

CITY & COUNTY OF SAN FRANCISCO Citywide Development Impact Fee Study

CONSOLIDATED REPORT | March 2008





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CITY-WIDE DEVELOPMENT IMPACT FEE STUDY CONSOLIDATED REPORT

PREPARED FOR THE

CITY AND COUNTY OF SAN FRANCISCO

SAN FRANCISCO, CALIFORNIA

CONSULTING SERVICES PROVIDED BY:

FCS GROUP

225 Bush Street, Suite 1825 San Francisco, California 94104 T: 415.445.8947 F: 415.398.1601 www.fcsgroup.com



CITYWIDE DEVELOPMENT IMPACT FEE STUDY - CONSOLIDATED REPORT

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CHAPTER I

EXECUTIVE SUMMARY

CITY-WIDE DEVELOPMENT IMPACT FEE STUDY EXECUTIVE SUMMARY

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Background

The City and County of San Francisco (City) currently imposes development impact fees for transit and parks, in-lieu fees for child care facilities and inclusionary housing, a linkage fee for jobs and housing, and a capacity charge for wastewater treatment.

With the general intent to update the basis, purpose, and amount of development impact and in-lieu fees, the City engaged a team of consultants to analyze the existing fees related to child care and parks, explore options to enact fees for fire facilities, and expand on existing documentation of the nexus support for the Inclusionary Housing Program. The team of consultants was comprised of Brion & Associates, David Taussig & Associates, FCS GROUP, Keyser Marston Associates, and LaFrance Associates.

Study Goals

The City established the principal objectives of the study as follows:

- Analyze the City's current fee collection processes and stakeholder perceptions of it, and recommend improvements to enhance the effectiveness and accuracy of fee collection.
- Improve documentation that existing development impact and in-lieu fees imposed for parks, child care, and inclusionary housing requirements are supported under applicable law.
- Document legally supportable options consistent with common industry practices which may support specific funding priorities, such as:
 - Expanding, creating, or improving child care facilities, as supported by the Department of Children, Youth and Their Families.
 - Creating open space or increasing usability of existing park and recreation facilities managed by Recreation and Parks.
 - Adding fire stations, fire trucks, and equipment within the Fire Department.
- Identify potential changes in the structure and application of the existing child care in-lieu and parks impact fees, which may increase mitigation of the service demands caused by new development. Potential changes in structure may include the types of projects or land uses to which the fees are applied. Potential changes in application may include the geographic areas in which they are imposed (e.g., narrowly-defined/localized areas to City-wide).
- Calculate the analytically-defensible range for updated and expanded in-lieu fees to fund public facilities, improvements, and programs related to child care and parks.
- Establish the relationship between development and impacts and calculate the analytically-defensible range of new impact fees for fire facilities.

Study Organization

The study addressed these objectives through seven separate study elements. The discussion, data analysis, findings, and options are presented in separate reports for each study element and have been consolidated into this volume. The study elements, their principal authors, and the chapter that each occupies in this consolidated report are listed in Exhibit 1:

Exhibit 1: Study Organization

Study Element	Lead Consultant(s)	Chapter
Collection Process Analysis	FCS GROUP	II
	LaFrance Associates	
Comparative Practices Analysis	FCS GROUP	III
Growth Forecast	Brion & Associates	IV
	FCS GROUP	
Child Care Nexus Study	Brion & Associates	V
Fire Facility Development Impact Fee Justification Study	David Taussig &	VI
	Associates	
Recreation and Parks Development Impact Fee Justification	David Taussig &	VII
Study	Associates	
Residential Nexus Analysis	Keyser Marston Associates	VIII

Overview of Development Impact Fees

Development impact fees are a form of exaction on new development, which must be satisfied as a condition of development approval. Cities, counties, and districts impose such fees to pay for and/or defray the costs of infrastructure or facilities needed to serve new development. The statutory authority to impose development impact fees was codified by the California Mitigation Fee Act, also known as Assembly Bill 1600, which enacted Government Code Sections 66000-66025 in 1987. In adopting the Mitigation Fee Act, the California Legislature declared its intent to codify existing constitutional and decisional law with respect to the imposition of development fees and monetary exactions.

According to the Mitigation Fee Act, development impact fees must be established on a "reasonable relationship" between the impacts of types of development and the facilities needed to mitigate their impact. The reasonable relationships required must be legislatively adopted by a jurisdiction as findings in support of the impact fees it enacts. Cities, counties, and districts should not impose fees to fix existing problems that are unrelated to the impacts of new development.

Documentation and Procedural Requirements

For a jurisdiction to enact impact fees, the Mitigation Fee Act requires that a nexus determination be made to identify:

- The purpose for collecting development impact fees;
- The specific use of the fee and the facilities to be built;
- The reasonable relationship between the facility funded by fees and the type of development project paying the fee;
- The reasonable relationship between the need for the public facility and the type of development project paying the fee; and
- The reasonable relationship (proportionality) between the amount of the fee and the cost of public facilities.

The Mitigation Fee Act also prescribes several procedures for administering development impact fees, including the terms and conditions for challenging the adoption of impact fees and for appealing fee assessments on specific projects. The Act defines the criteria and procedures for refunding fees, loaning fee revenues between funds, and spending fee revenues. It identifies the requirements for reporting on the collection and spending of fees, both annually and every five years. The Mitigation Fee Act does not expressly apply to in-lieu fees.

Fees Currently Imposed by the City

The City currently imposes nine different development impact fees, in-lieu fees, linkage fees, or capacity charges. These are listed in Exhibit 2. Among the existing fees, this study focused on the Downtown Park Fee, Child Care Fee, and Inclusionary Housing In-Lieu Fee. Most of the remaining fees have been recently established and were not part of this study.

Collection Process Analysis

This study element analyzed internal practices and processes related to the assessment, collection, and administration of impact fees. Input from development/business stakeholders regarding the fee collection process was obtained and evaluated. The overall state, effectiveness, and consistency of the City's fee collection process were evaluated and areas for improvement identified.

Five distinct processes are used to collect fees. The processes differ in two dimensions: (a) the City department that assesses the fee and (b) the timing of fee collection in relation to development project approval milestones. In total, four different departments assess impact fees, and fee collection occurs either prior to issuance of a site permit or prior to issuance of a certificate of final completion. The various processes employed by the City to assess and collect development impact fees are depicted in Exhibit 3.

Exhibit 2: Current Development Impact Fees, In-lieu Fees, and Capacity Charges

Childcare Fee (Planning Code Section 314)

\$1.00 per square foot of net area added in downtown office or hotel development projects that create a net addition of 50,000 square feet or more. Fee was implemented in 1986.

Downtown Park Fee (Planning Code Section 139)

\$2.00 per square foot of new or net area added in office development projects within the specific use districts C-3-O, C-3-O (SD), C-3-R, C-3-G, C-3-S. The fee rate was last adjusted May 2003.

Jobs-Housing Linkage Fee (Planning Code Section 313)

\$14.96 per square foot of net area added in office projects >25,000 square feet, \$11.21 in hotel, \$13.95 in retail/entertainment, and \$9.97 in R&D. The fee rate was last adjusted February 2001.

Rincon Hill Community Infrastructure Impact Fee (Planning Code Section 318)

\$11.00 per square foot of new area in residential development projects within the designated area. Fee was implemented January 2006.

South of Market Area Community Stabilization Fee (Planning Code Section 318)

\$14.00 per square foot of new area in residential development projects in the designated area. Fee was implemented January 2006.

Transit Impact Development Fee (Administrative Code Section 38)

\$8.00 or 10.00 per square foot of new area, depending on the type of development project, excluding residential development. The fee rates were last adjusted May 2003.

Visitacion Valley Community Facilities and Infrastructure Fee (Planning Code Section 319)

\$4.58 per square foot of new area in residential development projects within the designated area. Fee was implemented November 2005.

Inclusionary Affordable Housing In-Lieu Fee (Planning Code Section 315)

Residential projects pay the fee in-lieu of providing affordable housing units in-kind: \$187,308/studio; \$256,207/one-bedroom; \$343,256/two-bedroom; \$384,562/three-bedroom. The fee rates were last revised in 2007.

Wastewater Capacity Charge (SFPUC Resolution No. 05-0045)

\$2,604 per dwelling unit and/or various charges per square foot of new or added space in commercial projects. Charge was implemented July 2005.



Fee Collection Effectiveness

The process analysis examined a sample of 536 projects that were approved by the Planning Commission over a three-year period. No instances of missed fee collection were found for projects owing fees prior to issuance of a site permit.¹ The same test could not be made, however, for projects owing fees prior to issuance of a certificate of final completion because none of the projects in the sample owing such fees had yet progressed to final completion.² Thus, fee collection prior to issuance of a site permit appears to have been effective, while the effectiveness of fee collection prior to issuance of certificate of final completion is uncertain.

The process analysis also evaluated the accuracy of the fee amounts that had been assessed and collected in the last fiscal year. For the 14 projects that made impact fee payments in that timeframe, the fee amounts for half of them were validated as accurate. The accuracy of the other half of the fee amounts could not be validated because site permits had not yet been issued for the projects or data on the projects was otherwise not accessible for review. *While no inaccuracy was found, the process analysis determined that systematic, cost-effective means to routinely and independently verify the accuracy of fee amounts are lacking.*

Other Collection Process Issues

The collection process analysis identified other issues related to verification of fees owed and paid, process efficiency, inter-departmental coordination, and reporting. Three items deserve particular attention:

- Reliance on staff in the City Planning Department to instigate fee collection after site permits have been issued creates vulnerability and inefficiency in the fee collection process.
- Site and building permits are not screened automatically to determine applicability of the Transit Impact Development Fee, making fee assessment and quality control less efficient.
- Comprehensive and automated reporting on the impact fee requirements and approval status of projects is not available. Currently, these monitoring functions are labor-intensive, and the results are difficult to audit. Since 2003, the Planning Department has added one position in order to monitor and coordinate fee collection. Further improvements in reporting require modification of information systems and procedures, however.

¹ Fees collected prior to site permit issuance include the Jobs-Housing Linkage, Inclusionary Affordable Housing In-Lieu, Rincon Hill Community Infrastructure Impact, SOMA Community Stabilization, and Visitacion Valley Community Facilities and Infrastructure Fees

² Fees collected prior to issuance of a certificate of final completion include the SOMA Community Stabilization, and Visitacion Valley Community Facilities and Infrastructure, Transit Impact Development, Childcare, and Downtown Park Fees.

Recommended Process Improvements

The following changes are recommended to address all the process issues identified by the process analysis and stakeholder input:

- The separate case-tracking and permit-tracking systems used by the Planning Department and Department of Building Inspection should be replaced by a single, integrated database application within which the entire fee collection process can be managed. Most agencies use an integrated caseand permit-tracking system.
- Pending replacement of the case-tracking and permit-tracking systems, modifications should be made to the existing permit-tracking system to improve the effectiveness and efficiency of fee collection. These modifications are described in the chapter of this report addressing the collection process analysis.
- If the recommended technological improvements mentioned above are not feasible in the near future, alternative procedural changes can be made that address most of the same process issues, including synchronizing collection of all impact fees prior to issuance of a site permit.
- Regardless of the other recommendations adopted by the City, stakeholders in the development community have suggested, and this study recommends, that the City publish a single, comprehensive schedule of City impact fees that describes their criteria for applicability, fee calculation method, timing of payment, and the circumstances in which project revisions warrant reassessment of fees.

Comparative Practices Analysis

This study element was intended to inform and provide industry context for the City's decision-making on its impact fee practices. To identify issues and options, the legislative background and case law in the state of California were reviewed, and an informal state-wide survey of municipalities conducted to define the range of current practices.

More than sixty cities were surveyed at a high level to identify those that impose development impact fees, and to demonstrate the relative acceptance of impact fees as a financing mechanism for the various improvements under consideration by the City. The survey effort then focused on twenty-two cities that have adopted impact fees of the type under consideration by the City, and made a preliminary analysis of options. The in-depth survey addressed the types of improvements and levels of service funded with impact fees, the geographic application of impact fees within municipalities, the dollar-amount of impact fees, and various administrative practices.

Findings are summarized by type of public facility.

Child Care Programs

Impact fees range from \$100 to \$1,736 per residential unit and \$0.01 to \$1.15 per non-residential square foot.

- Most programs fund only the capital costs of developing child care spaces, but some use proceeds to extend loans/grants for the development of child care facilities.
- Roughly half of the agencies that levy impact fees levy them on non-residential uses only, with the other half imposing requirements on all land uses.
- ✤ All agencies impose the impact fees city-wide.

Fire Programs

- Impact fees range from \$93 to \$1,025 per residential unit and \$0.01 to \$1.76 per non-residential square foot.
- More than half of the agencies that levy impact fees levy them to fund improvements to existing fire facilities.
- Most agencies base impact fees on a targeted level of performance rather than their existing service level.
- ♦ No agencies that provide fee credits for on-site fire suppression systems were identified by the survey.

Recreation & Parks Programs

- Impact fees range from \$83 to \$19,264 per residential unit and \$0.06 to \$3.89 per non-residential square foot.
- Impact fees are used primarily to fund acquisition and development of new facilities and upgrade of existing facilities to accommodate new development.
- Both current and targeted (higher) levels of service are funded by impact fees. Common practice avoids the use of impact fees to remedy existing deficiencies.
- ✤ Most impact fees are levied on residential uses only.
- City-wide application of impact fees is the most common practice, but sub-area impact fees are also used.

Administrative Practices

- Most agencies assess and collect impact fees upon issuance of building permits.
- The impact fee schedule in effect when fees are assessed and collected determines the dollar-amount of fees owed.

Nexus Study Methods

Development Impact and In-Lieu Fees for Child Care, Fire, Recreation and Parks

The intent of the nexus and fee justification study elements are to update or establish analytically-supportable fee methodologies behind development exactions that fund child care, fire, and recreation and park facilities. There are many methods or ways of calculating fees, but they are all based on determining an appropriate level of service for future development and the cost of providing the improvements needed to achieve that

✤ FCS GROUP

level of benefit. The costs of improvements are translated into impact fee rates based on a reasonable relationship, in nature and amount, between new development and the need for public facilities.

Each of the nexus and fee justification studies have been tailored to the unique issues confronting the participating departments, but they follow the same basic analytic structure:

- Identifying the amount and cost of facilities/supply needed to meet demands from new development. This analytic step required identifying levels of service and the facility/capital needs within each program that are required in order to achieve those service standards as demand increases.
- Allocating facilities costs in proportion to demands of different land uses. This analytic step required developing a methodology to apportion benefit between types of land use and/or development projects and, in some cases, geographic zones.
- Calculating the cost and maximum potential fee rate per residential unit or non-residential square foot of new development consistent with costs to be incurred and benefit apportionment.

Expected Growth

All the nexus studies are predicated upon and share a consistent forecast of population and employment growth and development of new housing units and commercial space in San Francisco until the year 2025. Working with the City Controller's Office and Planning Department, the consultant team prepared the forecast in Exhibit 4 specifically for use in the nexus studies.

The growth forecasts represent a moderate growth scenario that considers both historical growth in San Francisco and future growth as forecast by an independent economic firm, Moody's Economy.com. Because Mission Bay, Rincon Hill, and Visitation Valley are subject to specific development impact fees in their respective geographic areas, the nexus analyses exclude these areas from their calculations of existing and future conditions. Development impact fees applicable elsewhere in San Francisco are presumed, for purposes of this analysis, not to apply in these geographic areas.

Based on the growth projections in Exhibit 4, additional demographics were developed to project growth within specific land uses (*e.g.* office, retail, warehouse) and densities within each category (population per household, employees per square foot).

	Evisting	Projected	Futuro		
Projected Growth	Conditions 2006	Amount	Average Annual Growth Rate	Conditions 2025	
Total Population	777,121	55,871	0.37%	832,993	
less: Mission Bay, Rincon Hill, and Visitation Valley	(16,448)	(9,763)	3.12%	(26,211)	
Net Population	760,673	46,108	0.31%	806,781	
Total Housing Units	341,052	24,505	0.37%	365,557	
less: Mission Bay, Rincon Hill, and Visitation Valley	(5,800)	(5,359)	4.86%	(11,159)	
Net Housing Units	335,252	19,146	0.29%	354,399	
Total Employment	536,224	83,807	0.77%	620,031	
less: Mission Bay, Rincon Hill, and Visitation Valley	(27,981)	(16,440)	3.09%	(44,420)	
Net Employment	508,243	67,367	0.66%	575,611	

Exhibit 4: Growth Projections



Nexus Findings: Child Care

This study element identifies the additional child care facilities required by new development and determines the maximum level of fees that may be imposed to pay for the acquisition/construction of those facilities. While San Francisco currently has a shortage of child care spaces due to deficiencies in existing supply, this study element excludes existing deficiencies from the calculation of fees imposed on new development.

