$4,567	\$4.49	\$4,543	\$4.47	0.5%
2	2	1,051	3	1.7%	0	0.0%	\$4,320	\$4.11	\$4,297	\$4.09	0.5%
2	2	1,099	3	1.7%	0	0.0%	\$4,867	\$4.43	\$4,842	\$4.41	0.5%
2	2	1,102	3	1.7%	0	0.0%	\$4,533	\$4.11	\$4,509	\$4.09	0.5%
2	2	1,105	3	1.7%	0	0.0%	\$4,504	\$4.08	\$4,481	\$4.06	0.5%
2	2	1,112	3	1.7%	0	0.0%	\$4,024	\$3.62	\$4,003	\$3.60	0.5%
2	2	1,117	3	1.7%	0	0.0%	\$4,360	\$3.90	\$4,337	\$3.88	0.5%
2	2	1,138	3	1.7%	0	0.0%	\$4,058	\$3.57	\$4,037	\$3.55	0.5%
2	2	1,146	3	1.7%	0	0.0%	\$5,083	\$4.44	\$5,056	\$4.41	0.5%

Property uses Price Optimization Software

Updated March 27, 2020

Property Summary Report

Avalon Ocean Avenue - 1200 Ocean Ave
 San Francisco, CA 94112 - Westwood Park MF Submarket



UNIT BREAKDOWN

Bed	Bath	Avg SF	Unit Mix		Vacancy		Avg Asking Rent		Avg Effective Rent		Concessions
			Units	Mix %	Units	Vac %	Per Unit	Per SF	Per Unit	Per SF	
2	2	1,147	1	0.6%	0	0.0%	\$4,305	\$3.75	\$4,282	\$3.73	0.5%
2	2	1,149	2	1.2%	0	0.0%	\$4,874	\$4.24	\$4,848	\$4.22	0.5%
2	2	1,155	1	0.6%	0	0.0%	\$4,538	\$3.93	\$4,515	\$3.91	0.5%
2	2	1,156	3	1.7%	0	0.0%	\$4,263	\$3.69	\$4,241	\$3.67	0.5%
2	2	1,158	2	1.2%	0	0.0%	\$4,398	\$3.80	\$4,376	\$3.78	0.5%
2	2	1,170	2	1.2%	0	0.0%	\$4,695	\$4.01	\$4,670	\$3.99	0.5%
2	2	1,172	1	0.6%	0	0.0%	\$4,605	\$3.93	\$4,581	\$3.91	0.5%
2	2	1,176	1	0.6%	0	0.0%	\$4,825	\$4.10	\$4,799	\$4.08	0.5%
2	2	1,181	1	0.6%	0	0.0%	\$4,848	\$4.10	\$4,823	\$4.08	0.5%
2	2	1,186	1	0.6%	0	0.0%	\$4,595	\$3.87	\$4,571	\$3.85	0.5%
2	2	1,190	3	1.7%	0	0.0%	\$4,631	\$3.89	\$4,607	\$3.87	0.5%
2	2	1,214	1	0.6%	0	0.0%	\$4,912	\$4.05	\$4,886	\$4.02	0.5%
2	2	1,220	1	0.6%	0	0.0%	\$4,794	\$3.93	\$4,769	\$3.91	0.5%
2	2	1,226	1	0.6%	0	0.0%	\$5,141	\$4.19	\$5,114	\$4.17	0.5%
2	2	1,230	1	0.6%	0	0.0%	\$4,520	\$3.67	\$4,496	\$3.66	0.5%
2	2	1,237	2	1.2%	0	0.0%	\$4,559	\$3.69	\$4,535	\$3.67	0.5%
2	2	1,265	1	0.6%	0	0.0%	\$5,068	\$4.01	\$5,041	\$3.98	0.5%
2	2	1,291	2	1.2%	0	0.0%	\$4,723	\$3.66	\$4,699	\$3.64	0.5%
2	2	1,316	1	0.6%	0	0.0%	\$4,916	\$3.74	\$4,891	\$3.72	0.5%

Property uses Price Optimization Software

Updated March 27, 2020

COMMERCIAL LEASING

Available Spaces: No Spaces Currently Available

FEES

Application Fee \$30

PET POLICY

Cats Allowed - \$0/Mo, 2 Maximum, One-Time Fee: \$0

Dogs Allowed - \$0/Mo, 2 Maximum, One-Time Fee: \$0

TRANSPORTATION

Parking: 173 Covered Spaces are available; 1.0 per Unit

Transit/Subway: 3 minute walk to Ocean and Lee Transit Stop (K Ingleside)

Commuter Rail: 10 minute drive to Bayshore Commuter Rail (Caltrain)

Airport: 20 minute drive to San Francisco International Airport

Walk Score ®: Walker's Paradise (91)

Transit Score ®: Excellent Transit (85)

COMMERCIAL TENANTS

Whole Foods 25,651 SF Yogurtland 1,590 SF

Property Summary Report

Avalon Ocean Avenue - 1200 Ocean Ave
 San Francisco, CA 94112 - Westwood Park MF Submarket



PROPERTY CONTACTS

True Owner: **AvalonBay Communities, Inc.**
 Developer: **AvalonBay Communities, Inc.**
 Property Manager: **AvalonBay - Avalon Ocean Avenue**

Recorded Owner: **Avalon Ocean Avenue LP**
 Architect: **Pyatok Architects, Inc.**

MARKET CONDITIONS

Asking Rents Per Unit	Current	YOY
Current Building	\$3,824	▲ 4.1%
Submarket 3-5 Star	\$3,255	▲ 3.4%
Market Overall	\$3,145	▲ 0.7%

Vacancy Rates	Current	YOY
Current Building	1.7%	↔ 0.0%
Submarket 3-5 Star	5.9%	▲ 1.9%
Market Overall	4.7%	▲ 0.5%

Concessions	Current	YOY
Current Building	0.5%	↔ 0.0%
Submarket 3-5 Star	1.7%	▲ 0.5%
Market Overall	0.7%	▼ -0.3%

Submarket Sales Activity	Current	Prev Year
12 Mo. Sales Volume (Mil.)	\$36.6	\$24.9
12 Mo. Price Per Unit	\$536,798	\$526,393

Under Construction Units	Current	YOY
Market Overall	5,739	▼ -11.8%

BUILDING NOTES

The unit counts and sizes by bed-bath mix are estimated per property management.

APPENDIX D:

San Francisco Multifamily Real Estate Market
Conditions, CoStar Report, 1st Quarter 2020





Custom Market Report

San Francisco Multifamily

PREPARED BY



ECONOMIC & PLANNING SYSTEMS

Ben Sigman
Vice President



Overview

San Francisco Multifamily

Buildings

10,089

Avg. Rent Per Unit

\$3,005

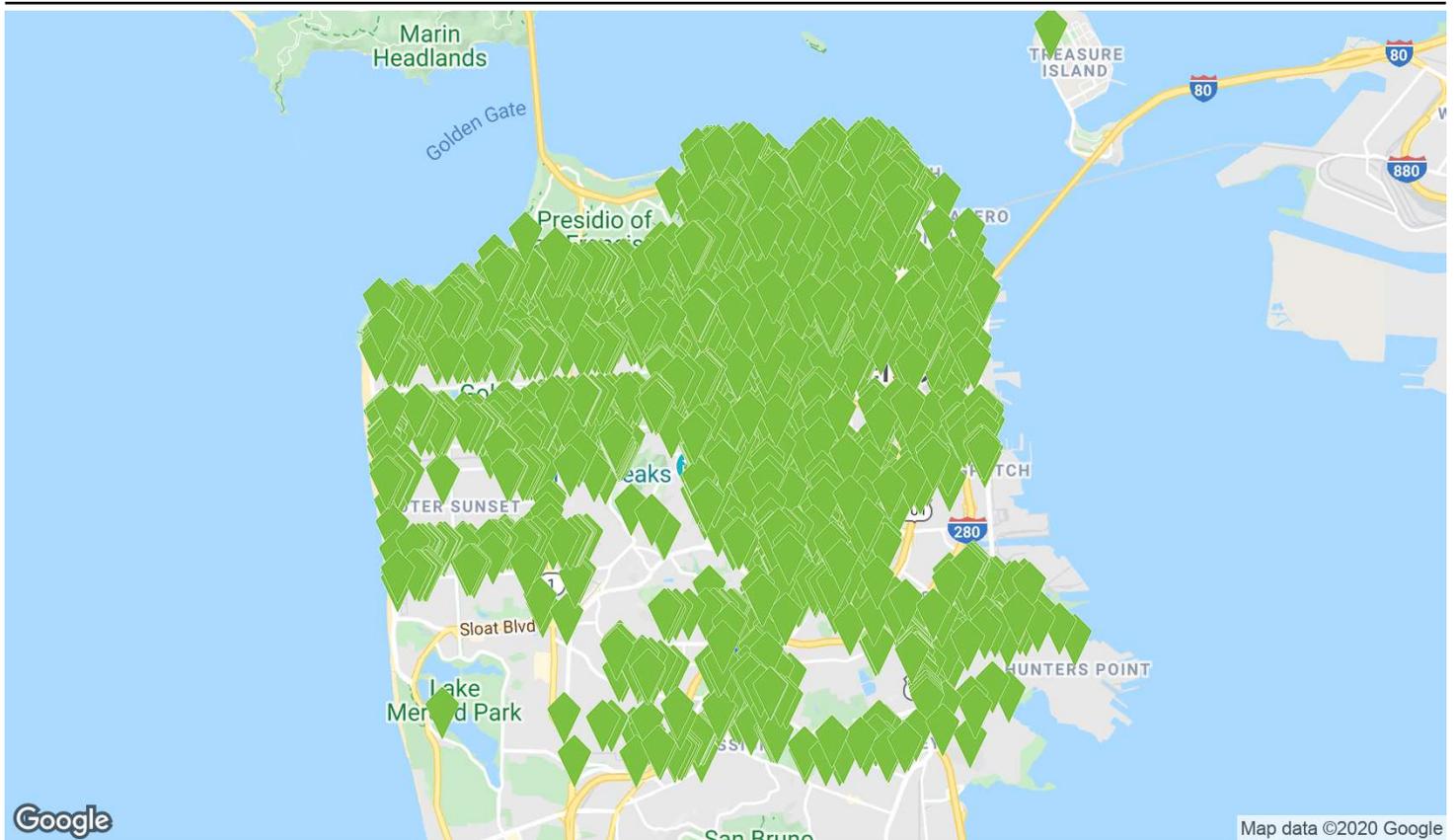
Avg. Rent Per SF

\$4.18

Avg. Vacancy Rate

4.7%

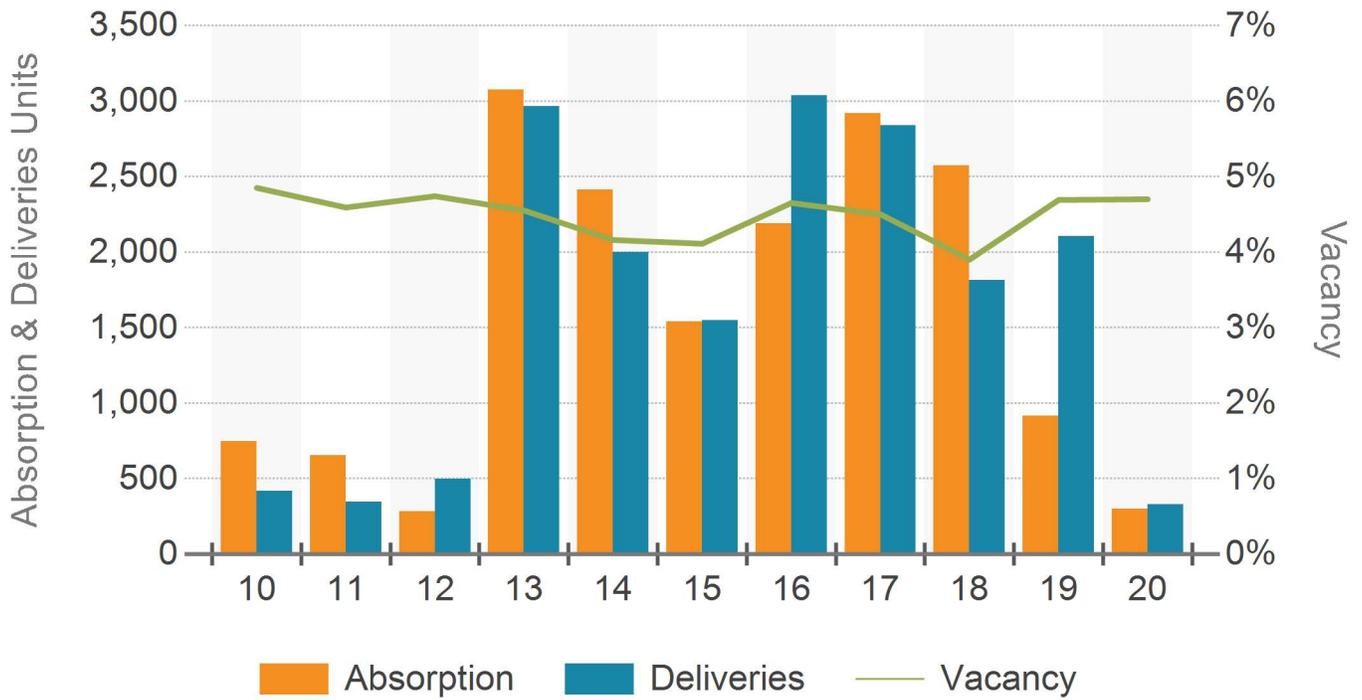
PROPERTIES IN SURVEY



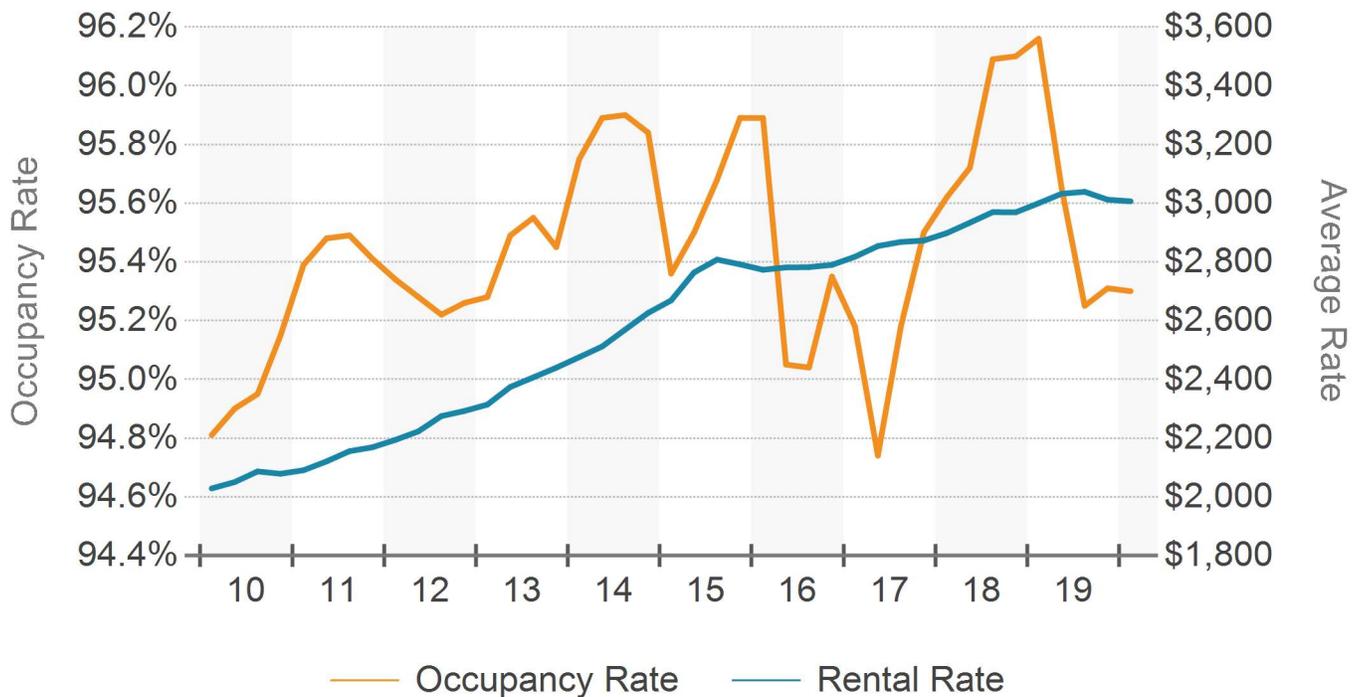
SUMMARY STATISTICS

Unit Breakdown	Low	Average	Median	High
Total Units	1	14	6	3,221
Studio Units	0	3	0	421
One Bedroom Units	0	5	0	1,448
Two Bedroom Units	0	3	0	1,365
Three Bedroom Units	0	1	0	400
Property Attributes	Low	Average	Median	High
Year Built	1849	1927	1919	2020
Number of Floors	1	3	3	56
Average Unit Size	-	699 SF	670 SF	5,052 SF
Vacancy Rate	0.0%	4.7%	3.3%	90.0%
Star Rating	★☆☆☆☆	★★★☆☆ 2.2	★★★★☆	★★★★★

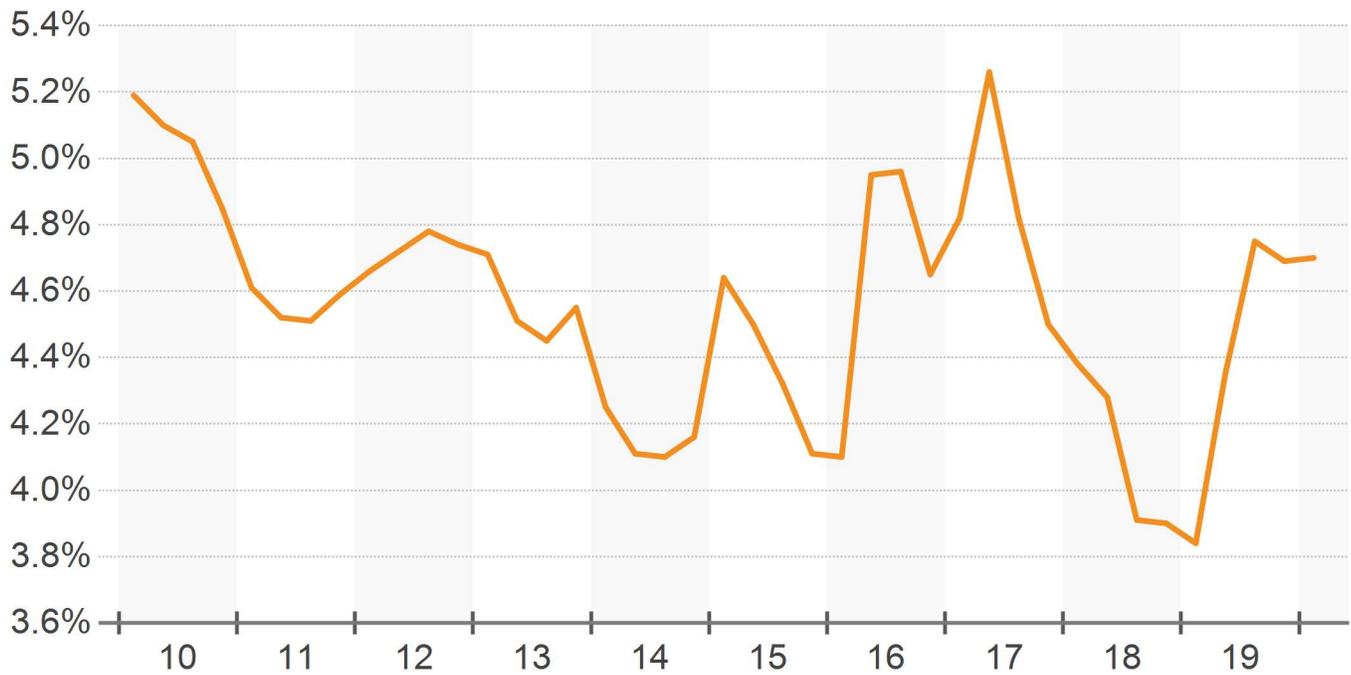
ABSORPTION, DELIVERIES, VACANCY



OCCUPANCY & RENTAL RATES



VACANCY RATE



SUMMARY STATISTICS

Leasing Units	Survey	5-Year Avg
Vacant Units	6,713	5,979
Vacancy Rate	4.7%	4.4%
12 Mo. Absorption Units	1,070	2,076

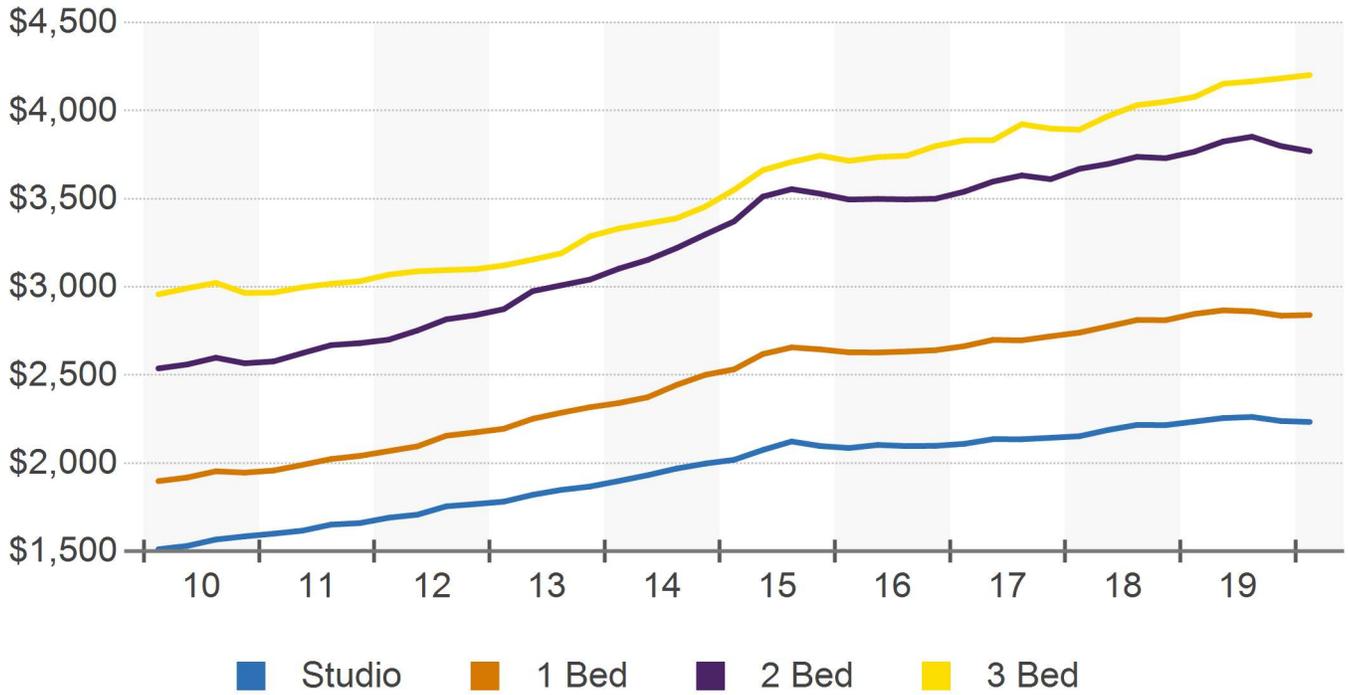
Inventory in Units	Survey	5-Year Avg
Existing Units	143,397	137,394
12 Mo. Const. Starts	0	1,331
Under Construction	94	3,540
12 Mo. Deliveries	2,086	2,264

Rents	Survey	5-Year Avg
Studio Asking Rent	\$2,231	\$2,156
1 Bed Asking Rent	\$2,841	\$2,726
2 Bed Asking Rent	\$3,772	\$3,630
3+ Bed Asking Rent	\$4,296	\$3,938
Concessions	0.8%	1.1%

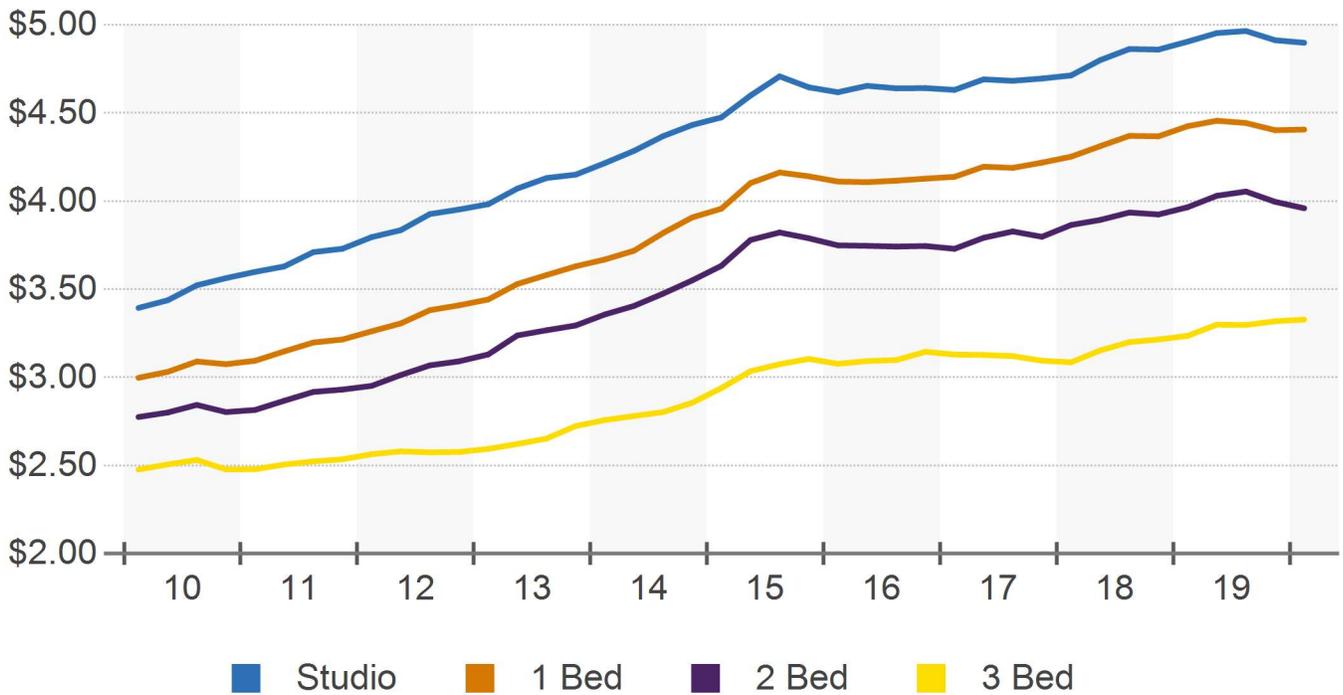
Sales	Past Year	5-Year Avg
Sale Price Per Unit	\$526,045	\$412,624
Asking Price Per Unit	\$494,616	\$453,510
Sales Volume (Mil.)	\$1,896	\$1,452
Cap Rate	4.1%	3.9%

