PLANNING INNOVATIONS

SB 743 Implementation Strategies

Moving from LOS to VMT - Part II: Show Me the (Fee) Money!

June 5, 2018

Kruhe Singa
Goals of SB 743

- Coordinated transportation and land use planning
- Promotion of public health with active transportation options
- GHG emissions reduction and meeting state targets
Update on SB 743

Proposed Updates to the CEQA Guidelines
November 2017

Final

TECHNICAL ADVISORY
ON EVALUATING TRANSPORTATION IMPACTS IN CEQA

GOVERNOR’S OFFICE OF PLANNING AND RESEARCH

METROPOLITAN TRANSPORTATION COMMISSION
Overview of Forum

• Panel 1: Moving from LOS to VMT: Perspectives from Three Cities

• Panel 2: Transportation Impact Fee: The How-To
San José’s SB 743 Process

Transportation Analysis Policy Revision in San José: Shift to Vehicle Miles Traveled

April 20th, 2018
Agenda

• Where We Started
• Partners
• Actions
• Next steps
Where We Started

• General Plan

• Transportation Impact Analysis Policy (Council Policy 5-3)

• CEQA as transportation improvement mechanism

• CMP
City Partners

• Department of Public Works
• Planning, Building and Code Enforcement
  • Long range planning
  • CEQA team
• Housing Department
• Office of Economic Development
• City Attorney’s Office
• Department of Transportation
Council Actions

1. General Plan text amendments
2. **New Transportation Analysis Policy (Council Policy 5-1)** & Transition from Existing Transportation Impact Policy (Council Policy 5-3)
3. Adopt Infill Opportunity Zones
4. Discuss second phase of work to further align goals, policies, & programs

Staff Work

1. VMT Estimation Tool
2. Transportation Analysis Guidelines
Transportation Analysis Policy

• Transportation Analysis under CEQA shifted from measuring LOS to measuring VMT
  • Projects that meet screening criteria will not require a detailed VMT analysis
  • Projects will analyze their VMT and mitigate identified impacts
    • Good neighbor clause specifies that impacts in other jurisdictions will be studied under that jurisdictions mode of analysis
  • Process set for project specific significant and unavoidable transportation impact under CEQA
• The City will require a Local Transportation Analysis (LTA)
• Existing Area and Transportation Development Policies (ADPs and TDPs) remain in effect
Second Phase and Further Research

• Refine Policy 5-1 as needed
  • Update policy based on county work
  • Update thresholds and mechanisms based on experience

• Proposes updates other transportation practices/policies, e.g.
  • Transportation Demand Management (TDM) Ordinance
  • Parking Code
  • County- or Citywide VMT-based Transportation Fee
VMT Estimation Tool

- Research rigor requirements
- City’s official VMT impacts and mitigations
- Clear communication
- Best available research
Next Steps

• VTA process

• Research and development

• Phase II

• TIFs
Chapter 1
The Vision
Oakland General Plan, Land Use and Transportation Element (1998):

Integrated land use and transportation planning

Transit-oriented development

Alternative transportation options
Chapter 2

It Takes More Than a Vision
How do we get from here...
Challenges:

- Development review process not aligned with vision
- CEQA transportation analysis focused on LOS
- Out-of-date parking requirements
- Development has impacts – how to mitigate?
Chapter 3
The Strategy
High-Level Policies:

Complete Streets Policy (2013)
- Promote all modes of transportation

Energy & Climate Action (2014)
- Replace LOS with VMT

Housing Element (2014)
- Streamline CEQA review
Chapter 4
Implementation
Strategic Actions:

Revised CEQA Transportation Impact Review Procedures (2016)

- Technical assistance grant
- Public outreach
- Replaced LOS with VMT
- Developed new guidelines
- Approved by Planning Commission
Strategic Actions (cont’d):

Transportation Demand Management (TDM) Program (2016)

- Developed in conjunction with new transportation impact review procedures
- Addresses project’s individual impact
- Mixture of mandatory and options
- Applied through project conditions of approval
Strategic Actions (cont’d):

Revised Parking Requirements (2016)

- Comprehensive update to off-street parking requirements for new development
- Public outreach
- No minimums in Downtown; new maximums
- Reduced minimums along corridors
- Requirements for unbundled parking, transit passes and car-share spaces
- Adopted by City Council
Strategic Actions (cont’d):

Transportation Impact Fee (2016)

- Nexus and financial feasibility consultants
- Stakeholder working group
- Addresses project’s contribution to cumulative impacts
- Adopted by City Council
Chapter 5
Today
It’s working.