The need for children to have licensed care is based on a variety of demand factors. Overall, the need for formal child care for children aged 13 years and younger is comprised by 44% of residents and 5% of the children of non-resident employees. On average, 199 new spaces are needed annually to meet demands from new development, costing an average of \$2.45 million per year. By 2025 the demand for child care will have increased from the current level by 3,779 spaces. The cost of the additional supply required to serve new development is \$46.6 million, as shown in Exhibit 5.

Type of Child Care	Estimated Demand (Spaces)	Cost per Space	۲.	Гotal Cost
Build New Centers: Spaces	1,070	\$ 27,406	\$	29,335,081
New Centers in Existing or New Commercial Space	344	\$ 13,703	\$	4,713,908
Expand at Existing Centers: Spaces	397	\$ 13,703	\$	5,442,160
New Small Family Child Care Homes: Spaces	756	\$ 500	\$	377,963
New Large Family Child Care Homes: Spaces	378	\$ 1,429	\$	539,947
Expand FCCH from 8 to 14: Spaces	155	\$ 3,333	\$	516,741
School Age at Existing Schools	679	\$ 8,333	\$	5,659,846
Total	3,779		\$	46,585,646

Exhibit 5: Future Supply Needs & Costs

In addition to the cost of new child care spaces, administration of the fee program until 2025 is expected to cost \$2.3 million, bringing the total cost of future supply to \$48.9 million. (Anticipated development in Mission Bay, Rincon Hill, and Visitation Valley is projected to generate demand for an additional 1,305 spaces at a total cost of \$16.1 million. The demand in these areas and the cost of corresponding supply are not included in the estimates shown above or in the fee calculations.)

The current Child Care Fee is \$1.00 per square-foot of office or hotel space in the downtown area of San Francisco. The nexus findings provide the basis for adjusting the fee amount and expanding the application of the fee to all land uses city-wide. The calculated maximum Child Care Fees are shown in Exhibit 6.

Land Use	Calculated Cost per Unit (Fee Rate)
Residential Uses:	
Single Family	\$2,272 per dwelling unit
Senior/Single Room Occupancy	\$0 per dwelling unit
Multi-Family, 0 to 1 bedrooms	\$1,493 per dwelling unit
Multi-Family, 2 or more bedrooms	\$1,704 per dwelling unit
Non-Residential Uses:	
Civic, Institutional, and Educational	\$1.29 per square foot
Motel-Hotel	\$0.72 per square foot
Medical	\$1.29 per square foot
Office	\$1.29 per square foot
Retail	\$0.97 per square foot
Industrial	\$0.83 per square foot
Average Cost for Residential	\$1.72 per square foot

The calculated maximum fee rates shown in Exhibit 6 are the most that the City could impose based on the nexus requirements for establishing fees. The City has the option to adopt fee rates that are lower the maximum amount calculated in the nexus study.

The maximum potential fee schedule assumes that the Child Care Fee on new development funds all the additional supply required to meet the additional demand that new development generates through 2025. New development can either provide child care space or pay the Child Care Fee, but providing child care facilities instead of paying the fee is limited to non-residential projects generating demand for at least 14 child care spaces (equals a large family child care home) and residential projects providing a small family child care home serving up to 8 children.

Among California jurisdictions surveyed in the comparative practices analysis, child care impact or in-lieu fees range from \$100 to \$1,736 per residential unit and from \$0.01 to \$1.15 per non-residential square foot.

The City has collected \$4.8 million from the Child Care Fee for downtown development over the last 20 years. Under the maximum potential fee schedule, the City would expect to receive \$48.9 million of revenue through the year 2025, measured in current dollars. About 60% of the in-lieu fee revenue would come from residential development, and 40% of the in-lieu fee revenue from non-residential development. As shown in Exhibit 7, the City would still need to identify other funding sources totaling \$16.1 million for improvements benefiting future development in Mission Bay, Rincon Hill, and Visitation Valley.

Exhibit 7: Funding Impacts

Funding Analysis	
Child Care Supply Costs (Total City)	\$ 62,669,771
Impact Fee Program Administration	\$ 2,329,282
Total Costs Considered	\$ 64,999,053
Potential Amount Financed from Impact Fee	\$ 48,914,928
Amount Attributable to Mission Bay, Rincon Hill, Visitation Valley	\$ 16,084,125
Funding Sources Required	\$ 64,999,053

Nexus Findings: Fire

This study element identifies the additional public fire facilities required by new development and determines the level of fees that may be imposed to pay for the acquisition/construction of those facilities.

By 2025 the City will require three additional fire stations, three new engines, two new trucks, and one medic unit. The cost of the additional facilities is \$30.8 million, as shown in Exhibit 8.

Exhibit 8: Future Facilities Needs & Costs

Facility	Proposed Quantity	Land Cost	Facility Cost		Total Cost	
5th/Mission Fire Station	1 Station	\$ 3,000,000	\$	5,250,000	\$	8,250,000
Hunters Point Fire Station	1 Station	\$ 2,250,000	\$	5,250,000	\$	7,500,000
Mission Bay/16th Fire Station	1 Station	\$ 3,000,000	\$	5,250,000	\$	8,250,000
Engine Company	3 Engines	\$ -	\$	3,434,025	\$	3,434,025
Truck Company	2 Trucks	\$ -	\$	2,289,350	\$	2,289,350
Medic Unit	1 Unit	\$ -	\$	1,107,072	\$	1,107,072
Total		\$ 8,250,000	\$	22,580,447	\$	30,830,447

The fire station at 5th and Mission is needed to serve existing as well as future development. Since only twothirds of its planned size is needed to serve existing development, the nexus analysis deducts 67% of the cost of this fire station from the cost to be recovered by development impact fees. In addition to the cost of acquisitions and improvements, administration of the fee program until 2025 is expected to cost \$2.1 million. These deductions and additions bring the total cost attributable to new development to \$27.4 million, as shown in Exhibit 9.

Exhibit 9: Cost Allocation

		Allocation		Costs	
Facility	Total Cost	Existing Development	New Development	De	New evelopment
5th/Mission Fire Station	\$ 8,250,000	67%	33%	\$	2,750,000
Hunters Point Fire Station	\$ 7,500,000	0%	100%	\$	7,500,000
Mission Bay/16th Fire Station	\$ 8,250,000	0%	100%	\$	8,250,000
Engine Company	\$ 3,434,025	0%	100%	\$	3,434,025
Truck Company	\$ 2,289,350	0%	100%	\$	2,289,350
Medic Unit	\$ 1,107,072	0%	100%	\$	1,107,072
Subtotal: Facilities Costs	\$ 30,830,447			\$	25,330,447
Fee Program Administration					2,095,871
Grand Total: Costs Attributable to Serving New Development					

The City does not currently impose a development impact fee for fire facilities. These nexus findings provide for a new fire facility fee that would apply to both residential and non-residential land uses city-wide, as shown in Exhibit 10.

Exhibit 10: Maximum Potential Fire Fee Rates by Use

Land Use	Calculated Cost per Unit (Fee Rate)
Residential Uses:	
Single Family	\$688 per dwelling unit
Senior/Single Room Occupancy	\$227 per dwelling unit
Multi-Family, 0 to 1 bedrooms	\$452 per dwelling unit
Multi-Family, 2 or more bedrooms	\$515 per dwelling unit
Non-Residential Uses:	
Civic, Institutional, and Educational	\$0.87 per square foot
Motel-Hotel	\$0.49 per square foot
Medical	\$0.87 per square foot
Office	\$0.87 per square foot
Retail	\$0.65 per square foot
Industrial	\$0.56 per square foot
Average Cost for Residential	\$0.51 per square foot

The calculated maximum fee rates shown in Exhibit 10 are the most that the City could impose based on the nexus requirements for establishing fees. The City has the option to adopt fee rates that are lower the maximum amount calculated in the nexus study.

Among California jurisdictions surveyed in the comparative practices analysis, impact fees range from \$93 to \$1,025 per residential unit and from \$0.01 to \$1.76 per non-residential square foot.

Under the maximum potential fee schedule, the City would expect to receive \$22 million of revenue, measured in current dollars. About 41% of the impact fee revenue would come from residential development, and 59% of the impact fee revenue from non-residential development. As shown in Exhibit 11, the City would still need to identify other funding sources for \$5.5 million of improvements benefiting future development in Mission Bay, Rincon Hill, and Visitation Valley, and \$5.1 million of improvements benefiting existing development.

Exhibit 11: Funding Impacts

Funding Analysis	
Fire Facilities Costs	\$ 30,830,447
Impact Fee Program Administration	\$ 2,095,871
Total Costs Considered	\$ 32,926,318
Potential Amount Financed from Impact Fee	\$ 22,281,097
Amount Attributable to Mission Bay, Rincon Hill, Visitation Valley	\$ 5,500,000
Amount Attributable to Existing Development	\$ 5,145,221
Funding Sources Required	\$ 32,926,318

Nexus Findings: Recreation & Parks

This study element identifies the additional public recreation and park facilities required by new development, and determines the level of fees that may be imposed to pay for the acquisition/construction of those facilities.

The current level of service provided by recreation and park facilities in San Francisco is defined by the number, type, and size of public park land and facilities in comparison to the number of residents and employees living and working in San Francisco. The nexus analysis assumed that employees and residents in San Francisco do not utilize recreation and park facilities to the same degree: a typical employee has a utilization rate equal to 19% that of a typical resident.

The quantity of additional recreation and park facilities needed in future was determined by extending to new development the current level of service provided by existing facilities. With regard to park land, the current level of service is 4.32 acres per 1,000 residents. Sustaining this level of service would require the City to acquire 241 additional park land acres by the year 2025. Limiting acquisition of park land to 5.9 additional acres was deemed more feasible and realistic for the nexus analysis.

To serve the new development that is anticipated by 2025, the City will need to spend \$184.8 million to acquire park land and make improvements to land and facilities. Less \$7.4 million of dedicated revenues, the net costs of future acquisitions and improvements is projected at \$177.4 million. The needs and costs are summarized in Exhibit 12, in current-year dollars.

Exhibit 12: Future Facilities Needs & Costs

Facility	Proposed Quantity	Cost per Unit		les	ss: Off-Setting Revenues	1	Total Cost
Park Land	5.9 acres	\$	17,424,000	\$	(7,424,000)	\$	95,377,600
Park Land Improvements	242 acres	\$	192,258	\$	-	\$	46,475,000
Park Facilities Improvements:							
Multi-Use Fields	13 fields	\$	1,492,214	\$	-	\$	19,398,787
Tennis Courts	11 courts	\$	196,992	\$	-	\$	2,166,912
Outdoor Baskeball Courts	11 courts	\$	123,612	\$	-	\$	1,359,737
Walkway and Bikeway Trails	14.51 miles	\$	869,474	\$	-	\$	12,616,072
Total						\$	177,394,108

Many of the future improvements to walkway and bikeway trails are intended to serve existing development in San Francisco. For this reason, 93% of the cost of these improvements is deducted from the cost amount that could be recovered by development impact fees. In addition to the cost of acquisitions and improvements, administration of the fee program until 2025 is expected to cost \$2.1 million. These deductions and additions bring the total cost of improvements that could be funded by development fees to \$167.7 million, as shown in Exhibit 13.

Exhibit 13: Cost Allocation

Facility			Allocation between:			Costs	
		Total Cost	Existing New Development Development		Allocable to New Development		
Park Land	\$	95,377,600	0%	100%	\$	95,377,600	
Park Land Improvements	\$	46,475,000	0%	100%	\$	46,475,000	
Park Facilities Improvements:							
Multi-Use Fields	\$	19,398,787	0%	100%	\$	19,398,787	
Tennis Courts	\$	2,166,912	0%	100%	\$	2,166,912	
Outdoor Baskeball Courts	\$	1,359,737	0%	100%	\$	1,359,737	
Walkway and Bikeway Trails	\$	12,616,072	93%	7%	\$	897,358	
Subtotal: Facilities Costs	\$	177,394,108			\$	165,675,395	
Fee Program Administration						2,095,871	
Grand Total: Costs Attributable to Serving New Development					\$	167,771,266	

The current Downtown Park Fee is \$2.00 per square foot of office space in specific districts. The nexus findings provide the basis for adjusting the fee amount and expanding the land uses that are subject to the fee, as shown in Exhibit 14.

	Calculated Cost per Unit (Fee Rate)						
Land Use	Land Acquisition	Improvements	Administration	Total			
Residential Uses:							
Single Family	\$4,460	\$3,287	\$98	\$7,845 per dwelling unit			
Senior/Single Room Occupancy	\$1,750	\$1,290	\$38	\$3,078 per dwelling unit			
Multi-Family, 0 to 1 bedrooms	\$2,939	\$2,166	\$65	\$5,170 per dwelling unit			
Multi-Family, 2 or more bedrooms	\$3,354	\$2,472	\$74	\$5,899 per dwelling unit			
Non-Residential Uses:							
Civic, Institutional, and Educational	\$1.28	\$0.94	\$0.03	\$2.25 per square foot			
Motel-Hotel	\$0.72	\$0.53	\$0.02	\$1.26 per square foot			
Medical	\$1.28	\$0.94	\$0.03	\$2.25 per square foot			
Office	\$1.28	\$0.94	\$0.03	\$2.25 per square foot			
Retail	\$0.96	\$0.71	\$0.02	\$1.69 per square foot			
Industrial	\$0.82	\$0.61	\$0.02	\$1.45 per square foot			
Average Cost for Residential \$5.86 per square foot							

The calculated maximum fee rates shown in Exhibit 14 are the most that the City could impose based on the nexus requirements for establishing fees. The City has the option to adopt fee rates that are lower the maximum amount calculated in the nexus study.

Among California jurisdictions surveyed in the comparative practices analysis, impact fees range from \$83 to \$19,264 per residential unit and from \$0.06 to \$3.89 per non-residential square foot.

The City has collected \$9.3 million from the Downtown Park Fee over the last 20 years. Under the maximum potential fee schedule, the City would expect to receive \$138 million of revenue through the year 2025, measured in current dollars. About 75% of the impact fee revenue would come from residential development, and 25% of the impact fee revenue from non-residential development. As shown in Exhibit 15, the City would still need to identify other funding sources for \$29.7 million of improvements benefiting future development in Mission Bay, Rincon Hill, and Visitation Valley, and \$11.7 million of improvements benefiting existing development.

Exhibit 15: Funding Impacts

Funding Analysis		
Recreation & Parks Facilities Costs	\$	177,394,108
Impact Fee Program Administration	\$	2,095,871
Total Costs Considered	\$	179,489,979
Potential Amount Financed from Impact Fee	\$	138,045,161
Amount Attributable to Mission Bay, Rincon Hill, Visitation Valley		29,726,105
Amount Attributable to Existing Development		11,718,713
Funding Sources Required	\$	179,489,979

Nexus Findings: Inclusionary Housing

In 2006, the City updated the requirements of its Inclusionary Housing Program. The intent of this study element is to demonstrate the nexus between market-rate housing development and affordable housing needs in San Francisco, although it is not the position of the City that the Inclusionary Housing Program and its inlieu provisions require justification by such a nexus. In particular, the residential nexus analysis in this study element quantifies the linkages between new market rate units and the demand for affordable housing generated by the residents of the units.

The Inclusionary Housing Program now generally requires that 15% of new units at a residential development site be affordable to lower-income households, and defines lower income as up to 120% of median income. For purposes of application, the price of affordable units in condominium projects must average 100 % of median income, and the affordable units in rental projects must be offered at 60% of median income or less. The Inclusionary Housing Program also has off-site and in-lieu fee alternatives that generally require contribution of affordable units at 20% of the number of market-rate units.

Methodology

The nexus analysis starts with the sales price (or rental rate) of a market rate residential unit, and moves through a series of linkages to the income of the household that purchased or rented the unit, the disposable income of the household, its annual expenditures on goods and services, the jobs associated with the purchases and delivery of services, the income of the workers doing those jobs, the household income of those workers, and ultimately, the affordability of the housing needed by the households of the workers. The steps of the analysis from disposable income to jobs generated was performed using the IMPLAN model, a model widely used for the past 25 years to quantify employment impacts from personal income. From jobs generation by industry, Keyser Marston Associates used its own nexus model to quantify the income of worker households by affordability level.