Bedroom Summary

ASKING RENT PER UNIT BY BEDROOM

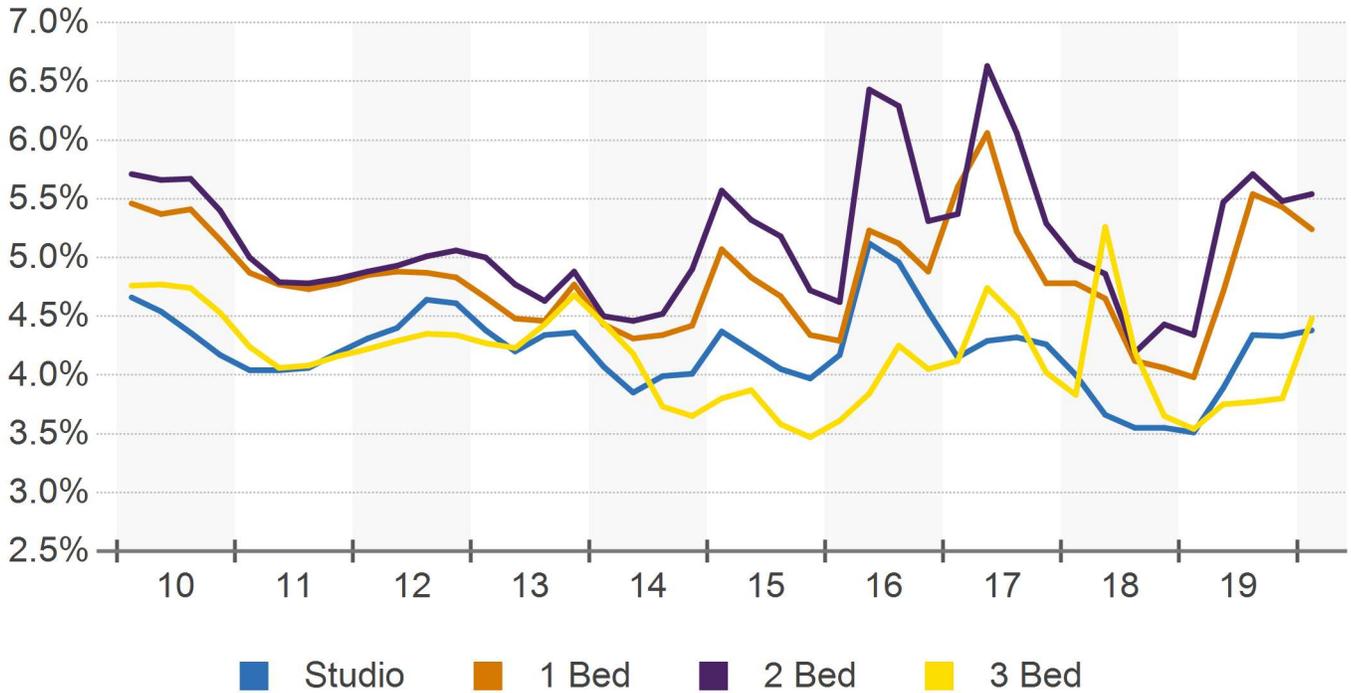


ASKING RENT PER SF BY BEDROOM

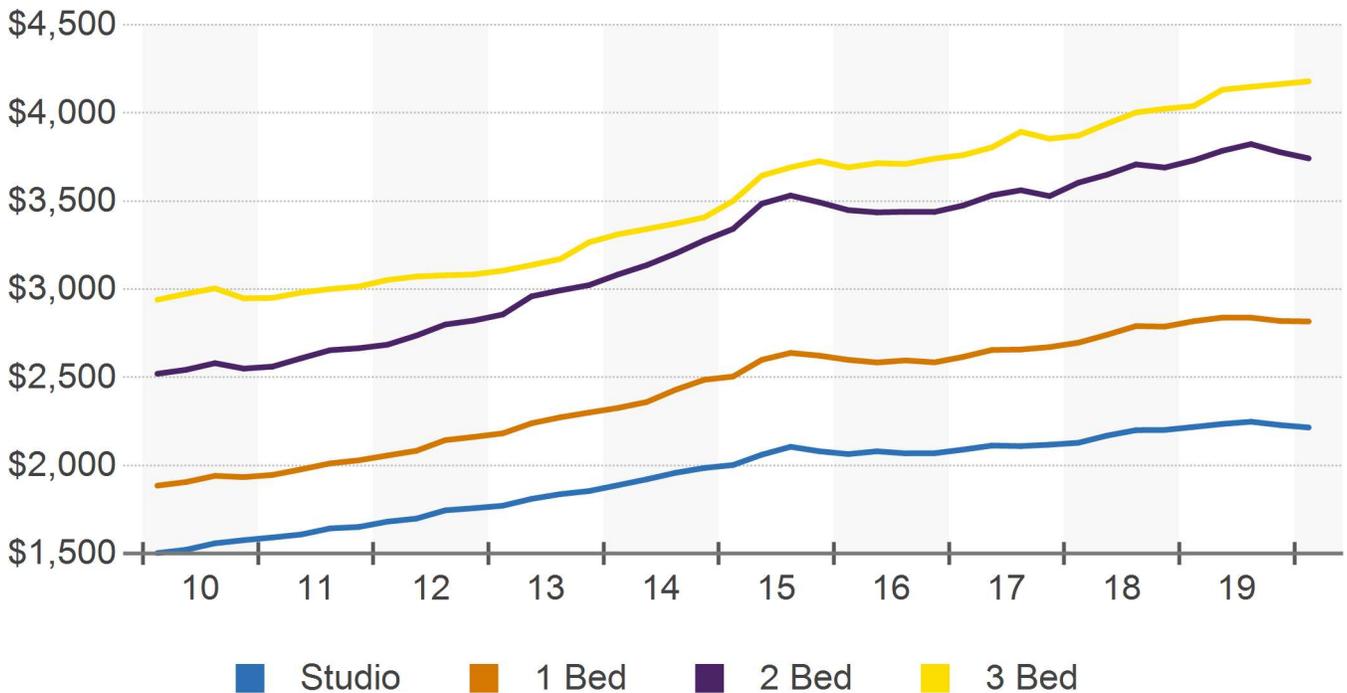


Bedroom Summary

VACANCY BY UNIT MIX

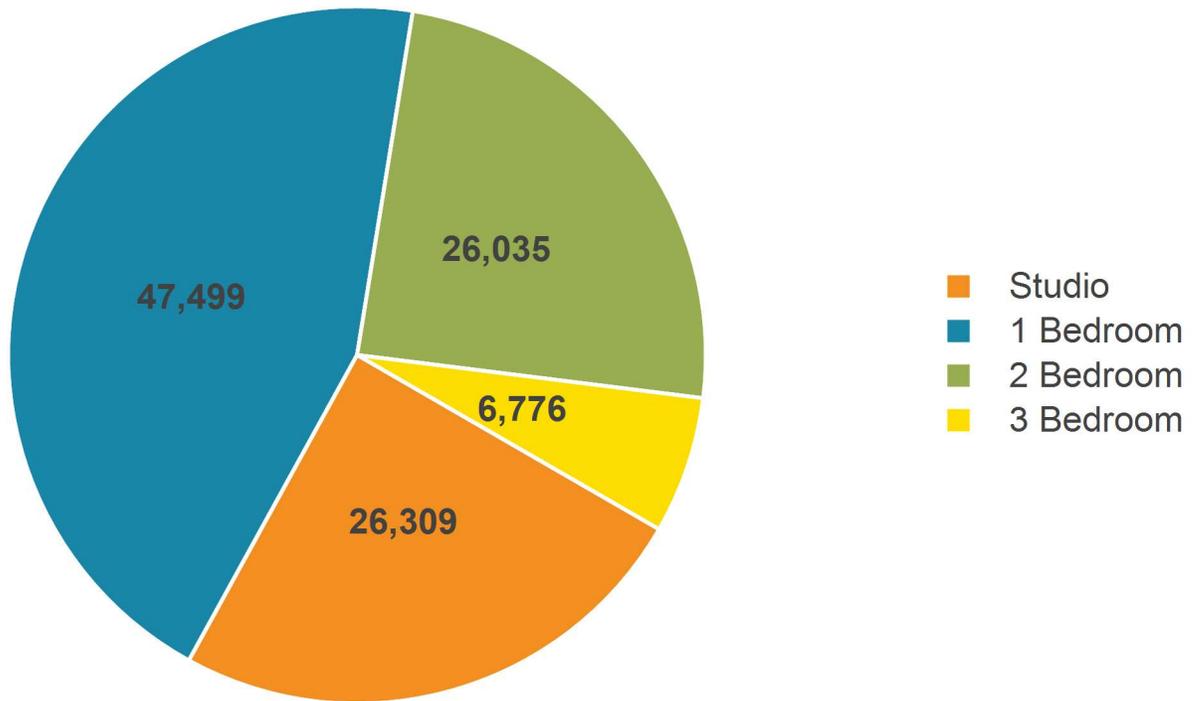


EFFECTIVE RENT PER UNIT BY BEDROOM

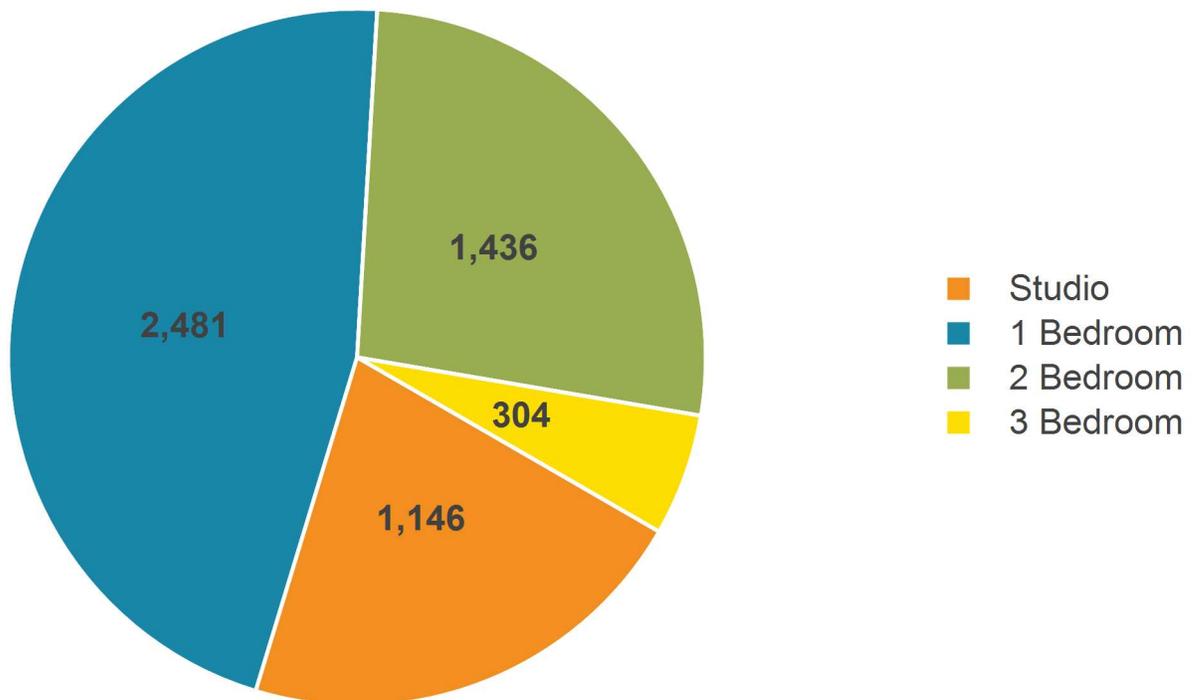


Bedroom Comparisons

TOTAL UNITS BY BEDROOM

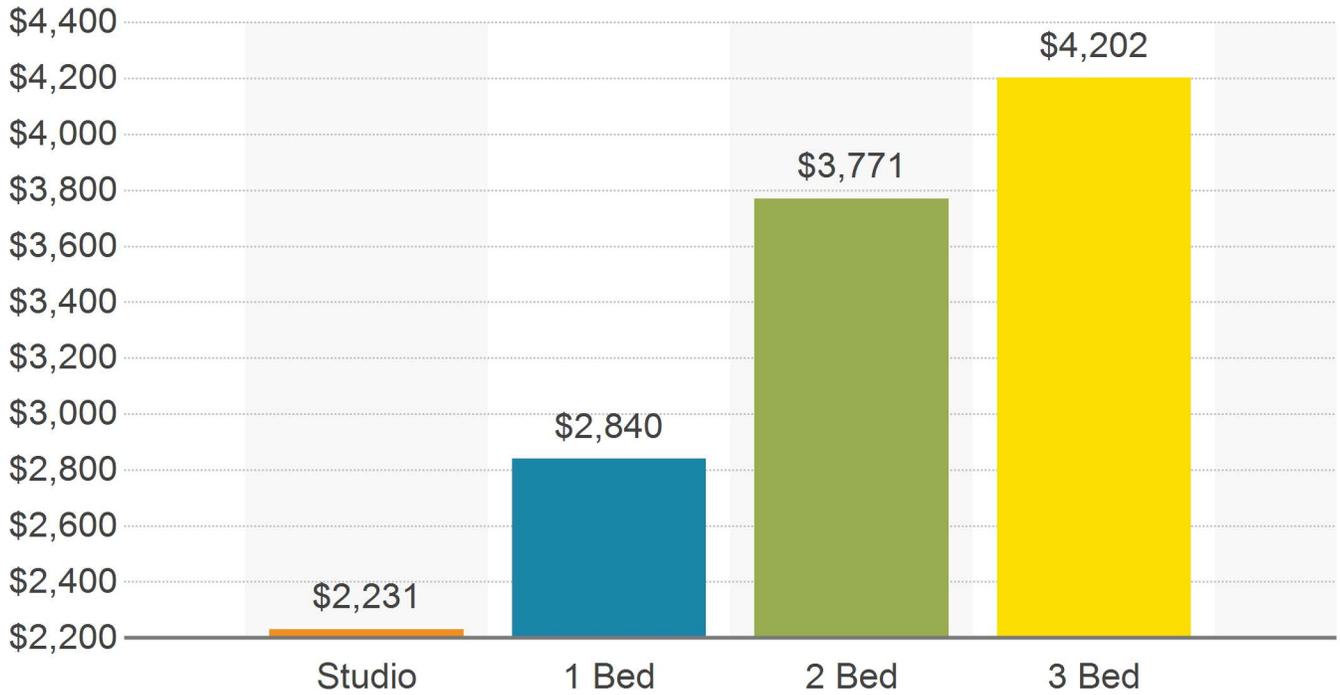


VACANT UNITS BY BEDROOM

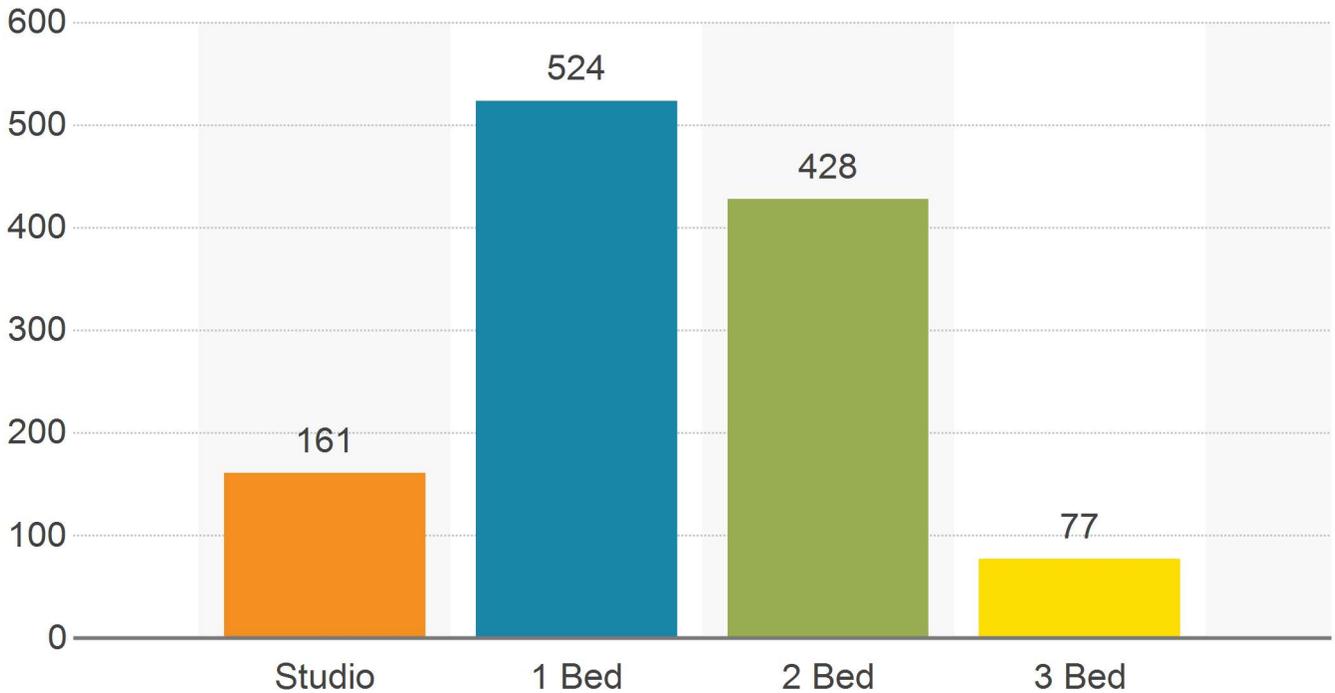


Bedroom Comparisons

ASKING RENTS PER UNIT BY BEDROOM



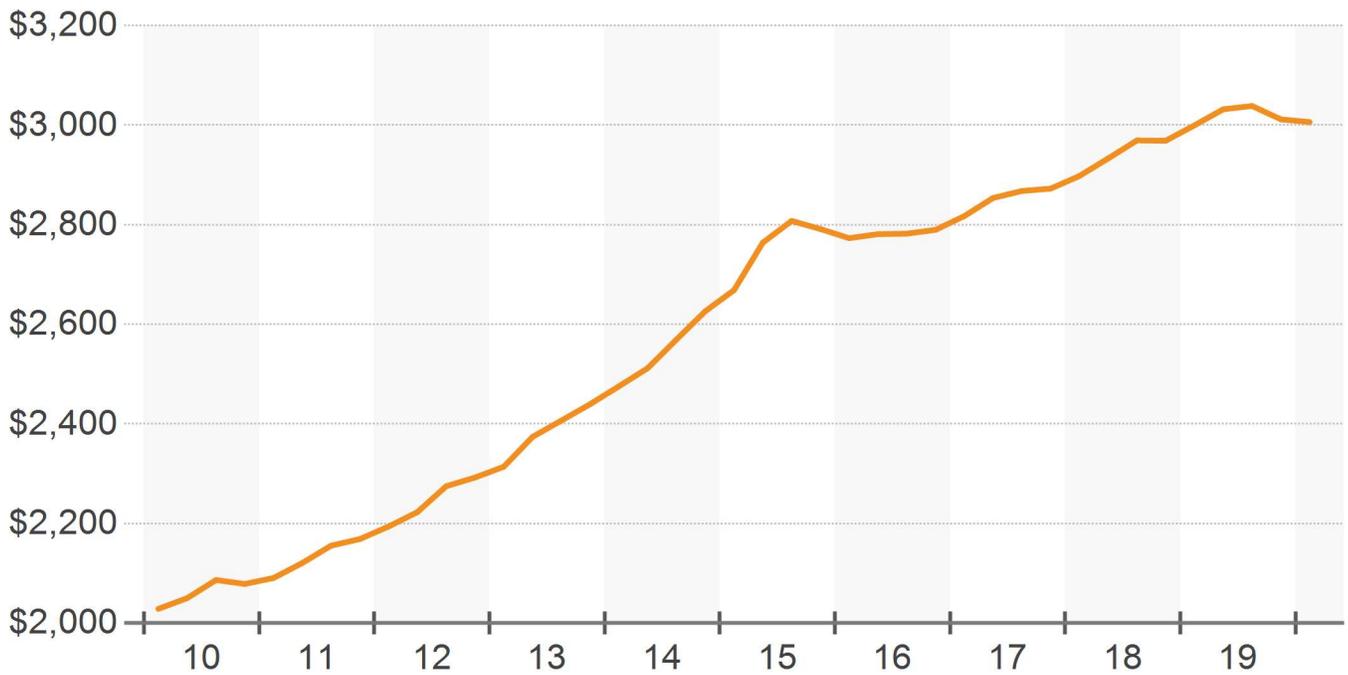
NET ABSORPTION BY BEDROOM



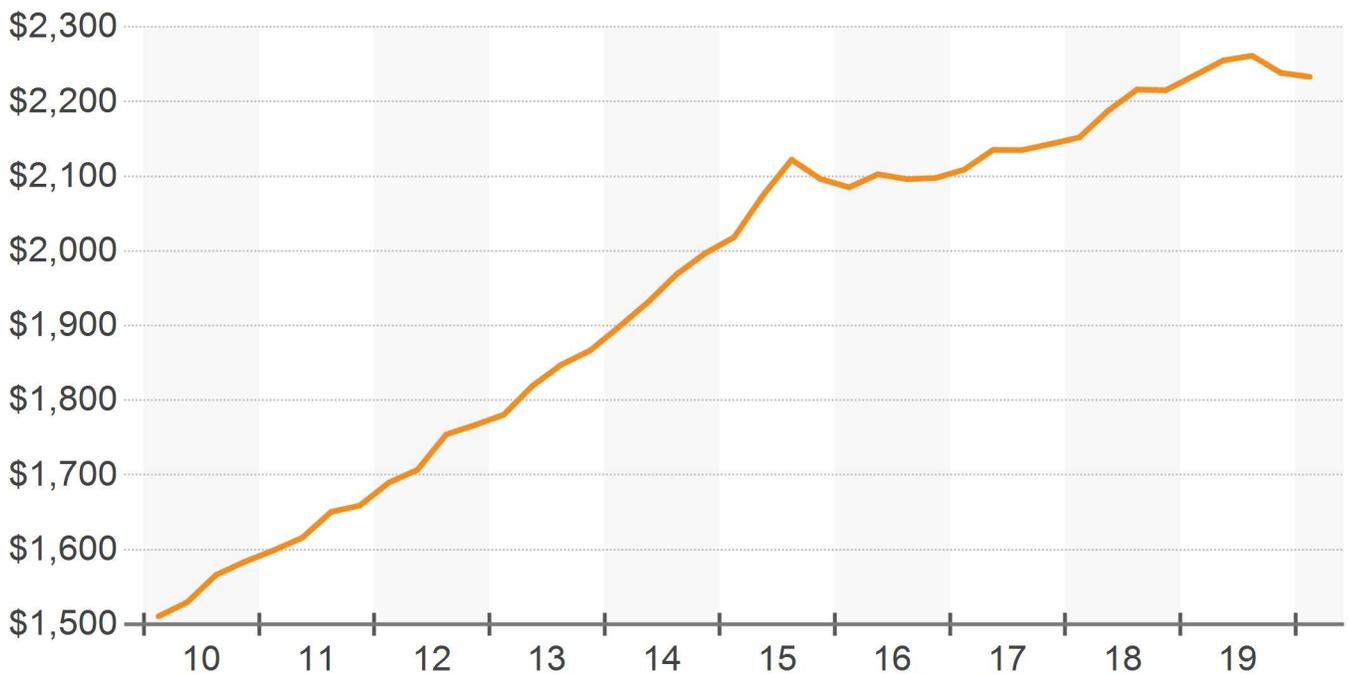
Rental Rates

San Francisco Multifamily

ASKING RENT PER UNIT

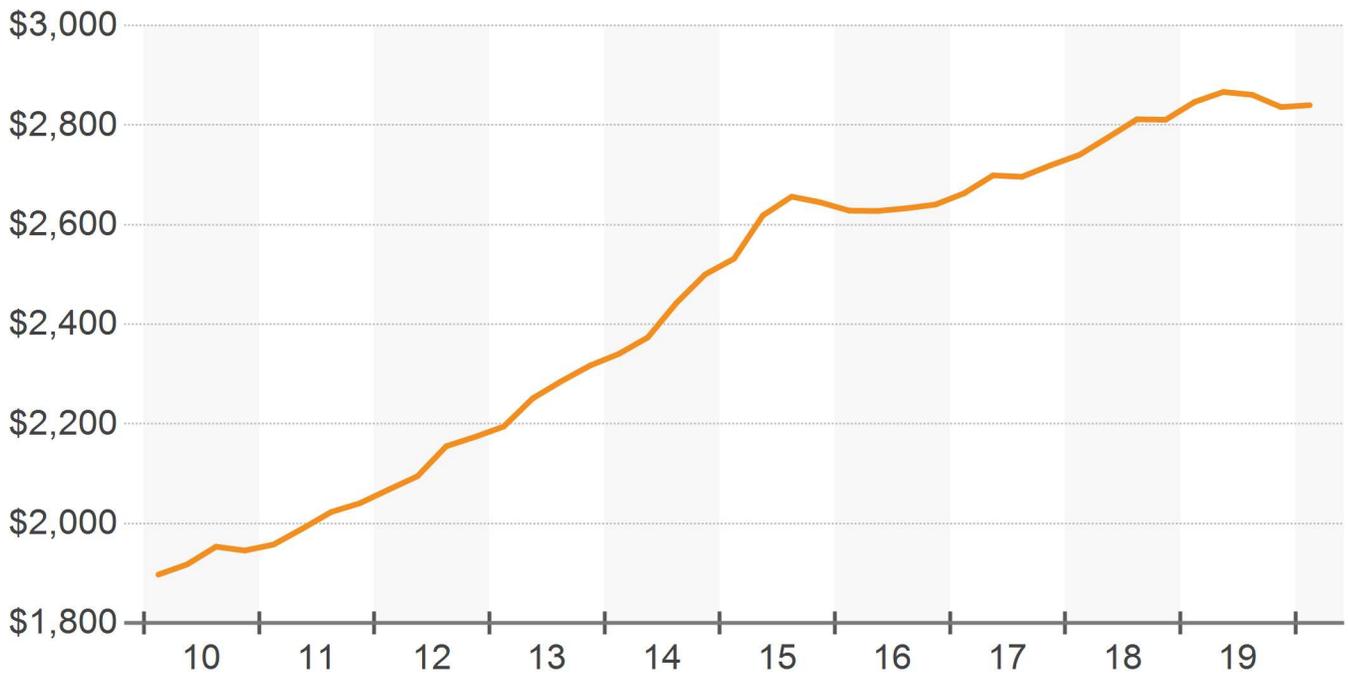


STUDIO ASKING RENT PER UNIT

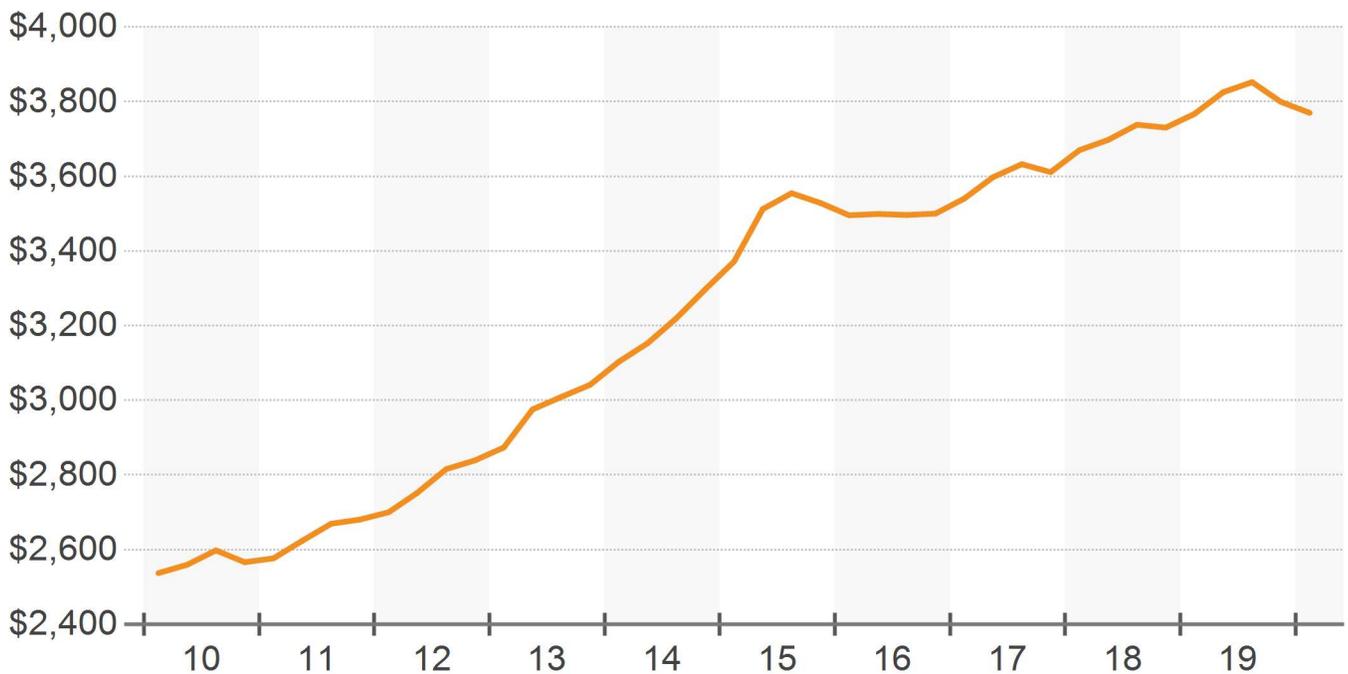


Rental Rates

ONE BED ASKING RENT PER UNIT

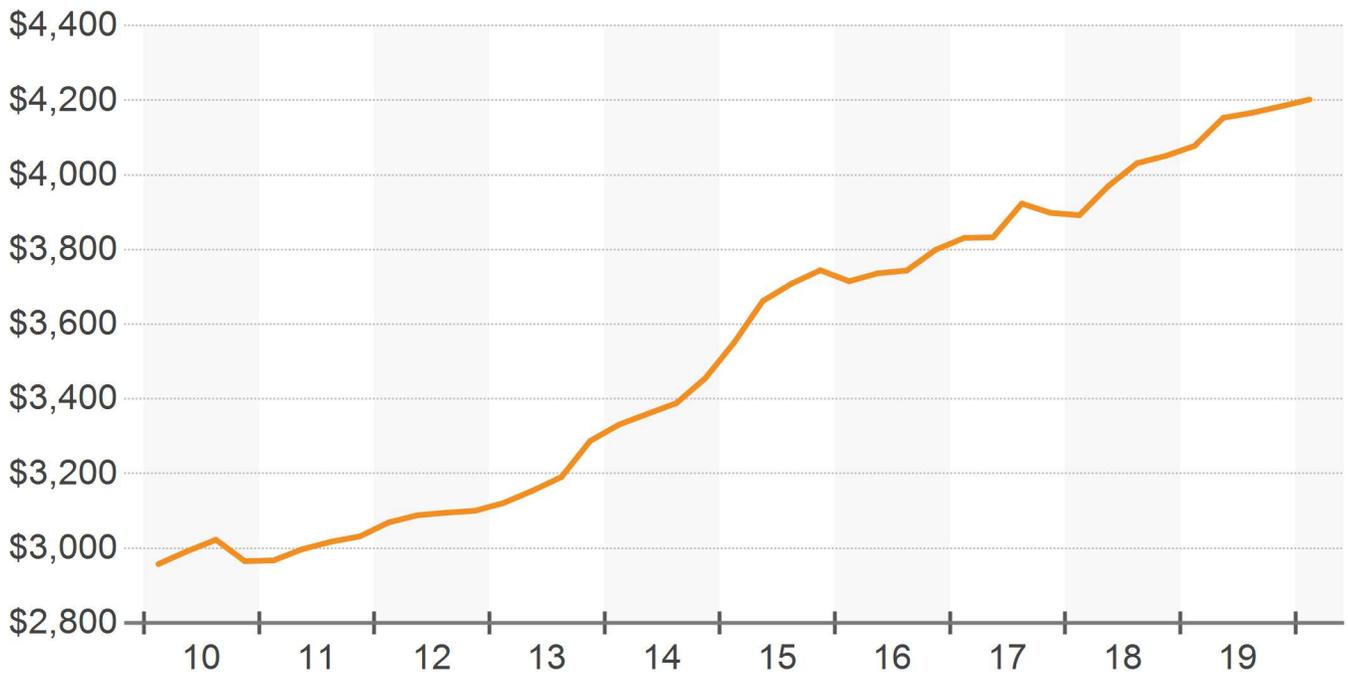


TWO BED ASKING RENT PER UNIT

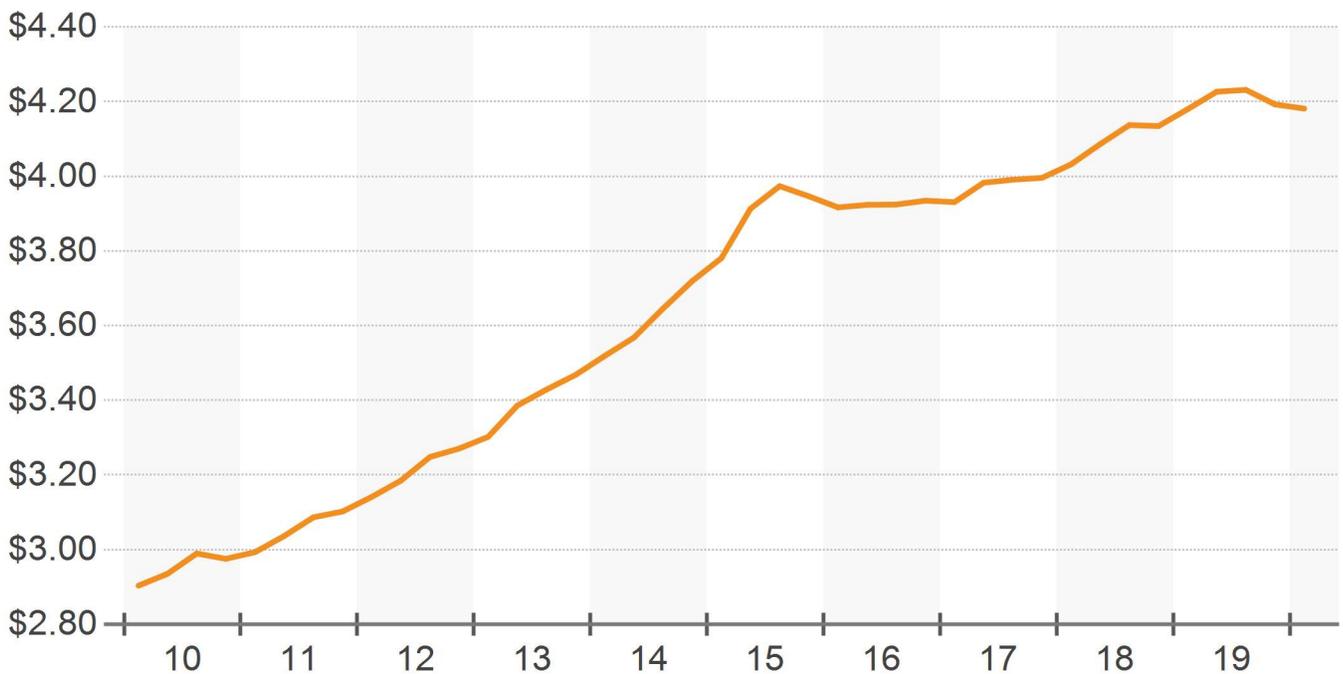


Rental Rates

THREE BED ASKING RENT PER UNIT



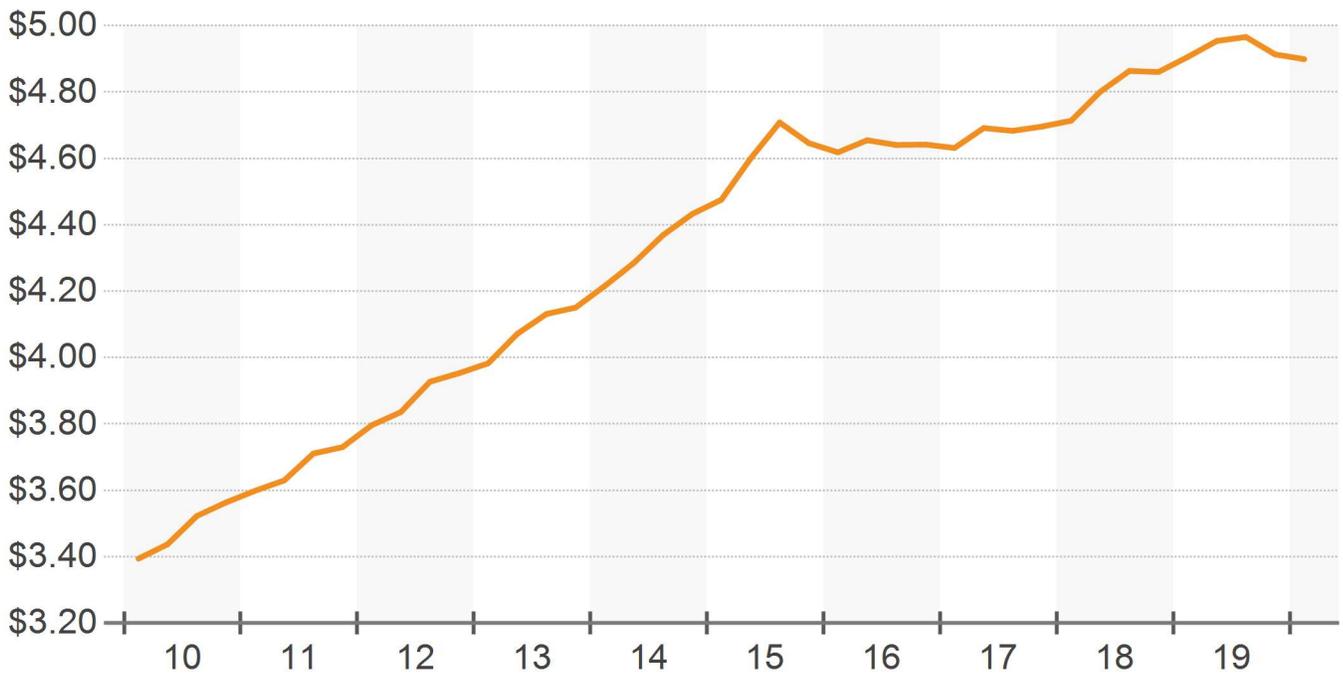
ASKING RENT PER SF



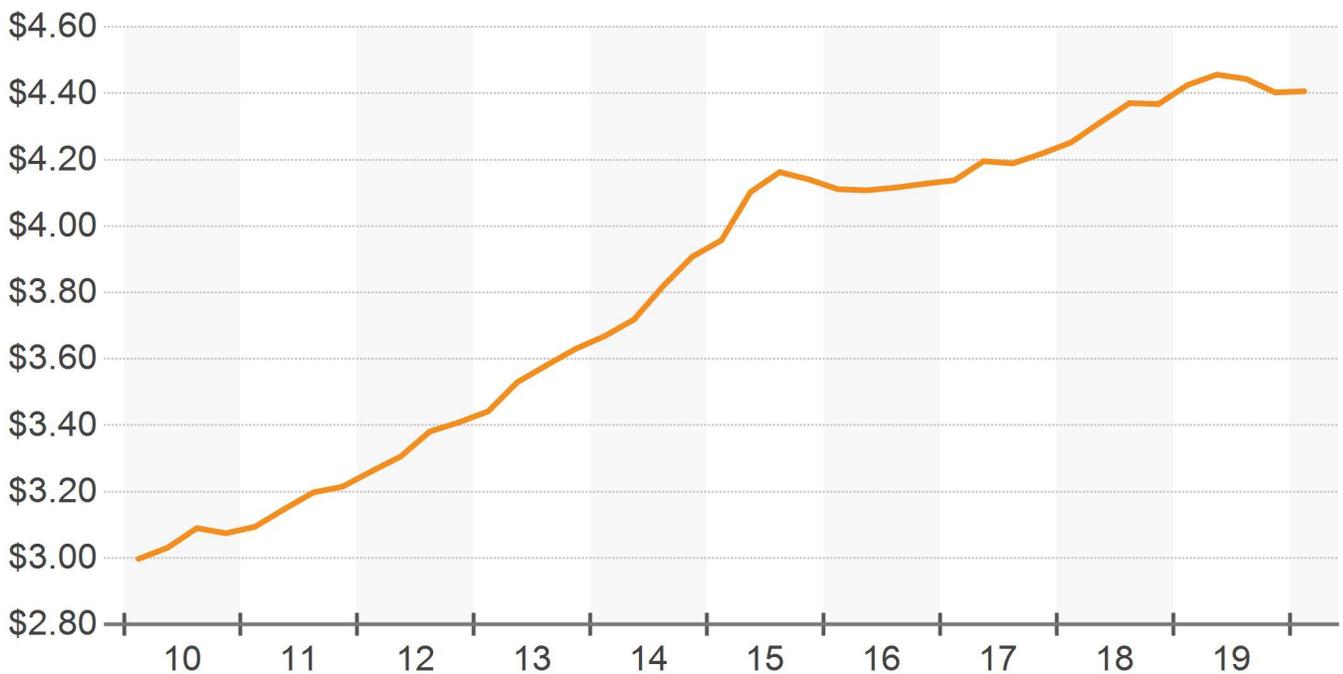
Rental Rates

San Francisco Multifamily

STUDIO ASKING RENT PER SF

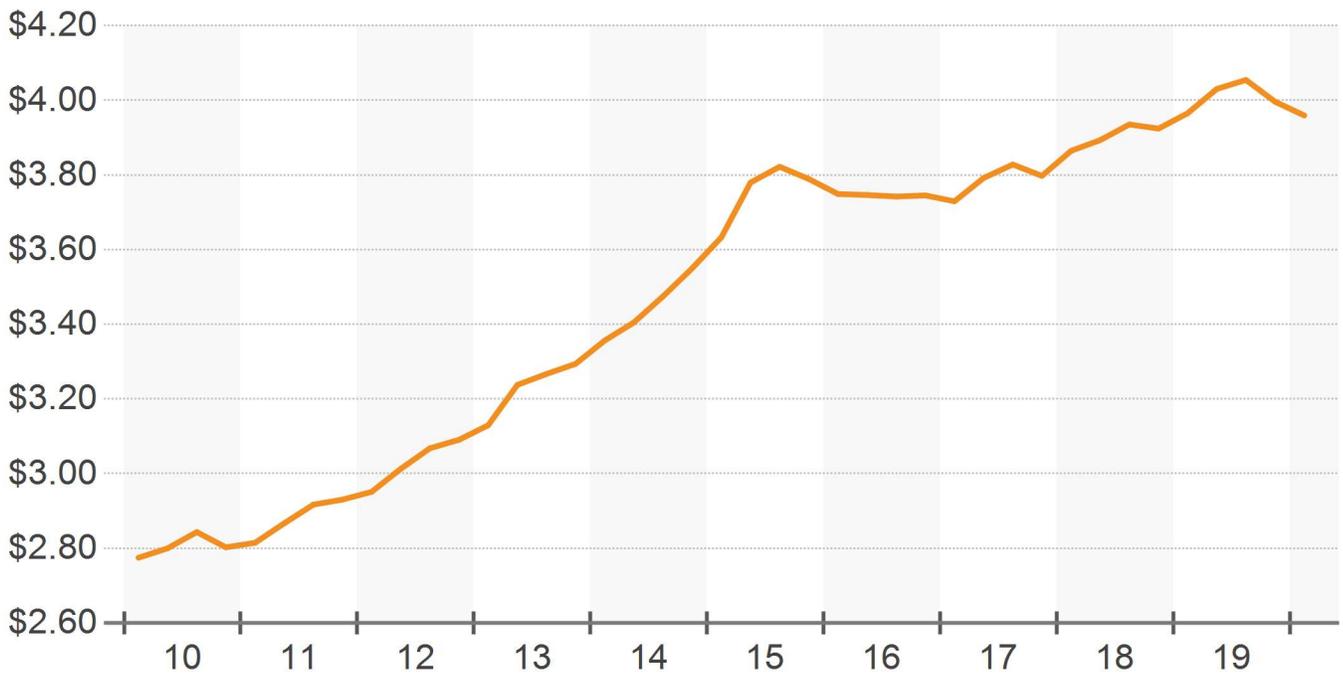


ONE BED ASKING RENT PER SF



Rental Rates

TWO BED ASKING RENT PER SF



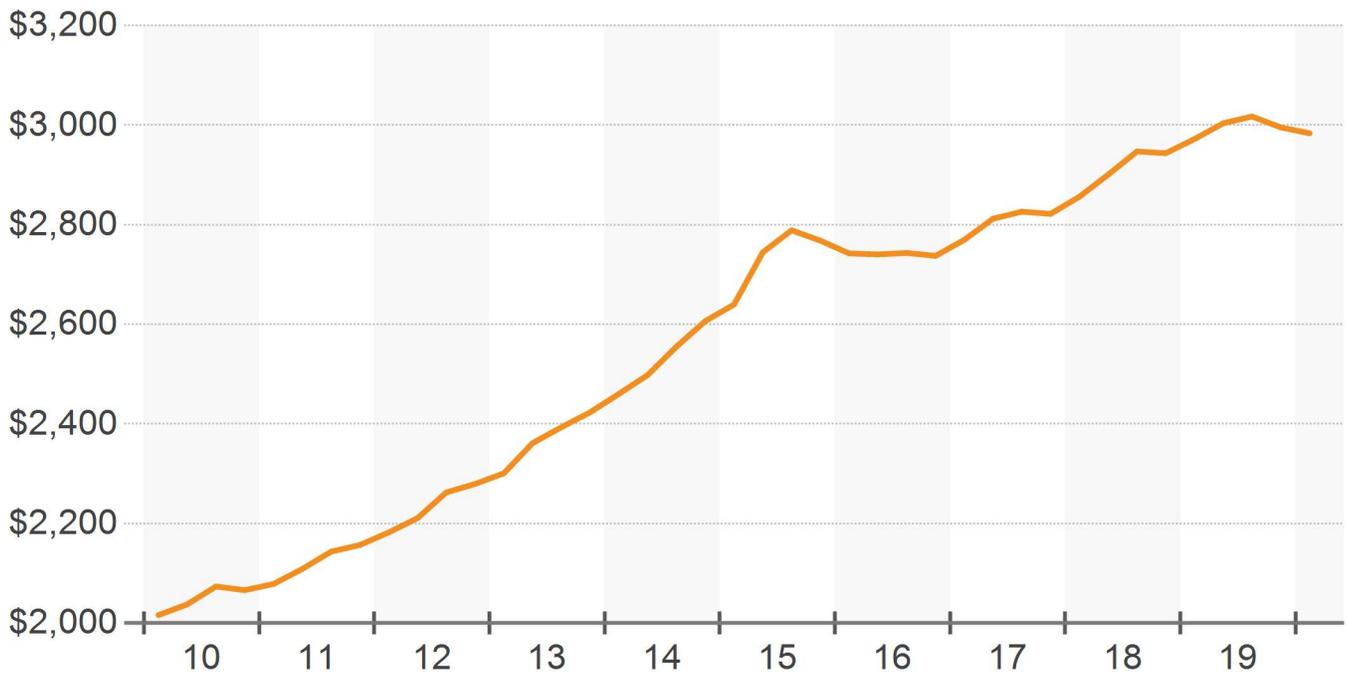
THREE BED ASKING RENT PER SF



Rental Rates

San Francisco Multifamily

EFFECTIVE RENT PER UNIT



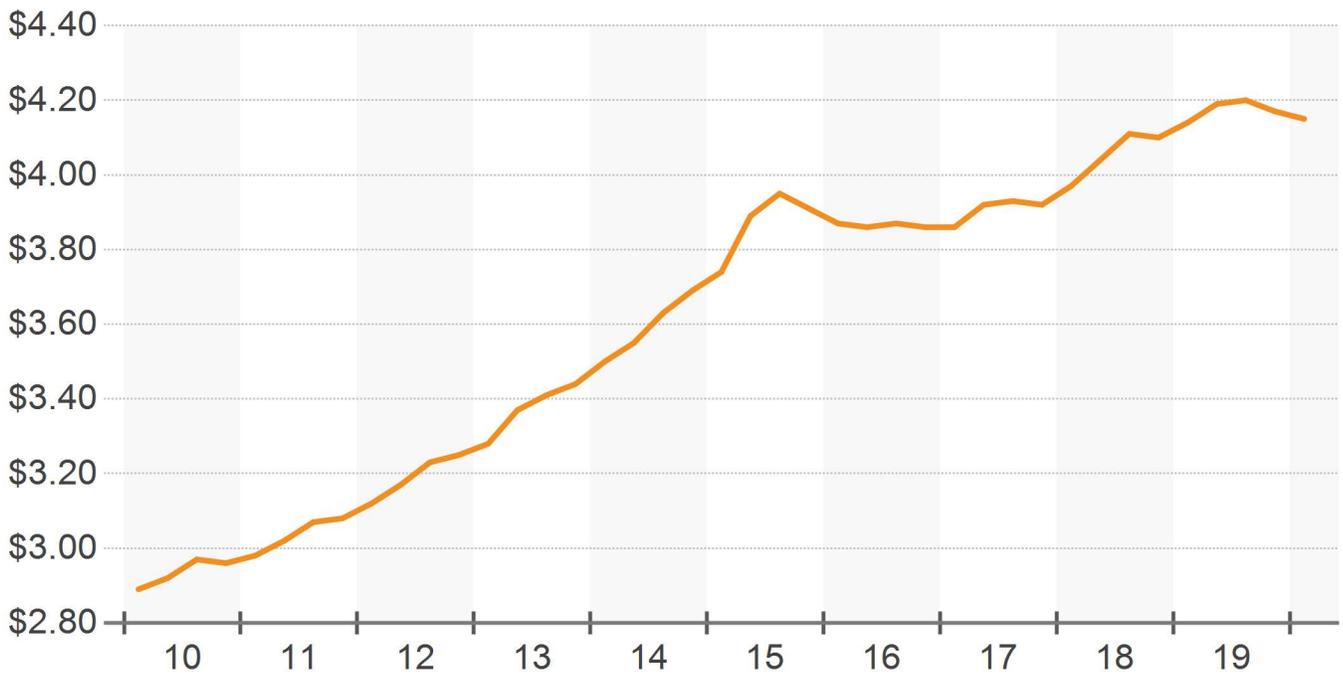
EFFECTIVE RENT GROWTH