Streamlined CEQA process
Development impact review focused on designing good projects versus mitigating vehicle congestion
Development offsetting its impact via fee and TDM
Fewer parking spaces being constructed
More infill development and needed housing
Enhanced transportation system
But challenges remain.

Learning curve for staff and applicants
Monitoring operational TDM measures difficult
Previous projects approved with old LOS mitigations
Epilogue
Tips:
Adopt policies to support strategy
Technical assistance grants
Community engagement
Learn from other jurisdictions
A COMPREHENSIVE APPROACH TO GROWING SUSTAINABLY

- TRANSIT CAPITAL
- TRANSIT OPERATIONS
- PEDESTRIAN SAFETY
- DEMAND MANAGEMENT
- LONG RANGE PLANNING
- BICYCLE INFRASTRUCTURE
A COMPREHENSIVE APPROACH TO GROWING SUSTAINABLY
A COMPREHENSIVE APPROACH TO GROWING SUSTAINABLY

TRANSPORTATION SUSTAINABILITY PROGRAM

- TRANSIT CAPITAL
- TRANSIT OPERATIONS
- PEDESTRIAN SAFETY
- DEMAND MANAGEMENT
- LONG RANGE PLANNING
- BICYCLE INFRASTRUCTURE
- NEW DEVELOPMENTS
Funding Needs

$10 BILLION TRANSPORTATION FUNDING NEED TO 2030

$3.7 BILLION IN EXISTING FUNDING

$3 BILLION IN TTF FUNDING

$3.3 BILLION UNFUNDED

TTF = Transportation Task Force
Investment Priorities

- Maintain the Core – 54%
- Enhance System Efficiency – 32%
- Expand Capacity – 14%
# Adopted Fee

<table>
<thead>
<tr>
<th>Land Use</th>
<th>Rates per square foot (sf)</th>
<th>Prior</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21 - 99 Units</td>
<td></td>
<td>N/A</td>
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<tr>
<td>100 Units and up</td>
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<tr>
<td>Non-Residential</td>
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<td>$14</td>
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<tr>
<td>800 to 99,999 sf</td>
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<tr>
<td>100,000 sf and up</td>
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</tr>
<tr>
<td>Production, Distribution, and Repair (aka Industrial)</td>
<td></td>
<td>$7.50</td>
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</table>

All rates rounded to nearest $0.50
## Adopted Fee

<table>
<thead>
<tr>
<th>Land Use</th>
<th>Rates per square foot (sf)</th>
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<td><strong>Production, Distribution, and Repair (aka Industrial)</strong></td>
<td>$7.50</td>
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</table>

All rates rounded to nearest $0.50
Expenditures

Faster and more reliable local transit – 61%

More local buses and trains – 32%

Safer walking and bicycling – 3%

Roomier and faster regional transit (e.g. BART, Caltrain) – 2%
Impact?
Definition

VEHICLE MILES TRAVELED (VMT)

HIGH VMT: HOW DO YOU TRAVEL?  ×  30 MILES  ×  WHO DO YOU TRAVEL WITH?  =  AIR POLLUTION, GREENHOUSE GASES, ENERGY

LOW VMT:  ×  4 MILES  ×  =  LESS SPACE

MORE SPACE

AN FRANCISCO
Transportation Projects

Impact = Substantially Induce Additional Automobile Travel

Example: Expansion or Creation of New Highways

Presumed Less than Significant = Sustainable Travel

Examples: Safety Changes for People Walking & Bicycling, Transit Lanes

Source: Streetsblog
Land Use Projects

Daily Household VMT Per Capita

- 2 to 7
- 7 to 11
- 11 to 15
- 15 to 19
- 19 to 70

Daily Regional Average = 17
15% below = 15

Source: SF-CHAMP
Bay Area Metro 2018
Land Use Projects Summary

Goodbye Vehicular LOS…Hello VMT!