Keyser Marston Associates formulated four prototypical market-rate residential development projects for which to quantify the nexus to affordable housing requirements. The prototypical projects were formulated with the guidance of a technical advisory committee consisting of residential developers, affordable housing advocates, non-profit developers, and others to ensure that the prototypes were feasible. To be conservative, the prototypes with the lowest cost and sales or rental price were selected as the foundation of the nexus analysis.

Results

Nexus Findings	For-Sale Housing	Rental Housing	
Area per market-rate unit	800 square feet	800 square feet	
Sale price or rental rate per market-rate unit	\$580,000	\$2,500 per month	
Gross annual household income of residents	\$138,400	\$102,000	
Disposable annual household income of residents	\$95,500	\$74,000	
Total job generation per market-rate unit	0.89 jobs	0.69 jobs	
Affordable housing demand per market-rate unit	0.4331 units	0.3368 units	
Affordable housing percentage of total new units	30.2%	25.2%	

All direct, indirect, and induced jobs are indicated in this summary. Importantly, the nexus analysis only counts the impact of jobs generated within San Francisco, and also assumes that all worker households associated with those jobs are located within San Francisco.

Conclusion

The nexus analysis determined that new residential development impacts affordable housing at 30% of new for-sale housing units and 25% of new rental units. The Inclusionary Housing Program requires that from 12% to 20% of new housing units be affordable, and thus is well-supported by the nexus analysis.

Current and Maximum Potential Fee Comparison

For residential development projects, total impact and in-lieu fees per dwelling unit would increase approximately 13-15% under the maximum potential fee schedules. This increase is due to the extension of childcare and recreation-park in-lieu and impact fees to residential development and the establishment of a fire impact fee. The current and maximum potential impact and in-lieu fees applicable to residential development are compared by major land use category in Exhibit 16. The in-lieu and impact fees calculated by the child care, fire, and recreation-parks nexus studies are illustrated in Exhibits 17-19. These exhibits reflect the current absence of child care, fire, and recreation-parks impacts fees for residential development.

Fee per Dwelling Unit	Single Family		MFR	. 0-1 br	MFR 2+ br		
	Current	Maximum	Current	Maximum	Current	Maximum	
Affordable Housing In-Lieu*	NA	NA	51,000	51,000	51,000	51,000	
Wastewater Capacity	2,604	2,604	2,604	2,604	2,604	2,604	
Childcare	-	2,272	-	1,493	-	1,704	
Recreation & Parks	-	7,845	-	5,170	-	5,899	
Fire	-	688	-	452	-	515	
Total Fees	NA	NA	\$ 53,604	\$ 60,719	\$ 53,604	\$ 61,722	
Percentage Change	NA		13%		15%		

Exhibit 16: Comparison of Residential Impact and In-Lieu Fees

*Note: Fee estimation only calculated by KMA for selected multi-family residential prototypes.

Exhibit 17: Comparison for Single Family



Exhibit 18: Comparison for Multi-Family Development (0-1 bedroom)





Exhibit 19: Comparison for Multi-Family Development (2+ bedroom)

For office developments, total impact fees would increase about 5% under the maximum potential fee schedules. This results from higher calculated recreation-parks and childcare fees and the new fire impact fee. The total impact fees for hotel-motel development would increase about 7% due to the extension of the recreation-parks fee and the new fire impact fee. For retail developments, total impact fees would increase about 13% due to the extension of the recreation-parks and childcare fees and the new fire impact fee. The current and maximum potential impact fees applicable to non-residential development are compared by major land use category in Exhibit 20. The current and maximum potential impact fees are illustrated in Exhibits 21-23. In some land use categories, impact fees are not currently assessed.

Fee per Square Foot	Hotel	-Motel	Of	fice	Retail		
	Current	Maximum	Current	Maximum	Current	Maximum	
Transportation Impact	8.00	8.00	10.00	10.00	10.00	10.00	
Jobs-Housing Linkage	11.21	11.21	14.96	14.96	13.95	13.95	
Wastewater Capacity	0.91	0.91	0.29	0.29	1.78	1.78	
Childcare	1.00	0.72	1.00	1.29	-	0.97	
Recreation & Parks	-	1.26	2.00	2.25	-	1.69	
Fire	-	0.49	-	0.87	-	0.65	
Total Fees	\$ 21.12	\$ 22.59	\$ 28.25	\$ 29.66	\$ 25.73	\$ 29.04	
Percentage Change	7	%	5	%	13%		













The overall effect of enacting the maximum potential impact fees would be to extend the applicability of the recreation-park and childcare impact fees from a relatively small number of downtown commercial development projects to most residential and non-residential developments projects city-wide, and to apply an altogether new fire impact fee to all development city-wide.

Changes in the impact fees charged by the City could affect the total cost of some types of development and their economic and financial feasibility. The City has determined that an analysis of pro forma development costs and market-rate sales prices is needed to consider current market conditions and the effects of child care, fire, and recreation-parks impact fees. This analysis will be forthcoming, and will address the feasibility of revising or implementing child care, fire, and recreation-parks fees in the future.



CITYWIDE DEVELOPMENT IMPACT FEE STUDY - CONSOLIDATED REPORT

CHAPTER II

COLLECTION PROCESS ANALYSIS

CITY-WIDE DEVELOPMENT IMPACT FEE STUDY COLLECTION PROCESS ANALYSIS

PREPARED FOR THE

CITY AND COUNTY OF SAN FRANCISCO

SAN FRANCISCO, CALIFORNIA

JANUARY 7, 2008

CONSULTING SERVICES PROVIDED BY:

FCS GROUP

225 Bush Street, Suite 1825 San Francisco, California 94104 T: 415.445.8947 F: 415.398.1601 www.fcsgroup.com
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SECTION 1 EXECUTIVE SUMMARY

The purpose of this study element was to evaluate the overall state, effectiveness, and consistency of the City's impact fee collection process and to identify improvements. The Office of the Controller engaged in a similar review in 2001, finding that some impact fees had not been paid. This study found no instances of missed or inaccurate fee collection, although the number of commercial development projects in recent years has been too limited to test the collection effectiveness of some of the City's impact fees.

Collection process issues identified in the study are related to verification of fees owed and paid, process efficiency, inter-departmental coordination, and reporting. Three items deserve particular attention:

- Reliance on staff in the City Planning Department (CPD) to instigate fee collection after site permits have been issued creates vulnerability and inefficiency in the fee collection process.
- Site and building permits are not screened automatically to determine applicability of the Transit Impact Development Fee, making fee assessment and quality control less efficient.
- Comprehensive and automated reporting on the impact fee requirements and approval status of projects is not available. Currently, these monitoring functions are labor-intensive, and the results are difficult to audit. Since 2003, the Planning Department has added one position in order to monitor and coordinate fee collection. Further improvements in reporting require modification of information systems and procedures, however.

To address these and other process issues, the following changes are recommended:

- The separate case-tracking and permit-tracking systems used by the Planning Department and Department of Building Inspection (DBI) should be replaced by a single, integrated database application within which the entire fee collection process can be managed. The majority of jurisdictions use an integrated case- and permit-tracking system.
- Pending replacement of the case-tracking and permit-tracking systems, modifications should be made to the existing permit-tracking system to improve the effectiveness and efficiency of fee collection.
- If the recommended technological improvements are not feasible in the near future, alternative procedural changes can be made that address most of the same process issues, including synchronization of fee collection prior to issuance of a site permit.
- Regardless of the other recommendations adopted by the City, stakeholders in the development community have suggested and this study recommends that the City publish a single, comprehensive schedule of City impact fees that describes their criteria for applicability, fee calculation method, and timing of payment. In addition, the criteria for vesting of impact fees, if any, should be clarified,



possibly by amendment of the Administrative and Planning Code sections that enact impact fees.

The individual recommendations and the issues they address are summarized in the following Exhibit 1.1.

		Recommendations							
		1	2	3	4	5	6	7	8
Collection Process Issues		Replace Case/Permit-Tracking Systems	Modify Permit-Tracking System	Synchronize Collection Timing	Adopt City-Wide Standard Invoice	Notify MOH of Site Permit Approval	Enhance Case-Tracking Procedures	Clarify Administrative Code Section 38	Publish Single Fee Schedule
Verification									
1	Collection Timing	Х	Х	X					
2	Assessment-Collection Time Lag	Х			Х				
3	Coding Impact Fee Payments	Х			Х				
4	Project Screening	Х	Х						
5	Application of Fees							Х	
Eff	iciency								
6	Planning Department	Х	Х	Х					
7	Municipal Transportation Agency	Х	Х	Х					
8	Office of the Treasurer	Х							
Int	er-Departmental Coordination								
9	Applicant Awareness of Fees								Х
10	Tracking Inclusionary Housing	Х				Х			
Rej	porting								
11	Planning & Quality Control	Х		Х			Х		

EXHIBIT 1.1 – SUMMARY OF COLLECTION PROCESS ISSUES AND RECOMMENDATIONS

SECTION 2 BACKGROUND

Impact fees and capacity charges are imposed by jurisdictions on development projects to generate funding for the additional public infrastructure and facilities needed to serve new development. Jurisdictions also require that residential development provide affordable as well as market-rate housing, and some jurisdictions accept fee payments in-lieu of this requirement. Because impact and in-lieu fees and charges are imposed on development, these fees are typically administered by planning, public works, and building departments.

2.A. Current Impact and In-Lieu Fees

The City imposes seven impact fees, an Inclusionary Affordable Housing In-Lieu Fee, and a Wastewater Capacity Charge. In addition, the San Francisco Unified School District imposes an impact fee on development within the City. The nine impact and in-lieu fees and charges currently imposed by the City are summarized in Exhibit 2.1.

	Fee or Charge	Description
1	Childcare Fee (Planning Code Section 314)	\$1.00 per square foot of net area added in office or hotel development projects that create a net addition of 50,000 square feet or more.
2	Downtown Park Fee (Planning Code Section 139)	\$2.00 per square foot of new or net area added in office development projects within the specific use districts C-3-O, C- 3-O (SD), C-3-R, C-3-G, C-3-S.
3	Jobs-Housing Linkage Fee (Planning Code Section 313)	\$14.96 per square foot of net area added in office projects >25,000 square feet, \$11.21 in hotel, \$13.95 in retail/entertainment, and \$9.97 in R&D.
4	Rincon Hill Community Infrastructure Impact Fee (Planning Code Section 318)	\$11.00 per square foot of new area in residential development projects within the designated area. Fee was implemented January 2006.
5	South of Market Area Community Stabilization Fee (Planning Code Section 318)	\$14.00 per square foot of new area in residential development projects in the designated area. Fee was implemented January 2006.

EXHIBIT 2.1 – CURRENT IMPACT AND IN-LIEU FEES

	Fee or Charge	Description
6	Transit Impact Development Fee (Administrative Code Section 38)	\$8.00 or 10.00 per square foot of new area, depending on the type of development project, excluding residential development.
7	Visitacion Valley Community Facilities and Infrastructure Fee (Planning Code Section 319)	\$4.58 per square foot of new area in residential development projects within the designated area.
8	Inclusionary Affordable Housing In- Lieu Fee (Planning Code Section 315)	Residential projects pay the fee in-lieu of providing affordable housing units in-kind: \$187,308/studio; \$256,207/one-bedroom; \$343,256/two-bedroom; \$384,562/three-bedroom.
9	Wastewater Capacity Charge (SFPUC Resolution No. 05-0045)	\$2,604 per dwelling unit and/or various charges per square foot of new or added space in commercial projects. Charge was implemented July 2005.

EXHIBIT 2.1 – CURRENT IMPACT AND IN-LIEU FEES (continued from prior page)

2.B. Overview of Fee Collection Process

Four separate City departments and agencies assess the impact and in-lieu fees and capacity charges:

- The Planning Department determines which, if any, of the impact fees is required, and includes the fee requirement as a condition in a motion approving development. The amount of the fee is not calculated, however, until the developer applies for a site permit and the exact size of the proposed project is known.
- The Municipal Transportation Agency (MTA) determines requirements to pay the Transit Impact Development Fee and calculates the amount owed upon application for a site or building permit.
- The Mayor's Office of Housing (MOH) determines the amount of the Inclusionary Affordable Housing In-Lieu Fee if a residential project elects not to provide affordable housing in-kind. The project developer can defer the decision to pay the In-Lieu Fee until application for a site permit, at which time staff in the MOH calculates the amount owed.
- DBI calculates the Wastewater Capacity Charge during review of site or building permits.

The City collects these fees and charges at two stages in its development approval process:

• The earlier stage is during review of an application for a site or building permit. Impact and in-lieu fees and charges that are collected at this stage must be paid before a site permit can be issued. Impact and in-lieu fees are paid to the Office of the Treasurer. The Wastewater Capacity Charge is paid to DBI.

• The later stage is during building construction. Impact fees that are collected at this stage must be paid before a certificate of final completion (CFC) can be issued. Impact fees are paid to the Office of the Treasurer.

If for any reason, impact fees have not been paid by completion of a development project, the Office of the Treasurer can place a lien on the property for the outstanding amount.

Based on the unique combinations of lead agency and collection timing, five distinct collection processes are used by the City. The unique aspects of each of these processes are summarized below, and compared in Exhibit 2.2.

Type 1: Inclusionary Affordable Housing In-Lieu Fee

When a site permit is under review and the developer elects to pay the In-Lieu Fee, Planning Department staff notifies the Mayor's Office of Housing (MOH), which then calculates the amount owed and notifies the developer in writing. Payment is made to the Office of the Treasurer, which then confirms payment by letter to the Planning Department and MOH. The Planning Department then approves the site permit, and DBI can proceed to issue it.

Type 2: Jobs-Housing Linkage, Rincon Hill Community Infrastructure Impact, SOMA Community Stabilization, and Visitacion Valley Community Facilities and Infrastructure Fees

While a site permit is under its review, Planning Department staff notifies the developer in writing of any fees owed. Payment is made to the Office of the Treasurer, which then confirms payment by letter to the Planning Department. The Planning Department then approves the site permit, and DBI can proceed to issue it. In payment of the Rincon Hill Community Infrastructure Impact Fee, developers may choose to issue Mello-Roos bonds and provide infrastructure in-kind. This alternative exaction must be approved by a waiver from the Planning Commission.

Type 3: Downtown Park, Childcare, SOMA Community Stabilization, and Visitacion Valley Community Facilities and Infrastructure Fees

After a site permit has been issued, the Planning Department uses the permit-tracking system to monitor addenda to the site permit and create a routing stop on a suitable addendum. This practice prevents issuance of a certificate of completion by DBI until the Planning Department has been informed of project status and prompted the developer prompted for payment. Payment is made to the Office of the Treasurer, which then confirms payment by letter to the Planning Department and DBI. DBI can then proceed to issue a certificate of final completion.

The Visitacion Valley Community Facilities and Infrastructure Fee is also usually due during project construction (type 3), but townhouse development is required to pay half the fee prior to issuance of a site permit (type 2).

A small fraction of the SOMA Community Stabilization Fee is due prior to issuance of a site permit (type 2), but most of the SOMA Community Stabilization Fee is due during project construction (type 3). In payment, developers may choose to give the Office of the Treasurer an irrevocable letter-of-credit instead cash payment. The Planning Code establishes a six-month grace period before the letter-of-credit is exercised by the City.

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EXHIBIT 2.2 – EXISTING COLLECTION PROCESSES



Type 4: Transit Impact Development Fee

While a site or building permit is under review, staff from the Municipal Transportation Agency (MTA) notifies the developer of any fee requirement and signs an agreement with the developer regarding the amount owed. MTA staff informs DBI staff in writing of the fee requirement so that a certificate of final completion is not issued until payment is made to the Office of the Treasurer. Once payment is confirmed in writing by the Office of the Treasurer, DBI can proceed to issue a certificate of final completion. Payment in five annual installments has been accepted by contract for some projects.

Type 5: Wastewater Capacity Charge

When a site or building permit is under review, DBI calculates the amount of the Wastewater Capacity Charge. DBI collects the charge when it issues the site or building permit to the developer.

Other City Agencies and Processes

The San Francisco Redevelopment Agency (SFRA) operates under the authority of the City and implements the City Planning Code, including impact fee provisions. Its role in the administration of redevelopment areas has evolved over time. At present, the SFRA delegates impact fee assessment and collection duties to the Planning Department and Municipal Transportation Agency in all cases. Development projects in redevelopment areas are thus subject to the same impact fee collection process as projects elsewhere in the city. The SFRA takes a special lead role in approving housing development projects in redevelopment areas, but such projects are required to provide on-site affordable housing and do not pay the Inclusionary Affordable Housing In-Lieu Fee.