Rental Rates

San Francisco Multifamily

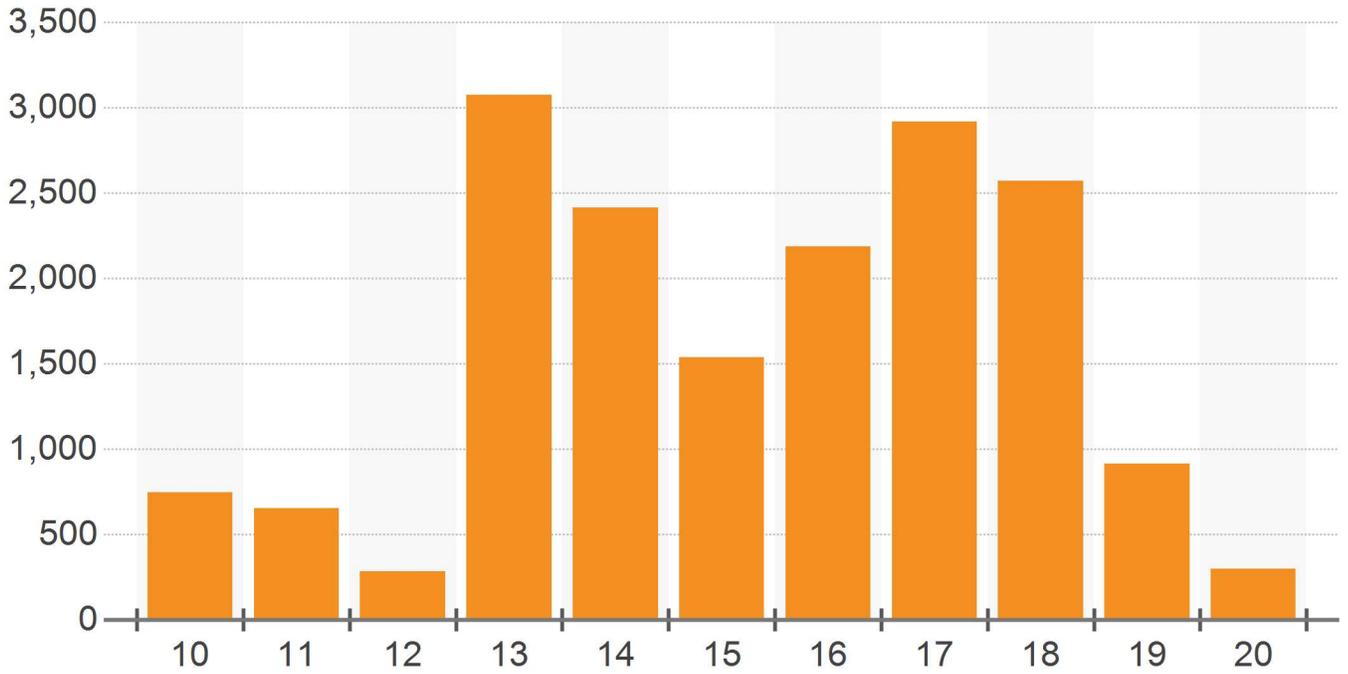
EFFECTIVE RENT PER SF



CONCESSION RATE



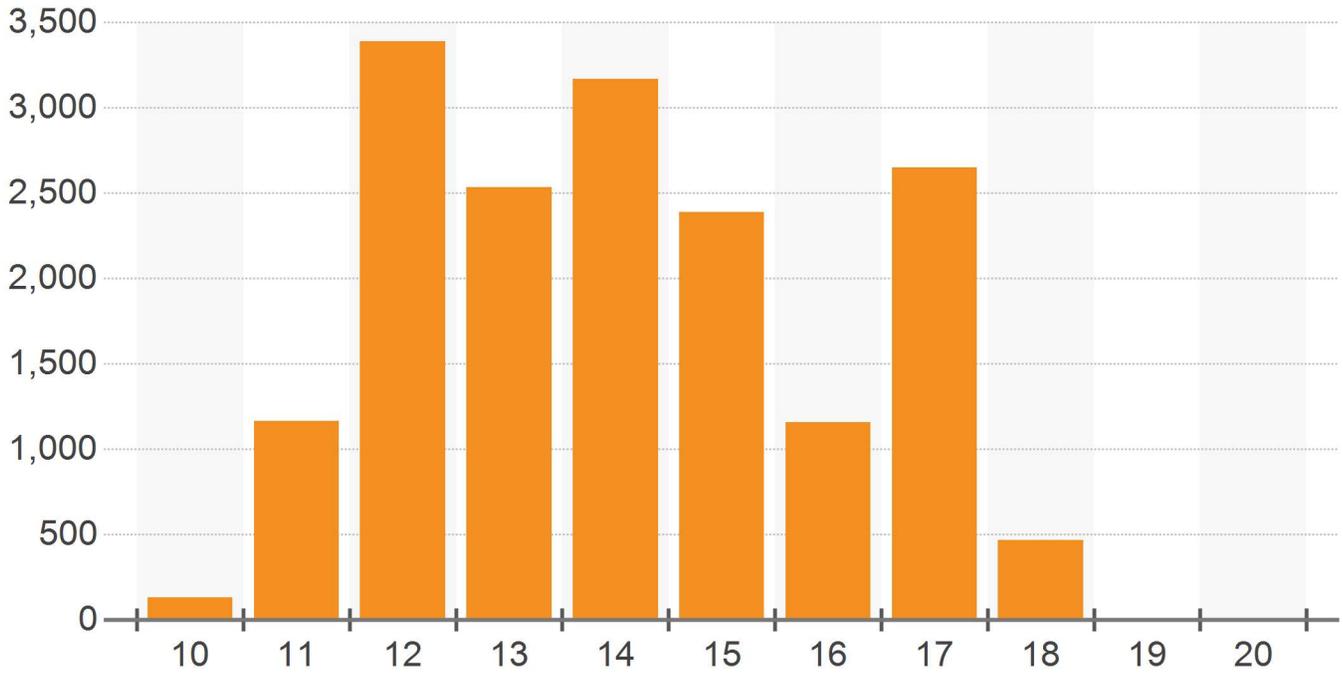
ABSORPTION UNITS



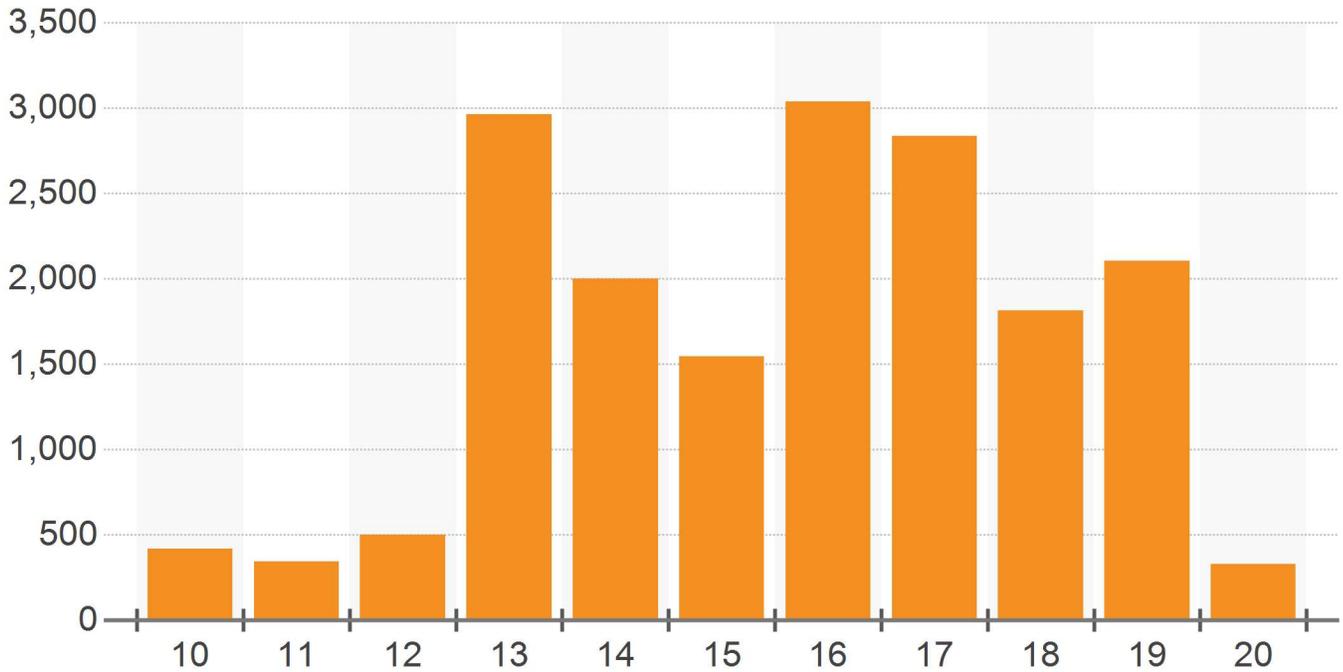
NET ABSORPTION AS % OF INVENTORY



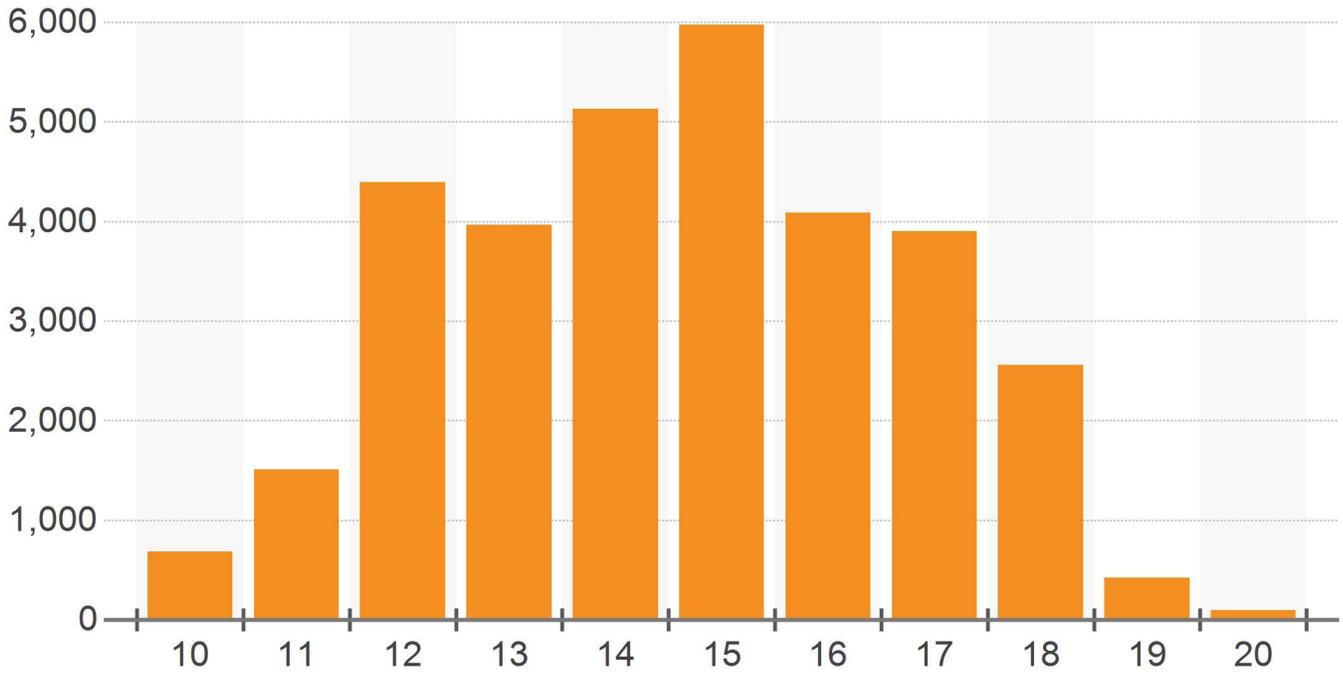
CONSTRUCTION STARTS IN UNITS



HISTORICAL DELIVERIES IN UNITS



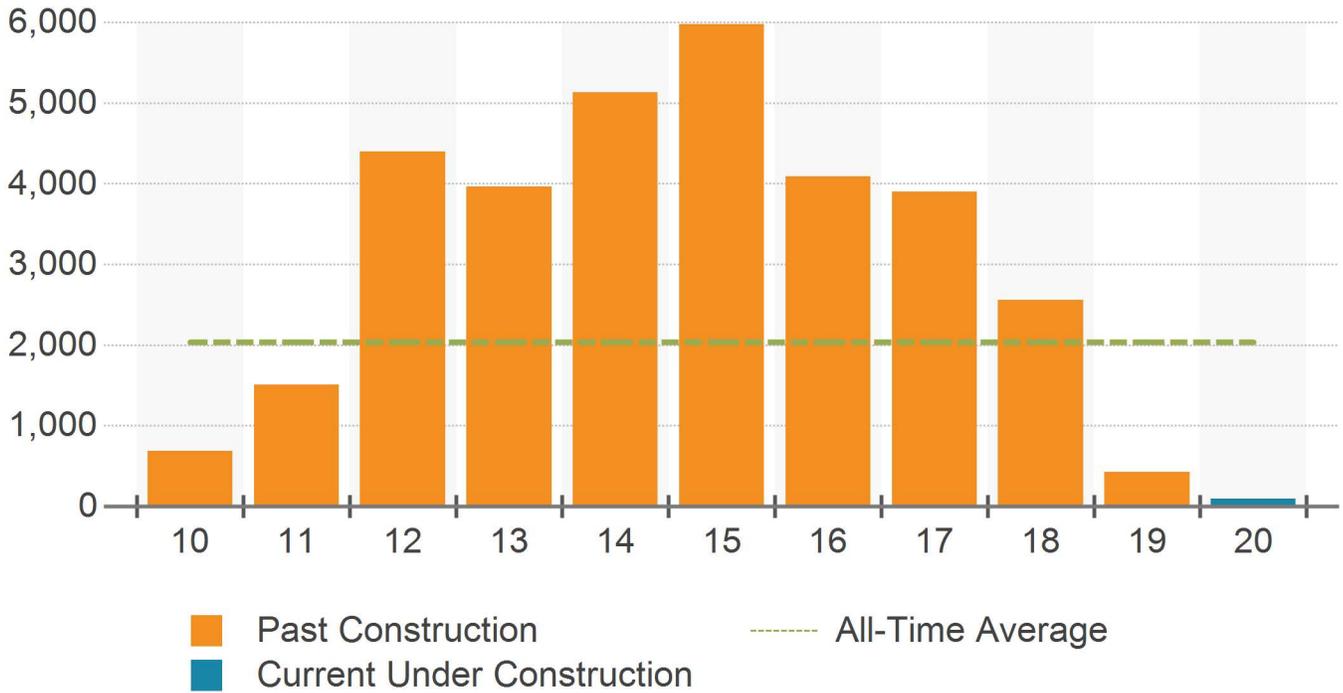
UNDER CONSTRUCTION IN UNITS



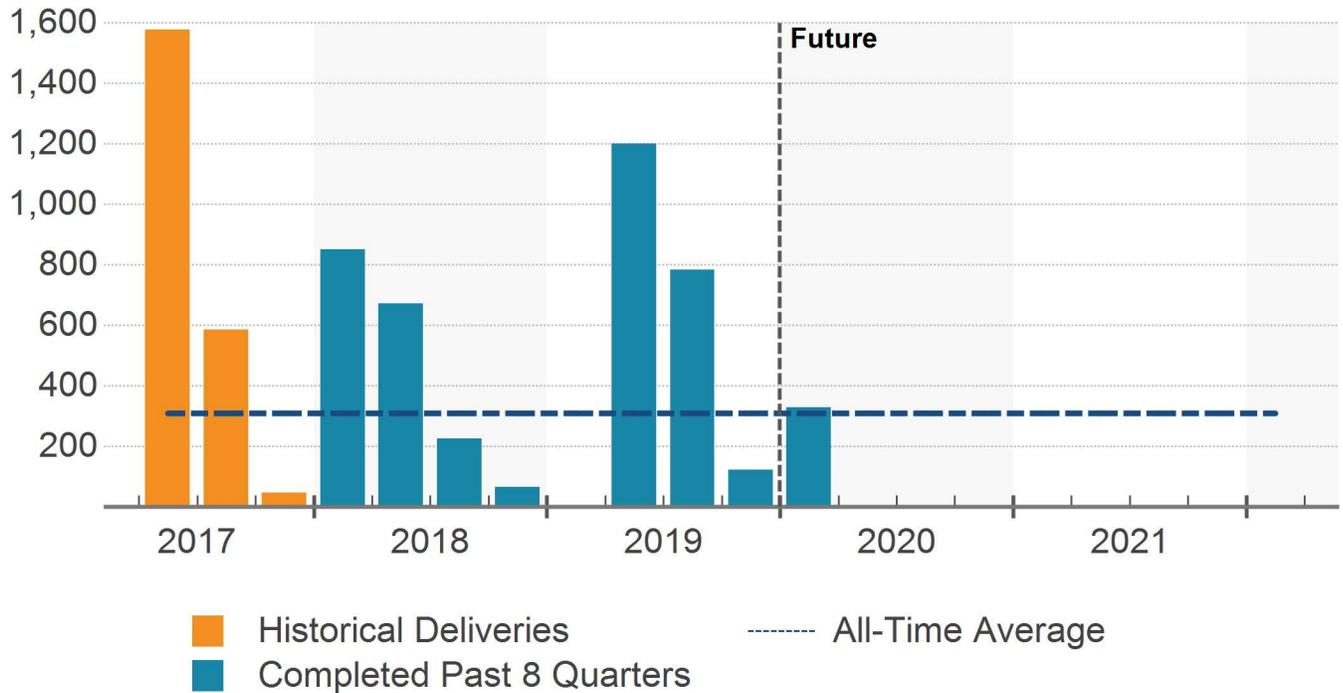
FUTURE DELIVERIES IN UNITS

No data available for the current selection

PAST & CURRENT CONSTRUCTION IN UNITS

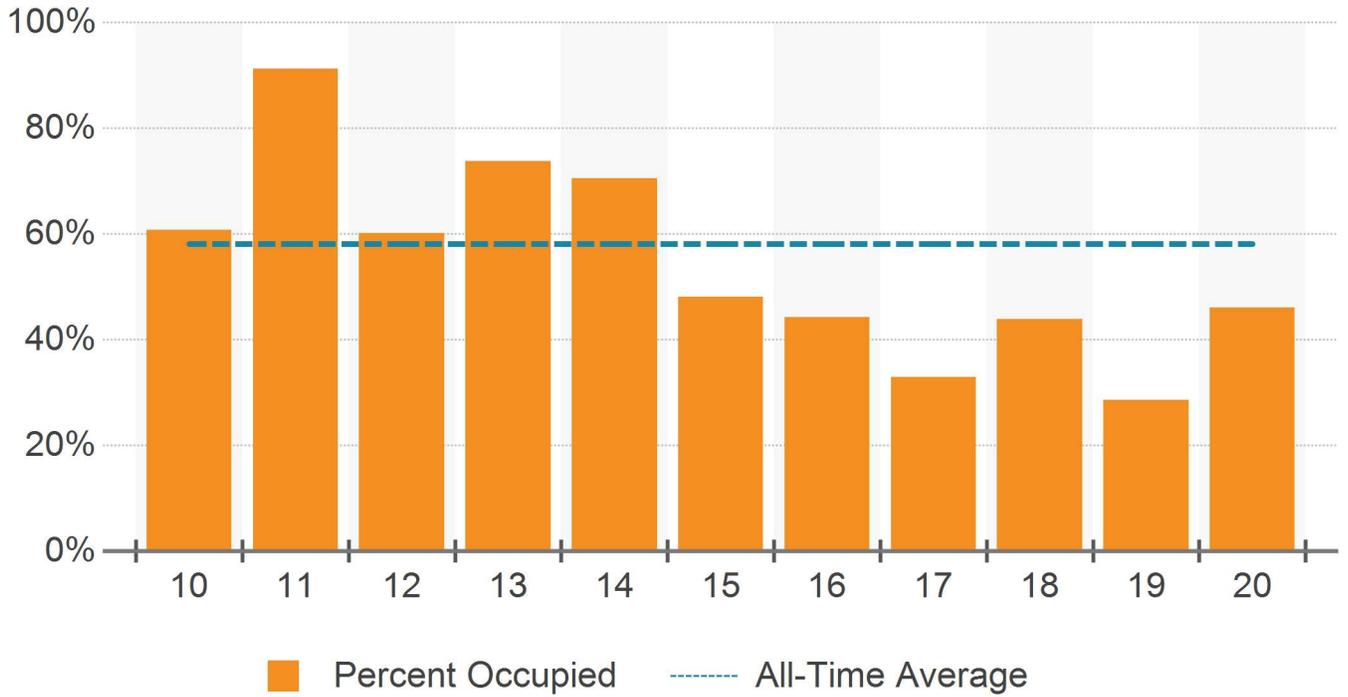


CONSTRUCTION UNITS BY STATUS

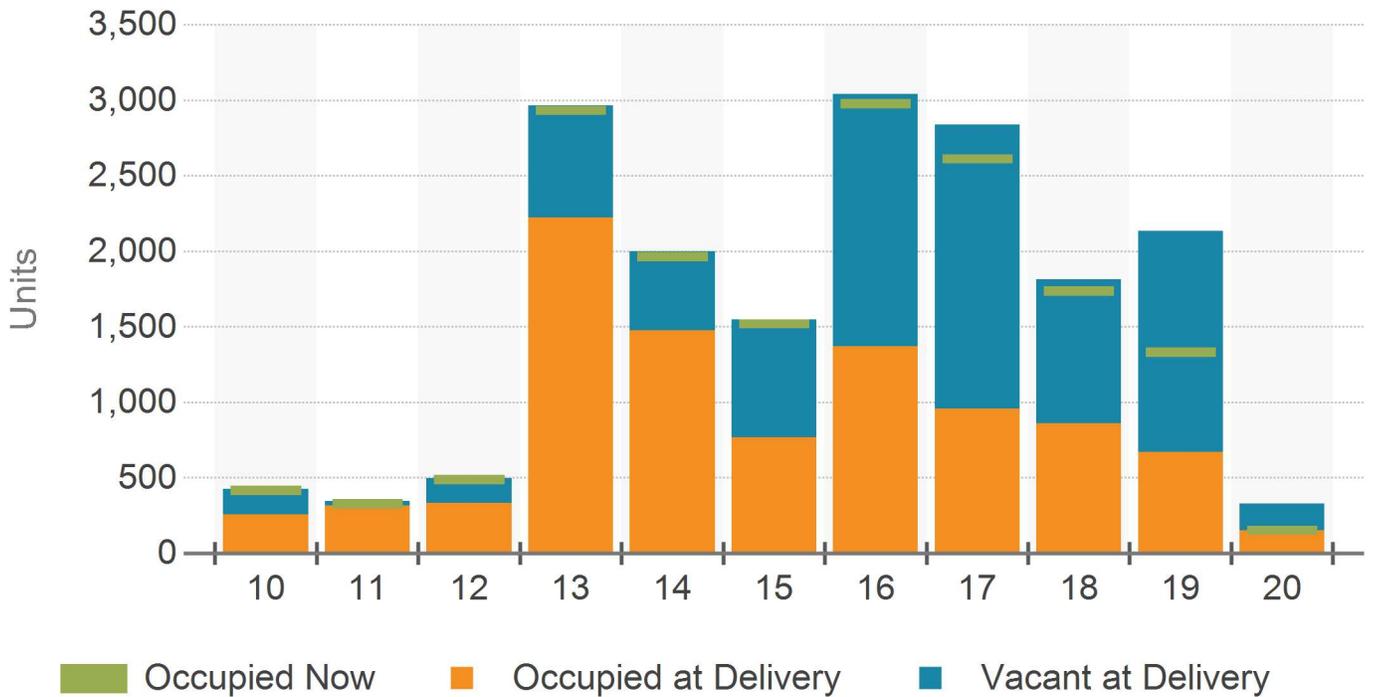


Construction Performance

OCCUPANCY AT DELIVERY

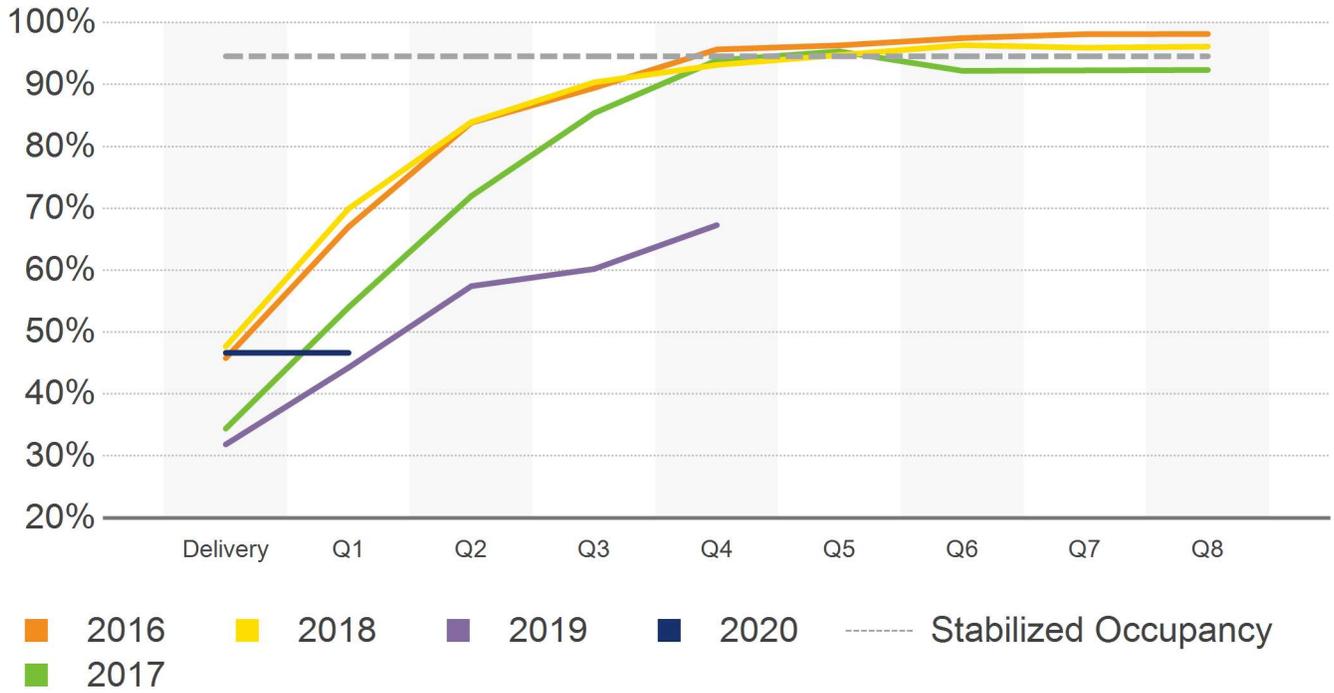


OCCUPANCY AT DELIVERY & NOW

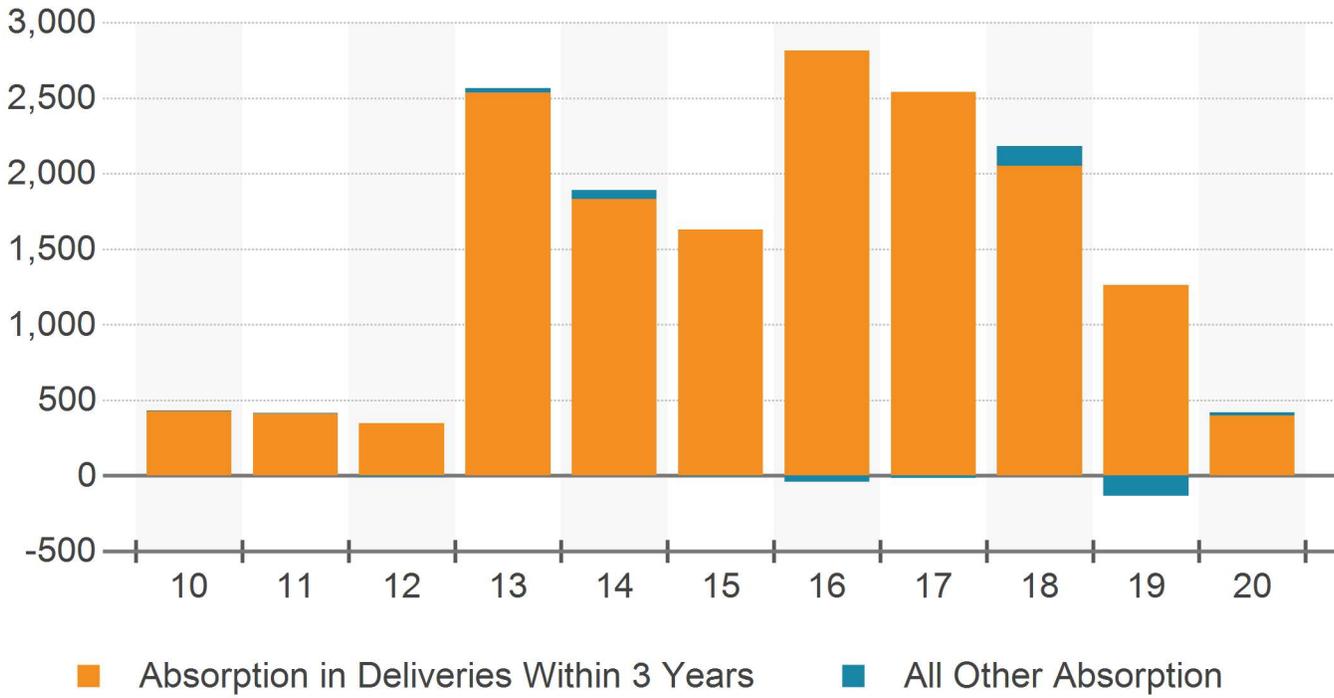


Construction Performance

OCCUPANCY AFTER DELIVERY BY YEAR

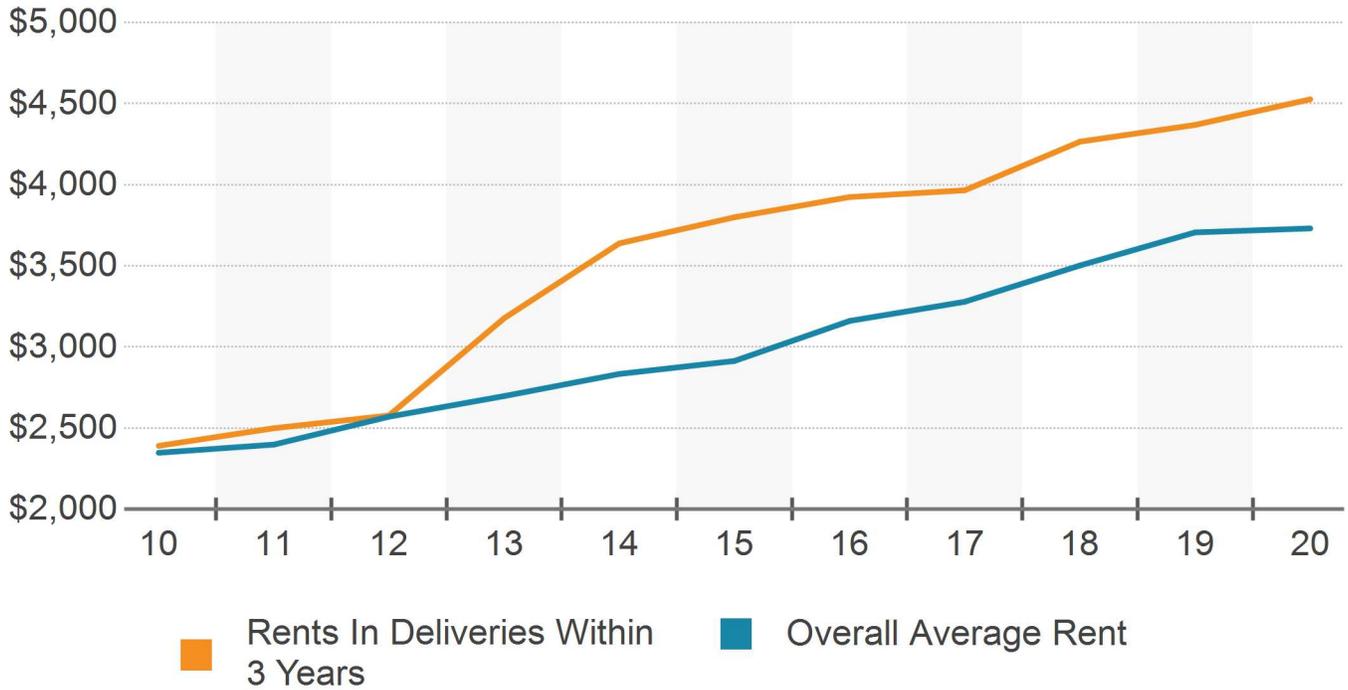


ABSORPTION UNITS IN RECENT DELIVERIES

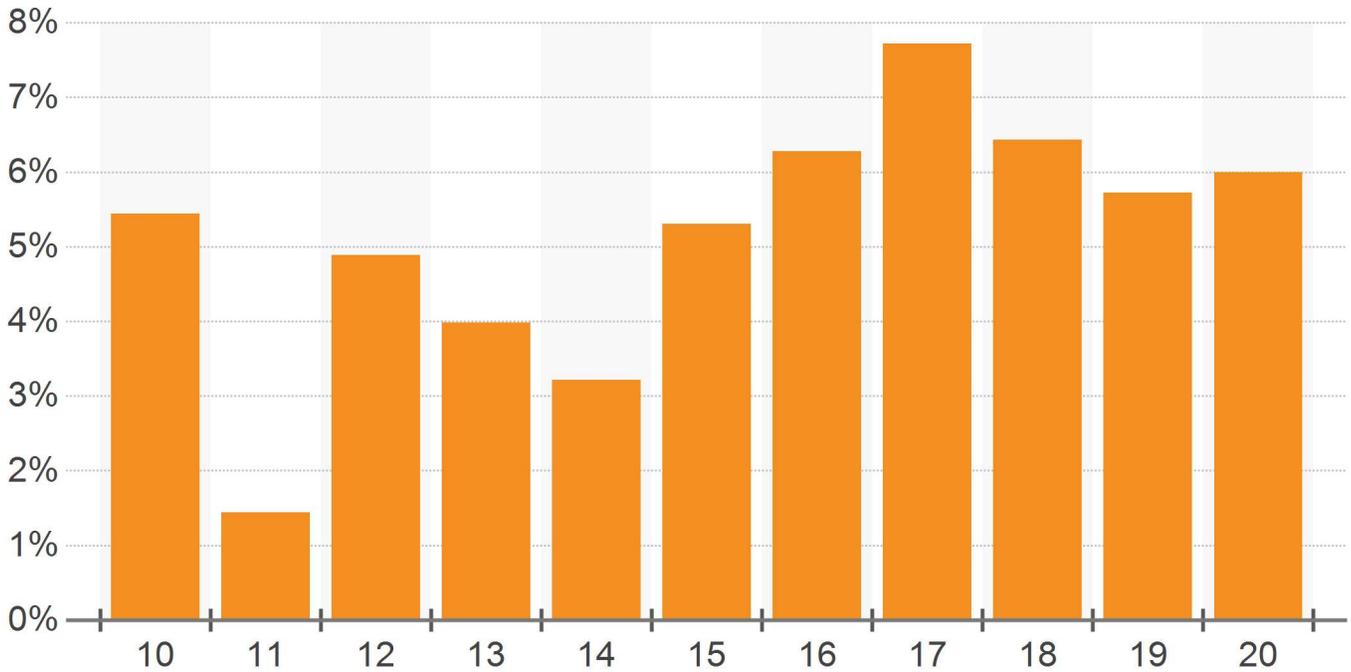


Construction Performance

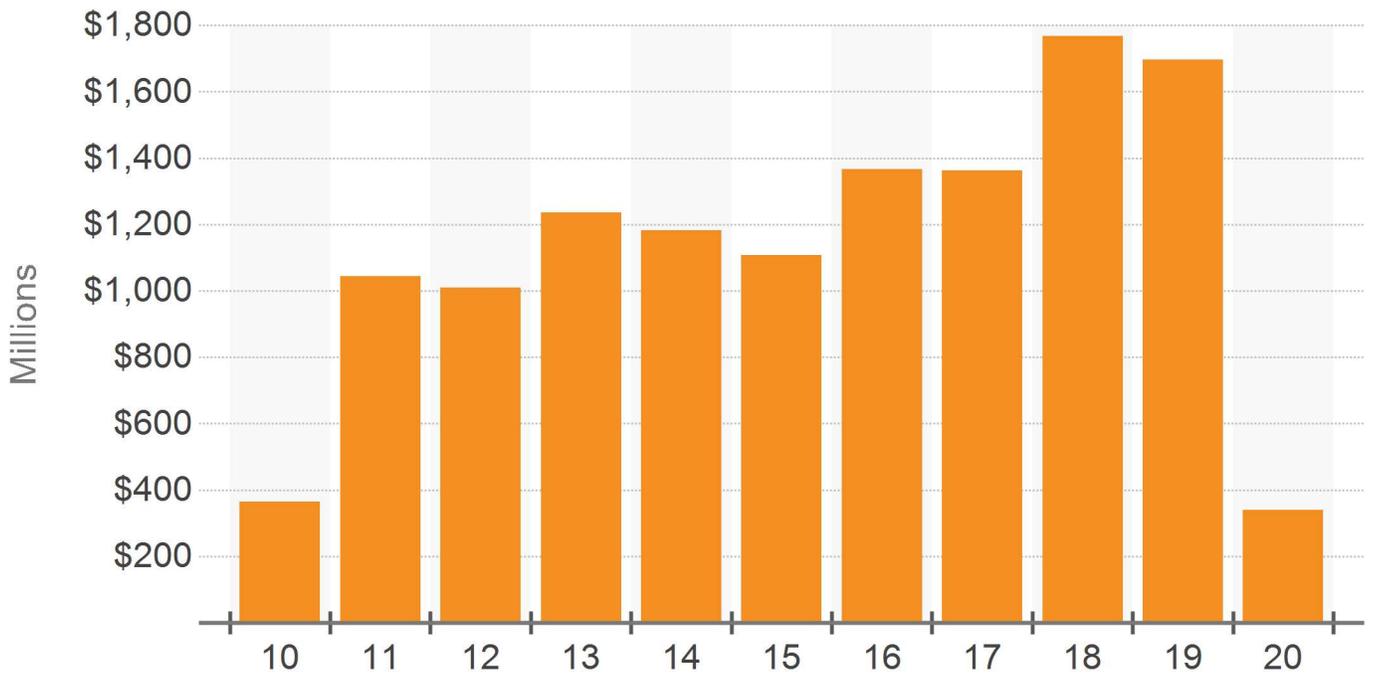
RENTS PER UNIT IN RECENT DELIVERIES



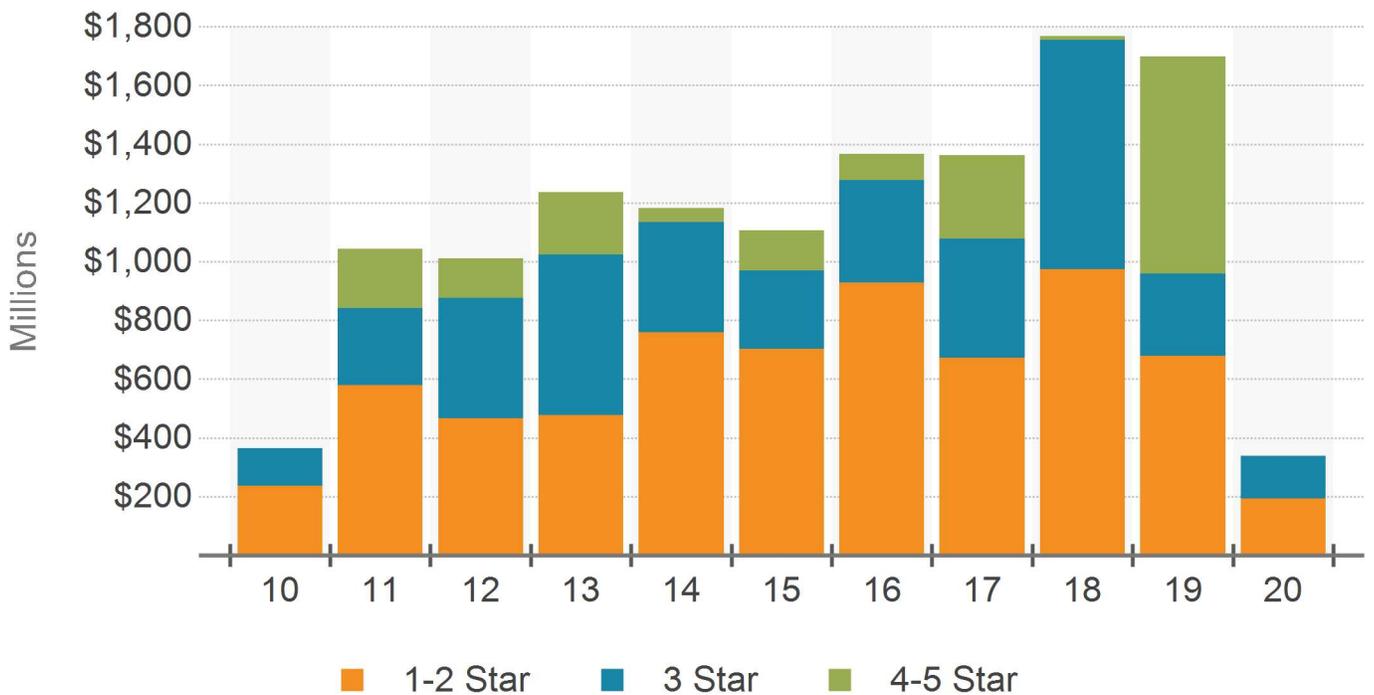
CONCESSIONS IN DELIVERIES



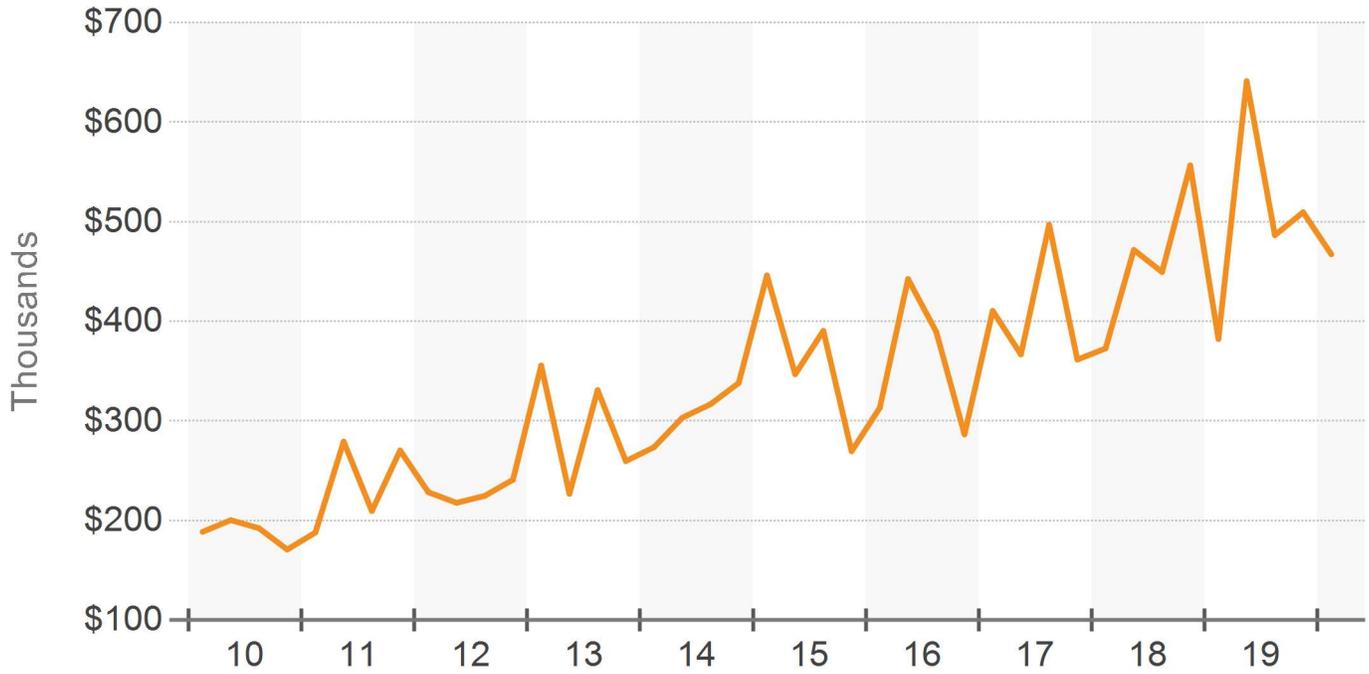
SALES VOLUME



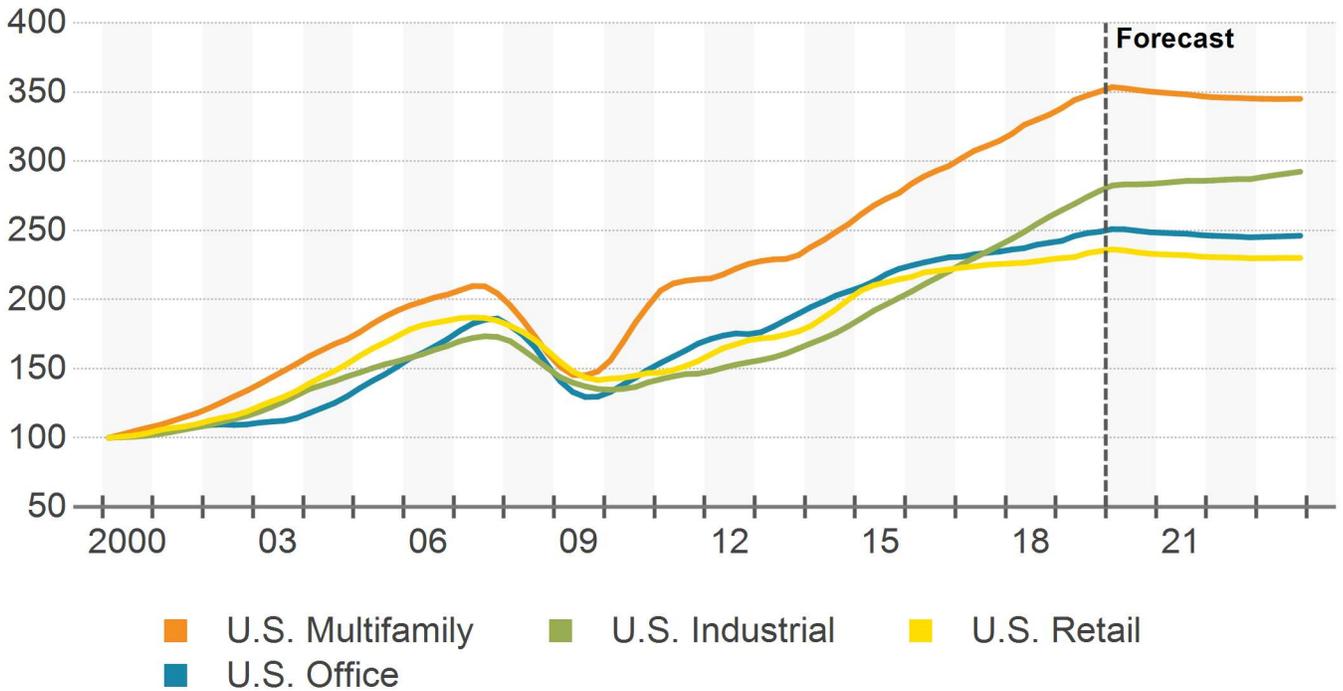
SALES VOLUME BY STAR RATING



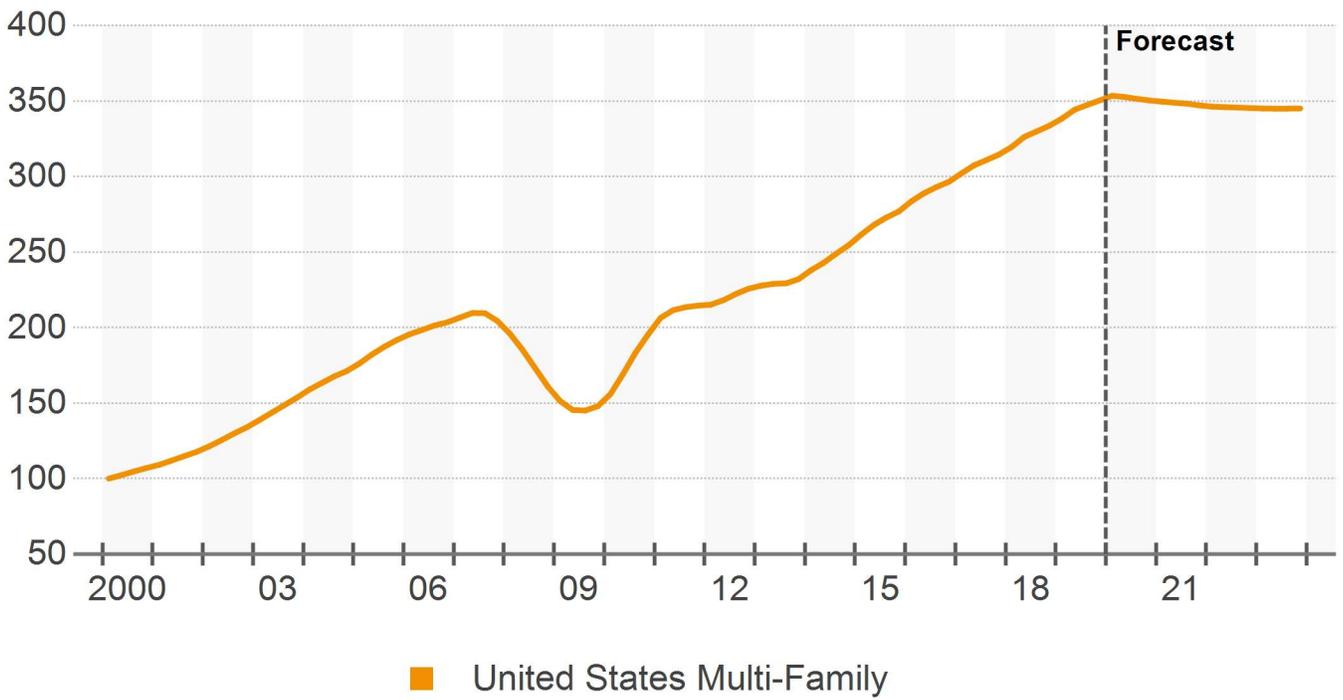
AVERAGE SALE PRICE PER UNIT



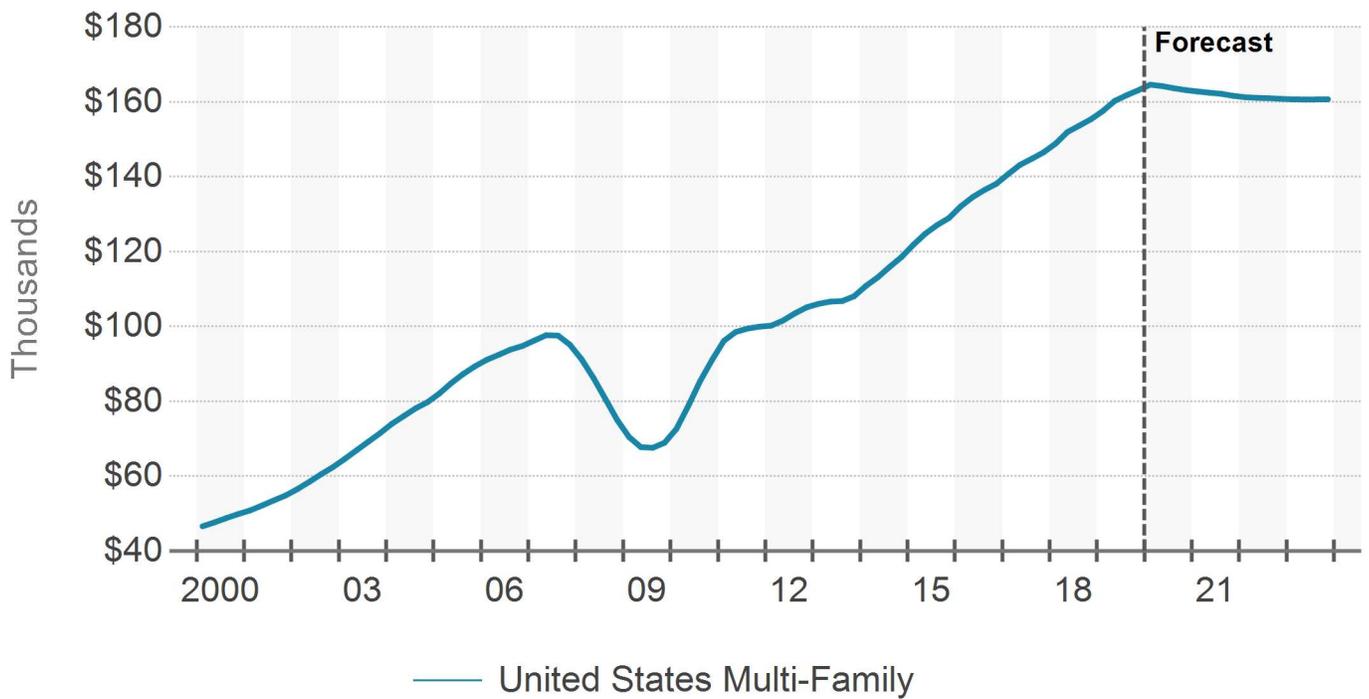
NATIONAL PRICE INDICES