Impact = Transportation Demand Management mitigation
Shift how new developments shape transportation choices
TDM PROGRAM COMPONENTS

Point Target
Based on amount of parking provided; aimed at reducing Vehicle Miles Traveled (VMT)

Menu of Options
Project sponsor chooses the best fit for each project to reach targets

Implementation Strategy
Measure & enforce progress to ensure targets are achieved
PROGRAM APPLICABILITY ELSEWHEREx

Measure what matters
Measure what matters

Plan
PROGRAM APPLICABILITY ELSEWHERE

By 2040: 100,000+ new households
190,000+ new jobs

40% of housing projections already in pipeline
Measure what matters

Plan

Use fees for what matters
Measure what matters

Plan

Use fees for what matters

More certainty
16th Street – adjacent to under construction bus rapid transit line

Plan Area

400 units

25,000 square feet retail
PROGRAM APPLICABILITY ELSEWHERE

4 Level of Service Impacts

2 Potential Feasible Mitigation Measures (signals)

Fair-share cost of signals:
$65k out of $372k
$137k out of $372k
TOTAL: $202K

New Invest Fee:
TOTAL: $5+ Million
Measure what matters
Plan
Use fees for what matters
More certainty
Give something back
Measure what matters

Plan

Use fees for what matters

More certainty

Give something back

Move forward
THANK YOU

Wade Wietgrefe
Principal Planner
San Francisco Planning

wade.wietgrefe@sfgov.org
Approach

**Existing Strategies/Investments**
- Transit Capital and Operations
- Safer Streets – People Walking and Bicycling
- Demand Management
- Long-range planning

**New Development Strategies/Investments**
- Transportation Sustainability Program
TRANSPORTATION SUSTAINABILITY PROGRAM

Keeping people moving as our city grows

align
MODERNIZE ENVIRONMENTAL REVIEW

shift
ENCOURAGE SUSTAINABLE TRAVEL

invest
ENHANCE TRANSPORTATION TO SUPPORT GROWTH

More meaningful transportation analysis that better captures environmental effects

On-site transportation amenities that reduce reliance on driving

Development fee to help fund transit and safer streets
TSS
Multi-modal transportation analysis

TSP
Moving more people with less impact

TSF & expenditure program
Helps fund increases to transit capacity

TDM
Creates mode shift to sustainable modes, including transit

Additional capacity means fewer transit impacts
Ensures new development minimizes impacts to all travel modes

Results in need for increased transit capacity
Funding Needs

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Investment Priorities

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<th>Development Fee</th>
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<td>Useful for cumulative impacts; authorized under the Guidelines (15130(a)(3))</td>
<td>Needs to mitigate the impact of increased demands for public services or facilities — broader, more discretion</td>
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<tr>
<td>Needs to actually mitigate an impact on the environment</td>
<td>Specific to the impact – no pre-existing conditions and no more than the impact</td>
</tr>
<tr>
<td>Specific to the impact – no prior conditions and no more than the impact</td>
<td>Eminently “fair share”</td>
</tr>
<tr>
<td>Fair share mechanisms; requires actual mitigation plan</td>
<td>Accounting requirements</td>
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Development fees – legal background

- Constitutional authority
  - Police power
  - Limitations

- Constitutional requirements
  - Taxes v. Fees
  - Prop 26 and development fees
  - Nollan ("logical nexus") and Dollan ("rough proportionality") ~ constitutional nexus requirement
Development fees – legal background