The Port of San Francisco is an enterprise department of the City, vested with the power and duty to maintain, manage, and regulate public tidelands property along the city's waterfront. While the Port Commission has the independent authority to approve and administer development projects on Port property subject to review and approval by other City agencies in certain cases, such authority is exercised within the purview of the City's general police powers to regulate land uses and impose development exaction fees on Port property. The Port has its own building department that issues permits and occupancy certificates for development projects involving Port property. As such, the Port collects development exaction fees on behalf of other City agencies where such fees are statutorily required to be collected at the time that building permit and/or occupancy certificates are issued, and forwards such collected fees to the relevant City agencies.

2.C. Scope of Analysis

In 2001, a review of impact fee collection was undertaken by the Office of the Controller. The review found that of 22 development projects that had been issued building permits and were subject to the Jobs-Housing Linkage Fee, two projects had not paid impact fees that were owed. Among other conclusions, the review also found that data was unavailable to examine a larger sample of development projects for fee payment status, and that project referral and collection enforcement mechanisms were suspect, especially regarding the Downtown Park, Childcare, and Transit Impact Development Fees.

In its report, the Office of the Controller made four recommendations regarding impact fee collection: (1) Synchronize collection of all impact fees when site permits are issued, and have the Planning Department take the lead role; (2) create an additional position in the Planning Department to coordinate fee collection; (3) have liaisons from all departments that are recipients of impact fees meet quarterly to review fee collection; and (4) integrate case-tracking and permit-tracking systems used by the Planning Department and DBI. Of



these recommendations, only the second appears to have been implemented fully. In the last five years, however, three new impact fees have been adopted, increasing the importance of effective fee collection.

Collection Process Analysis

As in the 2001 review, the purpose of this study element was to evaluate the overall state, effectiveness, and consistency of the City's impact fee collection processes and to identify improvements. In the questions posed, this study is similar to the earlier review: It quantitatively evaluated collection effectiveness, and qualitatively evaluated collection processes with regard to the verification of fees owed and paid, process efficiency, inter-departmental coordination, and reporting.

Three collection processes were not evaluated in the study.

- The Wastewater Capacity Charge was not evaluated. Because it is simultaneously assessed and collected from all development projects by a single department (DBI), the procedural or technological challenges to effective collection are not at all similar to those posed by the City's impact and in-lieu fees.
- This study element also did not address the impact fee imposed by the San Francisco Unified School District.
- Fee collection processes at the Port were not evaluated. The Port internally assesses and collects all City impact fees that are owed by projects on Port property, and does not have the same verification and inter-departmental coordination issues that other City departments have with regard to impact fees.

The study effort involved the following data collection and analytical tasks:

- Reviewing the sections of the Planning and Administrative Codes that establish the collection processes for the City's impact fees.
- Interviewing key staff in departments and agencies involved in fee collection in order to document procedures in use and to identify issues with collection processes.
- Collecting records to document the forms currently used in collection processes.
- Analyzing the fee requirements, approval status, and fee payments of all projects approved by the Planning Commission in the fiscal years 2004, 2005, and 2006.

Recommendations to improve collection processes are presented in the final section of the report, and are mapped to the collection process issues that they address.

Stakeholder Focus Group

In addition to the quantitative and qualitative evaluations of the internal collection processes, input from stakeholders in the development community was solicited through a focus group discussion.¹ The stakeholders were identified by the City, and included developers and land-use attorneys active in the local industry and with past experience paying City impact fees. This report cross-references input from the stakeholders with the internal process issues identified in the collection process analysis, and addresses the relevant input in the recommendations in the final section.

¹ The focus group was facilitated by LaFrance Associates, LLC, working as a sub-consultant to FCS GROUP.

SECTION 3 COLLECTION EFFECTIVENESS

To determine if the City has been collecting all the impact fees owed, the analysis defined two questions:

- Comprehensiveness: Have impact fees been collected from all development projects subject to them?
- Accuracy: Were impact fee payments made in the correct amount?

These questions were addressed in separate analyses using separate data sets.

3.A. Comprehensiveness

The analysis examined all development projects approved by the Planning Commission in fiscal years 2003-4, 2004-5, and 2005-6. This data set was provided by the Planning Department and was generated from its case-tracking system. The case-tracking system records impact fee and inclusionary affordable housing requirements stipulated per conditions of approval by the Planning Commission. Impact fee requirements recorded in this database include the Jobs-Housing Linkage Fee, the Downtown Park Fee, the Childcare Fee, and the Inclusionary Affordable Housing In-Lieu Fee. Requirements related to the Transit Impact Development Fee, which is assessed by the Municipal Transportation Agency, are not recorded in the case-tracking system.

This three-year dataset consists of 536 projects. Data recorded in the case-tracking system, and reviewed in this analysis, indicate that most of these projects are not subject to impact fees or inclusionary affordable housing requirements. Of those projects that are subject to Jobs-Housing Linkage, Inclusionary Affordable Housing In-Lieu, Childcare, and/or Downtown Park Fees, only 34 have been issued site permits, and of those 34 projects, only six projects have received certificates of final completion. This analysis of project status is summarized in Exhibit 3.1.

Because impact fees are collected either before a site permit is issued or before a certificate of final completion is issued, the effectiveness of impact fee collection was tested at these two distinct stages of development approval. For development projects that have been issued site permits, the payment status of Jobs-Housing Linkage or Inclusionary Affordable Housing In-Lieu Fees was ascertained. For development projects that have been issued certificates of final completion, the payment status of the Downtown Park and/or Childcare Fees was ascertained. In all these cases, payment status was identified by reference to a separate Planning Department list of all fee collections since the inception of the respective impact fee programs.

FXHIBIT 3 1 -	ANALYSIS	OF PROJECTS	APPROVED	IN FISCAL	VFARS 2004-2006
L'AIIIDII J.I -	- ALIALISIS	OF I ROJECIS	AT I KOVLD	IN PISCAL	1LAIG 2004-2000

No Fee or Inclusionary Housing Requirement	444			
Fee or Inclusionary Housing Requirement:				
No Application for Site Permit	27			
Application In Review	31			
Site Permit Issued, Project Not Complete	28			
Site Permit Issued and Project Complete	6			
Total Projects Approved by Planning Commssion	536			

RESULTS

Of the 34 projects issued site permits, 24 projects provide in-kind affordable housing, eight projects paid the Inclusionary Affordable Housing In-Lieu Fee, and two projects paid the Jobs-Housing Linkage Fee. In this dataset, no projects subject to these requirements have been issued site permits without satisfaction of these requirements (Exhibit 3.3).

Of the six projects issued certificates of final completion, none were required to pay Downtown Park or Childcare Fees. In this dataset, no projects subject to these impact fees have been issued certificates of final completion without payment (Exhibit 3.2).

In conclusion, this analysis found no instance of missed fee collection for the Jobs-Housing Linkage, Inclusionary Affordable Housing In-Lieu, Downtown Park, or Childcare Fees. With regard to the Jobs-Housing Linkage and Inclusionary Affordable Housing In-Lieu Fees, the fee collection process appears to have effectively collected fees owed prior to issuance of site permits. Because no Downtown Park or Childcare Fees are yet due from the sampled projects, the effectiveness of fee collection prior to certificate of final completion cannot be determined from this analysis.

EXHIBIT 3.2 – IMPAC	T FEE REQUIREMENTS	OF PROJECTS ISSUED CFCS
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Index	Case Number	Project Name	Date CFC Issued	Childcare Fee Requirement	Downtown Park Fee Requirement
1	2001.0661	1168 FOLSOM STREET	12/22/2005	None	None
2	2002.0333	270 VALENCIA ST	2/2/2006	None	None
3	2002.0812	61 - 69 CLEMENTINA ST	3/24/2006	None	None
4	2002.1198	3184 MISSION ST	5/30/2006	None	None
5	2002.0446	50 Lansing Street	7/28/2006	None	None
6	2003.1162	2351 POWELL ST	9/1/2006	None	None

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EXHIBIT 3.3 – IMPACT FEE OR HOUSING REQUIREMENTS OF PROJECTS ISSUED SITE PERMITS

Index	Case Number	Project Name	Date Site Permit Issued	Inclusionary Affordable Housing Requirement	Jobs-Housing Linkage Fee Requirement
1	2002.0915	1635 CALIFORNIA ST	10/17/2003	In-kind	
2	2001.0661	1168 FOLSOM STREET	12/22/2003	In-kind	
3	2002.0333	270 VALENCIA ST	3/16/2004	In-kind	
4	2002.0446	50 Lansing Street	3/19/2004	In-kind	
5	2002.0951	693 SUTTER ST	5/14/2004	In-kind	
6	2004.0636	325 FREMONT ST	6/23/2004	In-kind	
7	2003.0028	150 POWELL ST	7/19/2004	\$600,248	
8	2002.0813	175 TOWNSEND ST (170 King)	8/9/2004	In-kind	
9	2002.0124	2815 DIAMOND ST	8/19/2004	In-kind	
10	2003.0466	555 04TH ST (aka 557 4th St.)	8/27/2004	In-kind	
11	2002.0812	61 - 69 CLEMENTINA ST	9/29/2004	In-kind	
12	2003.0889	8 McLea	11/15/2004	In-kind	
13	2003.1152	329 BAY ST	11/24/2004	In-kind	
14	2001.1058	2000 POST ST (2161 SUTTER)	12/15/2004	In-kind	
15	2002.1198	3184 MISSION ST	3/18/2005	In-kind	
16	2001.1039	55 09TH ST	5/19/2005		\$3,998,808
17	2004.0551	201 SANSOME ST	5/23/2005	In-kind	
18	2002.1021	2525 CALIFORNIA ST	6/2/2005	\$524,685	
19	2003.0584	690 Market Street	7/19/2005	In-kind	
20	2004.0272	83 MCALLISTER ST	7/28/2005	In-kind	
21	2002.1263	333 FREMONT ST	9/9/2005	In-kind	
22	2003.1162	2351 POWELL ST	9/15/2005	In-kind	
23	2004.0090	2655 VAN NESS AV	9/19/2005	\$1,079,243	
24	2001.0792	301 MISSION ST	9/22/2005	In-kind	
25	1999.554	830 7th St 601 KING ST	10/11/2005	In-kind	
26	2002.0628	1160 MISSION ST	11/3/2005	In-kind	
27	2004.0458	566 SOUTH VAN NESS AV	11/10/2005	In-kind	
28	1998.635	2101-2165 Bryant, etc.	12/20/2005	\$1,043,400	
29	2003.0029	425 First Street	2/8/2006	\$11,026,146	
30	2004.0953	74 NEW MONTGOMERY ST	3/10/2006	In-kind	
31	2004.0296	631 FOLSOM ST	5/10/2006	\$3,778,117	
32	2003.0304	829 FOLSOM ST	5/19/2006	\$1,796,590	
33	2003.1086	1 SOUTH PARK AV	6/21/2006	\$1,131,744	
34	2005.0106	185 BERRY ST	8/28/2006		\$874,900

COLLECTION OF OTHER IMPACT FEES

The Planning Department reports that a site permit has been issued for only one development project subject to the Rincon Hill Community Infrastructure Impact and SOMA Community Stabilization Fees (One Rincon Hill a.k.a. 425 First Street). This project has met its requirement related to the Rincon Hill Community Infrastructure Impact Fee via the Mello-Roos option under a waiver agreement with the City, and has also remitted payment for the portion of the SOMA Community Stabilization Fee due before issuance of a site permit. The remaining portion of the SOMA Community Stabilization Fee is due prior to issuance of the certificate of final completion, which has yet to occur, as of this writing. As with other impact fees due prior to issuance of a site permit, no instance of missed fee collection was found for the Rincon Hill Community Infrastructure Impact and SOMA Community Stabilization Fees. But as with the Downtown Park and Childcare Fees, no projects provide a test of the effectiveness of collecting the SOMA Community Stabilization Fee prior to issuance of a certificate of a certificate of final completion.

Since its implementation in 2003, the Planning Department reports that only four development projects have been subject to the Visitacion Valley Community Facilities and Infrastructure Fee. None of these projects has been issued a certificate of final completion, so no conclusion about the effectiveness of collecting this fee can be reached at this time.

Staff in the Municipal Transportation Agency staff indicates that seven Transit Impact Development Fees have been collected since 2003, and payment is pending for three projects that have been issued site permits.² Two more projects are in the process of negotiating fee assessments. None of the major projects in the case-tracking system data set that have received a certificate of final completion appear to owe a Transit Impact Development Fee, and none of the projects in the case-tracking system data set that may be subject to the Transit Impact Development Fee have been issued certificates of final completion yet, so no error has been found. The effectiveness of fee collection was not comprehensively tested by this analysis, however. To comprehensively evaluate the effectiveness of collection, all issued building permits need to be screened using the criteria set forth in the Administrative Code Section 38. According to Municipal Transportation Agency staff, reporting from the permit-tracking system for this purpose has not been developed. While DBI and the Planning Department publish on-line records of issued building permits and development projects under review, the information available from these sources is inadequate or not formatted to verify Transit Impact Development Fee requirements.³ This type of automated permit screening and reporting functionality is needed to facilitate compliance monitoring.

CONCLUSIONS

No discrepancy between the projects that owe fees and that paid fees could be discerned for the Jobs-Housing Linkage, Inclusionary Affordable Housing In-Lieu, Rincon Hill Community Infrastructure Impact, SOMA Community Stabilization, Visitacion Valley Community Facilities and Infrastructure Fee, Transit Impact Development, Childcare, and Downtown Park Fees. While this result indicates that fee collection *prior to issuance of a site permit* has been effective, the same conclusion does not extend to fee *collection prior to issuance of certificate of final completion*. No projects in the case-tracking system data set that owe impact fees have passed that approval point.

² 1311 22nd Street, 2298 3rd Street, and 690 Stanyan Street

³ The monthly report of issued building permits published on the DBI website does list square footage of projects, and the Quarterly Development Pipeline Report de-lists projects upon final completion.

3.B. Accuracy

To determine if development projects paid the correct impact fee amounts, all development projects that paid fees in fiscal year 2005-6 were examined: Thirteen separate projects having fourteen impact fee requirements that were paid in fifteen separate transactions. Data on fee payments in fiscal year 2005-6 was provided by the Planning Department, Municipal Transportation Agency, and the Office of the Treasurer. The data from these separate departments were in agreement, except that some Inclusionary Affordable Housing In-Lieu Fees were originally miscoded as Jobs-Housing Linkage Fees by the Office of the Treasurer.

The accuracy of the impact fee amounts was evaluated by comparing site permit data available from the DBI website with official documentation of the impact fee calculation recorded by the Planning Department, Mayor's Office of Housing, or Municipal Transportation Agency. The results are summarized in the following Exhibit 3.4.

	Inclusionary Affordable Housing In-Lieu Fee	Jobs-Housing Linkage Fee	SOMA Community Stabilization Fee	Downtown Parks Fee	Transit Impact Development Fee	Total Transaction Count
No Variance Observed	5	1		1		7
Insufficient Data Available	1	2	1		1	5
Site Permit Not Issued	2					2
Total Transaction Count	8	3	1	1	1	14

EXHIBIT 3.4 - FISCAL YEAR 2005-06 IMPACT FEE PAYMENTS

RESULTS

This evaluation yielded the following results:

- The accuracy of seven of the fourteen impact fee payments was validated. In five cases, the housing units calculated by Mayor's Office of Housing matched the housing units approved by the site permit as recorded in DBI's public-access database, or the fee amount matched the amount stipulated in a recorded Notice of Special Restriction. In two additional cases an apparent variance was found between the basis for the impact fee and the site permit. In the first, eight fewer housing units were permitted than included in the Inclusionary Affordable Housing In-Lieu fee calculation. In the second, two more housing units were permitted than included in. Research into both these issued site permits by staff in the Mayor's Office of Housing determined, however, that the number of housing units permitted matches the basis for the In-Lieu Fee calculations.
- The amounts of five of the fourteen fee payments could not be validated because in most cases the square footage of development projects (from which fees are calculated) is not available on DBI's

public-access database.

• The amounts of two of the fourteen fee payments could not be validated because their related site permits were not yet issued or were under revision.

CONCLUSIONS

No inaccuracy in the calculation of impact fee amounts was observed among those development projects that paid impact fees in fiscal year 2005-6.