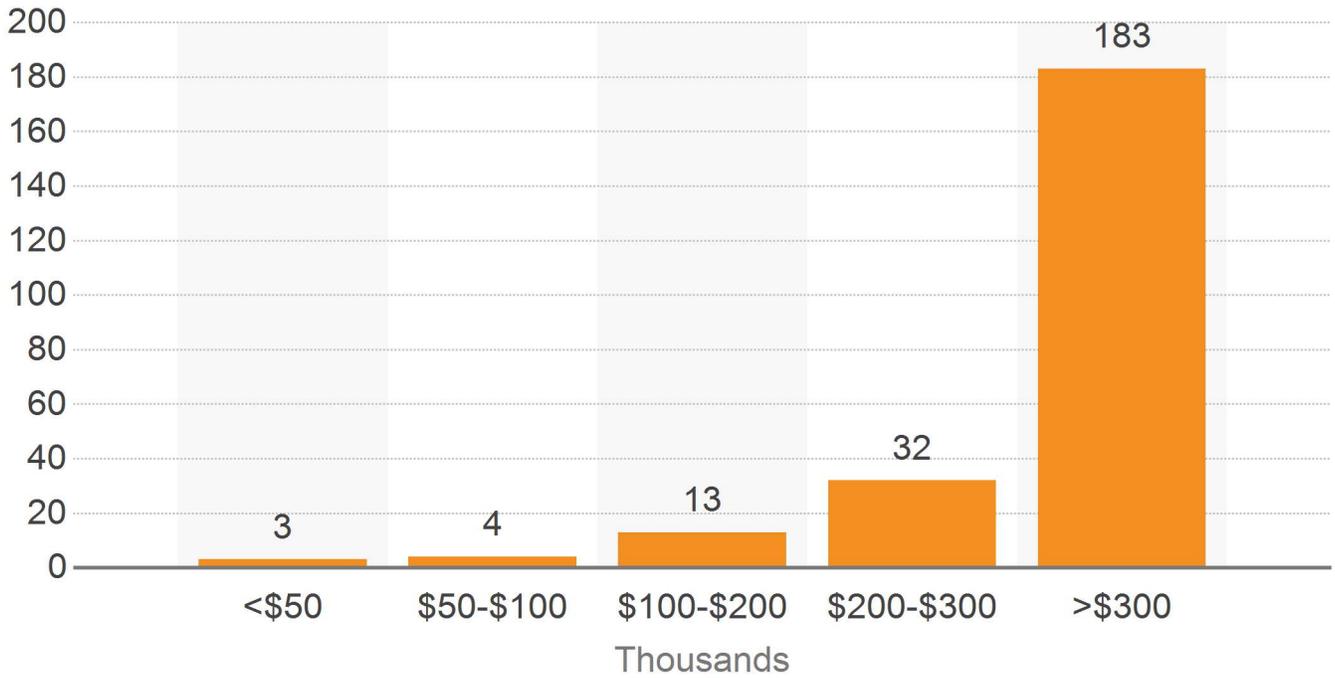
NATIONAL PRICE INDEX



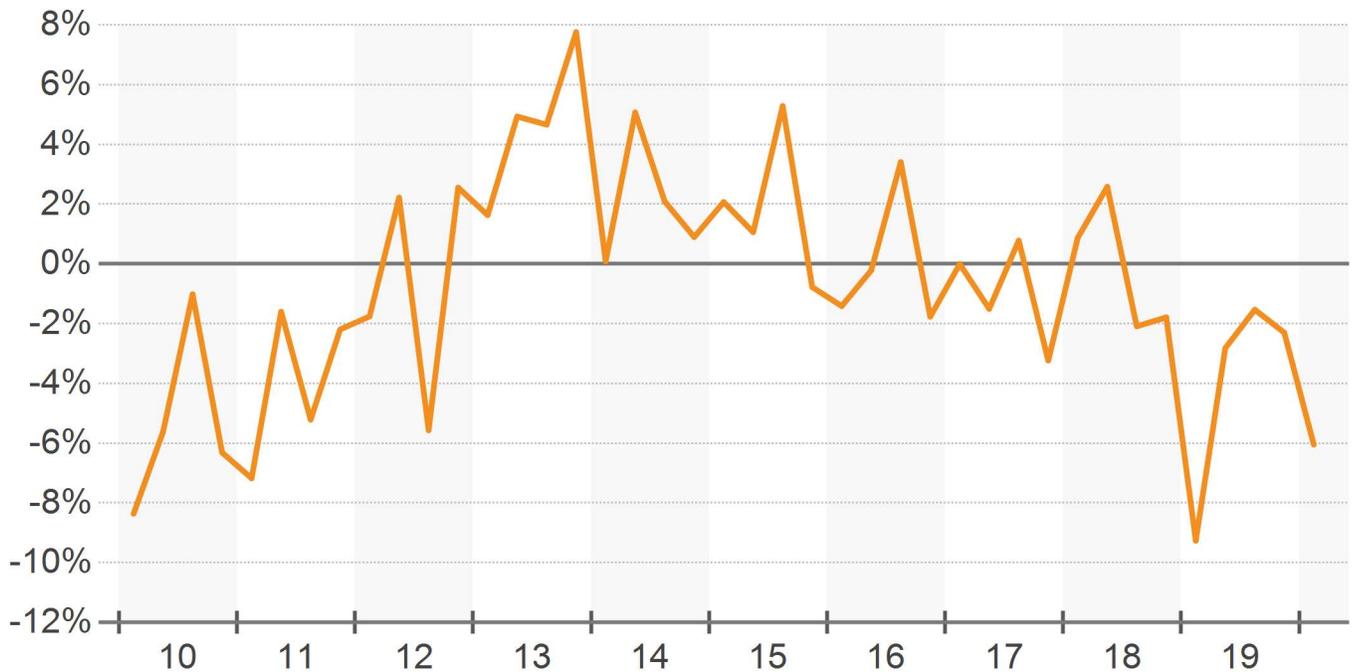
PRICE PER UNIT INDEX



SALE PRICES PER UNIT PAST YEAR



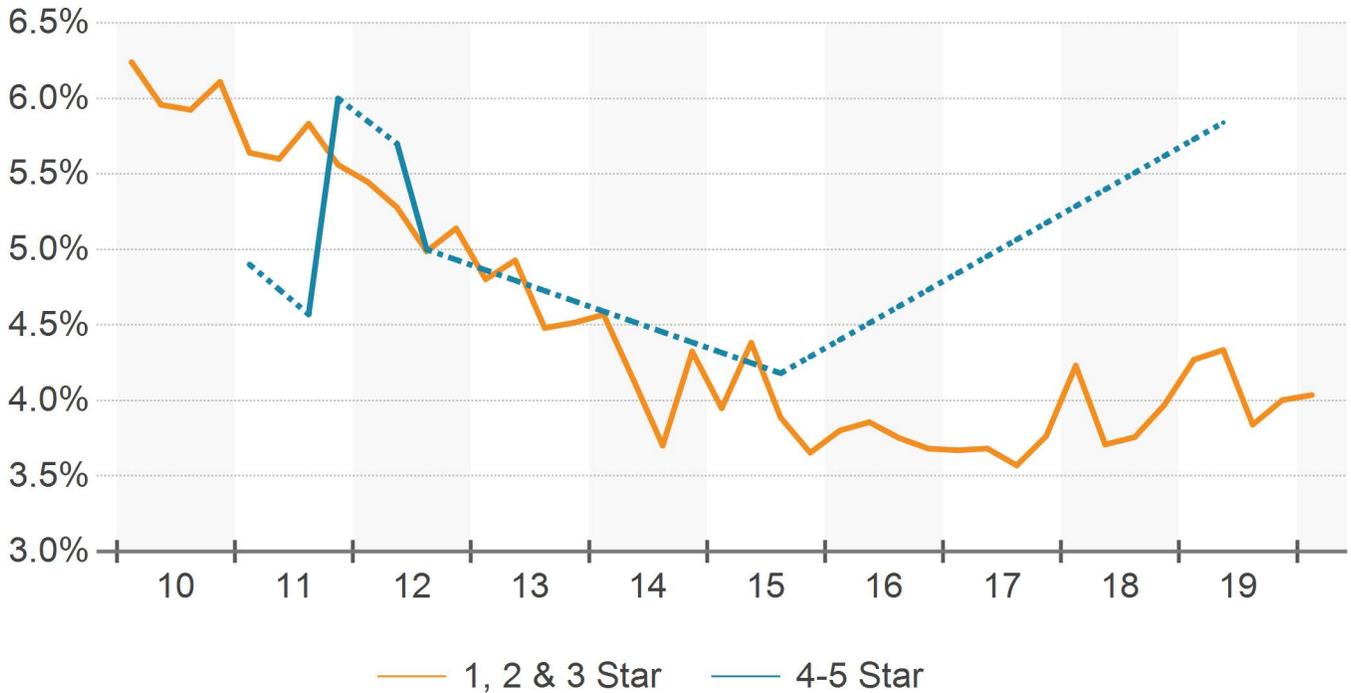
SALE TO ASKING PRICE DIFFERENTIAL



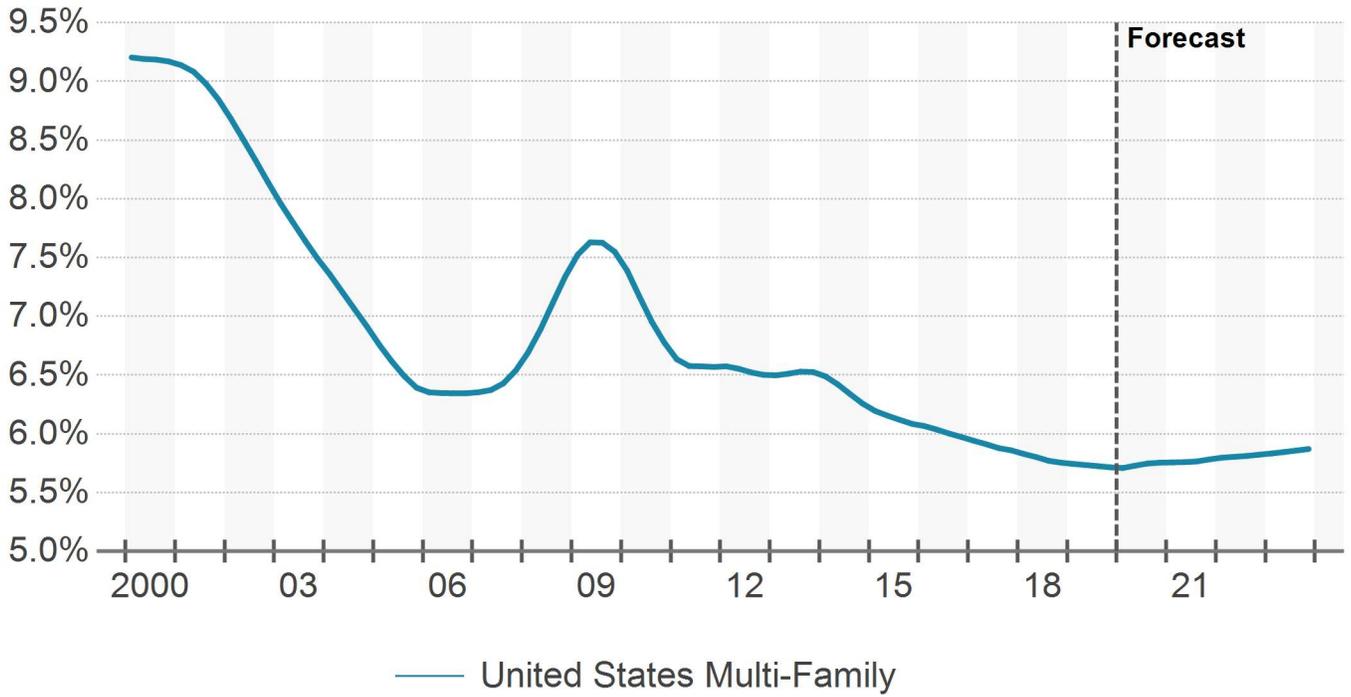
CAP RATE



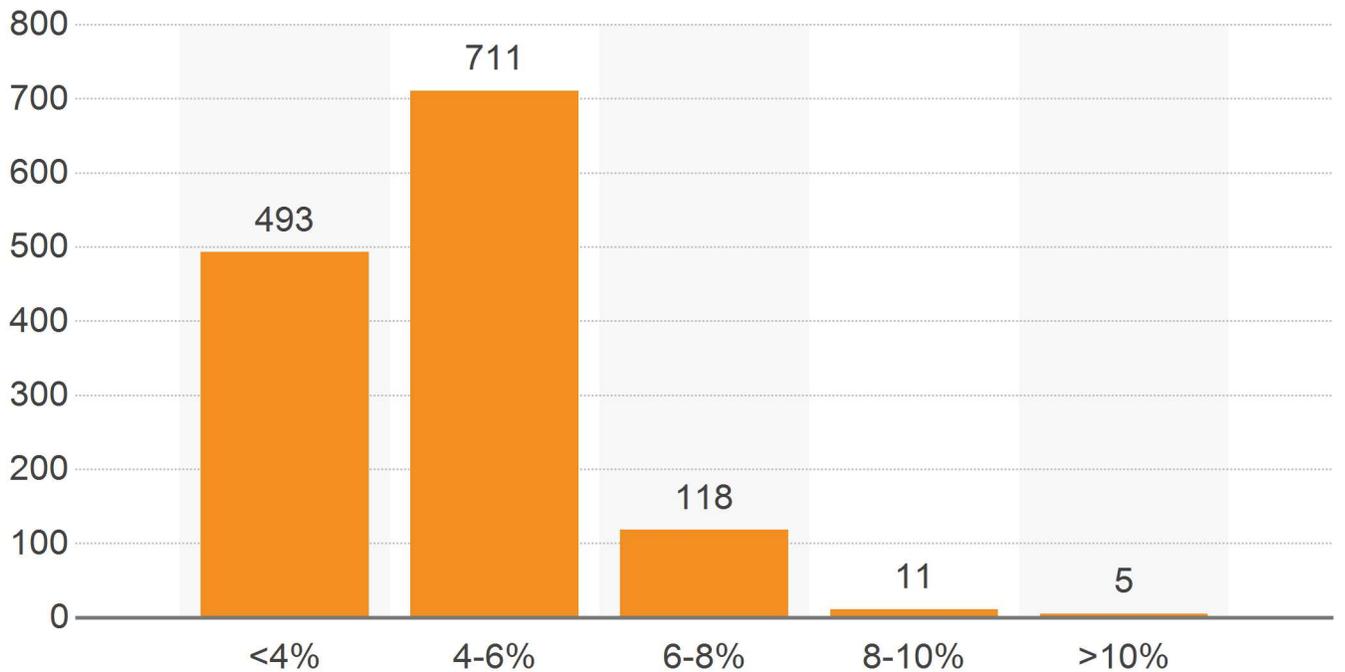
CAP RATE BY STAR RATING



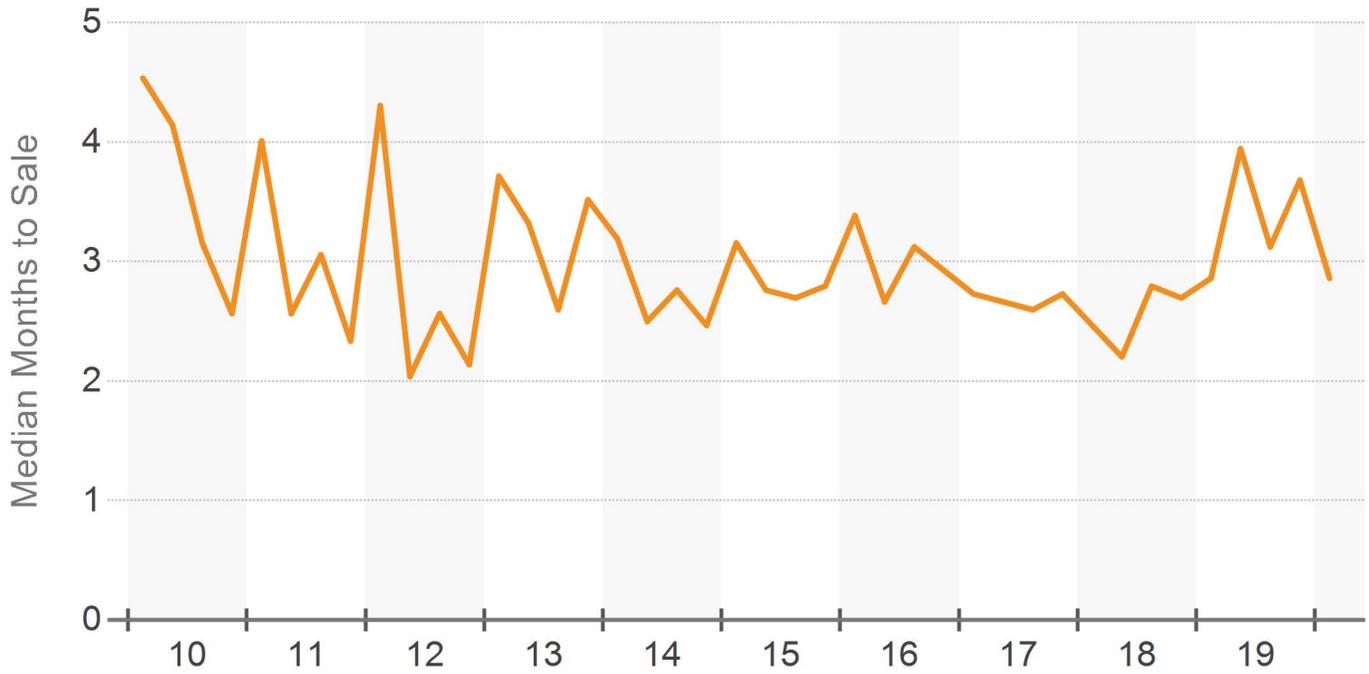
CAP RATE INDEX



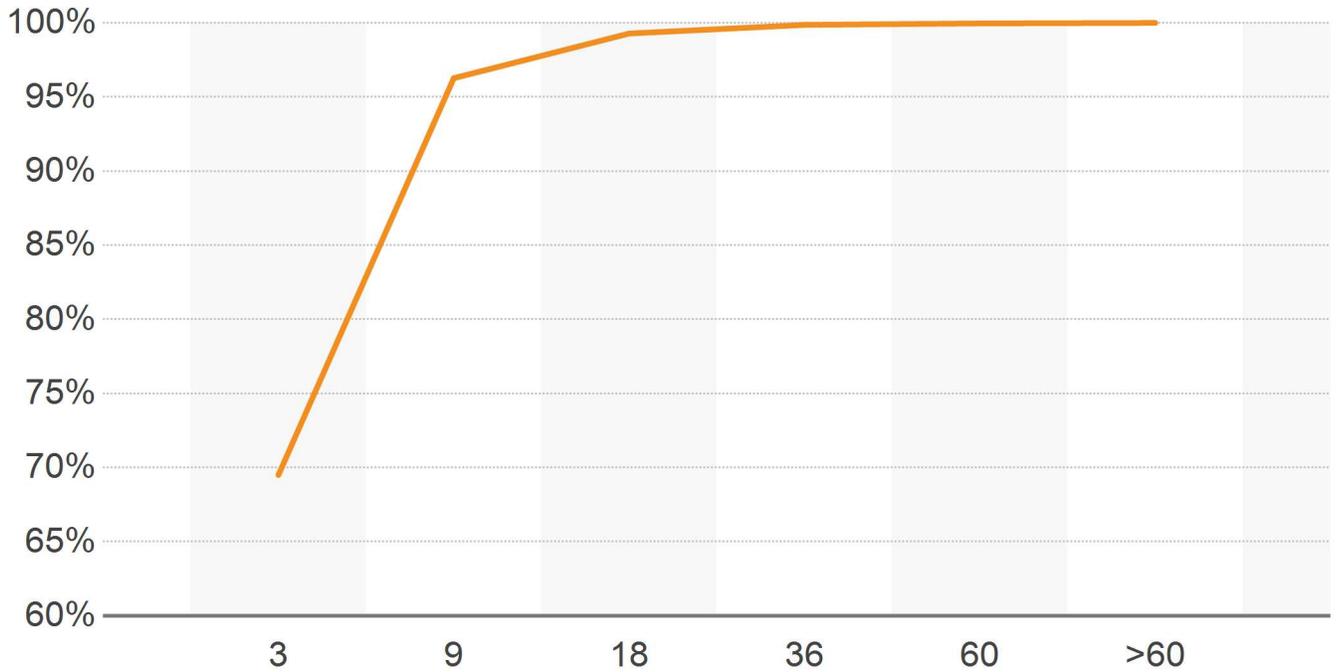
CAP RATES PAST YEAR



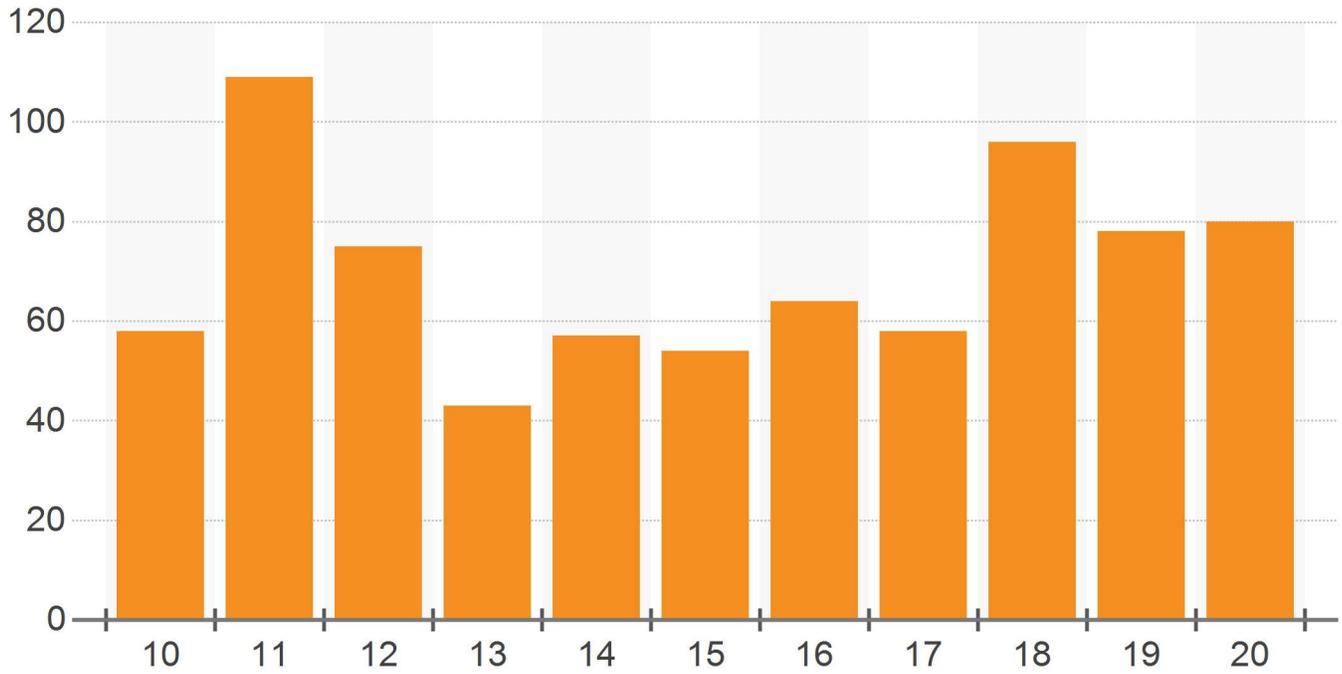
MONTHS TO SALE



PROBABILITY OF SELLING IN MONTHS



FOR SALE TOTAL LISTINGS



ASKING PRICE PER UNIT



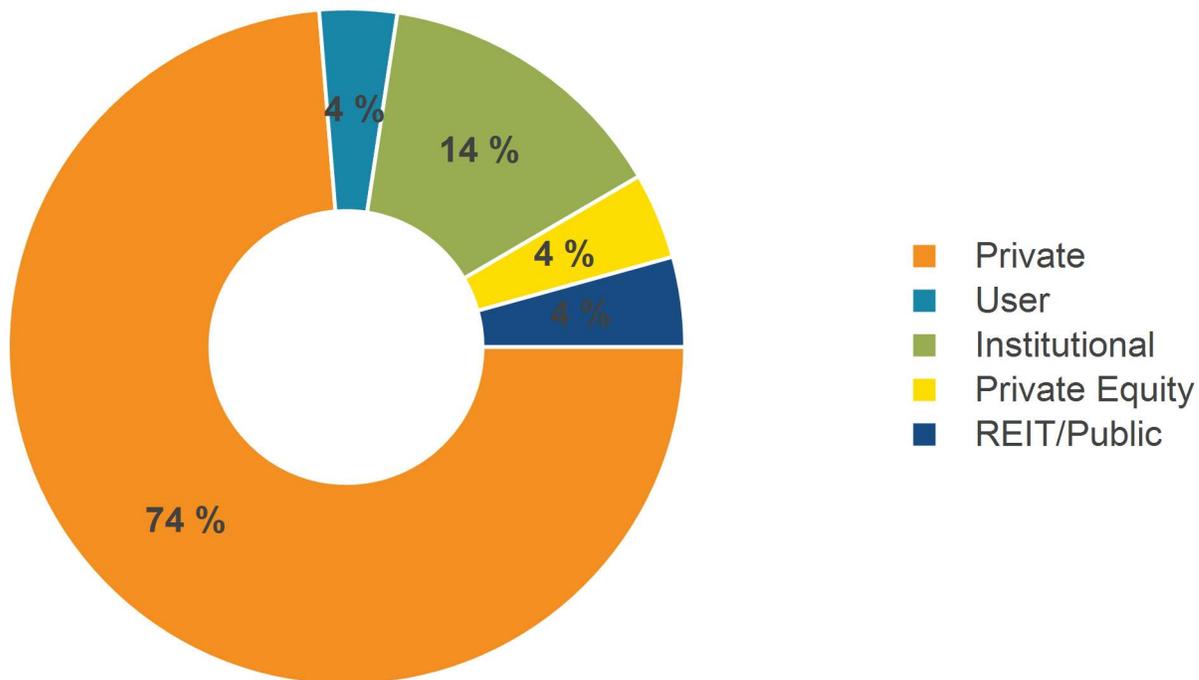
TOP BUYERS



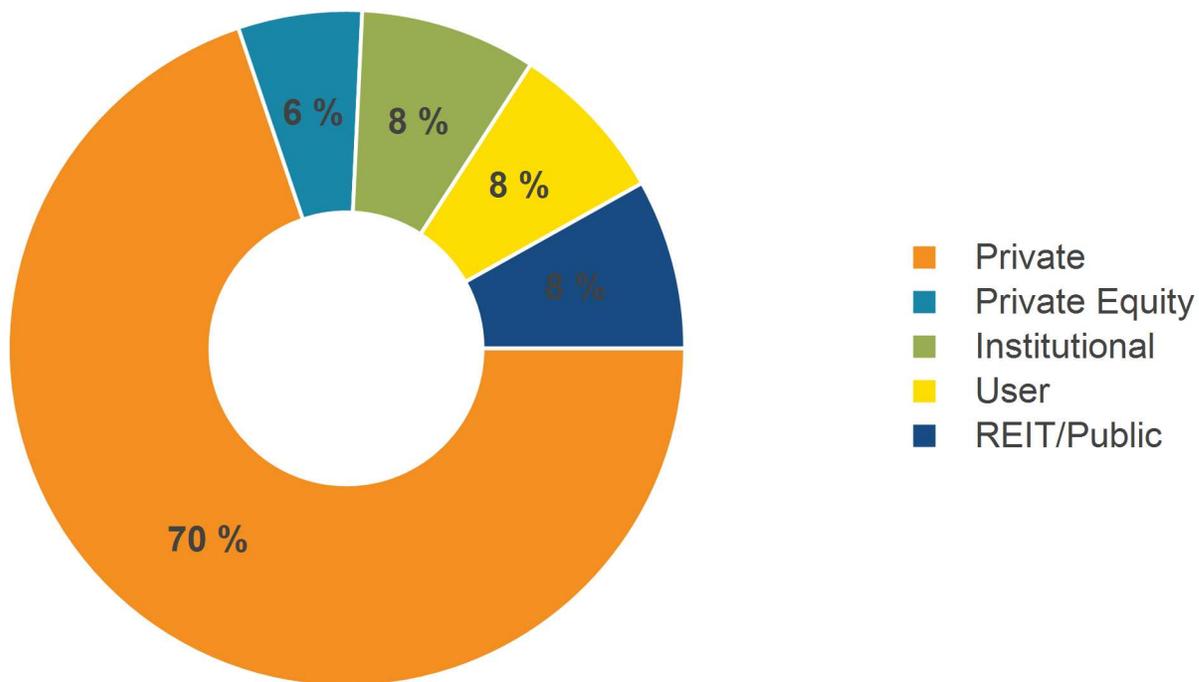
TOP SELLERS



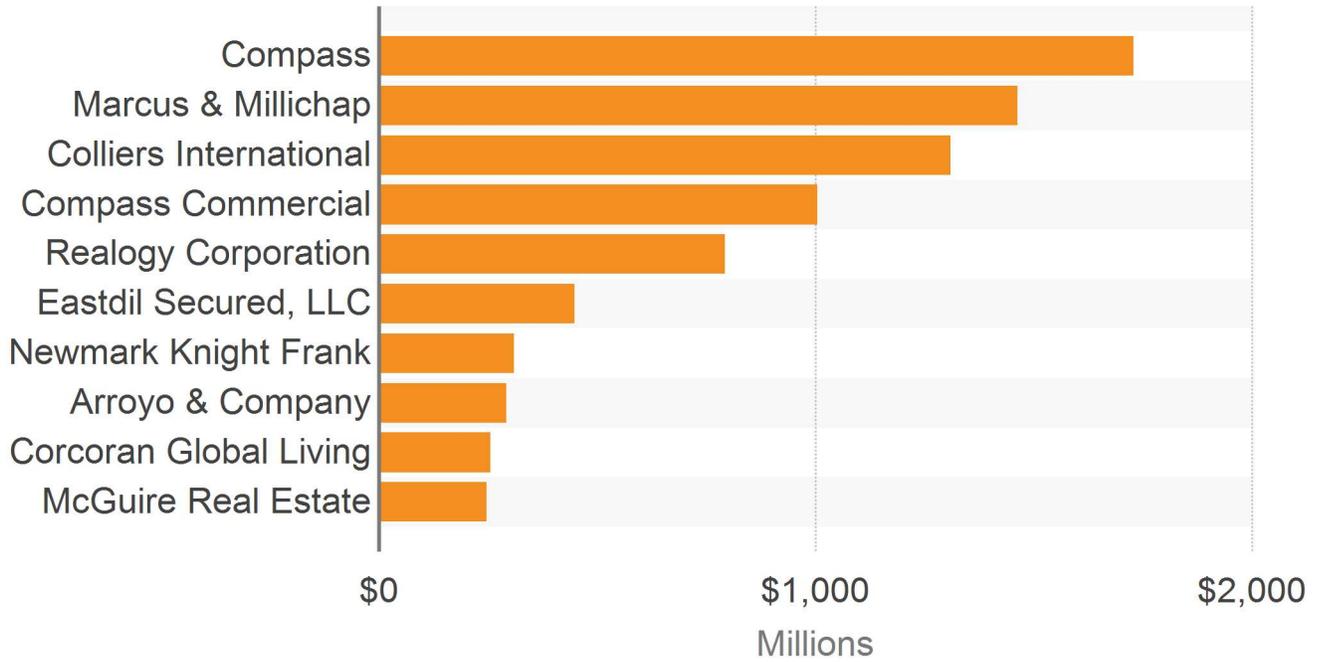
SALES VOLUME BY BUYER TYPE



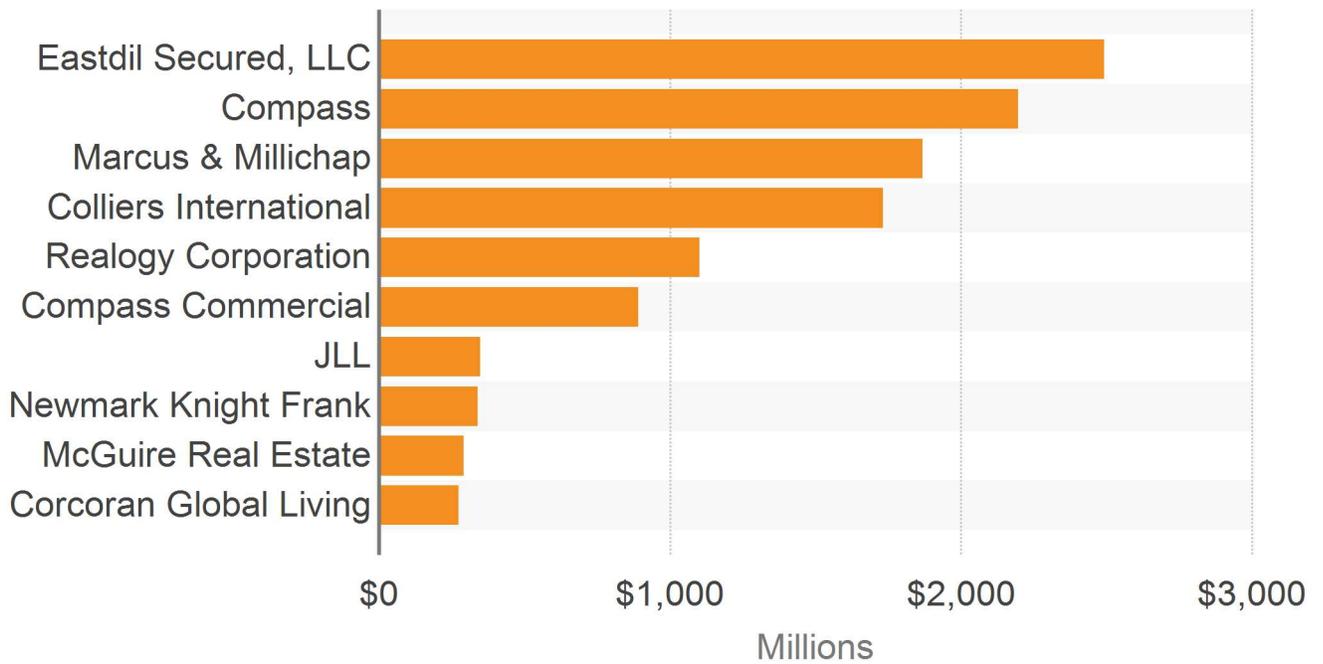
SALES VOLUME BY SELLER TYPE



TOP BUYER BROKERS



TOP SELLER BROKERS





APPENDIX E:
EPS Statement of Qualifications

Statement of Qualifications

The Economics of Land Use



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510 740 2080 fax*

2020

*Oakland
Sacramento
Denver
Los Angeles*

www.epsys.com

ABOUT ECONOMIC & PLANNING SYSTEMS, INC.



The Firm	Economic & Planning Systems, Inc. (EPS) is a land economics consulting firm experienced in the full spectrum of services related to real estate development, the financing of public infrastructure and government services, land use and conservation planning, and government organization.
Guiding Principle	EPS was founded on the principle that real estate development and land use-related public policy should be built on realistic assessment of market forces and economic trends, feasible implementation measures, and recognition of public policy objectives, including provisions for required public facilities and services.
Areas of Expertise	<ul style="list-style-type: none">• Real Estate Economics• Public Finance• Land Use and Transportation• Economic Development and Revitalization• Fiscal and Economic Impact Analysis• Housing Policy• Public-Private Partnership (P3)• Parks and Open Space Economics
Clients Served	Since 1983 EPS has provided consulting services to hundreds of public- and private-sector clients in California and throughout the United States. Clients include cities, counties, special districts, multi-jurisdictional authorities, property owners, developers, financial institutions, and land use attorneys.
Staff Capabilities	The professional staff includes specialists in public finance, real estate development, land use and transportation planning, government organization, and financial modeling. The firm excels in preparing concise analyses that disclose risks and impacts, support decision making, and provide solutions to real estate development and land use-related problems.
EPS Locations	Oakland, Sacramento, Los Angeles and Denver
EPS Web Site	www.epsys.com

Services Provided

EPS advances realistic and achievable land use and development programs with rigorous market and financial analysis.