• **Statutory requirements**
  - Mitigation Fee Act, Government Code Sections 66000-66008 ~ establishes procedures for enactment of development fees
  - Requires a “reasonable relationship” between:
    - the fee's use and the type of development on which the fee is imposed
    - the need for the public facility and the development
    - the amount of the fee and the cost attributable to the development
• Case law provides insights on what is required:
  • Overall, deferential scrutiny by courts
  • Agencies are entitled to flexibility as to the types of facilities funded by fees ("broad class of projects" OK)
  • Need to show reasonable relationship
  • Cannot rely on other agency's failure to provide information
Developing the TSF

- Nexus Study
- Feasibility Study
### Adopted Fee

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Adopted Fee

Revenue
Projected $210 million in NEW transportation funding over 15 years (total of $570 million combined existing and new impact fee)

Expenditures
Faster and more reliable local transit – 61%
More local buses and trains – 32%
Safer walking and bicycling – 3%
Roomier and faster regional transit (e.g. BART, Caltrain) – 2%
Conclusion

Questions?

Thank you!
Planning Innovations Forum
Transportation Impact Fees
& SB 743

Robert D. Spencer
Urban Economics
June 5, 2018
Local Funding for Transportation Improvements

- Expand Facilities & Infrastructure to Accommodate Growth
- Mitigate Environmental Impacts
- Require Development to Reflect Community Standards

- Nexus Study
- Impact Fees
- Environmental Impact Analysis
- CEQA Mitigations
- Development Guidelines & Standards
- Design Requirements
Current Approaches to Local Funding of Transportation Improvements

- Impact Fees
- CEQA Mitigations
- Project Design
Similar Traditional Approaches:
Impact Fee Nexus / CEQA Mitigation Analysis

Growth Forecast / Project Desc. → Roadway LOS Policies / CEQA LOS Thresholds → Travel Modeling / CEQA Impact Analysis
Impact Fee / CEQA Mitigations ← CIP Finance Plan ← CIP Projects / EIR Mitigation Measures
Trends in Local Funding of Transportation Improvements in Urban Areas

1. More impact fee programs, especially in city centers

2. Shift to “Complete Streets”

3. Revised CEQA thresholds (VMT)
Difficult To Identify Negative Impacts on Alternative Travel Modes

Roadway & Intersection LOS

VMT? Multi-modal LOS?
What’s A Transportation Planner To Do?

CEQA
1. Streamline approval process using VMT threshold
2. Focus mitigations on reducing vehicle trips
3. Could include variety of project design & capital improvements (see OPR Tech. Advisory)

Impact Fee
1. Nexus to support funding of multi-modal improvements
2. Fund Complete Streets improvements citywide
3. Could fund CEQA mitigations related to capital improvements
Option #1: Asset-based Facility Standard

[Images of a park, a developed area, and a residential neighborhood]

+ + + =

Existing Developed Park Acres

1,000 Existing Residents
Option #1: Asset-based Facility Standard

ADPT = Average Daily Person Trips

1. Sq. Ft. Roadway / ADPT
2. # of Signalized Intersections / ADPT
3. Sq. Ft. Sidewalk / ADPT
4. Miles of Paths / ADPT
Option #1: Typical Transportation Asset Distribution (Based on Cost)

- Roadways (71%)
- Sidewalks (12%)
- Signals (10%)
- Curb & Gutter (5%)
- Medians (2%)
- Off-Street Paths (1%)
Option #2: Transit Facility Standard

• **Approach:** similar to traditional roadway impact fee
• **Demand metric** = ridership
• **Facility standard** = vehicle capacity
• **Amount of fee** = based on specific list of projects
  – Improved vehicle maintenance
  – Expanded vehicle fleets
  – Upgraded control systems
Option #3: Fair Share

- Fee funds share of any capital improvement
- Requires other funding sources
Multi-model Transportation Impact Fee / CEQA Mitigation Analysis with VMT

1. Growth Forecast / Project Desc.
2. Complete Streets Policies / VMT Threshold
3. Master Planning, etc. / VMT Analysis
4. CIP Finance Plan
5. CIP Project List / CEQA Capital Improvement Mitigations
6. Adopted Impact Fee
7. Maximum Justified Impact Fee
8. Economic Feasibility Analysis
# Multi-Modal Transportation Impact Fees