Only half of the fee payments (7 of 14) could be initially screened for accuracy, however, without reference to paper-based case or permit files or the DBI permit-tracking system. Access to these information sources was not readily available. Moreover, where the number of housing units approved for construction in a project was available on-line, this data did not consistently reflect issued site permits. The limitations in the availability and accuracy of published site permit data suggest the lack of systematic, cost-effective means to compare issued permits to their fee calculation bases, and demonstrate the need for better tools to verify and routinely reconcile fee amounts owed and paid. This issue with the collection process is further described and dealt with as a reporting issue in following section of this report.

SECTION 4 INTERNAL PROCESS ISSUES

What are the current or potential challenges to collecting impact fees in a manner that is effective, efficient, and transparent for reporting and planning purposes?

Discussions with City staff and analysis of collection processes identified issues in the following topic areas: verification of fees owed and paid, process-efficiency, inter-departmental coordination, and reporting.

4.A. Verification of Fees Owed and Paid

1. Collection Timing

According to the Planning Code, payment of the Childcare Fee, Downtown Park Fee, Visitacion Valley Community Facilities and Infrastructure Fee, and most of the SOMA Community Stabilization Fee is not required until after a site permit has been issued and before a certificate of final completion is issued. The Planning Department has no involvement in substantive project approvals after issuance of a site permit, however. Instead, the Planning Department is required to notify DBI of the projects that owe these fees, and DBI is required to inform the Planning Department five days before certificates of final completion are ready for issuance on those projects. This requirement in the Planning Code allows Planning Department to prompt the sponsor for payment. DBI is prohibited from issuing a certificate of final completion until payment of fees is confirmed.

In practice, the Planning Department notifies DBI of fee requirements through ad hoc communications with inspection staff. Planners can also create a routing stop on addenda to the site permit so that they are notified when projects near completion. These procedures risk missed fee collections, however. Planners are not typically involved in the approval of addenda to a site permit, which often are submitted subsequent to the site permit approval. Planners thus lack systematic prompts from the permit-tracking system to create routing stops on addenda when they are ultimately submitted by an applicant. Without a routing stop on addenda to a site permit, inspection staff could overlook the fee requirement.

As noted in the analysis of collection effectiveness, the effectiveness of impact fee collection after issuance of a site permit is not testable from the case-tracking system data set used in this analysis. The vulnerability to missed collections described here has been potential rather than actual in recent years. The potential vulnerability will affect fees owed from a handful of projects in the future, however: The project at One Rincon Hill will likely owe a SOMA Community Stabilization Fee of more than \$5 million in 2008 or 2009. The project at 888 Howard will likely owe a Childcare Fee in the next year.

2: Time Lag from Binding Impact Fee Assessment to Collection

During the review of a site permit application, a development project is given written notice of any Inclusionary Affordable Housing In-Lieu Fees due prior to issuance of a site permit. The binding In-Lieu Fee assessment is valid for thirty days, after which the fee requirement must be recalculated by the Mayor's Office of Housing to reflect any update to the In-Lieu Fee schedule. Ensuring correct fee collection currently requires the Office of the Treasurer to verify the date of the In-Lieu Fee assessment, as well as its amount. This added requirement to screen payments manually for valid payment dates increases the risk of collecting an invalid fee amount, with the attendant cost in staff time for reconciliation and corrective actions, assuming the error is caught. This situation arose with regard to one project in 2006.⁴ City staff caught the discrepancy between impact fees owed under the new and old schedules, informed the developer of the revised In-Lieu Fee requirement, and prevented an under-collection of \$172,147. While the quality control measures used by the City appear to have been effective in this instance, the potential lag between official impact fee assessment and collection creates an on-going burden to verify the date-validity of impact fee payments and poses a risk to correct fee collection that other jurisdictions avoid by synchronizing binding fee assessment and collection.

3: Coding Impact Fee Payments

In fiscal year 2005-6, two of eight payments of the Inclusionary Affordable Housing In-lieu Fee were mistakenly coded as payment of the Jobs-Housing Linkage Fee by the Office of the Treasurer.⁵ The error is understandable because the Planning Department, Mayor's Office of Housing, and Municipal Transportation Agency all use different form letters to inform project sponsors of impact fees owed. The City does not use a standard invoice that specifies impact fees owed from a listing of all the impact fees imposed by the City. The miscoding of impact fees identified in this analysis did not result in the misdirection of funds because both of these impact fees are credited to the Citywide Affordable Housing Fund. Miscoding could, however, compromise the accuracy of the annual reporting of fee revenues by type of impact fee, as required by the Mitigation Fee Act. Miscoding also poses a challenge to reconciliation of commercial and residential development with impact fee revenues.

4: Screening Projects for Impact Fee Requirements

Most impact fee requirements are set forth in the development conditions approved by the Planning Commission. When major development projects apply for site permits, the Planning Department revisits the conditions of approval and assesses impact fees in reference to the conditions. The public visibility, paper trail, and redundancies of the process reduce the likelihood of inadvertent omission of fee requirements.

In comparison to the other impact fees, the Transit Impact Development Fee seems somewhat more vulnerable to screening errors, however. Projects subject to Transit Impact Development Fees are identified by manual screening of the thousands of building permit applications submitted annually to DBI. Municipal Transportation Agency (MTA) staff performs this screening function, typically examining one hundred applications per week. MTA staff must identify projects that add more than 3,000 square feet of gross area in the permit under review, or that cumulatively add in excess of 3,000 square feet of gross area since the inception of the Transit Impact Development Fee.

⁴ 733 Front Street

⁵ 310 Townsend (\$1,259,090) and One South Park (\$1,131,744).

Without benefit of automation, independent verification of the results requires repetition of the manual screening process. Moreover, some small development projects that are subject to Transit Impact Development Fee may not require Planning Commission approval and thus receive less public scrutiny.

5: Vesting of Impact Fees

The current Transit Impact Development Fee was implemented in 2004. Per Administrative Code Section 38.3.E (5), projects that filed applications for environmental evaluation before April 2004 are not subject to the current Transit Impact Development Fee, however.⁶ One project that originally filed an application prior to April 2004 but modified and re-submitted its application after April 2004 has asserted that it is vested with the former Transit Impact Development Fee. The Administrative Code Section 38 does not address this contingency.

The project in question proposes adding 30,000 square feet of building area, so the Transit Impact Development Fee at stake is about \$150,000. It is not uncommon for development projects to undergo substantial revisions that require re-submittals or modification of earlier approvals. Other projects, currently inactive, could be revived and claim similar vesting in the former Transit Impact Development Fee. The amount at stake is speculative.

The Administrative Code Section 38 is also self-contradictory regarding the exemption of arts activities from the Transit Impact Development Fee. Administrative Code Section 38.3.E(6)(f) exempts from the Transit Impact Development Fee certain "Other Uses" as defined in Planning Code Section 227, and the uses identified in Planning Code Section 227 include "arts activities".⁷ Production/Distribution/Repair (PDR) uses are subject to the Transit Impact Development Fee, but PDR uses specifically *include* arts activities per the Administrative Code Section 38.1.T.⁸

The other City impact fees may be altered by the City between the time of initial application for planning approval and the time impact fees are assessed at issuance of a site permit or certificate of final completion. The Planning Code sections that enact impact fees do not appear to state explicitly the point in the development approval process at which impact fees vest. Lack of clarity in the Planning Code on this issue could complicate impact fee collection.

4.B. Process Efficiency

6: Planning Department

The fee assessment process is paper-driven, decentralized, and labor-intensive:

• To satisfy fee requirements, the Planning Department communicates with the Office of the Treasurer, Mayor's Office of Housing, and an applicant in writing. This makes monitoring fee

⁶ "No TIDF shall be payable on…new development for which an application for environmental evaluation or an application for a categorical exemption has been filed prior to April 1, 2004."

⁷ PC 227(r)

⁸ "Production/Distribution/Repair (PDR). An economic activity category that includes...arts activities and spaces..."

collection cumbersome, even with the low volume of projects subject to impact fees in recent years.

- Individual planners assume responsibility for initiating and verifying fee collection for the projects they are assigned, so procedures have been inconsistently applied. The Planning Department has assigned a staff position to coordinate decentralized collection responsibilities.
- Collection of Downtown Park, Childcare, SOMA Community Stabilization, and Visitacion Valley Community Facilities and Infrastructure Fees requires monitoring construction projects after site permits have been issued. By extending planner involvement in cases, planner case-load is increased.

For these reasons, higher volumes of projects subject to impact fees in the future could strain the capacity of Planning Department staff to ensure accurate fee collection. Many jurisdictions avoid these costs by automating fee assessment and removing individual planners from the process at the point of collection.

7. Municipal Transportation Agency

The inefficiency of manual screening of applications by Municipal Transportation Agency (MTA) staff, relative to automated screening that can be programmed in permit-tracking software, is described in issue #4. In addition to manual project screening, MTA staff also monitors the construction progress of all development projects subject to the Transit Impact Development Fee to ensure fee collection before the certificate of final completion is issued. This is a labor-intensive approach to project-tracking that other jurisdictions avoid by either collecting impact fees when site permits are issued, or programming into their permit-tracking systems automated prompts for impact fee collection when certificates of final completion are issued.

8. Office of the Treasurer

In the Office of the Treasurer, the potential delay between notification of pending fee payment by a developer and the actual payment adds to the burden of document maintenance and retrieval. The significance of this burden should be evaluated if development activity or new impact fees increases the volume of impact fee payments in the future.

4.C. Inter-Departmental Coordination

9: Developer Awareness of Impact Fees

Most impact fees imposed by the City are included as conditions of approval by the Planning Commission, so notification of these fee requirements occurs at the earliest stages of development approval. In contrast, some of the projects subject to the Transit Impact Development Fee do not require approval by the Planning Commission, and staff at the Municipal Transportation Agency (MTA) reports that small project sponsors are sometimes unaware that projects are subject to Transit Impact Development Fees until after a site permit has been applied for. This is understandable given the low visibility of the Transit Impact Development Fee in the following literature published by DBI:

• *Frequently Asked Questions* mentions the Transit Impact Development Fee in question #109, and provides little descriptive information.

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- *What You Should Know About Permits* does not comprehensively list in one place all the fees that may be required from site application through final completion, and no mention is made in this document either of the Transit Impact Development Fee or the MTA as an agency that collects fees from building permit applicants.
- *Getting a City Permit*, on page 6, identifies some fees to which building permit applicants may be subject, but does not mention the Transit Impact Development Fee or the MTA.

Staff at the MTA suggests that low visibility of the Transit Impact Development Fee undercuts project planning by applicants. In general, lacking a summary of all City impact fees, their criteria for applicability, and fee calculation, developer familiarity with some impact fees in the early project planning stages may be limited.

10: Notification of Site Permit Approval

This issue concerns the systematic verification of inclusionary affordable housing requirements that are met in-kind, rather than by fees in-lieu. Residential development projects that provide affordable housing to meet inclusionary affordable housing requirements are required to notify the Mayor's Office of Housing (MOH) in advance of project completion so that the MOH can verify satisfaction of the housing requirement and allocate the affordable housing units to beneficiaries on a timely basis. Currently, MOH staff reviews Planning Commission motions to identify residential development projects required to provide affordable housing, and then tracks the progress of those projects through informal and ad hoc communication with the Planning Department. According to Planning Department staff, no formal notification is automatically sent to the MOH from the Planning Department upon approval of site permits, however. Without routine, formal notification of site permit approval, the MOH is obliged to monitor every project from the time it is approved by the Planning Commission. This process is inefficient and vulnerable to error for projects experiencing a lengthy delay between Planning Commission approval and construction.

4.D. Reporting

11: Financial Planning and Quality Control

For purposes of financial planning and validation of the nexus underlying impact fees, the City needs to report annually the fees collected, projects in the development pipeline that would likely owe fees, and the units of development (square feet or housing units) associated with development completed and in-progress. In addition, the City needs the capacity to report on the fee requirements, fee calculation basis, and collection and approval status of individual projects that meet test criteria. This type of reporting is useful for quality control purposes, in-lieu of the capacity to report exceptions that is supported by an automated system of fee assessment.

Departments involved in fee assessment and collection do not share access to documentation of impact fee requirements through a common database. The Office of the Treasurer reports fee collected. The case-tracking system is used by the Planning Department to track projects subject to approval by the Planning Commission, but information on the site permit status of these projects is not entered into the case-tracking system. In particular, the project information that is the basis of impact fees, e.g. the square footage or

housing units, is recorded in the permit-tracking system used by DBI, but not uploaded to the case-tracking system. Conversely, the permit-tracking system does not download from the case-tracking system the impact fee requirements associated with projects receiving site permit approval. The Municipal Transportation Agency maintains its own separate files of projects that owe and have paid fees, and the basis for the fee requirements. No single report matches all this information from each source for each project subject to impact fees. The Quarterly Development Pipeline Report published on the Planning Department website comes closest to meeting the reporting needs described herein, but this report lacks information on fee requirements.

This fragmentation of data on project description, approval status, and fee requirements complicates effective fee collection, makes quality control difficult, and makes reporting of collection status time-consuming. Evaluation of the effectiveness of fee collection, performed in this analysis, required researching the status of projects approved by the Planning Commission *on a case-by-case basis*.

Some of the difficulties in generating adequate reporting are worth noting:

- The case-tracking system is not reliably accurate with regard to the fee requirements of individual projects. Because the case-tracking system is used only for internal caseload management in the Planning Department, information on impact fee requirements is not routinely added to it.
- Linkage of data separately stored in the permit-tracking and the case-tracking systems is problematic. Projects tracked separately in the case-tracking and permit-tracking systems can be linked by common address, but a project may not have the same address in both systems. Moreover, multiple site permits are often filed for a single address, and given the structure of data in the permit-tracking system, linking a project approved by the Planning Commission to a matching site permit may not always be possible by automated means.

To summarize, the City lacks adequate reporting for financial planning and quality control. The database systems and procedures currently in use make generation of accurate reports time-consuming.

SECTION 5 STAKEHOLDER INPUT

As counterpart to the identification of internal City issues regarding the impact fee collection process, the perspectives of stakeholders were solicited through a focus group discussion. The questions posed on behalf of the City were as follows:

- 1. Is the City's process for calculating various development impact fees transparent?
- 2. Is the City's process for calculating and collecting various development impact fees consistent and predictable?
- 3. Is the City's process for collecting various development impact fees efficient?
- 4. How do development impact fees affect projects, financially and otherwise?
- 5. Do stakeholders understand the purpose of the fees?
- 6. What suggestions do stakeholders have for improving the City's development impact fee assessment and payment processes?

Using a list of developers and land-use attorneys provided by the City, thirteen stakeholders were contacted. Five of the thirteen agreed to join in a discussion; three actually participated in a focus group held at a private office centrally located in the Financial District. In an effort to broaden representation further to ensure that findings do not represent marginal or extreme opinions, telephone interviews were conducted with three additional stakeholders, using the same set of questions with the same wording as was presented in the focus group. Because both methods, focus group and telephone interview, make use of a facilitator or interviewer (as opposed to a self-administered mode such as a written survey) any social acceptability bias in responses is consistent.

The participants in this research (referred to in this report as "participants" regardless of whether they participated in the focus group or telephone interviews) represented a diversity of perspectives on developer impact fees, including: residential, commercial, developers, land use attorneys, experience developing affordable housing, and experience with other cities in addition to San Francisco.

The input provided by participants is summarized in five categories: accessibility and complexity of information about fee requirements, predictability of fees owed, documentation of fees owed, non-uniform payment processes, and other input unrelated to the process of fee collection.

5.A. Accessibility and Complexity of Information about Fee Requirements

Participant Commentary

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When asked whether the City had informed them that a fee would be assessed on their project, participants responded by saying that they typically had to go to various City departments themselves to determine which fees were applicable to their project and how the total fee for the project was calculated. All participants said it is common to require services of an attorney to determine which fees are applicable to the project, calculate fees, and find out payment due dates. Uncertainty surrounding applicable fees makes it difficult to establish a reasonable dollar amount to include in the pro forma for project financing. More importantly, it can become difficult to determine whether a given project makes good economic sense or not. Some participants noted the recent "shock to the development community" regarding the new Wastewater Capacity Charge, and reported that it is unclear to them at present when they are required to pay it. Participants suggested creating a summary of all impact fees that describes their application criteria, calculation method, and timing of payment.

In summary, participants commented that:

- A user-friendly guide to city-wide impact fees is not available, so developers must contact multiple departments/agencies to identify applicable impact fees, or hire an attorney to deal with the complexity.
- Developers are uncertain when to pay the Wastewater Capacity Charge.