- **Market Studies** – EPS provides a research-based assessment of market fundamentals to determine the viability of land use plans and real estate projects. Our analyses consider the full range of factors affecting real estate demand and supply, including socio-economic trends, real estate performance, and consumer preferences. Our expertise covers the full range of real estate product types, including residential, retail, office, R&D, industrial, hospitality, and entertainment.
- **Financial Feasibility Analysis** – EPS financial feasibility analyses evaluate the expected economic performance of real estate development projects, drawing on market research concerning product values, analysis of construction costs, and an understanding of investor objectives. Our feasibility work relies on pro forma cash flow models that test feasibility under a range of project alternatives, market assumptions, financing alternatives, partnership options, disposition strategies, and measures of financial return.
- **Development Programming** – EPS synthesizes market research and financial analysis to evaluate alternative development schemes and implementation strategies. This work is often done in collaboration with private or public land owners and developers along with multi-disciplinary advisory teams, including land use planners, urban designers, civil engineers and other professionals. These studies consider the mix of potential uses and assess the likely market and financial performance of each viable land use option.
- **Asset Valuation and Repositioning** – EPS helps owners, investors, and developers of distressed real estate properties to understand the current and potential value of a property, and to determine the best course of action regarding repositioning, restructuring, and/or disposition.
- **Incentive Zoning and Community Benefits Programs** – EPS has been a leader in the development of community benefits programs that seek appropriate contributions from new development to support public improvements and services. In strong real estate markets, innovative approaches to “value capture” increasingly appeal to local communities, particularly when traditional sources of public revenue are limited. For example, EPS commonly works with cities to evaluate the potential for incentive zoning (also known as density bonus programs), an approach to funding community benefits in which the public sector increases development allowances in return for contributions that bolster the well-being of the host community.

Representative Projects

- 2190 Shattuck Community Benefits, *Berkeley, California*
- 400 Divisadero Community Benefits/BMR, *San Francisco, California*
- 706 Mission Street Community Benefits Evaluation, *San Francisco, California*
- Adams Crossing Market Analysis, *Brighton, Colorado*
- **Alameda Unified School District Real Estate Advisory Services, Alameda County, California**
- Baylands Market and Financial Feasibility Analysis, *Brisbane, California*
- Block 1 Market Analysis, *San Francisco, California*
- Cattle Creek Crossing Market Analysis, *Garfield County, Colorado*
- Danville Downtown Planning, *Danville, California*
- **Denver Union Station Market and Feasibility Analysis and Developer Selection, Denver, Colorado**
- Eagle Ranch Retail Analysis, *Eagle, Colorado*
- El Paso County Regional Retail Market Analysis, *Colorado Springs, Colorado*
- El Toro Community Reuse Plan, Market and Financing Analysis, *Orange County, California*
- Financial Analysis of McCarthy Ranch General Plan Amendment, *Milpitas, California*
- Grosvenor Real Estate Economic Services, *Berkeley, California*
- Longmont Retail Opportunities Study, *Longmont, Colorado*
- **Los Angeles Harbor Economic Adjustment Strategy, Los Angeles, California**
- Lowry Range Market and Financial Analysis, *Aurora, Colorado*
- Mammoth Crossing Market Study, *Mammoth Lakes, California*
- Merced Virginia Smith Trust Mixed Use Project, *Merced, California*
- Mesa del Sol Market and Financial Analysis, *Albuquerque, New Mexico*
- Obermeyer Project Financial Feasibility Analysis, *Aspen, Colorado*
- Pier 70 Financial Feasibility Analysis and Negotiations Support, *San Francisco, California*
- **Pier 70 Master Plan and Developer Selection/Negotiations, San Francisco, California**
- Pier Bowl Market Feasibility Study and Implementation Strategy, *San Clemente, California*
- **Port of LA Real Estate Consulting Services, Los Angeles, California**
- Potrero Power Plan Financial Feasibility Analysis, *San Francisco, California*
- Richards Boulevard Housing Feasibility Analysis, *Sacramento, California*
- Seattle Commons Plan, Market and Economic Analysis, *Seattle, Washington*
- Sonoma Cheese JV, *Sonoma County, California*
- **South Fremont/Warm Springs Reuse and Revitalization, Fremont, California**
- Stapleton Tax Credit Market Analysis, *Denver, Colorado*

- Steamboat Springs Resort Base Area Retail Study, *Steamboat Springs, Colorado*
- The Lofts at Prospect Square Market Study, *Denver, Colorado*
- Three Springs Master Plan Market and Feasibility Analysis, *Durango, Colorado*
- Visitacion Valley Market and Financial Feasibility Analysis and Negotiations Support, *San Francisco, California*
- **Whittier Retail Market Study, *Whittier, California***

Project Profiles

Alameda Unified School District Real Estate Advisory Services

Alameda County, California

Alameda Unified School District (AUSD) owns several properties in the City of Alameda that are not strictly used for education purposes but do support or contribute to the overall functioning of the District. Some of these parcels have structures on them that have reached the end of their functional lifecycle, while others are encumbered with historical preservation requirements or deed restrictions related to conveyance. These properties present a range of issues and considerations – and opportunities.

At the request of AUSD, EPS and Allan D. Kotin & Associates (ADK&A) were engaged to prepare a real estate portfolio strategy. Rather than approach this effort simply as a disposition strategy, EPS and ADK&A kept the following objective in mind: efficiently deploy the District's real estate assets, either through disposition, swap, or redevelopment, to solve immediate space needs and maximize the value of the properties.

This work is ongoing, but since our initial engagement, we helped identify and appropriate space for the District Office and supported the acquisition of the space, finalized in December 2017. In addition, discussions are underway with a nonprofit developer to provide employee housing at Alameda Point. The preliminary plan reflects development of 70 below-market rate rental units, which would be available to employees of AUSD.

Denver Union Station Market and Feasibility Analysis and Developer Selection

Denver, Colorado



Over the last decade, EPS has completed several projects on Denver Union Station (DUS) for the City of Denver, the Regional Transportation District (RTD), and the Denver Union Station Project Authority (DUSPA), starting with the market analysis and financing strategy components of the DUS Master Plan in 2003. In 2008, EPS was engaged by the City of Denver to assist in the formation of the DUS Downtown Development Authority. In 2009, EPS conducted a peer market and financial evaluation of the DUS

financing plan and tax increment financing (TIF) forecasts for DUSPA and the Federal Transit Administration (FTA). From 2011 to 2012, EPS provided completed development feasibility and market research support on reuse options for the DUS Historic Building and developer selection and negotiation for the building lease.

Master Plan—EPS was the economic consultant on the DUS Alliance team, responsible for a market analysis of private retail, office, residential, and hotel uses on the site. EPS also was responsible for identifying funding sources and developing a financing model to compare alternatives and to develop a financing plan and strategy.

The \$50 million rehabilitation and renovation of DUS, which includes the Crawford Hotel and retail and restaurant space, was completed in July 2014.

Los Angeles Harbor Economic Adjustment Strategy

Los Angeles, California



Like many large cities, Los Angeles has a shortage of viable, master-planned property to accommodate economic development. Land that is available often has complex environmental issues and subsurface conditions, including oil wells and associated pipelines. Wilmington Industrial Park is strategically located adjacent to the Los Angeles Harbor, the Alameda Corridor, and other transportation improvements under construction. The economic strategy identified ways to redevelop the project area and attract

new development, labor-intensive industry, and new jobs for the local community.

EPS evaluated the position of the property relative to the area's extraordinary transportation infrastructure, regional economic trends, and the job- and tax-base goals of the Community Redevelopment Agency of the City of Los Angeles (CRA/LA). The team developed economic, land planning, civil engineering, geotechnical, and redevelopment studies, contributing to a strategic plan for attracting public and private investment to the area.

The strategy included developing a geographic information system and a related Web site intended to expedite developer due diligence associated with specific development proposals.

Pier 70 Master Plan and Developer Selection/Negotiation

San Francisco, California



The site is a 65-acre industrial area located just south of Mission Bay and east of the eclectic Dogpatch neighborhood. It is home to several Port of San Francisco tenants, including a working ship repair company, a radio broadcasting unit, an arts group, and a variety of storage uses. The more than 30 buildings on the property include one of the largest clusters of historic, maritime structures on the West Coast. The goals of the Master Plan were to create a guide to rehabilitation and adaptive reuse of many of the

existing structures, while providing developable locations for new, infill buildings and public access to the waterfront.

EPS was engaged by the Port of San Francisco on this project between 2007 and 2015. EPS first led a multidisciplinary effort to produce a Preferred Master Plan for the site. The Master Plan provided a framework for the restoration of historic structures, integrated open space, and public access at the site, and developed a viable financing strategy, which incorporated funding sources for the above goals, as well as for costly infrastructure improvements and environmental remediation. Building on the Master Plan process, EPS assisted the Port of San Francisco in

developing a Request for Qualifications (RFQ), interviewing short-listed developers, selecting a preferred developer, and supported negotiations.

The complex negotiation process included analysis of revenues from land sales, ground leases, participation in gross rent, historic tax credits, Community Facilities Districts (CFDs), and Infrastructure Financing Districts (IFDs) to repay developer equity and fund infrastructure upgrades, historic rehabilitation, parking structures, and parks and open space. EPS's negotiation support included rigorous financial analysis of the horizontal and vertical project pro formas, peer review of financial assumptions, evaluation of public financing options and development of the public financing plan, analysis of the fiscal impacts of the project, and participation in periodic internal negotiation preparation sessions and in the negotiation meetings themselves.

A deal term sheet was adopted by the Port Commission and San Francisco Board of Supervisors in 2014, and the project received a positive vote by the citizens of San Francisco in 2014. The term sheet included vehicles to pay for the \$185 million in infrastructure costs and participation arrangements for the Port of San Francisco.

Port of LA Real Estate Consulting Services

Los Angeles, California

In 2016, EPS conducted a study on behalf of Los Angeles City Council District 15 (CD 15) and the City Economic and Workforce Development Department (EWDD) called LA Waterfront Site Development Feasibility Analysis. The 2016 study assessed the development potential of a broad number of publicly owned sites in the LA Waterfront Area.

EPS in conjunction with sub-consultants were retained by the Port of Los Angeles (POLA) as an outgrowth of the previously mentioned feasibility study to assess the development opportunity and economics at two Port-owned sites in the Outer Harbor Area on the LA Waterfront. The study also sought to recommend an ownership and management structure for the Cabrillo Way Marina that supports development of the pads while also optimizing marina operations. The study featured the following analytical processes: gathering primary and secondary source materials including socioeconomic and market data through site visits and interviews with developers, brokers, and community stakeholders; data synthesis to identify and prioritize potential uses and ownership structures; assessment of financial feasibility for priority uses in the near-term under current market conditions and longer-term; and discussion of the interaction between policy and market considerations as they affect both timing issues and the possible future solicitation process.

South Fremont/Warm Springs Reuse and Revitalization

Fremont, California



In 2010, the City of Fremont initiated a planning process for the 879 acres in South Fremont, surrounding the Warm Springs/South Fremont Bay Area Rapid Transit (BART) station, which laid the groundwork for positive change through development of land use alternatives, economic

development strategies, and transportation/infrastructure assessments.

EPS prepared a baseline market analysis to bring economic reality to the land use alternatives, drafted a white paper on the topic of the future of manufacturing in the United States and locally, and convened an expert panel of academics, economists, developers, and business leaders to test some of the big ideas that were beginning to emerge. EPS and its partners defined the realistic economic futures for the area and worked with the planners to develop three land use alternatives for further analysis. Subsequently, EPS and its partners tested variations in the financial feasibility, public financing requirements, and fiscal implications of the three alternatives. Electric car manufacturer, Tesla Motors, now anchors this district in the former NUMMI plant.

Whittier Retail Market Study

Whittier, California

EPS completed a feasibility analysis for the Nelles property in 2014 and 2015, which was followed by City approval of a plan and environmental clearance for development of the property. The retained Superintendent's Residence and the Administration building were deemed to have potential for economically feasible re-use.

In order to evaluate the market potential for the commercial area, EPS conducted a market analysis which included a review of socio-economic and employment data, analysis of real estate market trends, and interviews with area land use and real estate professionals. In particular, the analysis considered locations and characteristics of competitive shopping centers and retail/entertainment areas; potential unmet retail demand in the competitive market area based on "leakage" analysis of retail sales vs. spending patterns; potential targeted tenant mix given competition, leakage, and regional activity; likely lease rates as evident through recent market transactions; and potential tenant types and lease rates for the existing buildings to be retained.

Demolition of the 68 buildings is expected to take about 18 months, and a grand opening is planned for spring 2020. Brookfield's plans — dubbed the Lincoln Specific Plan — calls for a mixed-use development of 561 for-sale homes, 189 apartments (60 targeted for ages 55-plus) and 150,000 square feet of retail/commercial space.

Services Provided

EPS assembles comprehensive financing plans, funding sources, and tools for public infrastructure and services.

- **Infrastructure Financing Strategies** – EPS provides a range of services necessary to fund and build community facilities and capital improvements and provide for their ongoing operation and maintenance. We strive to prepare achievable financing plans that respond to public and private objectives and make creative use of available financing. Clients regularly call on EPS to identify innovative funding and financing approaches. In addition, our technical work often includes the formulation of assessment rates, special tax formulas, and fee ordinances. We also assess the impacts of capital financing alternatives on project feasibility and public finance in the context of project negotiations.
- **Development Impact Fees** – EPS brings a deep understanding of the statutory requirements and legal considerations, broad public financing issues, economic conditions, and administrative considerations that affect development of new and updated Development Impact Fee programs. EPS combines sound technical work grounded in legally defensible “nexus” arguments with analysis of economic implications, consideration of stakeholder concerns, and policy direction in our fee program assignments.
- **Special Tax and Assessment Districts** – EPS offers extensive expertise in the full range of economic and financial services related to formation and funding of Special Tax and Assessment Districts. EPS prepares assessment rates, special tax formulas, hearing reports, and other documents required for a Resolution of Intention, such as the List of Authorized Services.
- **Tax Increment Districts** - EPS has decades of experience analyzing tax increment financing (TIF) potential across a range of infill and redevelopment projects and areas. While legislation has evolved, the firm continues to offer best-in-class services in support of tax increment program development, revenue forecasting, financing support services, and policy advisory services.
- **Intergovernmental Negotiations** – EPS provides intergovernmental negotiation support related to the formation or reorganization of government entities, including as part of municipal incorporation, annexations, special district formations, and joint powers authority (JPA) formations. EPS typically prepares detailed budget forecasts for the new jurisdiction, provides documentation of alternative organizational options, and estimates impacts on existing entities. EPS also provides technical support to public entities undertaking negotiation of tax sharing agreements.

Representative Projects

- Boulder Junction Access District Feasibility Study, *Boulder, Colorado*
- **California Strategic Growth Infill Finance Options Analysis, California**
- Coliseum Site Land Value Analysis and Negotiation Support, *Oakland, California*
- Comprehensive Development Impact Fee Nexus Study, *Antioch, California*
- Comprehensive Development Impact Fee Nexus Study, *Calistoga, California*
- **Comprehensive Development Impact Fee Nexus Study, Pleasanton, California**
- Denver Union Station Financing Peer Review, *Denver, Colorado*
- Downtown Denver Business Improvement District Benefit Analysis, *Denver, Colorado*
- East Pleasanton Infrastructure Financing Plan, *Pleasanton, California*
- Fairfield Train Station Specific Plan Financing Strategy, *Fairfield, California*
- Fort Ord Financial Leverage/Credit Enhancement Study, *Monterey, California*
- Hollywood Central Park EIFD, *Los Angeles, California*
- La Plata County Regional Transportation Financing Strategy, *Durango, Colorado*
- Landmark Redevelopment Financing Analysis, *Greenwood Village, Colorado*
- Latitude Project CFD Analysis, *Richmond, California*
- Los Angeles Child Care In-Lieu Fees Peer Review, *Los Angeles, California*
- Lowry Redevelopment Authority Financial Model, *Denver, Colorado*
- Mountain House Community Financing Plan, *San Joaquin County, California*
- North Natomas Community Plan, Financing and Nexus Study, *Sacramento, California*
- Pagosa Springs/ Archuleta County Impact Fee Study, *Colorado*
- **Palo Alto Rail Grade Separation Financing Strategy, Palo Alto, California**
- Regional Sports Facility Financing Plan, *Stanislaus County, California*
- Regional Transportation Impact Fee Program, *San Joaquin County, California*
- Review of San Francisco Controller's Payroll Tax Options, *San Francisco, California*
- Roaring Fork Transit Authority Financial Analysis, *Roaring Fork Valley, Colorado*
- Rocklin Unified School District Facilities Financing, *Rocklin, California*
- **Sacramento Railyards Financing Plan and Impact Analysis, Sacramento, California**
- **San Luis Obispo Infrastructure Financing Analysis, San Luis Obispo, California**
- San Mateo Revenue Forecast, *San Mateo, California*
- Santa Monica Civic Center Financing Plan, *Santa Monica, California*
- Solano County Property Tax Forecast, *Solano County, California*
- Southeast Woodland Specific Plan Infrastructure/ School Financing Plan, *Woodland, California*
- Stapleton Airport Reuse Financing Plan, *Denver, Colorado*
- Transit Center District/Trans Bay terminal area, *San Francisco, California*

- **Ventura Freeway Cap Study, *Ventura, California***
- West Downtown Specific Plan Infrastructure Financing Plan, *Walnut Creek, California*
- Western Riverside County Fees and Economic Development, *Riverside, California*
- Winrock Mall Redevelopment Financing Analysis, *Albuquerque, New Mexico*

Project Profiles

California Strategic Growth Council Infill Finance Options Analysis

State of California



Promoting and enabling sustainable infill development is a principal objective of the SGC because of its consistency with the State Planning Priorities and because infill furthers many of the goals of all of the SGC member agencies. Focusing growth toward infill areas takes development pressure off conservation lands and working lands, it increases transit ridership and reduces vehicle trips, it requires less per capita energy and water use than less space-efficient development, it improves public health by

promoting active transportation and active lifestyles, and it provides a more equitable mix of housing choices among other benefits. Thus, the SGC has been investigating actions that can be taken to improve the ability of local governments and private developers to successfully plan and build good infill projects.

Working with a panel of financing experts, EPS documented existing funding resources, financing methods and “best practices,” identified constraints facing infill development, conducted a set of infill development case studies, and prepared recommendations for renewed intergovernmental coordination and specific new funding sources and financing mechanisms intended to improve infill development throughout the State’s urban areas.

The final report provided recommendations for State agencies to better coordinate and align existing financing mechanisms and programs, as well as broad policy recommendations to support increased revitalization efforts with regard to affordable housing, transit, and land use policies.

Contact: Benjamin Sigman, Walter Kieser

Comprehensive Development Impact Fee Nexus Study

Pleasanton, California

Impact fees are one-time charges on new development collected and used by jurisdictions (e.g., a City or County) to cover the cost of capital facilities and infrastructure that is required to serve new residential and commercial growth. The City of Pleasanton currently has an established DIF program with fees established as part of several previous studies.

Economic & Planning Systems, Inc. (EPS) in cooperation with Fehr & Peers, were retained to prepare a Development Impact Fee (DIF) nexus report designed to provide the City of Pleasanton with the necessary technical documentation to support the adoption of an update to its existing development impact fees. Specifically, the DIF revenues calculated in the study will be used to fund parks and recreation facilities, downtown beautification improvements, public facilities, fire facilities, police facilities, downtown parking, and civic center. The DIF will also fund

needed additions and improvements to roadways to accommodate future traffic volumes projected as a result of new development. Improvements include new roadways, roadway improvements, new interchange projects, and other projects such as intersection signalizations, multi-modal facilities, and plan line studies, among others.

Palo Alto Rail Grade Separation Financing Strategy

Palo Alto, California



The City of Palo Alto (City) has four at-grade crossings of the Caltrain rail corridor and is currently planning for grade separations of some or all of these crossings, as well as additional grade-separated pedestrian/bicycle crossings. Some of the grade separation alternatives considered by the City of Palo Alto are likely to require local funding to supplement available sources of funding from the other governmental agencies.

EPS was selected as part of a multi-disciplinary team headed by an engineering and development consultancy retained by the City to develop the Palo Alto Rail Corridor Plan. EPS prepared a technical memorandum for city officials that included (1) a high level summary of potential sources of funding from the VTA, the County, MTC, the state (including the CAPUC and the CAHSRA) and federal governments, including the amount or range of funding that could potentially be available to the city from each source/program, likely constraints on the use of funds, the schedule of funding availability, etc.; (2) a detailed summary of potential local funding methods, including the amount (or range) of funding that could potentially be generated with each method, the steps the City would need to take to implement each, and the advantages and disadvantages of each. Possible local funding methods to be analyzed included a local sales tax, a parcel tax, a business tax, development impact fees, and any other reasonable method available to the City; and (3) a discussion of potential funding methods requiring collaboration between the City and Caltrain that are likely to be raised during the planning process, such as a surcharge on train travel to/from Palo Alto and value capture involving development over the railroad right of way.

The City of Palo Alto has utilized the memorandum and work prepared by EPS to move forward with the Palo Alto Rail Program (now called: Connecting Palo Alto) and has recently narrowed their list of grade separation options from 34 down to 10.

Sacramento Railyards Financing Plan and Impact Analysis

Sacramento, California



Redevelopment of the Railyards area in downtown Sacramento offers a unique opportunity to reinforce and expand the role of the Central City as Sacramento's regional center for business, commerce, government, entertainment, housing, education, and culture. With projected buildout in the late 2020s, the Railyards will house a major transportation hub and will create a vibrant transit-oriented mixed-use district as an integral

extension of the Central Business District and as a key tourism destination. The Railyards is a collaborative planning effort between the City of Sacramento and Inland American Sacramento Holdings. The 244-acre brownfield site is located immediately north of downtown Sacramento and plans to be a mixed-use hub for entertainment, retail, housing, office, theaters, parks, hotels, and museums. The guiding plan for the area envisions the site to include a Kaiser Hospital and medical campus, a major league soccer stadium, more than 1.0 million square feet of retail, 2.3 million square feet of office, varying residential housing units, and recreational and cultural uses.

EPS prepared a Public Facilities Financing Plan, Fiscal and Economic Impact Analyses, and provided technical support for development agreement negotiations. Currently, EPS is involved in the process of preparing an updated Fiscal Impact Analysis and will update the Public Facilities Financing Plan.

The project received full entitlement through the City of Sacramento, and the City and property owner leveraged a combination of State and federal grant funding to relocate the railroad tracks (consistent with the plan) and to construct Railyards Boulevard (the main east-west backbone roadway in the project), as well as two bridge crossings over the newly relocated tracks.

San Luis Obispo Infrastructure Financing Analysis

San Luis Obispo, California



The City of San Luis Obispo had several approved impact fee programs that were collecting revenue: a transportation impact fee, a water impact fee, a wastewater impact fee, an affordable housing impact fee, a public art impact fee, two park impact fees, and an airport-area open space impact fee. In some cases, the level of these fees varied considerably by area of the City and/or exceeded typical feasibility standards. The City was anticipating the preparation of a new AB1600 nexus study based

on the infrastructure improvements identified as part of the Land Use and Circulation Element (LUCE) update.

EPS created a series of informative study sessions for the San Luis Obispo City Council that were focused on the purpose and intent of development impact fees, all aspects of preparing, adopting and administering a fee program, and the typical benefits and concerns associated with fee programs. The study sessions were supplemented with information about other available methods of infrastructure financing. Particular attention was paid to the key issues identified in the City's Economic Development Strategic Plan, including the need to overcome the substantial challenges of funding infrastructure investment in new Specific Plan growth areas and reducing barriers to creating head of household jobs.

Ventura Freeway Cap Study

Ventura, California

As part of its Compass Blueprint Program, the Southern California Association of Governments (SCAG) sought to advance the planning efforts of



its member jurisdictions related to transit-oriented development (TOD). As one such jurisdiction, the City of Ventura was interested in initiating a second phase analysis of the U.S. 101 capping project. In the previous analysis, members of the team confirmed the U.S. 101 Freeway Cap project was feasible. The purpose of the second phase analysis was to resolve previously identified issues such as exploring urban design options that reconnect the existing downtown fabric to the oceanfront and incorporating a multimodal transit location in the project, as well as identifying potential funding for the project.

EPS, as part of a consultant team, led the effort to assist Ventura in researching available Federal, State, local and project-based funding mechanisms and estimating the potential revenues to fund public infrastructure costs associated with the capping project. EPS prepared a financing plan that summarized these potential revenues, compared revenues to estimated infrastructure costs, and described the steps required to compete for and generate such funds.

Services Provided

EPS informs land use and transportation planning with socio-economic fundamentals.

- **Local and Regional Land Use Planning** – EPS provides a range of land use planning services, which frequently are applied during preparation of General and Comprehensive Plans or multijurisdictional efforts (e.g., Sustainable Community Strategies in California). In this context, EPS evaluates both the socio-economic context and real estate factors affecting land use potential, as well as recommends strategies to incentivize development and fund infrastructure. EPS also evaluates the effect of growth on municipal services and amenities and the opportunities and constraints presented by regional economic fundamentals. EPS frequently works with urban planning professionals on technical analyses and policy engagements to inform public planning efforts, create implementation programs, and prepare necessary documentation.
- **Subarea Plans and Programming Services** – EPS helps clients strategically program land use mix and real estate formats, quantities, and phasing of development within a project site or land use plan, assuring alignment with current and evolving real estate market conditions. EPS commonly works with multidisciplinary team members, including urban designers and civil engineers, either as part of a formal planning process (e.g., Specific Plan Precise Plan, Master Plan) or as part of conceptual, pre-entitlement, or due diligence efforts.
- **Population and Employment Forecasts** – EPS brings deep experience in demographic and economic data sources, analysis, and forecasting. EPS processes and maintains data in-house, stays current with federal and State data releases, and employs advanced demographic and economic forecast modeling for clients. EPS commonly brings these data and analyses to its local and regional planning work.
- **Transit-Oriented Development** – EPS understands that real estate development proximate to transit comes with a unique set of opportunities and challenges. EPS commonly works with planning and other professionals to evaluate real estate market potential, financial feasibility, and development strategies for TOD.
- **Local and Regional Travel Demand Modeling** – EPS prepares socio-economic data in support of transportation modeling efforts and the development of transportation capital improvement plans (e.g., Regional Transportation Plans). Underlying all transportation modeling efforts is a set of spatial data and assumptions regarding present and future land uses. The socio-economic and land use data, and the related analysis and forecasting efforts, typically include evaluations of major regional industries and economic trends, projections of population and employment, small area allocations of regional population and employment projections, and analyses of the relationships between jobs and housing.

LAND USE AND TRANSPORTATION

Representative Projects

- Adams County Comprehensive Plan, *Adams County, Colorado*
- Anchorage Industrial Lands Assessment, *Anchorage, Alaska*
- Bay Meadows II EIR Land Use Alternative, *San Mateo, California*
- CCTA/WETA Ferry Expansion Feasibility Study, *Contra Costa, California*
- Commercial and Accommodations Land Use Study, *Telluride, Colorado*
- Conaway Ranch Regional Growth Forecast and Market Analysis, *Woodland, California*
- Contra Costa County Travel Demand Model Updates, *Contra Costa County, California*
- Economic and Commercial Balance Analysis, *Mountain Village, Colorado*
- El Dorado County Growth Forecast, *El Dorado County, California*
- Fort Collins City Plan Update, *Fort Collins, Colorado*
- **I-10 and I-15 Investments- Grade Traffic and Revenue Study, San Bernardino and Riverside County, California**
- I-5 Corridor Population and Employment Forecasts, *San Joaquin County, California*
- I-5 North Express Lanes Study, *Newhall, California*
- Kennecott General Plan, *Salt Lake County, Utah*
- Land Use/Transportation Corridor Plan, *San Mateo County, California*
- Littleton Boulevard Corridor Study, *Littleton, Colorado*
- Longmont Area Comprehensive Plan Update, *Longmont, Colorado*
- McCall Comprehensive Plan, *McCall, Idaho*
- Metro Vision Urban Centers Pilot Project, *Denver, Colorado*
- **Mission Bay Ferry 2018 Local Partnership, San Francisco, California**
- Palo Alto Rail Program Management Services, *Palo Alto, California*
- Peery Park Community Benefits Analysis, *Sunnyvale, California*
- **Plan Bay Area, California**
- PlanCheyenne Area Master Plan, *Cheyenne, Wyoming*
- Port of SF WLUP Update, *San Francisco, California*
- Redwood City Public Private Defined Benefits RFP, *Redwood City, California*
- Santa Barbara County Green House Gas Emissions Inventory, *Santa Barbara, California*
- Santa Fe Boulevard Corridor Plan, *Littleton, Colorado*
- SF Transit Center 4th and King Railyards Plan, *San Francisco, California*
- Snyderville Basin Growth Management Report, *Summit County, Utah*
- Sunnyvale Lawrence Station Area Plan, *Sunnyvale, California*
- Superior Comprehensive Plan Update, *Superior, Colorado*
- **Trip Generation Rates for Urban Infill, California**

- **VIA Metropolitan Transit Real Estate Services, *San Antonio, Texas***
- West Bench General Plan Amendment, *Salt Lake County, Utah*
- Winter Park Comprehensive Plan Update, *Winter Park, Colorado*

Project Profiles

I-10 and I-15 Investments- Grade Traffic and Revenue Study

San Bernardino and Riverside County, California

The Southern California Association of Governments (SCAG) sought adjustments to the draft Regional Transportation Plan 2016 (RTP2016) and corresponding San Bernardino Associated Governments (SANBAG) Year 2040 projections for the SCAG Region and San Bernardino County. These adjustments were to provide the socio-economic datasets (SEDs) for the San Bernardino Transportation Analysis Model (SBTAM), which in turn will generate projections of traffic and revenue potential for the proposed I-10 and I-15 Express Lanes.

EPS was retained to prepare an investment grade traffic and revenue study. EPS recommend baseline growth projections that considered historical growth trends and possible constraints on the rates of growth as well as the long-term growth potentials for the SCAG region and for San Bernardino County. The report made a variety of adjustments to the original SCAG and SANBAG projections. Because the projections were complex, EPS broke the types of adjustments into four components: 1) selection of the default forecast scenario; 2) reconciliation of classification and marginal forecast differences between the SCAG and SANBAG datasets representing the selected forecast scenario; 3) county level adjustments of projected total employment growth assumed feasible by 2040, to address considerations of sustainable growth rates and the impacts of rapid growth on local jurisdictions; and 4) the application of a five-year lag in the long-range regional growth forecast for the region, to better account for likely periodic economic lulls and reversals during the 2012-2040 projection interval. The adjustments applied research and analysis of primary and secondary data.

The adjusted EPS Baseline projections of employment, households, and population were shown in contrast to the original draft RTP2016 forecasts illustrating order of magnitude differences. The adjustments reflected extensive data and historical trend analysis, research, and understanding of the SCAG Regional Growth Forecast model and the RTP2016 forecast scenarios and dataset iterations.

Mission Bay Ferry 2018 Local Partnership

San Francisco, California

While Mission Bay is currently served by Muni as well as independently operated shuttles, there is currently no direct BART or ferry service. Consequently, a ferry terminal and service to Mission Bay would provide a new transit option for residents, workers, and visitors, particularly those commuting to or from the East Bay, Marin County, and Solano County.

EPS was retained to estimate the net economic benefits of a new ferry terminal and service to the Mission Bay neighborhood of San Francisco. The primary goal of the report is to document the results of a Benefit-Cost Analysis (BCA) that monetizes and compares the costs and benefits of ferry service to Mission Bay over time relative to a "no project" scenario. The findings are based on research and analysis conducted by EPS and the San Francisco County Transportation Authority (SFCTA) with input and direction from the Port of San Francisco (Port) and the Water Emergency Transportation Authority (WETA).

The EPS analysis found that the quantifiable economic benefits of new ferry service to Mission Bay are estimated to exceed its operations and maintenance costs and one-time capital investments. The Port used the EPS findings and documentation to support on-going planning efforts and pursue funding opportunities.

Plan Bay Area

California

As required under California State law, the Metropolitan Transportation Commission (MTC) and Association of Bay Area Governments (ABAG) were preparing a regional land use and transportation plan to guide future growth and investment in ways that reduce greenhouse gas emissions. This plan, called Plan Bay Area, allocated a significant portion of future housing and employment growth to “Priority Development Areas” (PDAs). The PDAs were identified and defined as future growth areas by each of the 100+ jurisdictions in the nine-county region and were generally focused around public transit infrastructure. While MTC and ABAG do not have land use authority to approve or reject development projects, they do control transportation funding and also financially support local planning initiatives, and the plan implied that future funding would be largely directed toward the PDAs. The homebuilding industry expressed concern that Plan Bay Area’s allocation of future housing to these PDAs was overly optimistic, and that more housing and thus more transportation and planning funding would be required outside of the PDAs.

EPS was retained by MTC to assess whether the housing allocations in Plan Bay Area were realistic based on the “readiness” of the PDAs to accommodate such growth. With roughly 200 PDAs of various sizes and types defined in Plan Bay Area, EPS selected a group of 65 PDAs jointly representing the majority of future housing growth as well as representation from all nine counties and various PDA types, ranging from regional centers like Downtown San Francisco and Oakland to smaller neighborhoods in suburban cities. For each of the PDAs, EPS worked with the jurisdictions and a stakeholder group comprised of developers and public sector representatives to review the history of development, the physical supply and zoned capacity of underutilized land, market pricing, infrastructure capacity, political support or opposition, and other conditions and trends indicating the potential opportunities and constraints for housing development. EPS then estimated the likely rate of housing development in each PDA through 2040, and compared these estimates to the allocations in Plan Bay Area.

In general, EPS found that the growth allocations were optimistic and would likely require interventions (zoning changes, infrastructure investments, etc.) to be achieved. EPS then recommended efforts that MTC and ABAG as well as the jurisdictions themselves could undertake to improve the “readiness” of the PDAs to accommodate the allocated growth.