<table>
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<tr>
<th></th>
<th>San Francisco</th>
<th>Oakland</th>
<th>Santa Rosa</th>
<th>El Cerrito</th>
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<tbody>
<tr>
<td><strong>Asset-based Fee Nexus</strong></td>
<td>Yes (transit maint. &amp; pedestrian)</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Transit Fee Nexus</strong></td>
<td>Yes (transit capital)</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td><strong>Fair Share Fee Nexus</strong></td>
<td>Yes (transit capital)</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td><strong>Focus Fee on Funding CEQA Mitigation Measures</strong></td>
<td>Depends on Project</td>
<td>Yes (LOS)</td>
<td>No</td>
<td>Yes (Complete Streets)</td>
</tr>
</tbody>
</table>
TRANSPORTATION SUSTAINABILITY PROGRAM

Keeping people moving as our city grows

- **align**
  - MODERNIZE ENVIRONMENTAL REVIEW
  - More meaningful transportation analysis that better captures environmental effects

- **shift**
  - ENCOURAGE SUSTAINABLE TRAVEL
  - On-site transportation amenities that reduce reliance on driving

- **invest**
  - ENHANCE TRANSPORTATION TO SUPPORT GROWTH
  - Development fee to help fund transit and safer streets
For new development in San Francisco, TSP is designed to:

- Streamline predevelopment
- Lower predevelopment costs
- Expand transportation impact fees and TDM programs

While preserving development feasibility
Infill Development in Bay Area is Complex—
*Significant Time and Risk to Undertake*

- Complex development types and conditions
- Site challenges including remediation and poor soils
- Reluctance of long term property owners to sell
- Lengthy land use approval and environmental review
- Public process with risk of litigation & ballot box land use
- Community benefits/fees more important, but often costly
Key Resource: ULI Publication on Development Feasibility

Finance for Real Estate Development
Charles A. Long
ULI, April 2011
www.uli.org
As pre-development is most risky phase, capital is most expensive and requires significant returns to attract investment.

As risks increase, project returns must be higher to attract investment.
Development Feasibility Analysis

FUTURE PROJECT VALUE minus ALL COSTS is sufficient to pay:

– Development Costs *including*

– Developer Margin/Return (Return on Capital/Risk Margin/Profit)

Should we develop now?
SUMMARY OF KEY DEVELOPMENT COSTS

- Land (Residual Land Value)
- Hard Construction Costs
  - Design features
  - Labor
  - Materials
- Parking (Major cost factor)
  - Number of spaces
  - Construction type, stackers
- Predevelopment costs
- Construction financing
- Public fees
- Other Soft Costs
- Developer Margin
  - Return on Capital/Risk Margin
  - Developer Profit
Land Acquisition Costs

Based on Existing Use and Future Development Value
Determination of Land Value

- Sales Price (Willing Buyer and Willing Seller)
- Negotiated Purchase Based on Appraised Value
  - Income Approach
  - Cost Approach
  - Sales Comparables
- Residual Land Value Analysis
  Based on New Development Potential

How much should we pay for land?
Residual Land Value (RLV) Analysis
Per Residential Unit

- Project Value
- Margin/Return
  - Developer Margin/Return
  - Other Soft Costs
  - Construction Financing
  - Hard Construction Cost
  - Government Fees
  - Predevelopment Soft Costs
  - Land

- Project Costs (except Land)
  - Residual Land Value

- $600,000
- $500,000
- $400,000
- $300,000
- $200,000
- $100,000
- $0
Transportation Sustainability Fee: Economic Feasibility Study

- San Francisco Planning Department
  Spring 2015

- Go to SFPlanning.org
  Search: “Transportation Sustainability Fee Economic Feasibility Study”

Feasibility Study Prototypes & Adopted Area Plans

1. Geary Ave
   Small residential mixed-use, 8 units
2. Van Ness Ave
   Medium residential mixed-use, 60 units
3. Outer Mission
   Medium residential mixed-use, 24 units
4. Mission
   Small residential mixed-use, 15 units
5. Central Waterfront
   Large residential mixed-use, 156 units
6. East SoMa
   Medium residential mixed-use, 60 units
7. East SoMa
   Large office, 224k sq. ft.
8. East SoMa
   Large residential mixed-use, 141 units
9. Transit Center
   Large residential, 229 units
10. Transit Center
    Large office, 320k sq. ft.