Issue Clarification

- Several City departments/agencies assess impact fees, *viz.* CPD, MOH, and MTA, while DBI and the PUC assess the Wastewater Capacity Charge.
- Impact fee requirements are enacted in several separate sections of the Planning and Administrative Codes, and CPD and DBI websites do not offer a comprehensive summary of all impact fees, their application criteria, and their calculation.
- Code sections that describe impact fees are complex, and applicability criteria are multifarious. Further complexity is added because, per code, payment of some impact fees is required before site permit issuance, while payment of other impact fees is required prior to certificate of final completion.
- Most impact fees imposed by the City are included as conditions of approval by the Planning Commission, so notification of these fee requirements occurs at the earliest stages of development approval.
- DBI collects the Wastewater Capacity Charge when a site permit or building permit is issued; DBI provides at its permit counter an explanatory pamphlet with information on payment timing; detailed information about the Charge is available on the PUC website, but not on the DBI website.

Related Internal Process Issue: Developer Awareness of Impact Fees (Issue 9)

5.B. Predictability of Fees Owed

Participant Commentary

"We anticipate these fees and we will continue to pay these fees, but it would be really nice to know what the fees are and not have them change mid-stream." Participants noted that confusion can arise when fees change

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over the course of a project, particularly a large multi-year project. Beyond the ambiguity of whether to apply the fee applicable at project start or at the moment of fee payment, stakeholders also noted impacts to project budgets. In some cases the financial impact on a project due to a changed and retroactively applied fee can be "substantial." One participant observed, "You want to be locked in...There should be no surprises." Participants suggested that impact fee amount owed by a project be irrevocably determined when its site permit is issued.

Issue Clarification

- Impact fee rates may be altered by the City between the time of initial application for planning approval and the time impact fees are assessed at issuance of a site permit or certificate of final completion.
- The Planning Code sections that address impact fees do not appear to state explicitly the point in the development approval process at which impact fees vest.
- Administrative Code Section 38.3.E (5) states that projects that filed applications for environmental evaluation before April 2004 are not subject to the current Transit Impact Development Fee, but does not otherwise explicitly address the vesting of the TIDF.

Related Internal Process Issue: Vesting of Impact Fees (Issue 5)

5.C. Documentation of Fees Owed

Participant Commentary

"I've asked [a department] twice for an invoice so I can get a calculation of the fee, and I still don't have it. We want to pay the City the money, but I can't because I don't know exactly how much to pay." All of the focus group participants experienced multiple instances, across City departments, of being asked to pay a fee to the City without documentation. In the case of one department, the total amount owed for a fee is not disclosed unless the individual is "standing at the desk...and you're going to pay it [immediately]." Participants acknowledge that this is an extreme example, and that it is "not quite as bad" with other fees. One participant reported making a practice of using emails from the company's land-use attorney as the documentation to present to the company accountant so that a check could be produced. Participants noted that this can cause problems, because developers "have to have records for record-keeping, they can be subject to audit, and they often times have investors" who require precise records. In multiple instances in participants' experience, payment was delayed because the payment check did not precisely match the amount owed; sometimes being off by a few cents or dollars. If the calculation by a third party is slightly inaccurate, the developer may have to make multiple trips to the City department to pay the fee. Participants suggested that the City generate an invoice on City or department letterhead in advance of fee payment due dates.

In summary, participants commented that:

- Developers have not received adequate documentation of impact fees owed, or not received it on a timely basis.
- Inaccurate payment resulting from inadequate documentation is inconvenient and costly for developers to correct.



Issue Clarification

- For the impact fees that are due prior to issuance of site permits, the CPD and MOH inform developers of impact fees owed and fee calculations in writing on department letterhead prior to approving site permits.
- The MTA informs developers of impact fee amounts due in writing on department letterhead prior to issuance of site permits. Payment of the TIDF is not required until the certificate of final completion is ready to be issued, so issuance of a site permit is not withheld pending receipt of impact fees owed.
- The Wastewater Capacity Charge is collected by DBI when a site permit is issued, so advance documentation of the amount owed may be an issue. The collection process employed for the Wastewater Capacity Charge was not in the scope of the City-wide impact fee study.
- Disatisfaction with fee documentation and its timeliness may be aggravated by notification practices related to other user fees paid for development-related approvals or permits.
- In 2005, one instance was found when a developer had to make two payments to satisfy the Affordable Housing In-lieu Fee requirement. In that case, a rate change had occurred in the interval between the first invoice for the In-lieu Fee from the City and payment of the In-lieu Fee by the developer, requiring the developer to make a second fee payment.

Related Internal Process Issue: The timeliness of impact fee notification is determined by the pace of the City approval process for site permits. This issue is not in the scope of the collection process analysis.

5.D. Non-uniform Payment Processes

Participant Commentary

Participants noted that they must be familiar with the separate payment processes and acceptable forms of payment for the various City departments responsible for fees. Participants noted that it is not uncommon to hire an expediter, who may charge 10% of the fee due, to navigate City departments' systems. The use of an expediter is worth the added expense, participants said, because the costs of paying an incorrect amount or of missing a payment deadline can be high. Participants suggested the City establish a single location and process for payment of all City fees.

Issue Clarification

- One City department, the Office of the Treasurer and Tax Collector, collects payment of all City impact fees.
- The Port and SFUSD collect their own impact fees.
- The PUC and DBI collect the Wastewater Capacity Charge.
- Numerous user (non-capital) fees are assessed by multiple agencies for development-related approvals or permits, and their associated collection processes and accepted forms of payment may differ.

Related Internal Process Issue: None. All City impact fees are collected by a single payment process and location.

5.E. Other Input

Participant Commentary

When asked whether the purpose of the fee to be paid was clear to them, participants gave responses that suggest they do understand the purpose of the fees but the use of the fees is less transparent. For example, one participant noted that the 1% public art requirement leads to public art on the project site – a visible benefit. In contrast, when a developer pays the Transportation Impact Development Fee, they "write a big check and it goes away and that's it!" Participants expressed similar perspectives on the Childcare Fee, one characterizing the process as a developer "paying a dollar a foot, it goes away and there's no child care downtown." Overall, developers did not appear to understand how and where the Childcare Fee and Transit Impact Development Fees, particularly, have been used.

Focus group participants all noted that in-kind options, of the kind currently available to developers subject to the Inclusionary Affordable Housing requirements, made a more intuitive sense to them. One participant particularly appreciated that there is an onsite and offsite option in fulfilling the Inclusionary Affordable Housing requirements. Developers saw other opportunities for the City to offer in-kind options, specifically mentioning the Childcare and Open Space fees. As they noted, child care is in high demand in the downtown area. Providing the developers with an option to provide child care onsite rather than paying into the common pot seemed to be a "logical solution," and that "having a daycare center if not in the building, then close to the building works better." Interest in development agreements was expressed as means for developers to provide in-kind services themselves rather than paying a fee directly to the City.

In contrast, developers observed that the public spaces downtown are "intimidating" for the public to access, and that often the public are unaware that the spaces exist. "Rather than these little parks that are inside a building or on the roof of a building -- and the public doesn't even know they're there -- a public benefit would be to create real parks through our fees."

Issue Clarification: None.

Related Internal Process Issue: None, except that the availability of in-kind options adds another project attribute that must be tracked by the City to determine the impact fee requirements of a project.

SECTION 6 RECOMMENDATIONS

Several technological and procedural improvements are recommended to address the effectiveness of impact fee collection and other issues identified by the collection process analysis and stakeholder focus group. The recommendations of this study are structured in three groups:

- *Technological improvements:* Two recommendations include replacing the existing case- and permittracking systems used by the Planning Department and DBI, and until such replacement can be completed, modifying the existing permit-tracking system. Replacement of the separate existing systems with an integrated system would resolve all but two of the eleven issues concerning the effectiveness, efficiency, and coordination of fee collection, but could take several years to accomplish. Modifications to the existing permit tracking system could be made sooner, but their feasibility has not been definitively ascertained by DBI.
- Alternatives to technological improvements: These recommendations address all but one of the same issues addressed by the technological improvements. Their implementation would require a change in the Planning Code (recommendation #3), use of a city-wide standard impact fee invoice (recommendation #4), enhanced interdepartmental communication (recommendation #5), and a change in case-tracking procedures (recommendation #6). These recommendations would become more vital if the number of projects subject to impact fees increases so that the volume of paperwork and required level of coordination stretch current resources in the Planning Department and Office of the Treasurer.
- *Recommendations that supplement the technological improvements or non-technological alternatives:* These recommendations entail changes to Section 38 of the Administrative Code, various sections of the Planning Code, and other public information documents published by the City. These changes are recommended in addition to whichever technological or alternative recommendations are implemented, if any.

6.A. Technological Improvements

1. Replace the Case-Tracking and Permit-Tracking Systems (Issues 1-4, 6-8, and 10-11)

Most fee collection issues identified in this study arise from fragmentation of project data and consequent difficulties coordinating approvals with fee payments. Jurisdictions typically side step these issues by managing impact fee collection within the same database application that integrates case- and permit-tracking functions.



The foremost recommendation of this study is therefore to migrate the separate case-tracking and permittracking systems used by the Planning Department and DBI, respectively, into a single, integrated application. The Municipal Transportation Agency, the Office of the Treasurer, the Mayor's Office of Housing, and any other City department that is involved in the collection of impact fees should also have access to the database application pursuant to the approvals it grants and impact fees it administers.

In order to resolve most of the issues cited in this report, an integrated database offers the key functionalities now unavailable to the City:

- Project screening for fee requirements based on project features determined at the time of site permit application and prior conditions of approval.
- Monitoring serial additions at a single site over a multi-year period to identify cumulative additions in excess of the minimum threshold for impact fee requirements.
- Policy latitude to collect impact fees at various approval stages and by any City department that has access to the database application, including DBI, the Planning Department, Mayor's Office of Housing, and Municipal Transportation Agency.
- Automatic impact fee calculation at the time of payment, replacing manual fee calculation.
- Reporting of the fee requirement, fee calculation basis, and payment status of all development projects in all stages of approval, increasing transparency.

The Planning Department has indicated that planning for implementation of such a system is underway.

2. Modify the Permit-Tracking System (Issues 1, 4, 6-7)

Pending replacement of the existing case-tracking and permit-tracking systems, modifications to the permit-tracking system can address collection timing, project screening, and efficiency issues.

Planners already have the capacity to create routing stops on addenda to site permits to ensure that DBI does not issue a certificate of final completion before Childcare, Downtown Park, SOMA Community Stabilization, and Visitacion Valley Community Facilities and Infrastructure Fees are paid. As noted in Issue 1, this method is not foolproof. Placing a routing stop on the underlying site permit, when the planner approves the site permit, could be more effective in preventing missed collections. The same functionality could be extended to staff in the Municipal Transportation Agency with regard to the Transit Impact Development Fee.

The permit-tracking system could also be modified to automatically screen projects for Transit Impact Development Fee requirements, as discussed in Issue 4. Automatic screening would probably not eliminate all projects not subject to the Transit Impact Development Fee because some determinants of the fee requirement may not be recorded as a defined variable in the permit-tracking system. Even incomplete automated screening would reduce workload and enhance the capacity for quality control, however.

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Both of the modifications described here would improve efficiencies as discussed in Issues 6 and 7.

The DBI has not reviewed the technological or procedural feasibility of this specific recommendation, but staff indicated that the permit-tracking system can accept modification.

6.B. Alternatives to Technological Improvements

3. Synchronize Fee Collection (Issues 1, 6, 7 and 11)

Collecting all impact fees when a site permit is issued would eliminate the need for staff in the Planning Department or Municipal Transportation Agency (MTA) to monitor construction or inspection staff to verify fee payment and reduce the likelihood that collection is overlooked for the Childcare, Downtown Parks, SOMA Community Stabilization, Visitacion Valley Community Facilities and Infrastructure, and Transit Impact Development Fees. In addition, synchronizing fee collection would also simplify reporting and quality control because fee status need only be evaluated for projects with site permits, but not for projects with certificates of final completion.

If impact fees are added or redefined to affect more development projects, then more development projects may be subject to multiple impact fees. Synchronizing collection of all impact fees could thus also reduce the number of fee transactions at separate points in the development approval process, making increased impact fee collection more manageable. In fact, most jurisdictions collect all impact fees when building permits are issued.

4. Adopt a City-wide Standard Invoice (Issues 2 and 3)

The Planning Department, Mayor's Office of Housing (MOH), and MTA should use a uniform invoice to notify the Office of the Treasurer of pending impact fee payments in order to reduce the likelihood of erroneous payment coding. The invoice should identify the development project, its sponsor, the site permit application number, and the fee amount owed, as do the form letters currently in use for this purpose. To avoid any ambiguity, the invoice should also specify the type of fee owed from a list of all City impact fees. With regard to the Inclusionary Affordable Housing In-Lieu Fee, the range of valid payment dates should be prominently indicated next to the amount of the fee to increase the likelihood that City staff promptly recognize invalid fee amounts and re-invoice the current amount due.

5. Notify the Mayor's Office of Housing of Site Permit Approval (Issue 10)

The Planning Department should establish a procedure to systematically inform the MOH of the projects that are required to provide affordable housing and for which the Planning Department has approved a site permit.

6. Enhance the Use of the Case-Tracking System for Reporting Purposes (Issue 11)

Reporting and quality control could be most improved by implementation of an integrated case/permittracking system (recommendation #1). In the absence of an integrated system, the use and structure of the

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existing case-tracking system could be enhanced in the following ways:

- The Planning Department staff could routinely update information in the case-tracking system when they approve site permits. In particular, individual planners could annotate case records with the site permit number, approval date, below-market-rate housing units provided, the amounts of all impact fees owed, and the amounts collected.
- The structure of the case-tracking system could be modified to include separate fields reflecting the various criteria that determine fee requirements, e.g. zoning type or geographic location, building square feet added, dwelling units, land use or occupancy type, ownership classification, etc., and staff could update these fields during site permit review.

These enhancements would partially address reporting deficiencies by reducing some of the data fragmentation. A reliably-accurate report of actual and pending fee payments and project status could be generated from the case-tracking system for all impact fees except the Transit Impact Development Fee. The enhancements would also make the basis of fee assessment more transparent. Having all relevant information in a single database would greatly simplify the auditing of processes to ensure the comprehensiveness and accuracy of fee collection.

This recommendation does not address reporting needs related to the Transit Impact Development Fee, which is administered by the Municipal Transportation Agency. Until a city-wide integrated case/permit-tracking system is implemented (recommendation #1), reporting and auditing functions related to the Transit Impact Development Fee could be most enhanced by automation of its assessment in the permit-tracking system (recommendation #2).

6.C. Supplemental Recommendations

7. Clarify the Administrative and Planning Codes (Issue 5)

The Administrative Code Section 38 should be amended to tighten the definition of the application filing dates that determine whether a development project is subject to the current or legacy Transit Impact Development Fee schedule, and amended to clarify the Transit Impact Development Fee exemption for arts activities. The specific amendments should be formulated under the advice of City attorneys.

The City should also consider amending the Planning Code to clarify fee vesting issues, *i.e.* when or under what circumstances are projects already in the planning process exempt from changes in impact fees. A range of permitting process thresholds are candidates for fee vesting, ranging from submittal of a complete application to site permit issuance. To be effective and avoid disputes, the selected permitting process status or approval could have a limited term of validity, with which fee vesting is concurrent.

8. Publish Comprehensive Schedule of Impact Fees (Issue 9)

Since 2005, the City has implemented three new impact fees (Rincon Hill Community Infrastructure Impact, SOMA Community Stabilization, and Visitacion Valley Community Facilities and Infrastructure Fees) and a new Wastewater Capacity Charge. These new fees and the pre-existing impact and in-lieu fees imposed by

the City and San Francisco Unified School District should be listed together and published prominently by DBI and CPD, with descriptions of the criteria of applicability, fee calculation method, and payment timing., A comprehensive schedule of City impact fees would raise awareness of the fees generally, and provide advance notice of potential impact fee requirements for projects not requiring approval by the Planning Commission but subject to the Transit Impact Development Fee or Wastewater Capacity Charge.

6.D. Summary

The recommended technological improvements include modifications to the existing permit-tracking system that can be made pending replacement of the case-tracking and permit-tracking systems with an integrated database application. The alterative procedural changes are recommended as substitute measures in-lieu of technological improvements. The supplemental recommendations should be implemented regardless of the technological or non-technological changes that are implemented. The recommendations are mapped to the collection process issues that they address in the following Exhibit 6.1.