Trip Generation Rates for Urban Infill

California

The Institute of Transportation Engineers (ITE) trip generation rates have been the primary source for travel demand analysis of new development throughout the United States, and they are relied upon for conducting California Environmental Quality Act (CEQA) and local agency development impact analyses. These rates were intentionally based on surveys of isolated suburban development with little or no pedestrian, bicycle, or transit accessibility for ease of data collection. The California Department of Transportation (Caltrans) in 2004 sought to address

the need for better and more accurate data regarding travel characteristics of infill development in California's metropolitan areas.

EPS was retained as part of an interdisciplinary team of consultants to update the trip generation rates of California infill development. EPS coordinated with Technical Advisory Committee (TAC), ITE, and NCHRP members to review the criteria for selecting representative infill development sites. EPS collaborated in building and applying GIS tools to facilitate site selection statewide and improve those GIS resources and tools. EPS then mapped all candidates and selected study sites using Google Earth Pro and MapInfo Professional, to verify site location within the population and employment density contexts. Data collection involved acquiring raw California TOD survey research data and precisely analyzing all site locations using street addresses and geographic coordinates, providing place mark and contextual in digital formats.

The most applicable outcome of this study is the production of an initial set of quantitative information on travel characteristics of urban infill land uses for traffic impact studies and environmental assessments in this state. This research is intended to establish a standardized data collection and analysis methodology, which will hopefully result in consistent information gathering in the future.

VIA Metropolitan Transit Real Estate Services

San Antonio, Texas



EPS advised the VIA Metropolitan Transit Agency on ways to manage its real estate holdings, implement a joint development program, and take the lead on TOD in the San Antonio Region. In terms of joint development, EPS wrote the Policies and Procedures for the agency that established the method for engaging private-sector developers for solicited and unsolicited proposals. VIA has amassed a sizable real estate inventory, and EPS

helped prepare the agency for ways to leverage its holdings with developers, such that the agency could accomplish larger goals relating to TOD and expanded ridership, as well as specific goals regarding revenue generation. For the P3 work, EPS grounded its recommendations in local market analysis and then constructed a financial pro forma to test alternative partnership structures to achieve viability. EPS worked with local municipalities, land owners, and developers to align interests with those of VIA, stipulate investment thresholds for each partner, define returns based on the degree of risk, and link the P3 projects to policy objectives such that elected and appointed officials could approve funds and move forward with projects.

EPS negotiated with developers and land owners to buy, sell, and ground lease real estate to advance joint development and P3 opportunities. In response to an unsolicited proposal to build a vertically integrated mixed-use TOD on a bus rapid transit (BRT) line, EPS completed a comprehensive review of the development proposal and constructed a financial pro forma to define VIA's negotiating positions.

The project has been approved by the City of San Antonio and by VIA, and construction documents are being generated at this time.

ECONOMIC DEVELOPMENT AND REVITALIZATION

Services Provided

EPS fosters economic vitality and opportunity in distressed, transitioning, or underserved neighborhoods and regions.

- **Large-Scale Redevelopment Services** – EPS provides research and analysis to support the reuse of major public and private facilities into vibrant centers of business and civic activity. EPS’s extensive experience with major reuse projects includes military bases, airports, rail yards, waterfronts, and other industrial areas. EPS’s approach to redevelopment combines the use of market studies, project feasibility analyses, P3 opportunities, and infrastructure financing strategies to deliver advisory services that are comprehensive, strategic, and implementable.
- **Downtown and Corridor Revitalization Services** – EPS commonly assists cities and other public entities with the development of strategies to promote revitalization, ensure sustainability, or stimulate reinvestment in infill areas such as downtown centers and transportation corridors. EPS combines technical rigor and creative problem-solving skills to produce far-looking, ambitious, and achievable recommendations.
- **Retail Positioning Analysis and Strategies** – EPS prepares retail supply and demand studies (“leakage” analyses), as well as highly tailored strategies for retail districts. In its retail work, EPS strives to fully recognize the range of assets and challenges central to devising a successful retail strategy, including the location-specific attributes of the neighborhood and the dynamics of the community. The combination of analytics and locational competitiveness assessment provides EPS’s clients with highly effective strategies for retail sustainability and enhancement.
- **Economic Development Strategies** – EPS assists cities and other public entities seeking to attract investment and grow the local economy. EPS’s economic development work commonly employs Strengths-Weaknesses-Opportunities-Threats (SWOT) Analysis and Cluster Analysis. EPS also conducts stakeholder outreach and meeting facilitation to support development of economic development strategies. While well known for land use-driven economic development strategies, EPS also is well versed in traditional approaches to business attraction and retention.

ECONOMIC DEVELOPMENT AND REVITALIZATION

Representative Projects

- **Denver Retail Conditions and Opportunities Study, *Denver, Colorado***
- **Dublin Economic Development Strategy, *Dublin, California***
- **East Line Market Readiness and Economic Development Strategy, *Denver, Colorado***
- **Hermosa Beach Civic Center Economic Development Strategy, *Hermosa Beach, California***
- **Moving SOLANO Forward Economic Diversification Strategy, *Solano County, California***
- **Santa Cruz Wharf Master Plan, *Santa Cruz, California***

Economic Development

- Belmar Town Center Economic Impact Study, *Lakewood, Colorado*
- Big Box Retail Economic Impact Study, *Bozeman, Montana*
- Colorado Affordable Housing Trust Fund Economic Impact Analysis, *Denver, Colorado*
- Danville Economic Development Plan, *Danville, California*
- Davis Technology Center Fiscal and Economic Review, *Davis, California*
- Denver Union Station Economic Impact Analysis, *Denver, Colorado*
- East Bay Regional Parks District Economic Impact Analysis, *Alameda County, California*
- Economic Benefit of the US Helicopter Air Medical Transport Industry, *Alexandria, Virginia*
- Economic Impact of California Clean Air, Jobs, and Transportation Act (CALTEA), *California*
- Economic Impact of Federal Endangered Species Critical Habitat Designation, *California*
- Economic Impact of Napa Center for Wine, Food and the Arts, *Napa, California*
- Economic Impact of PUC Energy Conservation Program, *San Francisco, California*
- Economic Impact of Sears Point Raceway Expansion, *Marin County, California*
- Economic Impact of Sonoma County Construction Industry, *Sonoma County, California*
- Economic Impact of Tracy Growth Control Measure, *Tracy, California*
- Mather Airport Economic Impact Analysis, *Sacramento, California*
- San Antonio Urban Economics Tool, *San Antonio, Texas*
- Scotts Valley Economic Development, *Scotts Valley, California*
- Socio-Economic Impact of University of California Merced Campus, *Merced County, California*
- The Crescent Anaheim, *Anaheim, California*
- The Gulch Economic Impact Study, *Nashville, Tennessee*
- Town of Windsor Retail Market Analysis and Strategic Positioning Study, *Windsor, California*
- Tracy Gateway Economic Benefit Study, *Tracy, California*
- Wal-Mart Site Economic Impact Analysis, *Woodland, California*

Revitalization

- Business and Waterfront Improvement Project Redevelopment Study, *Sacramento, California*
- Core to Shore Redevelopment Plan, *Oklahoma City, Oklahoma*
- Downtown Revitalization Study, *Walnut Creek, California*
- Durango Downtown Plan, *Durango, Colorado*
- Fitzsimons Redevelopment Plan, *Aurora, Colorado*
- Jackson Multi-Agency Campus Development Plan, *Jackson, Wyoming*
- Larimer Square Market and Feasibility, *Larimer, Colorado*
- Lowenstein Theater Retail Redevelopment, *Denver, Colorado*
- Lowry Buckley Annex Redevelopment Plan, *Denver, Colorado*
- Midtown Corridor Commercial Redevelopment Study, *Fort Collins, Colorado*
- Midtown Specific Plan, Financing Feasibility Analysis, *San Jose, California*
- Montrose Downtown Master Plan, *Montrose, Colorado*
- Olathe Downtown Master Plan, *Olathe, Kansas*
- Port of San Francisco Financial and Economic Impact Analyses, *San Francisco, California*
- Redevelopment Feasibility Analysis, *Roseville, California*
- Redevelopment Plan Blight Findings and Feasibility Analysis, *Newark, California*
- Redevelopment Plan Feasibility Analysis, *South Lake Tahoe, California*
- Redevelopment Tax Increment Audit and Forecast, *Madera, California*
- Richards Boulevard Redevelopment and Housing Study, *Sacramento, California*
- Santa Cruz Wharf Master Plan, *Santa Cruz, California*
- Santa Monica Pier Use Study, *Santa Monica, California*
- Stapleton Development Plan, *Denver, Colorado*
- Union Pacific Depot Redevelopment Feasibility Analysis, *Cheyenne, Wyoming*
- Vallco Specific Plan 2018, *Cupertino, California*
- White Rock Redevelopment Plan, *Los Alamos, New Mexico*

Project Profiles

Denver Retail Conditions and Opportunities Study

Denver, Colorado



The City of Denver's Structural Financial Task Force identified a strong retail sector as essential to its fiscal health and recommended the city develop a more comprehensive program to deliver retail growth. The City of Denver engaged EPS to complete a comprehensive study to identify the opportunities and challenges to retail growth and to provide recommendations regarding a retail development, marketing, and recruitment program.

EPS conducted an analysis of retail development patterns and sales flows for the City of Denver and nine subareas identifying existing gaps by category and location. The study identified existing retail strengths and deficiencies and potential retail opportunity sites for development and expansion. EPS also evaluated the retail development initiatives of peer cities and provided its recommendations for an enhanced retail development program and an expanded toolbox of business assistance and financial incentives to be used for retail business expansion and attraction.

City of Denver administrators used the study recommendations to help formulate an Enhanced Retail Strategic Plan, adopted in 2013.

Dublin Economic Development Strategy

Dublin, California



The City of Dublin selected an EPS-led team to prepare its economic development strategy and element of the General Plan. This important project encompassed extensive real estate market analysis, an economic competitiveness assessment, and public outreach. The City wanted an actionable plan to guide the near- and long-term activities of Dublin's Economic Development Department. Adopted on November 6, 2012, EPS delivered a multipronged approach to sustaining and growing the local economy. EPS

recommendations included the preservation of incentive programs, improved development services, partnerships, and the suggestion that the City explore the concept of a local economic development corporation. EPS is preparing the Economic Development Element of the City's General Plan.

A notable element of EPS's work on the Dublin economic development strategy was the study's comprehensive review of City strengths, weaknesses, opportunities, and threats (SWOT), based on EPS independent research and interviews with more than 30 members of the public, business groups, planning and development experts, and public officials. EPS considered the City's competitive position within the regional economy, using the SWOT framework as a tool to organize and present key findings.

Most importantly, the City is currently proceeding with the implementation of the EPS Economic Development Strategy. With the adoption of the Plan, the City Council also allocated \$125,000 in funding to commence with increased economic development activity, based on the recommendation of the adopted Plan.

East Line Market Readiness and Economic Development Strategy

Denver, Colorado



The East Line is a critical link in the completion of the FasTracks System in Metro Denver, connecting Denver International Airport (DIA) with DUS and Downtown Denver. It also connects to the I-225 line serving the Anschutz Medical Campus and large suburban employment centers in southeast Metro Denver. The East Line will be a strong external marketing asset for Metro Denver, as one of the best center city-to-airport transit connections in the United States. There are other site- and corridor-specific challenges to

maximizing local economic opportunities from the line, however. First, the east I-70 corridor is the most attractive industrial and distribution location in the metro area, and there are many barriers to TOD. There also is a policy directive to preserve and expand these middle skill jobs along the corridor. Second, half of the stations are greenfield sites with uncertain market timing but consolidated ownership and patient developers.

EPS completed a corridorwide market analysis and economic development strategy. The market analysis classified each station according to its position along the corridor, markets it could serve, and land use context. EPS then tailored the market analysis to targeted industries for each station and how these relate to local and regional targeted industry strategies. The implementation recommendations consisted of an economic development and land use strategy and a marketing and branding strategy. A key recommendation was to target identified industrial and quasi-industrial, creative, and "maker" businesses that need industrial space, benefit from transit access, and house more employees per acre than the current land use pattern. Flexible zoning approaches were identified to allow for a more diverse business mix than typical TODs, with the most noxious uses zoned out of the immediate ¼-mile station area. Partnerships were recommended with industry trade groups, local and regional economic development organizations, and corridor business and real estate interests.

The marketing and branding strategy outlined initial brand concepts and imagery prepared by a subconsultant, and an overall approach to branding a line by stakeholders from multiple jurisdictions, agencies, and agendas was prepared by EPS.

Hermosa Beach Civic Center Economic Development Strategy

Hermosa Beach, California



Hermosa Beach occupies a unique position within the triad of Beach Cities located in the South Bay area of the Los Angeles basin. Pier Plaza, the centerpiece of the Downtown Core, is a pedestrian-only public space surrounded by restaurants, bars and retail uses. It is immediately adjacent to the Strand and the beach, linking it directly to commercial activities on Hermosa Avenue and Pier Avenue. While these businesses have been successful, associated late-night revelry has increasingly conflicted with the surrounding residential community. According to local brokers and real estate professionals, this has tended to discourage a broader range of retail and commercial activities in the area.

EPS was retained by the City of Hermosa Beach to develop a revitalization strategy for the City's Downtown Core. The study provided demographic, market, and economic analysis to inform revitalization strategies for Hermosa's Downtown Core. The analysis addressed the comparative socio-economic characteristics of the three Beach Cities and identified Hermosa Beach's competitive position within the market context. It then assessed retail market trends, hotel market trends, and office market trends. The structure and dynamics of commercial uses and property ownership in the Downtown Core were mapped and analyzed, where EPS discussed the issues and opportunities presented by this economic geography. Recommended implementation strategies were presented in a separate report which included Retail Strategy, Hermosa Avenue Streetscape Improvements, Pier Plaza and Strand Improvements, Hotel Development Strategy, and a Parking Strategy (including proposed zoning changes for the Downtown Core).

Moving SOLANO Forward Economic Diversification Strategy

Solano County, California



Moving SOLANO Forward (MSF) is an ambitious effort to develop a countywide strategic approach to further diversify the economic base of Solano County, which will enable residents and businesses to thrive and prosper. The Economic Diversification Study builds on the Shared Economic Framework that emerged from past collaborative efforts to understand and move the economy forward.

EPS conducted four detailed technical analyses that helped shape discussions with MSF stakeholders and the detailed economic diversification strategy. The EPS Team prepared a detailed demographic and economic profile of Solano County, providing stakeholders with contextual information regarding demographic and economic trends and projections and a real estate supply and demand analysis that identified a sizable quantity of shovel-ready vacant land, as well as partially improved vacant land and existing built space located throughout the county.

The EPS Team developed the MSF Strategy, based on a unifying vision and objective and strategies and implementation actions associated with three overarching goals: enhancing the county's development capacity, strengthening regional economic and workforce development programs and services, and improving the county as a high quality-of-life locale.

Santa Cruz Wharf Master Plan

Santa Cruz, California



The Santa Cruz waterfront area offers a range of recreational activities to both locals and tourists, ranging from the rides and attractions of the Boardwalk, to varied dining options, to enjoyment of the spectacular beach. The Wharf, like the Boardwalk, is an iconic asset to the City. The 2,745-foot long Wharf is built out into Monterey Bay, which has been named a National Marine Sanctuary due to its ecological significance. As part of the City's waterfront, the Wharf already enjoys high rates of visitation. However, when

visiting the Wharf today, the experience of being out in the Bay is not as prominent as it could be, and the Wharf could benefit from better access and commercial, recreational and educational upgrades.

As part of the Wharf Master Plan and Engineering Report Study, EPS studied and evaluated the business and economic development opportunities of the Wharf based on a review and analysis of visitor and market demographic characteristics, and an evaluation of existing business performance. In addition, the team held meetings with the Wharf tenants and developed surveys to elicit their views on business and economic conditions and potential development strategies. Among EPS's findings, the Wharf in general and individual Wharf businesses in particular would benefit from an overall marketing strategy and improvements that would provide an upgraded visitor experience and promote the identity of the Wharf as a whole. EPS worked with the planning team to identify improvements that would greatly enhance the visitor experience and increase the vitality of uses on the Wharf.

FISCAL AND ECONOMIC IMPACT ANALYSIS

Services Provided

EPS identifies the economic and budgetary implications of land use projects, activities, and policies.

- **Fiscal Impact Analysis** – EPS helps governments and project proponents to consider the potential municipal net revenue benefits from land use plans and entitlements. EPS’s fiscal impact models estimate tax and other public revenues generated by new development, as well as the cost of public services required to serve the new development. These studies commonly help fine tune land use programs and identify appropriate mitigations for negative fiscal impacts.
- **Economic Impact Analysis** – EPS offers clients deep expertise in regional economic analysis and commonly is called on to perform impact analyses. EPS’s economic studies consider a range of economic effects that stem from changes in the composition of the regional economy, including impacts on jobs, employee compensation, and sales that are attributable to new economic activities, programs, or events. EPS’s studies commonly rely on Input-Output software models (e.g., IMPLAN or REMI) to estimate multiplier effects in the economy.
- **Municipal Incorporation, Annexation, and Special District Formations** – EPS consults with cities, districts, and other public entities concerning governance and organizational issues. Commonly, area plan or specific plan implementation measures include proposals for municipal annexation or the formation of special districts to provide municipal services. EPS prepares plans of service and feasibility studies that support the proposal review process.
- **Benefit-Cost Analysis and Public Return on Investment** – EPS conducts economic benefit-cost analyses (BCA) to evaluate how a proposed project or regulation impacts society. EPS commonly provides BCA in the assessment of a government program or policy or as part of a competitive project funding or prioritization process (e.g., Transportation Investment Generating Economic Recovery [TIGER] grant program). EPS tracks federal and State guidance concerning economic analysis and has earned a reputation for creative work that conforms to the industry standards but also captures more nuanced economic metrics related to the environment, public health, and quality of life.
- **Regulatory Support Services** – EPS routinely conducts specialized studies to meet regulatory requirements for project approvals. In particular, EPS performs Urban Decay Analyses when required by the California Environmental Quality Act (CEQA) process. In addition, EPS conducts Alternatives Analyses in support of project applicants seeking Clean Water Act permitting from the U.S. Army Corps of Engineers. EPS also has experience preparing economic analyses in support of 9212 studies concerning California voter initiatives.

FISCAL AND ECONOMIC IMPACT ANALYSIS

Representative Projects

- **Candlestick Point/Hunter's Point Shipyard Fiscal and Economic Impact Analysis, *San Francisco, California***
- **Cost Benefit Analysis of San Francisco Muni Transit Service, *San Francisco, California***
- **Fiscal Impact of Block 1 Development, *San Francisco, California***
- **Kansas City Comprehensive Fiscal Study and Investment Sustainability, *Kansas City, Missouri***
- **Palo Alto Comprehensive Plan Update, *Palo Alto, California***
- **UC System Economic Impacts, *California***
- **Winrock Mall Redevelopment Feasibility Study, *Albuquerque, New Mexico***

Fiscal Impact

- Adams County Cost of Growth Model, *Adams County, Colorado*
- Ameya Preserve Fiscal and Economic Impact Study, *Park County, Montana*
- Basalt Fiscal Model and Cost of Growth Factors, *Basalt, Colorado*
- Bayhill Specific Plan, *San Bruno, California*
- Carbondale Fiscal Impact Model, *Carbondale, Colorado*
- Community College District Cost of Growth Study, *Santa Fe County, New Mexico*
- Cupertino GPA Reviews, *Cupertino, California*
- Disneyland Resort Expansion, Fiscal Analysis and Financial Negotiations, *Anaheim, California*
- Durango Mountain Resort Fiscal Impact Analysis, *La Plata County, Colorado*
- Fiscal and Economic Effects of the Paradise Ranch Inn Project, *Josephine County, Oregon*
- Fiscal Equity Study, *Reno, Sparks, and Washoe County, Nevada*
- Fiscal Impact Sustainability Study, *Fresno, California*
- Fiscal Impact Sustainability Study, *Pleasanton, California*
- General Plan Update, Fiscal Impact Analysis, *San Jose, California*
- Kansas City Comprehensive Fiscal Model, *Kansas City, Missouri*
- Kansas City Development Incentives Sustainability Study, *Kansas City, Missouri*
- Mission Bay Ferry 2018 Local Partnership, *San Francisco, California*
- North Natomas Fiscal Impact Study, *Sacramento, California*
- Palo Alto Comprehensive Plan Update, *Palo Alto, California*
- Park County Fiscal Impact Analysis by Density and Benefit District, *Park County, Colorado*
- Pleasanton General Plan Fiscal Impact Analysis, *Pleasanton, California*
- Red Rocks Centre Fiscal Impact Analysis, *Morrison, Colorado*
- Redmond Fiscal Study and Cost of Growth Model, *Redmond, Washington*

- Riverwalk Feasibility Analysis, *Basalt, Colorado*
- Salinas New Growth Areas Fiscal Impact Analysis, *Salinas, California*
- San Diego Unified Port District Master Plan Update, *San Diego, California*
- San Jose Soccer Stadium Fiscal and Economic Impact Study, *San Jose, California*
- Snowmass Village Fiscal Impact Model, *Snowmass Village, Colorado*
- South Napa Marketplace, Fiscal and Economic Analysis, *Napa, California*
- Southwest Area Plan Fiscal and Financial Impact Analysis, *Santa Rosa, California*
- Willits Town Center Fiscal Impact Analysis, *Basalt, Colorado*

Economic Impact

- Belmar Town Center Economic Impact Study, *Lakewood, Colorado*
- Big Box Retail Economic Impact Study, *Bozeman, Montana*
- Colorado Affordable Housing Trust Fund Economic Impact Analysis, *Denver, Colorado*
- Davis Technology Center Fiscal and Economic Review, *Davis, California*
- Del Mar Fairgrounds Fiscal and Economic Impact Study, *Del Mar, California*
- Denver Union Station Economic Impact Analysis, *Denver, Colorado*
- East Bay Regional Parks District Economic Impact Analysis, *Alameda County, California*
- Economic Benefit of the US Helicopter Air Medical Transport Industry, *Alexandria, Virginia*
- Economic Impact Analysis of Google, *Mountain View/Santa Clara, California*
- Economic Impact of California Clean Air, Jobs, and Transportation Act (CALTEA), *California*
- Economic Impact of Federal Endangered Species Critical Habitat Designation, *California*
- Economic Impact of Napa Center for Wine, Food and the Arts, *Napa, California*
- Economic Impact of PUC Energy Conservation Program, *San Francisco, California*
- Economic Impact of Sears Point Raceway Expansion, *Marin County, California*
- Economic Impact of Sonoma County Construction Industry, *Sonoma County, California*
- Economic Impact of Tracy Growth Control Measure, *Tracy, California*
- Hollywood Business Improvement District Evaluation, *Los Angeles, California*
- Mather Airport Economic Impact Analysis, *Sacramento, California*
- San Antonio Urban Economics Tool, *San Antonio, Texas*
- Socio-Economic Impact of University of California Merced Campus, *Merced County, California*
- The Gulch Economic Impact Study, *Nashville, Tennessee*
- Tracy Gateway Economic Benefit Study, *Tracy, California*
- University of California Economic Impact Study, *California*
- Wal-Mart Site Economic Impact Analysis, *Woodland, California*

FISCAL AND ECONOMIC IMPACT ANALYSIS

Project Profiles

Candlestick Point/Hunter's Point Shipyard Fiscal and Economic Impact Analysis

San Francisco, California



In 2010, the City and County of San Francisco's (CCSF's) requested that the master developer, CP Development Co (FivePoint), obtain a fiscal and economic impact analysis for their proposed mixed-use "lifestyle" development at Candlestick Point located at the former Hunter's Point Navy Shipyard. EPS conducted that original 2010 Impact Analysis (2010 Analysis) with substantial input from CCSF staff and the master developer.

Due to the changing development program and economic conditions surrounding Candlestick Point, FivePoint sought to determine the changes in the fiscal and economic impacts on the City and County of San Francisco relative to the 2010 Analysis.

EPS was again retained by CP Development Co.'s parent company, FivePoint Communities, to build upon and update its earlier 2010 Analysis for Candlestick Point and Hunter's Point. The report prepared by EPS was based on inputs/calculations provided by the developer and other consultants retained for the project. EPS provided all inputs for General Fund Revenues and selected transit revenues, conversion of transit capital costs into annual debt service payments, and a first order evaluation of General Fund expenditures. EPS compiled estimates of job density for different uses and the overall development program. The report also forecasted the incomes, outputs, and multiplier effects associated with job growth resulting from the development using IMPLAN Economic Impact Model for San Francisco.

On July 2018, FivePoint used the fiscal and economic impact analysis prepared and presented by EPS associates at a San Francisco Board of Supervisors meeting. City leaders in San Francisco unanimously approved the re-imagined design for the SF Shipyard and Candlestick Point communities and enthusiastically endorsed developer Five Point's plans for thousands of homes and an additional 2 million square feet of commercial space.

Cost Benefit Analysis of San Francisco Muni Transit Service

San Francisco, California



San Francisco Municipal Transportation Agency (SFMTA) was seeking to estimate and document the economic benefits of providing Muni transit service in San Francisco. The study was commissioned at a time when the relationship between transportation and economic growth had become particularly pronounced in the City of

San Francisco. Not only was the level and density of the City's population and employment at an all-time high and continuing to grow, but the city's transportation infrastructure also was aging and near capacity. At the same time, the physical space to expand the city's road network and parking was limited, while concern about the impact of vehicle emissions on climate change was growing.

EPS developed an analytical framework that demonstrated how maintaining and expanding Muni services and infrastructure would provide a positive return on investment to the City of San Francisco and were essential to ongoing economic sustainability. The EPS study monetized a range of economic benefits associated with Muni related to congestion relief (and associated travel-time savings), direct travel-cost savings (including parking), increased safety, environmental benefits, and other factors. It then compared the monetized economic benefits attributable to Muni to the cost of operating the system and keeping the capital infrastructure in "a state of good repair." The analysis also provided a "net present value" calculation to express cumulative impacts over time in current dollars.

EPS presented its findings to the SFMTA Board and related stakeholder groups.

Fiscal Impact of Block 1 Development

San Francisco, California

The City of San Francisco was evaluating the development impact of Block 1, the last undeveloped site in the Mission Bay neighborhood. Despite its location in the prospering Mission Bay area, Block 1 has been passed over for development several times over the last 15 years. The City wanted to understand the implications of the developer proposal to change the land use mix to a smaller hotel and diversify the site with a mix of housing and retail uses.

EPS conducted a hotel market review as well as a fiscal and economic impact analysis of the proposed Block 1 development. It found that the primary reason that the site has not been developed is that the entitled hotel use is too large to support the local market needs. Changing the site to a mixed-use development program with an appropriately sized hotel would allow it to move forward with development, generating fiscal, economic, and community development benefits for the City and other taxing entities. EPS quantified these benefits that included visual identification of the Mission Bay gateway, stimulation of activity on a long idle site, generation of revenues to taxing entities in the City and the State, and significant additional revenues for affordable housing in Mission Bay.

Kansas City Comprehensive Fiscal Study and Investment Sustainability

Kansas City, Missouri



Kansas City historically had provided substantial incentives to encourage economic development, job creation, housing, and business retention. However, the city's concerns about the potential cumulative impacts of incentives, revenue diversions, and tax abatements on the city's General Fund revenues streams and its ability to pay for increased operating costs prompted a study of its incentives, economic development

policies, and an assessment of their impact on the City of Kansas City's public revenues and expenditures.

EPS assessed comparable community's magnitude-of-debt obligations, incentives policies, and practices and worked with City of Kansas City staff to develop a fiscal model to be used in assessing the fiscal impacts of the use of any of the city's economic development tools and tax incentives on municipal revenue and expenditures. A series of future scenarios was developed and the model was used to evaluate the short- and long-term effects of incentives, abatements, and debt service guarantees.

Based on the findings, the consulting team recommended a series of alternative policies to guide the City of Kansas City's strategic investment in future projects.

Palo Alto Comprehensive Plan Update

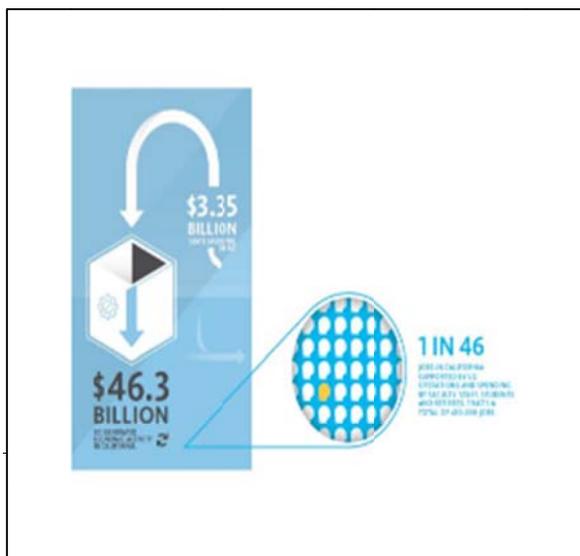
Palo Alto, California

The City of Palo Alto is preparing its 2030 Comprehensive Plan Update to address changing demographic, economic, and environmental conditions in the City. City staff and consultants started work on the effort during 2008 and since then the scope of the Update has grown into a broad reorganization of the Comprehensive Plan. With significant local concerns about growth and the effect of growth on the financial well-being of the City, Palo Alto hired EPS in 2015 to provide a fiscal analysis of the Comprehensive Plan Update alternatives.

The EPS fiscal analysis assessed several scenarios that were developed to capture the range of possible outcomes of the Comprehensive Plan Update process. The analysis focused specifically on the effect that population and employment growth will have on the City's \$171.1 million 2015 Adopted General Fund Operating Expenditure Budget. EPS prepared a unique study methodology to isolate the fiscal impact attributable to residents, workers, and visitors, in addition to impacts by land use category as is traditionally done.

EPS findings indicate that the City is likely to benefit financially from growth, including from both residential and commercial development. However, the study also found that despite being positive, the net fiscal impacts calculated by the analysis are quite modest relative to the total City General Fund budget. EPS work closely with City staff on the analysis and in preparation for presentations to City Council members. In April 2016, EPS provided a rigorous and successful defense of this high-profile work before the City's finance committee.

UC System Economic Impacts



University of California

The University of California, Office of the President (UCOP) was seeking a comprehensive economic study to analyze and communicate the range of economic effects that UC's educational programs, services, and research have on the State of California's economy. The need for this analysis came at a critical juncture for both UC and the State. On the one hand, the strength of California's economy has become increasingly linked to the type of innovation, productivity, and

diversity that the UC system has helped to advance over its long history. On the other hand, the ongoing budget crisis in California has affected all of the State's programs and services, including particularly onerous cuts to UC even as student enrollment demands have increased.

In Phase I of this study, the UCOP retained EPS to quantify the UC's "primary" economic impacts generated by its education, research, and medical functions. EPS utilized an input/output (I/O) modeling framework to quantify UC's contribution to State and regional output, jobs, and employee compensation. These economic impacts were disaggregated into 14 separate regions within the State and assigned to one of UC's ten campuses or five medical centers. The analysis utilized primary data from UCOP related to salaries and wages, capital investments, payments to retirees, and other expenditures.

EPS joined staff from the UCOP to present its recently completed economic study to the UC Board of Regents at their meeting in San Francisco on Thursday, September 15, 2011. The EPS report has also been posted on the UCOP Home Page and is accompanied by a press release and a colorful executive briefing document prepared by UCOP public relations.

Winrock Mall Redevelopment Feasibility Study

Albuquerque, New Mexico



The Winrock Mall is being redeveloped as a mixed-use town center, including lifestyle retail and entertainment, housing, and employment uses. The existing mall will retain its department store anchors while the aging mall is demolished. The project was seeking TIF under the recently approved Tax Increment Development District (TIDD) Act. The proposed TIDD would generate an estimated \$130 million in revenue bonds,

based on the use of City of Albuquerque and State of New Mexico gross receipt tax (GRT) and property tax revenues.

EPS conducted a feasibility study to verify and validate the market potentials and revenue and financing forecasts and assumptions. EPS also conducted a comprehensive Fiscal Impact Analysis for the City of Albuquerque and State of New Mexico to determine the portion of city tax dollars needed to cover operation and maintenance costs associated with the project. Based on the fiscal analysis, the project was approved for 75 percent of the future property and 70 percent GRT revenues to support revenue bonds to pay for the eligible public improvements. EPS also was engaged to update the market, fiscal, and financial reports to support a request for changing the TIDD Base Year.

Using TIDD, the City of Albuquerque and the State of New Mexico approved \$136 million in TIF.

Services Provided

EPS crafts housing policies and strategies that address regional needs, market realities, and community objectives including affordability.

- **Housing Needs Assessments** – EPS works for numerous public- and private-sector clients assessing the strength of housing markets and recommending product types and market positioning that reflects demand. EPS conducts such analyses for stand-alone projects, as well as large-scale master plans and urban planning policy documents.
- **Affordable Housing Strategies and Technical Support Services** – EPS assists cities and towns with affordable housing strategies and services that support government programs. In particular, EPS conducts nexus and linkage studies that quantify the connection between development and the need for additional affordable housing. EPS also determines fee levels that achieve the necessary affordable housing outcomes. In some cases, EPS evaluates the effect of affordable housing requirements on the financial feasibility of development.
- **Comprehensive Plan Housing Elements** – EPS supports jurisdictions in completing their State-mandated Housing Element updates and federally mandated Consolidated Plans. Specifically, EPS prepares housing needs analyses and assists with program evaluation and new program development.
- **Inclusionary Zoning and Regulatory Strategies** – EPS works with jurisdictions to develop and retool affordable housing programs to meet changing market conditions and to perform the calculations and analyses to establish fees in lieu of building affordable homes on site. EPS has extensive experience preparing nexus studies that quantify the linkage between real estate development and affordable housing demand. Guided by the nexus study, EPS develops strategies and programs to support affordable housing development, commonly through affordable housing requirements and fee programs.
- **Affordable Housing Incentives Programs** – EPS prepares incentive programs that seek to promote production of affordable housing units. EPS commonly works with cities and towns to evaluate the potential for incentive zoning and other mechanisms to create financial benefits to development projects that can be used to offset the cost of affordable housing development.