1 Correlates Affordable Housing Bonus / Central SoMa feasibility studies.
### Existing TIDF vs. “Base Case” TSF Ordinance Rates

<table>
<thead>
<tr>
<th>Use</th>
<th>Transit Impact Development Fee (TIDF) (Base Case TIDF: Existing 2015 Fee)</th>
<th>Transportation Sustainability Fee (TSF) (Base Case TSF&lt;sup&gt;1&lt;/sup&gt;)</th>
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<tbody>
<tr>
<td>Management/Information/Professional</td>
<td>$13.87</td>
<td>Residential</td>
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<tr>
<td>Services (MIPS)</td>
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<td>$6.19</td>
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<tr>
<td>Retail/Entertainment</td>
<td>$14.59</td>
<td>Non-residential</td>
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<tr>
<td>Cultural/Institution/Education</td>
<td>$14.59</td>
<td>$14.43</td>
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<tr>
<td>Medical</td>
<td>$14.59</td>
<td>PDR</td>
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<td>Visitor services</td>
<td>$13.87</td>
<td>$7.61</td>
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<td>Museum</td>
<td>$12.12</td>
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<tr>
<td>Production/Distribution/Repair (PDR)</td>
<td>$7.46</td>
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**Note:**

<sup>1</sup> Fee rates from the 2012 ordinance have been adjusted for inflation to 2015 dollars, and non-residential fee categories have been consolidated, consistent with other existing impact fees, as shown in the 2015 SF Transportation Sustainability Fee Nexus Study. These fee levels are also referred to as “Base Case TSF” in this study.

Source: San Francisco Planning Department, 2015
## Comparison of TIDF and TSF for Development Prototypes

<table>
<thead>
<tr>
<th>Prototype</th>
<th>TIDF (2015 fee) [a]</th>
<th>Base Case TSF² [b]</th>
<th>TSF Area Plan Credit³ [c]</th>
<th>TSF Net Fee (Increase over existing fees) [b − a + c]</th>
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</thead>
<tbody>
<tr>
<td><strong>1. Geary Ave</strong></td>
<td>$18,900</td>
<td>$88,800</td>
<td>$0</td>
<td>$69,900</td>
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<tr>
<td>(small residential mixed use)</td>
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<tr>
<td><strong>2. Van Ness Ave</strong></td>
<td>$0</td>
<td>$458,900</td>
<td>$0</td>
<td>$458,900</td>
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<tr>
<td>(medium residential mixed use)</td>
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<tr>
<td><strong>3. Outer Mission</strong></td>
<td>$0</td>
<td>$42,400</td>
<td>$0</td>
<td>$42,400</td>
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<tr>
<td>(small residential mixed use)</td>
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<td><strong>4. Mission</strong></td>
<td>$17,800</td>
<td>$55,700</td>
<td>($14,300)</td>
<td>$23,600</td>
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<tr>
<td>(small residential mixed use)</td>
<td></td>
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<tr>
<td><strong>5. Central Waterfront</strong></td>
<td>$3,600</td>
<td>$421,700</td>
<td>($168,300)</td>
<td>$249,900</td>
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<tr>
<td>(large residential mixed use)</td>
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<td><strong>6. East SoMa</strong></td>
<td>$35,600</td>
<td>$263,800</td>
<td>($100,600)</td>
<td>$127,600</td>
</tr>
<tr>
<td>(medium residential mixed use)</td>
<td></td>
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<tr>
<td><strong>7. East SoMa</strong></td>
<td>$3,388,100</td>
<td>$3,510,800</td>
<td>$0</td>
<td>$122,700</td>
</tr>
<tr>
<td>(large office)</td>
<td></td>
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<tr>
<td><strong>8. East SoMa</strong></td>
<td>$109,400</td>
<td>$1,041,400</td>
<td>($292,800)</td>
<td>$639,200</td>
</tr>
<tr>
<td>(large residential mixed use)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>9. Transit Center</strong></td>
<td>$0</td>
<td>$2,059,700</td>
<td>$0</td>
<td>$2,059,700</td>
</tr>
<tr>
<td>(large residential)</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>10. Transit Center</strong></td>
<td>$5,345,000</td>
<td>$5,551,200</td>
<td>$0</td>
<td>$205,200</td>
</tr>
<tr>
<td>(large office)</td>
<td></td>
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</tbody>
</table>
## Potential Environmental Review Time and Cost Savings