			Recommendations						
		1	2	3	4	5	6	7	8
Collection Process Issues		Replace Case/Permit-Tracking Systems	Modify Permit-Tracking System	Synchronize Collection Timing	Adopt City-Wide Standard Invoice	Notify MOH of Site Permit Approval	Enhance Case-Tracking Procedures	Clarify Administrative Code Section 38	Publish Single Fee Schedule
Vei	Verification								
1	Collection Timing	Х	Х	X					
2	Assessment-Collection Time Lag	Х			Х				
3	Coding Impact Fee Payments	Х			Х				
4	Project Screening	Х	Х						
5	Application of Fees							Х	
Eff	iciency								
6	Planning Department	Х	Х	Х					
7	Municipal Transportation Agency	Х	Х	Х					
8	Office of the Treasurer	Х							
Int	er-Departmental Coordination								
9	Applicant Awareness of Fees								Х
10	Tracking Inclusionary Housing	Х				Х			
Rej	porting				T				
11	Planning & Quality Control	Х		Х			Х		

EXHIBIT 6.1 – SUMMARY OF ISSUES AND RECOMMENDATIONS

APPENDIX II-A

Three-Year Case-Tracking System Data Set

Index	Ja G M N N S Project Name	Site Appl'n Filed Date Site Permit Issued	Date CFC Issued	Inclusionary Affordable Housing Requirement	Jobs-Housing Linkage Fee Requirement	Childcare Fee Requirement	Downtown Park Fee Requirement
1	2001.0661 1168 FOLSOM STREET	YES 12/22/2	003 12/22/2005	In-kind	-		
2	2002.0333 270 VALENCIA ST	YES 3/16/2	004 2/2/2006	In-kind			
3	2002.0812 61 - 69 CLEMENTINA ST	YES 9/29/2	004 3/24/2006	In-kind			
4	2002.1198 3184 MISSION ST	YES 3/18/2	005 5/30/2006	In-kind			
5	2002.0446 50 Lansing Street	YES 3/19/2	004 7/28/2006	In-kind			
6	2003.1162 2351 POWELL ST	YES 9/15/2	005 9/1/2006	In-kind			
7	2002.1021 2525 CALIFORNIA ST	YES 6/2/2	005	524,685			
8	2003.0028 150 POWELL ST	YES 7/19/2	004	600,248			
9	1998.635 2101-2165 Bryant, etc.	YES 12/20/2	005	1,043,400			
10	2004.0090 2655 VAN NESS AV	YES 9/19/2	005	1,079,243			
11	2003.1086 1 SOUTH PARK AV	YES 6/21/2	006	1,131,744			
12	2003.0304 829 FOLSOM ST	YES 5/19/2	006	1,796,590			
13	2004.0296 631 FOLSOM ST	YES 5/10/2	006	3,778,117			
14	2003.0029 425 First Street	YES 2/8/2	006	11,026,146			
15	2002.0915 1635 CALIFORNIA ST	YES 10/17/2	003	In-kind			
16	2003.0466 555 04TH ST (aka 557 4th St.)	YES 8/27/2	004	In-kind			
17	2003.0584 690 Market Street	YES 7/19/2	005	In-kind			
18	2002.0951 693 SUTTER ST	YES 5/14/2)04	In-kind			
19	2004.0636 325 FREMONT ST	YES 6/23/2	004	In-kind			
20	2002.0813 175 TOWNSEND ST (170 King)	YES 8/9/2	004	In-kind			
21	2002.0124 2815 DIAMOND ST	YES 8/19/2	004	In-kind			
22	2003.0889 8 McLea	YES 11/15/2)04	In-kind			
23	2003.1152 329 BAY ST	YES 11/24/2	004	In-kind			
24	2001.1058 2000 POST ST (2161 SUTTER)	YES 12/15/2	004	In-kind			
25	2004.0551 201 SANSOME ST	YES 5/23/2	005	In-kind			
26	2004.0272 83 MCALLISTER ST	YES 7/28/2	005	In-kind			
27	2002.1263 333 FREMONT ST	YES 9/9/2	005	In-kind			
28	2001.0792 301 MISSION ST	YES 9/22/2	005	In-kind			
29	1999.554 830 7th St 601 KING ST	YES 10/11/2	005	In-kind			
30	2002.0628 1160 MISSION ST	YES 11/3/2	005	In-kind			
31	2004.0458 566 SOUTH VAN NESS AV	YES 11/10/2	005	In-kind			
32	2004.0953 74 NEW MONTGOMERY ST	YES 3/10/2	006	In-kind			
33	2005.0106 185 BERRY ST	YES 8/28/2	006		874,900		
34	2001.1039 55 09TH ST	YES 5/19/2	005		3,998,808	Required?	Required?
35	2004.0924 843-847 Montgomery Street	YES		329,780			
36	2004.0797 1728 HAIGHT ST	YES		884,476			
37	2004.0274 310 TOWNSEND ST	YES		1,259,090			
38	2006.0290 715 MARKET ST	YES		1,418,586			
39	2004.0027 900 MINNESOTA ST	YES		3,669,130			
40	2004.1341 721 MARKET ST	YES		In-kind			
41	2002.1303 1301 Indiana St.	YES		In-kind			
42	2003.0223 1275 FELL ST	YES		In-kind			
43	2003.0262 1455 MARKET ST	YES		In-kind			
44	2003.1113 FUTUREPLEX ASSOCIATES	YES		In-kind			
45	2004.0309 2949 18TH ST	YES		In-kind			
46	2004.0852 1 Hawthorne Street	YES		Required		Required?	Required?
47	2002.1179 1169 MARKET ST	YES		Required			
48	2003.0587 938-942 MARKET ST	YES		Required			
49	2003.0672 5800 03RD ST	YES		Required			
50	2004.0481 45 LANSING ST	YES		Required			
51	2004.0546 680 ILLINOIS ST	YES		Required			
52	2004.0552 340 FREMONT ST	YES		Required			
53	2004.0892 1844 MARKET ST	YES		Required			
54	2004.0920 973 MARKET ST	YES		Required			
55	2004.0980 642 HARRISON ST	YES		Required			
56	2005.0627 410 Jessie Street	YES		Required			
57	2005.1068 1340 - 1390 Mission Street	YES		Required			
58	2006.0133 1299 BUSH ST	YES		Required			

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107 2001.0563 355 09TH AV (351 9TH AV) 108 2001.0772 3318 MISSION ST 109 2001.0911 Golden Gate Park Music Concourse 110 2002.0268 165 10TH ST 111 2002.0281 5825 MISSION ST 112 2002.0367 1601 LANE ST 113 2002.0430 378 10TH AV 114 2002.0447 302 SILVER AV 115 2002.0470 2012 PINE ST 116 2002.0569 435 VALENCIA ST	106	2001.0283 380 ELLIS ST							
108 2001.0772 3318 MISSION ST 109 2001.0911 Golden Gate Park Music Concourse 110 2002.0268 165 10TH ST 111 2002.0281 5825 MISSION ST 111 112 2002.0367 1601 LANE ST 111 113 2002.0430 378 10TH AV 114 2002.0447 302 SILVER AV 115 115 2002.0470 2012 PINE ST 116 116 2002.0569 435 VALENCIA ST 116	107	2001.0563 355 09TH AV (351 9TH AV)							
109 2001.0911 Golden Gate Park Music Concourse 100 110 2002.0268 165 10TH ST 100 111 2002.0281 5825 MISSION ST 100 112 2002.0367 1601 LANE ST 100 113 2002.0430 378 10TH AV 100 114 2002.0447 302 SILVER AV 100 115 2002.0470 2012 PINE ST 100 116 2002.0569 435 VALENCIA ST 100	108	2001.0772 3318 MISSION ST							
110 2002.0268 165 10TH ST 111 111 2002.0281 5825 MISSION ST 112 112 2002.0367 1601 LANE ST 113 113 2002.0430 378 10TH AV 114 114 2002.0477 302 SILVER AV 115 115 2002.0470 2012 PINE ST 116 116 2002.0569 435 VALENCIA ST 116	109	2001.0911 Golden Gate Park Music Concourse							
111 2002.0281 5825 MISSION ST 112 2002.0367 1601 LANE ST 113 2002.0430 378 10TH AV 114 2002.0447 302 SILVER AV 115 2002.0470 2012 PINE ST 116 2002.0569 435 VALENCIA ST	110	2002.0268 165 10TH ST							
112 2002.0367 1601 LANE ST 113 2002.0430 378 10TH AV 114 2002.0447 302 SILVER AV 115 2002.0470 2012 PINE ST 116 2002.0569 435 VALENCIA ST	111	2002.0281 5825 MISSION ST							
113 2002.0430 378 10TH AV 114 2002.0447 302 SILVER AV 115 2002.0470 2012 PINE ST 116 2002.0569 435 VALENCIA ST	112	2002.0367 1601 LANE ST							
114 2002.0447 302 SILVER AV 115 2002.0470 2012 PINE ST 116 2002.0569 435 VALENCIA ST	113	2002.0430 378 10TH AV							
115 2002.0470 2012 PINE ST 116 2002.0569 435 VALENCIA ST	114	2002.0447 302 SILVER AV							
116 2002.0569 435 VALENCIA ST	115	2002.0470 2012 PINE ST							
	116	2002.0569 435 VALENCIA ST							
ndex	e G N N N Project Name	Site Appl'n Filed	Date Site Permit Issued	Date CFC ssued	nclusionary Affordable Housing Requirement	Jobs-Housing -inkage Fee Requirement	Childcare Fee Requirement	Jowntown Park Fee Requirement	
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117	2002.0605 4614 CALIFORNIA ST				_ \	,	0 2		
118	2002.0658 735 07TH AV								
119	2002.0809 340-370 VALENCIA ST								
120	2002.0914 675 TOWNSEND ST								
121	2002.0927 1340 & 1390 MISSION ST								
122	2002.0928 7 VANDEWATER ST								
123	2002.1036 651 GEARY ST								
124	2002.1084 321 GRANT AV								
125	2002.1111 1451 HAIGHT ST								
126	2002.1121 344 TARAVAL ST								
127	2002.1220 990 Polk Street								
128	2002.1255 2191 Market Street								
129	2002.1298 624 LAGUNA ST								
130	2002.1305 1096 SOUTH VAN NESS AV								
131	2003.0038 17th & Rhode Island Grocery SUD								
132	2003.0080 2599 LOMBARD ST								
133	2003.0159 2525 MISSION ST								
134	2003.0228 519 ELLIS ST								
135	2003.0363 2626 BALBOA ST								
136	2003.03/5 2/4 BRANNAN ST								
137	2003.0410 3575 GEARY BL								
138	2003.0600 536 28TH AV								
139									
140	2003.0660 3740 GEARY BL								
141	2003.0735 459 091H AV								
142	2003.0762 TT35 EVANS AV								
143	2003.0641 1950 GREEN ST								
144	2003.0855 680 HAIGHT ST								
146	2003.0877_1843-1845-1849-1851-1853 EILBERT ST								
147	2003 0892 1350 THOMAS AV								
148	2003.0960 1740 20TH ST								
149	2003.0964 1881 POST ST								
150	2003.0980 4840 Mission Street								
151	2003.0993 572 - 576 GREEN ST								
152	2003.1028 3150 18TH ST								
153	2003.1049 Amendment of Sections 311 & 312								
154	2003.1051 Habitat for Humanities BART Prop.								
155	2003.1091 2696 Geary Bl								
156	2003.1099 1601 NORIEGA ST								
157	2003.1171 110 KENSINGTON WY								
158	2003.1182 1345 GRANT AV								
159	2003.1206 690 MARKET ST								
160	2003.1208 2601 MISSION ST								
161	2003.1210 5600 03RD ST								
162	2003.1225 1690 FOLSOM ST								
163	2003.1227 549-573 MISSION St.								
164	2003.1230 1014 GLEIVIENT ST								
165	2003.1241 1447 LUMBARD ST								
167	2003.1200 1201 ONTEGA 31 2002.1252.409 EUNISTON AV								
160	2003.1232 490 FUNSTON AV 2003.1298 49 DUBOCE AV								
160	2003 1305 2250 Geary Rivd								
170	2004 0005 2554 MISSION ST								
171	2004 0049 1348 10TH AV								
172	2004.0055 Transbay General Plan Amendments								
173	2004.0088 1042 MINNA ST								
174	2004.0094 522-524 37TH AV								
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nde	o Project Name	Site	Date Pern	Date ssu	Affol Affol Hou;	Jobs Linka Tequ	Child	Jow Park Requ
175	2004.0097 2070 GOLDEN GATE AV							
176	2004.0098 2070 GOLDEN GATE AV							
177	2004.0099 2070 GOLDEN GATE AV							
178	2004.0116 528 DIVISADERO ST							
179	2004.0129 835 HYDE ST							
180	2004.0130 1353 BUSH ST							
181	2004.0141 100 FELION SI							
182	2004.0150 1450 LOMBARD ST							
184	2004.0176_1101-1123 Fillmore Street							
185	2004.0182 1135 EVANS AV							
186	2004.0198 527 BALBOA ST							
187	2004.0205 1218 - 1226 LEAVENWORTH ST							
188	2004.0213 52-60 06TH ST							
189	2004.0215 2298 MARKET ST							
190	2004.0231 Height/Bulk Change (3775, Lots 7&8)							
191	2004.0234 2917 24TH ST							
192	2004.0241 130 CHURCH ST							
193	2004.0267 3237 PIERCE ST							
194	2004.0281 4726 MISSION ST							
195	2004.0203 040 301 AV							
190	2004.0292 301-303 Clement Street							
198	2004.0306 50 THOMAS MORE WY							
199	2004.0347 2800 LEAVENWORTH ST							
200	2004.0348 500 COLUMBUS AV							
201	2004.0353 2241 GEARY BL							
202	2004.0370 3640 BALBOA ST							
203	2004.0374 401 UNIVERSITY STREET							
204	2004.0381 507 DUBOCE AV							
205	2004.0392 900 North Point							
206	2004.0402 165 Guerrero Street							
207	2004.0421 4001 JUDAH ST							
200	2004.0453 470 Clementina St							
210	2004.0464 475 Tehama St							
211	2004.0480 1400 GRANT AV							
212	2004.0483 1214 POLK ST (aka 1220 Polk St)							
213	2004.0487 179 SAN CARLOS ST							
214	2004.0501 2000 VAN NESS AV							
215	2004.0508 3555 CESAR CHAVEZ ST							
216	2004.0522 2001 UNION ST							
217	2004.0533 737 TEHAMA ST							
218	2004.0550 562 ARLINGTON ST							
219	2004.0560 787 BRANNAN ST							
220	2004.0569.73111PINE AV							
222	2004.0574_1656 SHAFTER AV							
223	2004.0598 2740 FILBERT ST							
224	2004.0599 1022 GILMAN AV							
225	2004.0605 NextG Settlement and Right of Way							
226	2004.0617 1450 GRANT AV							
227	2004.0633 268 MCALLISTER ST							
228	2004.0645 5825 MISSION ST							
229	2004.0649 603 BAKER ST							
230	2004.0656 3579 FOLSOM ST							
231	2004.0000 33 FARALLONES ST							
232	2004.0743 2420 SUITER SI							