Representative Projects

- 121 Mason Density Bonus Feasibility Study, *Santa Barbara, California*
- Affordable Housing Fee Study Update, *Sonoma County, California*
- Affordable Housing Fee Study, *Mountain View, California*
- Affordable Rental Housing Market Opportunities, *Phoenix, Arizona*
- Aspen Affordable Housing Strategic Plan, *Aspen, Colorado*
- Aurora Consolidated Plan, *Aurora, Colorado*
- Aurora Housing Authority Housing Needs Assessment, *Aurora, Colorado*
- **Berkeley Density Bonus Pro Forma, *Berkeley, California***
- Boulder Affordable Housing Density Bonus Analysis, *Boulder, Colorado*
- Boulder County IHO Analysis, *Boulder, Colorado*
- Boulder Housing Authority Holiday Inn Site Financial Analysis, *Boulder, Colorado*
- **Central City Density Bonus and Incentive Policy Update, *Portland, Oregon***
- Colorado Affordable Housing Trust Fund Economic Impact Analysis, *Denver, Colorado*
- Comprehensive Housing Market Study, *Kane County, Illinois*
- Douglas County Housing Nexus Study, *Douglas County, Colorado*
- Flagstaff Housing and Community Sustainability Study, *Flagstaff, Arizona*
- Healdsburg Housing Strategy, *Healdsburg, California*
- Lower Roaring Fork Housing Initiative, *Basalt, Carbondale, Glenwood Springs, Colorado*
- Lowry Housing Operations Study, *Denver, Colorado*
- Middlefield Junction Master Plan, *Redwood City, California*
- Mono County Affordable Housing Fee Studies, *Mono County, California*
- Neighborhood Stabilization Program 2 (NSP2) Technical Assistance, *Aurora, Colorado*
- **Pleasanton Lower Income Housing Fee and Nexus Studies, *Pleasanton, California***
- Pueblo Consolidated Plan, *Pueblo, Colorado*
- **Rancho San Pedro Redevelopment Feasibility Study, *San Pedro, California***
- **Santa Rosa Housing Strategy Technical Assistance, *Santa Rosa, California***
- Senior Housing Needs Assessment, *Gilpin County, Colorado*
- Stapleton Foundation Affordable Housing Study, *Denver, Colorado*
- Steamboat Springs Economic Development Assessment, *Steamboat Springs, Colorado*
- Sunnyvale Affordable Housing Nexus Study, *Sunnyvale, California*
- Teton County Housing Needs Assessment, *Teton County, Wyoming*
- Vail Chamonix Housing Feasibility Analysis, *Vail, Colorado*
- Wasatch Choices 2040 Housing Needs Assessment, *Wasatch Front, Utah*
- Watsonville Affordable Housing Linkage Study, *Watsonville, California*

Project Profiles

Berkeley Density Bonus Pro Forma

Berkeley, California

The City of Berkeley envisioned a prominent structure on a surface lot tire shop site that would mark a gateway into its downtown. The site's development will help to transform an underutilized but prime downtown site, and implement the recently adopted Downtown Specific Plan. The Project's design will enhance downtown activity by attracting professionals to the area and provide new ground floor retail and other accessible public areas. However, development feasibility depended on the City's inclusionary housing requirements and application of the State's Density Bonus Law.

EPS evaluated the City's application of the Density Bonus Law to the Project and conducted a development feasibility analysis to test viability of the Project under various development options, including building heights, unit sizes and counts as well as the building configuration. After rigorous analysis, EPS found that a Density Bonus-compliant eight-story building would achieve financial feasibility and provide affordable housing, while also meeting the City's design and use objectives. The Berkeley Zoning Adjustments Board unanimously approved a 98-unit Project providing eight inclusionary units.

Central City Density Bonus and Incentive Policy Update

Portland, Oregon



The City of Portland historically has offered developers additional density, or transfers, at entitlement in exchange for meeting one or more of nearly 20 different civic and community amenities. The incentive programs had been met with varying degrees of success and usage overtime, and the transfer options had created a secondary market for transferable FAR. Among the issues facing the City of Portland was the

reality that the vast number of options not only competed with each other but diluted efforts to make strides toward achieving any one of these civic goals, specifically providing incentives for affordable housing production. The goal of the study was to recalibrate the incentive structure so developers would find an economically compelling course of action to incorporate incentive measures and build affordable housing.

EPS structured an analysis to evaluate the development feasibility of all types throughout the Central City's entitlement zones. The analysis compared the feasibility of by-right use to developments with a density bonus that provided affordable housing. Developers and industry professionals were engaged throughout the process, including one-on-one interviews and round-table discussions. Affordable housing experts, brokers, legal experts, builders, and other City of Portland staff also were actively engaged throughout. EPS constructed a pro forma model to test a wide range of development scenarios and, based on the findings, recommended a threshold for FAR and AMI that could be more monetized by developers.

Pleasanton Lower Income Housing Fee and Nexus Studies

Pleasanton, California



In 1989, the City of Pleasanton retained EPS to calculate a Lower Income Housing Fee that charged developers of commercial, office, and industrial projects a fee to support local affordable housing projects, based on the number of employees in those developments likely to require subsidized housing in the local market. EPS also calculated a Lower Income Housing Fee to be imposed on residential developments, should those projects elect to pay the fee in-lieu of complying with the construction requirements of the City's Inclusionary Zoning Ordinance. The

City adopted EPS's recommended fees and conducted several updates of those fee calculations based on CPI and other factors, but determined in 2012 that a more comprehensive update was desired to reflect more recent market conditions and legal requirements.

EPS was retained to update the City's Lower Income Housing Fees by preparing nexus studies. EPS provided an analysis of the relationship between household spending and job creation, as well as the affordable housing needs associated with those new jobs. After establishing this relationship based on local economic factors, EPS calculated impact fees that could be used to subsidize construction of new units for lower-income worker households. EPS also completed a fee survey of comparable jurisdictions and conducted development feasibility analysis that informed fee recommendations by land use. EPS presented its analysis and recommended supportable fee levels to the Housing Commission and City Council.

Rancho San Pedro Redevelopment Feasibility Study

San Pedro, California

The waterfront location and proximity to Downtown San Pedro provide an intrinsic appeal for residential and commercial development at Rancho San Pedro, and San Pedro represents one of the last remaining underdeveloped waterfront areas in southern California. In part to capitalize on this opportunity, the Port of Los Angeles engaged in a multi-year planning process to revitalize the San Pedro and Wilmington waterfront for non-industrial uses, which may generate up to \$1 billion in public and private investment. Coupled with positive market trends, this activity has led to a number of new and proposed development projects in San Pedro.

The Housing Authority of the City of Los Angeles (HACLA) in conjunction with the City of Los Angeles Council District 15 (CD 15) and the Mayor's Office of Economic Development, commissioned a consultant team led by EPS to prepare this feasibility study of the Highest and Best Use and Development Potential of the Rancho San Pedro public housing development (RSP project) located in the community of San Pedro. The purpose of the study was to begin exploring options for the potential rehabilitation, redevelopment, and/or disposition of Rancho San Pedro. Four revitalization scenarios were developed to explore the financial challenges associated with different approaches to revitalization. Each scenario complies with the San Pedro Draft Community Plan regarding land use, density, and building heights; maintains at least an equivalent number of affordable units as the 479 currently at Rancho San Pedro; and was evaluated assuming current market conditions.

Subsequent to the feasibility study produced by the EPS led team of consultants, HACLA has issued an RFP to developers with selection imminent.

Santa Rosa Housing Strategy Technical Assistance

Santa Rosa, California

Before the Great Recession, during the “housing boom,” it was assumed that new development could bear the full cost of needed infrastructure, that job growth would continue to drive a healthy housing market, and that the City of Santa Rosa’s Redevelopment Agency could effectively promote economic development and affordable housing programs and projects. These assumptions have been altered by changes in market conditions (including pricing and residential product preferences), the loss of redevelopment powers and resources, the increasing needs and costs of infrastructure, and, most recently, sharp increases in housing rents and the related increase in the need for affordable housing.

Having faced persistent underproduction of housing for the last decade, the City of Santa Rosa retained EPS to define the magnitude of the production shortage, using data to describe housing market conditions and trends in the City. In the context of evaluating residential market conditions, EPS introduced and developed a range of programs and policies to support changes to how the City approaches the development of new housing and residential cost containment for the City’s renters (i.e., policies that support both supply of and demand for housing in the City). Regular work sessions with City staff were used to develop study session-style presentations to the City Council and community to communicate the urgency of the problem and to mobilize next steps. This analysis transitioned to become the foundation of a housing production action plan that identified and evaluated options for improving housing production, which will be implemented this year.

PUBLIC-PRIVATE PARTNERSHIP (P3)

Services Provided

EPS combines public-and private-sector resources for innovative development projects and partnerships.

- **Developer Advisory Services** – EPS provides its private-sector clients with guidance and technical support services related to Request for Proposal (RFP) responses and the development of mutually beneficial business terms as part of contract negotiations. With a balanced practice of public- and private-sector clients, EPS is able to assist its private-sector clients with messaging, content, and economic rationale that support their position and simultaneously appeal to public-sector partners.
- **Developer Solicitation and Selection** – EPS supports public-sector clients with recruiting and selecting highly qualified real estate development partners. EPS's work commonly includes market and financial feasibility analyses, marketing strategies, RFQ/RFP preparation, developer selection criteria, public policy evaluations, and political considerations.
- **Negotiation Support** – EPS works with both public- and private-sector entities to support public-private negotiations. EPS often tackles these negotiations by defining principles, negotiating terms, and crafting transaction documents. EPS strives to integrate well-researched information concerning project economics and regulatory parameters into the negotiation. EPS's services commonly are used during the negotiation of development agreements, infrastructure financing plans, mitigation measures, land swaps, and other agreements.

PUBLIC-PRIVATE PARTNERSHIP (P3)

Representative Projects

- **Austin Public-Private Development Projects, *Austin, Texas***
- **Denargo Market TIF Negotiations, *Denver, Colorado***
- **Peninsula Wellness Developer Solicitation and Feasibility Analysis, *Burlingame, California***
- **SF Giants Mission Rock Development Proposal, *San Francisco, California***
- **UCSF and UC Hastings Campus Housing, *San Francisco, California***
- **Concord Naval Weapons Station RFQ, *Concord, California***
- **Downtown Burlingame Publicly-Owned Parking Lots Developer Negotiation Support, *Burlingame, California***
- **DUS Market and Feasibility Analysis and Developer Selection, *Denver, Colorado***
- **Kona Developer Negotiation, *Kona, Hawaii***
- **Pier 70 Master Plan and Developer Selection/Negotiations, *San Francisco, California***
- **Travis County Developer Solicitation, *Travis County, Texas***
- **University of Hawaii West Oahu Campus Strategic Plan, *Kapolei, Hawaii***
- **VIA Metropolitan Transit Real Estate Services, *San Antonio, Texas***

PUBLIC-PRIVATE PARTNERSHIP (P3)

Austin Public-Private Development Projects

Austin, Texas



Since the 1990s, the City of Austin has sought EPS's consulting services to assist in the redevelopment of various public properties in and around the city's central core, including the former Mueller Airport site; Block 21, a city-owned parcel across from city hall; the Seaholm Power Plant property, a historic and architecturally significant property in downtown; and the former Green Water Treatment Plant and Energy Control Center sites.

EPS's roles have included market and financial feasibility analysis and development of financing strategies and implementation measures. EPS also assisted the City of Austin in conducting developer solicitations and negotiations with the selected developers and continues to support the implementation of the projects by monitoring the projects' overall financial performance, bonding capacity, and consistency with development agreements; reviewing the affordable housing implementation; evaluating the economic implications of specific tenants and partnership agreements; and exploring the potential to use tax increment and other sources to fund public improvements. EPS has worked with local stakeholders and elected officials to ensure that community objectives are being met in each of these projects.

The plan for the Robert Mueller Airport received an award from the Congress for the New Urbanism, and development of the project's housing, retail, and commercial space (including the Dell Children's Medical Center) is well underway. Block 21 is now developed as a W Hotel with the Austin City Limits studio on the ground floor. The Seaholm and Green Water Treatment Plant projects have broken ground, and construction of initial phases is expected to be complete in 2016.

Denargo Market TIF Negotiations [*Copy into Oakland database? What project number?]*

Denver, Colorado



The Denargo Market site is a 28-acre redevelopment in Denver's River North or "RiNo" neighborhood, northeast of downtown Denver. The property was named after the farmer's market that operated on the site during the first half of the 20th century. After the market closed, the property was developed gradually with industrial uses including junkyards. As a result, the property had extensive subsurface contamination that required remediation, estimated at \$3.2 million. As part of the project's

entitlements, the developer was required to dedicate land for a park along the Platte River Trail. Cypress applied to the Denver Urban Renewal Authority (DURA) for TIF revenue to offset the

remediation and park development costs. DURA's policy is that TIF should only be used to fund the gap needed to make a project attractive to private investment. DURA therefore requires developers requesting TIF to demonstrate that the project could not process without public financing—a "but for" test. The measure of this but for test is the anticipated rate of return on the project with and without TIF.

EPS conducted an independent third-party market and financial feasibility review of the project. Key issues included the competitive position of the Denargo project compared to other proposed competitive residential projects, the expected revenue from land sales to vertical developers, and Cypress' expected rate of return on the project with and without TIF. EPS prepared a land development pro forma that estimated the project's rate of return, based on expected land values, residential absorption, and development costs. Assumptions in the pro forma were supported by market research on competitive developments and comparable land sales, documented in a memorandum with supporting tables, maps, and charts.

Based on EPS's evaluation, DURA awarded the project \$2.4 million in TIF. Phase I of the project has been constructed and is now fully leased. Future phases are in the development process at this time.

Peninsula Wellness Developer Solicitation and Feasibility Analysis
Burlingame, California



The vision for the Peninsula Wellness Community (PWC) Master Plan is a place where healthy aging and wellness intersect with innovative health technologies. The desired plan includes a variety of residential options, medical offices, and health and wellness services to the senior community on an 8.32-acre site.

EPS contributed to the consultant team that supported the Peninsula Health Care District (PHCD) in Burlingame, California, in soliciting a master developer for the development of the

Peninsula Wellness Center. EPS helped conduct financial feasibility analysis for the drafting of the Request for Proposals, reviewed developer submissions, interviewed prospective developer teams, and is currently supporting PHCD in negotiating the lease terms with the chosen developer team.

EPS supported PHCD through the process of entering into an Exclusive Negotiating Agreement with the preferred developer team and is currently assisting the District in negotiating the terms of a ground lease with the developers.

SF Giants Mission Rock Development Proposal

San Francisco, California



A development team including the San Francisco Giants submitted a proposal to the Port of San Francisco to lease and develop a 16-acre site adjacent to the Giants' baseball stadium. The development proposal included conceptual plans

for residential, office, entertainment, and exhibition space, as well as a 7-acre park.

EPS evaluated the market context for residential, office, and visitor-serving uses at Mission Rock and prepared a market analysis for retail at the site. Subsequently, EPS assisted the development team in preparing pro forma analysis and financing options, including a Community Facilities District (CFD), Infrastructure Financing District (IFD), and use of revenue bonds to help in funding significant infrastructure improvements required for new development, which would generate increased revenues to the Port and the City of San Francisco.

Following our work for the developer, the City of San Francisco retained EPS (with the support of the developer) to join the City in negotiation support and analysis. EPS conducted pro forma review and provided analyses and advice on market rates of developer returns, length of the ground lease term, and use of IFD and CFD mechanisms, among other topics. Voters approved height-limit increases in November 2015, allowing project negotiations to move forward with a solid understanding of the land use plan. The project proponents were granted approvals from San Francisco Board of Supervisors in 2016.

UCSF and UC Hastings Campus Housing

San Francisco, California

The shortage of affordable housing in the Bay Area generally and the lack of affordable campus housing in San Francisco in particular has become a significant barrier for both UC Hastings (UCH) and UC San Francisco (UCSF) to enroll top-ranked students and trainees. The production of affordable and proximate campus housing on the UCH campus and the sharing of campus amenities will benefit both institutions. Therefore, with a lease commitment from UCSF, UCH intends to renovate and seismically strengthen 100 McAllister for use as campus housing and amenity space and to develop new campus housing and amenity space at 198 McAllister and 50 Hyde. Both of these sites are owned by and located on the UC Hastings campus in San Francisco's Civic Center/Tenderloin neighborhood.

UCH and UCSF retained the EPS Team to evaluate the financial feasibility of the projects while ensuring rents well below market rate. The EPS Team was also asked to consider potential partnership structures between UCH and UCSF as well as potential approaches to project delivery.

Preliminary results include a finding that the development of 198 McAllister and renovation of the tower at 100 McAllister for below market rate student and faculty housing appear to meet economic feasibility thresholds, which suggests that proceeding with a developer Request for Qualifications and Request for Proposals process would be appropriate. The work also resulted in a recommended deal structure between UC Hastings and a master developer, and the terms of UCSF's guarantee to lease residential units for students and faculty on a long-term basis.

A subsequent phase of work further refined space allocations, development costs, financial feasibility, proposed parameters for a public-private partnership (PPP) deal structure, and proposed terms for a long-term lease for residential units that will be entered into by UCH with the master developer/ground lessee. It included drafting of RFQ and RFP documents, distribution of these solicitation documents to the development community, review and evaluation of developer submittals, and negotiation of the terms of a long-term ground lease and other implementing documents for the delivery and operation of the campus housing program.

Services Provided

EPS provides economic strategies and analysis that support the use of land for parks, recreation, agriculture, and habitat conservation.

- **Parks and Recreation Programming** – EPS’s analyses support the programming of local and regional parks. EPS’s funding plans and strategies identify funding options and support the appropriate programming and phasing of parks and recreation, given available resources. EPS conducts market analyses for a broad range of recreation and education uses to determine demand and operating budgets. EPS also supports park agency negotiation with concessionaires and other private/nonprofit entities.
- **Agriculture Preservation Programs** – EPS develops agricultural preservation programs and implementation plans for cities, counties, and land trusts. EPS develops programs that incorporate a range of tools and techniques, including agricultural land preservation, financial support, transfer of development rights, clustered development, and buffering from other land uses.
- **Regional Habitat Conservation Plans** – EPS develops financing plans for multijurisdictional, multispecies conservation plans consistent with federal and State environmental regulations. Working with JPAs, habitat conservancies, and consulting biologists, EPS develops detailed cost estimates and advises on appropriate funding mechanisms, including the calculation of program fees.
- **Parks and Open Space Impacts** – EPS evaluates the societal economic value and regional economic significance of parks and open space. For example, EPS assesses property value impacts attributable to open space, the recreation value of parks, health care savings benefits supported by parks, and the economic value of other ecosystem services supported by open space preservation. These assessments support regulatory impact analyses, as well as public outreach efforts seeking to enhance and sustain regional quality of life and the balance between development, recreation, and conservation.

Representative Projects

- **2015 East Bay Regional Park District Economic Study, Alameda and Contra Costa County**
- Agricultural Buffer and Farmland Mitigation Ordinance, *Davis, California*
- Alcova and Pathfinder Reservoirs Master Plan, *Natrona County, Wyoming*
- **Bedwell Bayfront Park Master Plan, Menlo Park, California**
- Belvoir Ranch Master Plan, *Cheyenne, Wyoming*
- **Berryessa/Snow Mountain National Historic Monument, Northern California**
- Brentwood Parks Master Plan Financial Review, *Brentwood, California*
- Contra Costa Biodiversity Study, *Contra Costa County, California*
- County Farmland Preservation Program, *San Joaquin County, California*
- Davis Open Space Element Revision - Financing Plan, *Davis, California*
- **Downtown Berkeley Street and Open Space Improvement Plan, Berkeley, California**
- Ecological Preserves Economic Feasibility Study, *El Dorado County, California*
- **Economic Effects of Habitat Conservation Plans, California**
- **El Paso de Robles, Paso Robles, California**
- **Gateway Park Project Study Report, Oakland, California**
- Grand County Events Center, *Granby, Colorado*
- Longmont Residential Open Space Study, *Longmont, Colorado*
- Natomas Basin Habitat Conservation Plan, *Sacramento, California*
- Nature Conservancy North Coast Resources Analysis, *San Luis Obispo County, California*
- Park County Heritage Tourism Market and Financial Analysis, *Fairplay, Colorado*
- Poplar Creek Golf Course Alternatives Analysis, *San Mateo, California*
- Recreation and Parks Master Plan Update, *Santa Monica, California*
- Salton Sea Remediation Governance Study, *Imperial County, California*
- San Jose Parks and Recreation Master Plan, *San Jose, California*
- Santa Rosa Community Separator Preservation Strategies, *Sonoma County, California*
- South Livermore Valley Vineyard Area Plan, *Livermore, California*
- South Sacramento Habitat Conservation Plan, *Sacramento County, California*
- Yolo County Habitat Conservation Plan, *Yolo County, California*

PARKS AND OPEN SPACE ECONOMICS

Project Profiles

2015 East Bay Regional Park District Economic Study

Alameda and Contra Costa County



The East Bay Regional Park District (EBRPD), founded in 1934, owns and manages over 120,000 acres of parks, open space, and trails in Alameda and Contra Costa Counties. Historically, EBRPD has enjoyed high levels of support from its constituents and users. However, as local government options for raising revenues have become more limited and demands for funding more numerous, EBRPD has recognized the importance of informing residents, users, government, and community leaders of the benefits of the land, facilities, and services it

provides. Of particular concern to EBRPD was that the economic benefits of parks be evaluated and documented.

EPS, in conjunction with Strategy Research Institute (SRI), was commissioned by EBRPD to study the economic benefits of EBRPD's system in 2000. The work effort included (1) conducting a literature review of the economic benefits of parks; (2) analyzing the recreation and conservation uses and visitation to EBRPD parks; and (3) framing EBRPD lands, facilities, and operations in the context of the district's constituent communities and projected demographic and land use changes. From this background, EPS identified, described, and quantified the broad array of economic and quality-of-life benefits associated with the regional park system. Benefits were divided into benefits to users and district residents, public investment and cost-saving benefits, and benefits of user and district expenditures in the local economy. Benefits were identified in terms of their impact on quality of life, economic vitality, and social equity.

EPS's most recent study for EBRPD, "Quantifying our Quality of Life: An Economic Analysis of the East Bay's Unique Environment, 2017" is intended to provide current economic benefit estimates of the District. This analysis takes into account the District's current portfolio of lands, trails, and programs. It applies new data and methods from recent research publications and studies. More specifically, this study focuses on valuing the societal and economic significance of the District using five primary inter-related lenses: Ecosystem Services, Real Estate, Recreation, Public Health, and Additional Benefits. In addition, it evaluates the regional economic impacts associated with changes in inter-regional spending attributable to District operations and visitation.

Bedwell Bayfront Park Master Plan

Menlo Park, California



The City of Menlo Park's (City's) 160-acre Bedwell Bayfront Park (BBP) is a regional asset that draws visitors from across the Bay Area, and it is one of the City's few open space resources east of Highway 101. The BBP Master Plan process identified a number of capital improvement investments and associated operating and maintenance costs that are required to provide both basic and enhanced park improvements. The City also must continue to address the required landfill improvements and management costs as well as a range of costs associated with

addressing sea level rise.

In support of the BBP Master Plan process, Economic & Planning Systems, Inc. (EPS) prepared a funding strategy to guide implementation of the proposed park improvements. Based on the Master Plan concept, associated improvements, and capital and operations and maintenance cost estimates, the funding strategy summarizes the estimated costs by phase and describes potential funding sources and financing mechanisms. The funding strategy is based on information learned through discussions with City staff and during the community meetings, subsequent targeted research, and prior EPS experience.

The Master Plan and associated funding strategy was adopted by the City in 2018.

Berryessa/Snow Mountain National Historic Monument *Northern California*



In 2015, the Winters Chamber of Commerce and environmental groups, including The Wilderness Society and Conservation Lands Foundation, were advocating for presidential designation of a new national monument in Northern California. While proponents had made a strong argument to establish the Berryessa Snow Mountain National Monument and had gained the support of a significant number of State legislators and regional leaders, the group sought to reveal the economic benefits of designation to improve the

appeal of the proposal in Washington.

EPS's report, "Economic Impact Analysis: Berryessa Snow Mountain National Monument Designation," played an important role in highlighting positive economic effects and building support for the designation. In this study, EPS quantified spending and employment that likely will result from the elevation of Berryessa Snow Mountain to national monument status. EPS found that the designation could stimulate visitation to the area, increase tourism spending, and generate a gain of nearly \$26 million in economic activity and nearly \$500,000 in tax revenue for local communities over 5 years.

In July 2015, President Barack Obama announced designation of the Berryessa Snow Mountain Region as a national monument. EPS estimates of the economic effect of the designation have

been cited by the White House, the U.S. Department of Agriculture, and newspapers across the country.

Downtown Berkeley Street and Open Space Improvement Plan

Berkeley, California

The implementation of Downtown Berkeley's Streets and Open Space Improvement Plan (SOSIP) improvements will enhance the pedestrian and ecological environment of Downtown Berkeley; improve access by all transportation modes; support restaurants, retail, and Downtown Berkeley's other cultural amenities; enhance the area's economic vitality; and potentially strengthen Berkeley's fiscal health by increasing property values, attracting private investment, and expanding retail sales. EPS and cost-estimating subconsultants were hired by the City of Berkeley to prepare capital and ongoing cost estimates and a financing strategy to guide planning efforts and implementation of the SOSIP improvements.

The significant costs associated with the amenity-rich SOSIP improvements would be challenging to fund given limited funding available to the City. EPS worked with City staff and the City Manager to craft a funding strategy and developed an illustrative scenario to fund the first phase of improvements. Funding sources included a blend of development impact fees, parking revenues, and grants.

Economic Effects of Habitat Conservation Plans

State of California



In species-rich California, regional Habitat Conservation Plans (HCPs) are becoming a common means of planning for conservation and development at the landscape level. HCPs have become one of the most important tools in resolving conflicts between development and listed species. They are viewed as streamlining environmental regulation and supporting the expedient economic development of millions of acres of land in a manner that is consistent with State and federal laws. In addition, they are

viewed as providing local stakeholders and policymakers with a stronger voice in directing future growth and development in areas with listed species.

EPS prepared a white paper on the "Economic Effects of Regional Habitat Conservation Plans" for the California Habitat Conservation Planning Coalition. This white paper evaluates the hypothesis that regional HCPs confer substantial economic benefits to the private and public sectors. The study draws conclusions on the economic effects of regional HCPs through the lens of four different California case studies (San Diego, Riverside, San Joaquin, and Contra Costa Counties), as well as prior professional reports and academic papers that have examined similar questions.

The California Habitat Conservation Planning Coalition and other regional HCP advocates have successfully relied on the EPS report to build support for HCPs around California and the United States, including in Washington, D.C., where the EPS "metrics" were much in demand from policy makers and legislators.

El Paso de Robles

Paso Robles, California



The City of Paso Robles General Plan established a policy framework for the creation of an agricultural greenbelt surrounding the City, deemed the “Purple Belt” given the preponderance of high-quality vineyards in the area. Urban expansion and rural residential development in the area surrounding the City threatened the viability of ongoing agricultural operations.

EPS led a team of planners and agricultural specialists in developing an implementation program (Action Plan) for the Purple Belt. The Action Plan quantified agricultural resources, current planning policies, and programs and established a cooperative approach to implementation that included creation of a managing entity and a development impact mitigation program, transfer of development credits, acquisition of conservation easements, and establishment of funding sources.

On June 8, 2010, the Board of Supervisors of the County of San Luis Obispo approved the Memorandum of Understanding between the City of El Paso de Robles and the County of San Luis Obispo regarding the implementation of the Purple Belt Program.

Gateway Park Project Study Report

Oakland, California



Located along the East Bay waterfront within the City of Oakland, roughly two miles from downtown, the Gateway Park Area is the site where the newly constructed Bay Bridge east span touches land. The site was identified by a consortium of public agency landowners to provide an appropriate “landing” for the world-class bridge and a place for local, regional, and international visitors to experience the site and gain access to the bridge’s pedestrian and bicycle pathway.

EPS developed a financing strategy for the signature park, including public and private financing mechanisms and funding from revenue-generating uses at the site. This included evaluating opportunities for private investment in recreational features, examining local, regional and State grant programs, and developing a financing plan for the parks as a whole.

REPRESENTATIVE CLIENTS

Cities

Albuquerque, New Mexico
Anaheim, California
American Canyon
Arvada, Colorado
Aspen, Colorado
Aurora, Colorado
Basalt, Colorado
Boulder, Colorado
Centennial, Colorado
Cheyenne, Wyoming
Denver, Colorado
Durango, Colorado
Fort Collins, Colorado
Grand Junction, Colorado
Jackson, Wyoming
Limon, Colorado
Littleton, Colorado
Longmont, Colorado
Los Ranchos, New Mexico
Montrose, Colorado
Oakland, California
Orlando, Florida
Phoenix, Arizona
Redding, California
Redmond, Washington
Richmond, California
Sacramento, California
San Clemente, California
San Francisco, California
San Jose, California
San Luis Obispo, California
Santa Barbara, California
Santa Monica, California
Santa Rosa, California
Seattle, Washington
Snowmass, Colorado
Stockton, California
Superior, Colorado
Telluride, Colorado
Vallejo, California
Ventura, California

Counties

Adams, Colorado
Alameda, California
Contra Costa, California
Delta, Colorado
Kane County, Illinois
King County, Washington
La Plata, Colorado
Lincoln, Colorado
Marin, California
Mendocino, California
Mesa, Colorado
Orange, California
Pitkin, Colorado
San Joaquin, California
San Luis Obispo, California
Santa Cruz, California
Santa Fe, New Mexico
Sonoma, California
Summit County, Utah
Sutter, California
Yamhill, Oregon
Yolo, California

Public Agencies & Special Districts

Alameda County Congestion Management District, CA
Alameda Reuse and Redevelopment Authority, CA
Bay Area Rapid Transit (BART), CA
Capital District Transportation Authority, NY
Contra Costa LAFCO, CA
E-470 Authority, CO
East Bay Regional Park District, CA
El Toro Redevelopment Authority, CA
Fitzsimons Redevelopment Authority, CO
Fort Ord Reuse Authority, CA
Lowry Redevelopment Authority, CO
Middle Rio Grande Council of Governments (MRCOG), NM
Northwest Pacific Rail Road Authority
Port of Oakland, CA
Port of San Francisco, CA
Regional Transportation District, CO
Roaring Fork Transit Authority, CO
Sacramento City and County Office of Water Planning
Sacramento Open Space Commission, CA
San Joaquin Council of Governments, CA
Sonoma County Agricultural Preservation & Open Space District, CA
Stapleton Redevelopment Corporation, CO
Transmission Agency of Northern CA
Tri-Valley Wastewater Authority, CA
Treasure Island Development Authority, CA
U.S. Fish and Wildlife Service
U.S. Forest Service
U.S. National Parks Service

Nonprofit/Advocacy Organizations

American Center for Wine, Food & Arts
Association of Air Medical Services
Building Industry Association
Colorado Affordable Housing Coalition
Downtown Spokane Partnership
Downtown Denver Partnership
East Bay Conversion & Reinvestment Commission
Marin Agricultural Land Trust
Mountain Restoration Trust
Nature Conservancy
North Coast Builders Exchange
Santa Cruz Business Council
The Wilderness Society
Yosemite Restoration Trust

State Agencies

Alaska Division of Tourism
California Attorney General
California Coastal Conservancy
California State Dept of Fish & Game
CalTrans
Colorado Office of Economic Development and International Trade
Colorado Office of Planning and Budgeting
Colorado State Land Board

Private Sector

AEW Capital Management
Aspen Skiing Company
A. Teichert & Son
Buzz Oates Enterprises
Callahan Property Company
Camray Development and Construction
Catellus Development Corporation
Centex
Continuum Partners LLC
Corrie Development Corporation
Destination Resorts
DKM Investments, Inc.
Durango Mountain Resort
El Dorado Hills Development Co.
FHK/Ward Company
First Commercial Bank
Forest City Development
Granite Power and Development Co.
Hyatt Rickeys
The Hofmann Company
Jones Lang LaSalle Partners
JPI West Coast Construction
Kaufman and Broad
Kaiser Permanente
Kroenke Sports Entertainment
L & P Land Development
Lennar Communities
Lewis Homes
Loftus Developments
Lowe Enterprises
Morrison Homes
Pacific Construction Company
Pacific-Teal Development
Pacific Telesis
Pacific Gas & Electric Properties
Powell Development
Prometheus Development Company
Prudential Development Group
Related Companies
Resort Development Company
Sears, Roebuck and Co.
Shaffer Management Group
Sentinel Real Estate Corporation
Southern Pacific Transportation Co.
Sterling Pacific Assets
The DeSilva Group
The Pivotal Group
Tierra Group
Wadsworth Golf Construction
Waterworld Resorts, Inc.
WCI Communities, Inc.
Winncrest Homes

Educational Institutions

Chabot-Las Positas Community College District
Davis Unified School District
Modesto City Schools
Placer County Office of Education
Rocklin Unified School District
San Francisco Unified School District
University of California, Berkeley
University of California, Presidents Office
University of California, Santa Cruz