<table>
<thead>
<tr>
<th>Prototype</th>
<th>Environmental Review Time Savings</th>
<th>Environmental Review Cost Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Geary Ave (small residential mixed use)</td>
<td>Class 32 CatEx</td>
<td>Class 32 CatEx</td>
</tr>
<tr>
<td>2. Van Ness Ave (medium residential mixed use)</td>
<td>Class 32 CatEx</td>
<td>Class 32 CatEx</td>
</tr>
<tr>
<td>3. Outer Mission (small residential mixed use)</td>
<td>Class 32 CatEx</td>
<td>Class 32 CatEx</td>
</tr>
<tr>
<td>4. Mission (small residential mixed use)</td>
<td>CPE</td>
<td>CPE</td>
</tr>
<tr>
<td>5. Central Waterfront (large residential mixed use)</td>
<td>CPE + Focused EIR</td>
<td>CPE</td>
</tr>
<tr>
<td>6. East SoMa (medium residential mixed use)</td>
<td>CPE</td>
<td>CPE</td>
</tr>
<tr>
<td>7. East SoMa (large office)</td>
<td>CPE + Focused EIR</td>
<td>CPE + Focused EIR</td>
</tr>
<tr>
<td>8. East SoMa (large residential mixed use)</td>
<td>CPE</td>
<td>CPE</td>
</tr>
<tr>
<td>9. Transit Center (large residential)</td>
<td>CPE</td>
<td>CPE</td>
</tr>
<tr>
<td>10. Transit Center (large office)</td>
<td>CPE</td>
<td>CPE</td>
</tr>
<tr>
<td>Use</td>
<td>Base Case TSF ($/GSF)</td>
<td>125% TSF ($/GSF)</td>
</tr>
<tr>
<td>-------------</td>
<td>-----------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>Residential</td>
<td>$6.19</td>
<td>$7.74</td>
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<tr>
<td>Non-residential</td>
<td>$14.43</td>
<td>$18.04</td>
</tr>
<tr>
<td>PDR²</td>
<td>$7.61</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Note:
¹ Maximum Justified Fee is not modeled but is presented in the San Francisco Transportation Sustainability Fee Nexus Study (2015).
² New development of PDR uses was not analyzed in the feasibility study.
Draft 2015 RLV Results from TSF Sensitivity Analysis
Per Leasable/Salable Square Feet

1: Geary
Small Res.

2: Van Ness
Medium Res.

3: Outer
Mission Small Res.

4: Mission
Small Res.

5: Waterfront
Large Res.

6: East SoMa
Medium Res.

7: East SoMa
Large Office

8: East SoMa
Large Res.

9: Transit
Center Large Res.

10: Transit
Center Office

- Hard Construction Costs
- Tenant Improvements/Lease Up Costs
- Development Impact Fees/ Other Costs
- Environmental/ Transportation Review
- Developer Margin
- Residual Land Value
- Construction Financing/ Predev. Carry
- Other Soft Costs
Summary of TSF Analysis Findings

• Results vary by location, building scale and proposed use.

• Environmental time and cost savings may or may not occur.

• In neighborhoods where market rent or prices are not high enough to warrant investment, TSF will further inhibit development feasibility (projects likely won’t “pencil”).

• The financial analysis indicates that the **TSF should not be set at higher than 125% of Base TSF level.**
Life is like riding a bicycle.
To keep your balance, you must keep moving.
- Albert Einstein