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<u> </u>		ы		<u>o</u> s	EÁIÆ	э́л́е́	ΟĒ	
233	2004.0746 87.061H ST							
234	2004.0828 The Music Concourse - GG Park							
235	2004.0831 532 GREEN ST							
236	2004.0832 2145 GALIFORNIA ST							
237	2004.0842 Lincoln Park Pump							
238	2004.0849 1750 FULTON ST							
239								
240	2004.0838 766 VALLEJO ST							
241	2004.0074 332 VALLET ST							
242	2004.0876 2000 VAN NESS AV							
243								
244								
245	2004.0917 37 GLADVS ST							
240	2004.0925 401 COLUMBUS AV							
248	2004.0936 1501 15TH ST							
249	2004.0940 1728 HAIGHT ST							
250	2004.0945 695 BBYANT ST							
251	2004.0952 2141 CHESTNUT ST							
252	2004.0962 50 Thomas More Way							
253	2004.0973 229.32ND AV							
254	2004 0984 2696 GEABY BI							
255	2004.1019.2816 San Bruno							
256	2004 1029 41 WEST PORTAL AV							
257	2004.1043 South of Mrkt Bed. Plan Amendment							
258	2004 1049 390 MAIN ST							
259	2004.1067 33 MOSS ST							
260	2004.1069 1815 TABAVAL ST							
261	2004.1075 733 FRONT ST							
262	2004.1091 1639 IRVING ST							
263	2004.1104 1360 STEVENSON ST							
264	2004.1114 2655 HYDE STREET							
265	2004.1118 1075 EVANS AV							
266	2004.1135 100 PHELAN AV							
267	2004.1140 1600 MARKET ST							
268	2004.1145 2609 JUDAH ST							
269	2004.1166 3220 SACRAMENTO ST							
270	2004.1169 1251 THOMAS AV							
271	2004.1171 906-910 UNION ST							
272	2004.1174 1657 POWELL ST							
273	2004.1184 6847 CALIFORNIA ST							
274	2004.1212 2837 MISSION ST							
275	2004.1253 100 ALPINE TR							
276	2004.1254 1077 MISSISSIPPI ST							
277	2004.1257 1026 VALENCIA ST							
278	2004.1266 301 14TH AV							
279	2004.1268 2122 UNION ST							
280	2004.1300 2154 IRVING ST							
281	2004.1320 1177 California Street							
282	2004.1321 1301 POLK ST							
283	2004.1323 4022 24TH ST							
284	2004.1338 2231 PINE ST							
285	2004.1339 1057 MISSISSIPPI ST							
286	2004.1342 693 SUTTER ST							
287	2004.1346 5290 DIAMOND HEIGHTS BL							
288	2005.0009 1110 Taylor Street							
289	2005.0020 1124 LEAVENWORTH ST							
290	2005.0028 624 LAGUNA ST							

dex	ase Number	ite Appl'n iled	ate Site ermit Issued	ate CFC sued	ıclusionary ffordable ousing equirement	obs-Housing inkage Fee equirement	hildcare Fee equirement	owntown ark Fee equirement
		СШ		D	FAIR	516	Ощ	
291	2005.0031 429 MASON ST							
292	2005.0055 59 30th Street aka 801 SAN JOSE AV							
293	2005.0056 1640 HAYES ST							
294	2005.0087 1400 GRANT AV							
295	2005.0092 465 WOOLSEY ST							
296	2005.0094 81 ERVINE ST	_						
297	2005.0096 1160 MISSION ST							
298	2005.0097 890 VIENNA ST							
299	2005.0105 134 GOLDEN GATE AV							
300	2005.0110 3800 24TH ST							
301	2005.0129 3640 SACRAMENTO ST							
302	2005.0130 3625 Buchanan Street							
303	2005.0140 230 TURK ST							
304	2005.0157 144 21ST AV							
305	2005.0197 2022 HAYES ST							
306	2005.0198 301 MISSION ST							
307	2005.0199 1198 CLAYTON ST							
308	2005.0201 575 07TH AV							
309	2005.0205 638, 660, 662 Campbell Avenue							
310	2005.0217 601 BROADWAY							
311	2005.0220 748 Innes Avenue (aka 738 INNES AV)							
312	2005.0275 229 32ND AV KDBurke School							
313	2005.0281 413 JUDAH ST							
314	2005.0311 1303 POLK ST							
315	2005.0315 2397 21ST AV							
316	2005.0392 631 TARAVAL ST							
317	2005.0414 2001 POLK ST							
318	2005.0425 524 HOWARD ST							
319	2005.0432 2237 MASON ST							
320	2005.0433 1331 POLK ST							
321	2005.0443 829 MISSION ST							
322	2005.0451 2750 RIVERA ST							
323	2005.0458 BOS Ord-18th/Sanchez Zoning Change							
324	2005.0459 BOS Ordinance-Height Exemptions							
325	2005.0460 Financial Services in the SLI							
326	2005.0463 399 BUENA VISTA EAST AV							
327	2005.0475 40 JESSIE ST							
328	2005.0478 BOS Ordinance-PC Code 818 Amendment							
329	2005.0480_2814 JENNINGS ST							
330	2005.0485 69 WEST PORTAL AV							
331	2005.0489 Allocat Dwnt. Park Special Fund							
332	2005.0492 2461-2463 LOMBARD							
333	2005.0500 BOS Appeal Surcharge Legislation							
334	2005.0522 3041 FILLMORE ST							
335	2005.0529 230 West Portal							
336	2005.0541 49 KEABNY ST							
337	2005.0564_2101 LOMBARD ST							
338	2005.0565.2110 Clement Street							
339	2005.0569 1337 GRANT AV	1						
340	2005.0579 1119 MISSION ST							
341	2005.0581 Diaper Changing Legislation	1						
342	2005 0582 655 BROTHERHOOD WY							
343	2005.0615_123 COBBETT AV	1						
344	2005.0632.111 WEST PORTAL AV	1						
345	2005 0663 836 IBVING ST	1						
346	2005 0664 BOS - Med. Cannabis Code Amendments	1						
347	2005.0665 BOS - Med. Cannabis Code Amendments	1						
349	2005 0675 2591 SAN BRUNO AV	-						
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	Number	Appl'n	Site it Issued	CFC d	sionary dable ing irement	-Housing Ige Fee irement	care Fee irement	ntown Fee irement
ndex	e e O Project Name	Site A	Date Perm	Date ssue	Affor Affor Hous Requ	Jobs- Linka Requ	Child Requ	Jowr Park Requ
349	2005.0682 1812 PACIFIC AV	0, E				,	0 1	
350	2005.0698 76 WEST PORTAL AV							
351	2005.0709 899 VALENCIA ST							
352	2005.0737 2601 MISSION ST							
353	2005.0740 988 HOWARD ST							
354	2005.0748 1145 POLK ST							
355	2005.0757 5133 MISSION ST							
356	2005.0770 450 SUTTER ST							
357	2005.0771 990 COLUMBUS AV (aka 665 Chestnut)							
358	2005.0772 BOS - Med. Cannabis Code Amendments							
359	2005.0779 2871 24TH ST							
360	2005.0795 2015 GREENWICH ST							
361	2005.0804 2155 WEBSTER ST							
362	2005.0816 55 STOCKTON ST							
363	2005.0838 1135 EVANS AV							
364	2005.0850 1430 YOSEMITE AV							
365	2005.0851 535 MISSION ST							
366	2005 0857 324 COBTLAND AV							
367	2005 0861 2535 TABAVAL ST							
368	2005 0865 271 CUMBERIAND ST							
369	2005 0866 1115 NOE ST							
370	2005 0868 Executive Park / Candlestick Cove							
371	2005 0879 1151 TABAVAL ST							
372	2005 0894 100 Armory Drive							
373	2005 0955 1684 MARKET ST							
374	2005 0960 1407 BUSH ST							
375	2005 0965 724 VAN NESS AV							
376	2005 0976 2222 Polk Street							
377	2005 0978 1636 POWELL ST							
378	2005.0982 244 Townsend							
379	2005.0988 4050-19th Avenue							
380	2005.0991 3011 STEINER ST							
381	2005.0999 627 VALLEJO ST							
382	2005.1036 Inclusionary Affordable Housing							
383	2005.1049 1685 SACRAMENTO ST							
384	2005.1055 881 INNES AV							
385	2005.1056 590 CASTRO ST							
386	2005.1071 1800 MASON ST							
387	2005.1089 4041 GEARY BL							
388	2005.1116 Inclusionary Affordable Housing							
389	2005.1118 557 ASHBURY ST/Doolan/Larson Res.							
390	2005.1127 1340 MISSION ST							
391	2005.1129 1161 POST ST							
392	2005.1199 185 POST ST							
393	2005.1203 472 DIAMOND ST							
394	2005 1205 4151 24TH ST							
395	2006.0005 1222 09TH AV							
396	2006.0088 594 CHESTNUT ST	1						
397	2006.0100 470 WEST PORTAL AV	1						
398	2006.0109 3184 MARKET ST (aka 331/341 Corbett							
399	2006.0127 370 09TH AV	1						
400	2006.0143 3692 18TH ST	1						
401	2006 0145 Section 315 BMR Amendments	1						
402	2006 0147 145 NATOMA ST							
403	2006.0150.235 BBOADWAY	1						
404	2006 0187 2209 POLK ST							
405	2006.0326.103 SAGAMORE ST	1						
406	2006 0332 2406 BRVANT ST							
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Xe	e. Number	Appl'n d	e Site mit Issued	e CFC Jed	usionary ordable Ising Juirement	s-Housing kage Fee luirement	ldcare Fee Juirement	vntown k Fee luirement
pu	O Project Name	Site	Date	Dati	Affc Hou Req	Linb Req	Chil Req	Dov Parl Req
407	2006.0360 472 GROVE ST							
408	2006.0419 2030 POLK ST							
409	2006.0468 1201 ORTEGA ST							
410	2006.0506 1320 CASTRO ST							
411	2006.0618 156 BROAD ST							
412	2006.0745 501 EEU ST							
413	2003.0949.3300 CLAY ST							
415	2003.1181 801 MISSION ST							
416	2003.1314 900 GRANT AV							
417	2004.0140 494 14TH ST							
418	2003.0090 3953 24TH ST							
419	2003.1077 1970 MCALLISTER ST							
420	2000.152 3229 MISSION ST							
421	2000.778 1416 VALENCIA ST							
422	2001.0041 147 SOUTH PARK AV							
423	2001.0566 1305 18TH AVE							
424	2001.0569 3150 SACRAMENTO ST							
425	2001.05/5 Polero Power Plant Expansion							
420	2001.0802.50-70 OAK ST							
428	2002 0065 150 BBOADWAY							
429	2002.0207 5894 MISSION ST							
430	2002.0260 985 GENEVA AV							
431	2002.0277 150 GOLDEN GATE AV							
432	2002.0346 1301 POLK ST							
433	2002.0390 1628 LARKIN ST							
434	2002.0395 417 31ST AVE							
435	2002.0477 351 SHOTWELL ST							
436	2002.0575 3537 19TH ST							
437	2002.0657 3727 BUCHANAN							
430	2002.0691 201 161H 31 2002.0735 296 TOWNSEND ST							
439	2002.0735 290 TOWINSEND ST							
441	2002.0778 150 BBOADWAY							
442	2002.0782 California Academy of Sciences							
443	2002.0804 1200 GEARY BL							
444	2002.0805 Mid Market Redevelopment Plan							
445	2002.0828 598 BELVEDERE ST							
446	2002.0877 720 Moscow St.							
447	2002.0897 130-134 Ripley							
448	2002.0913 2001 UNION ST							
449	2002.0917 144 WAYLAND ST							
450	2002.0940 1780 OANDALE AV							
451	2002.0942 470 CASTRO ST							
453	2002.0967_2000 VAN NESS AV							
454	2002.1001 2020 CLEMENT ST							
455	2002.1007 1193 OAK ST	1						
456	2002.1010 1300 POLK ST							
457	2002.1041 103 SAGAMORE ST							
458	2002.1049 34 LELAND AV			-				
459	2002.1078 3734 GEARY BL							
460	2002.1086 501 02ND ST							
461	2002.1087 1201 19TH AV							
462	2002.1093 1420 HAIGHT ST							
403	2002.1103 4033 101H 31 2002.1120 678 DODTOLA DD							
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Index	2 s V O Project Name	Site Ap Filed	Date Si Permit	Date C Issued	Inclusi Afforda Housin Requir	Jobs-H Linkag Requir	Childo	Downto Park Fo Requir
465	2002.1174 2223 POLK ST					-		
466	2002.1175 680 VALENCIA ST							
467	2002.1204 222 COLUMBUS AV							
468	2002.1210 423 35TH AV							
469	2002.1219 1770 FELL ST							
470	2002.1231 1015 OCEAN AV							
471	2002.1238 1777 FULTON ST							
472	2002.1286 1441 GRANT AV							
473	2002.1301 230 - 242 TURK ST							
474	2002.1306 1155 TENNESSEE ST							
475	2003.0016 649 KEARNY ST							
476	2003.0023 1562 FELL ST							
477	2003.0027 2969 24TH ST							
478	2003.0032 1200 09TH AV							
479	2003.0037 165 TEXAS ST							
480	2003.0051 2031 POLK ST							
481	2003.0057 11 CLARENDON AV							
482	2003.0073 1301 MARKET ST							
483	2003.0083 570 Green St							
484	2003.0091 333 DOLORES ST							
485	2003.0093 Jackson Square SUD							
486	2003.0120 3927 LAWTON ST							
487	2003.0141 3535 BALBOA ST							
488	2003.0142 3179 23RD ST							
489	2003.0162 1624 CALIFORNIA ST							
490	2003.0166 2070 MISSION ST							
491	2003.0167 42 SHOTWELL ST							
492	2003.0191 1402 GRANT AV							
493	2003.0207 1509 TARAVAL ST							
494	2003.0220 4092 18TH ST							
495	2003.0224 600 VAN NESS AV							
496	2003.0226 T038 HOWARD ST							
497	2003.0278 5810 MISSION ST							
498	2003.0280 4071 181H ST							
499	2003.0376 5630 MISSION ST							
500	2003.0397 1398 191H AV							
501	2003.0411 530 FOLSOM ST							
502	2003.0437 3817 NORIEGA ST							
503	2003.0440 831 JACKSON ST							
504	2003.0446 400 VALLEJO ST							
505								
500	2003.0544 605 ITALT AV							
508	2003.0611 1121 FOLK 31							
500	2003.0705 3995 ALEMANY BI							
510	2003.0705 3995 ALEMANT BE							
511	2003.0727 490 0011131							
512	2003 0794 1728 HAIGHT ST							
512	2003 0796 1501 GRANT AV							
514	2003 0804 901-933 Bayshore Blvd							
515	2003 0809 707 - 719 CL EMENT ST							
516	2003 0829 1151 Geneva Avenue							
517	2003 0830 3906 JUDAH ST	l						
518	2003 0838 848 COLE ST							
519	2003.0865_1356 GRANT AV							
520	2003 0868 544 VALENCIA ST							
521	2003.0881 3119 CLEMENT ST	-						
522	2003.0924 659 COLUMBUS AV							
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Index	Case Number	Project Name	Site Appl'n Filed	Date Site Permit Issued	Date CFC Issued	Inclusionary Affordable Housing Requirement	Jobs-Housing Linkage Fee Requirement	Childcare Fee Requirement	Downtown Park Fee Requirement
523	2003.0940	1469 - 18th Street							
524	2003.0941	500 POTRERO AV							
525	2003.0963	1160 POLK ST							
526	2003.1038	1490 MASON ST							
527	2003.1047	3372 MISSION ST							
528	2003.1082	1145 POLK ST							
529	2003.1101	Tam's Cafe 1818 San Jose Avenue							
530	2003.1159	1001 Potrero Ave							
531	2003.1184	524 POST ST							
532	2003.1231	1340 IRVING ST							
533	2003.1258	444-488 Presidio Avenue							
534	2003.1273	2201 37TH AV							
535	2003.1296	3198 16th ST/389 GUERRERO ST							
536	2004.0185	3995 ALEMANY BL							

APPENDIX II-B

Fiscal Year 2005-06 Impact Fee Payment Data Set

FY 2005-6 Impact Fee Payments

Address	Site Permit No.	Fee	Fee Amount	Fee Basis	Permit Basis	Over (Under) Collection
1529 Page	not found	JHL	\$300,000	per NSR	not available	\$0
310 Townsend	200505021337	In-Lieu	\$1,259,090	45 units	45 units	\$0
1 South Park	200405194312	In-Lieu	\$1,131,744	35 units	35 units	\$0
843 Montgomery	200508220865	In-Lieu	\$329,780	13 units	13 units	\$0
49 Kearny	200603035967	Park	\$25,117	per NSR	not available	\$0
888 Howard	200208154137	JHL	\$4,806,926	428,807 sq ft	434,000 sq ft	(5,200sf)@\$11.21=(\$58,292)
733 Front	200412282224	In-Lieu	\$1,700,987	69 units	71 units	(2 units)@\$170,000=(\$340,000)
1 Rincon Hill (425	200412211847	In-Lieu	\$11,026,146	390 units	382 units	8 units@\$167,000=\$1,336,000
1 Rincon Hill (425	200412211847	SOMA	\$98,471	393,884 sq ft	not available	unknown
400 Howard	20000122762	JHL	\$1,643,785	146,636 sq ft	not available	unknown
625 Townsend	200512059471	TIDF	\$265,580	53,116 sq ft	not available	unknown
631 Folsom	200505021326	In-Lieu	\$3,778,117	not available	120 units	unknown
715 Market	200504059219	In-Lieu	\$1,418,586	50 units	not available	unknown, not issued
900 Minnesota	200512029382	In-Lieu	\$3,669,130	115 units	142 units	permit under revision

Key to Abbreviations

JHL = Jobs-Housing Linkage Fee

In-Lieu = Inclusionary Affordable Housing In-Lieu Fee

Park = Downtown Park Fee

TIDF = Transit Impact Development Fee

SOMA = South of Market Area Community Stabilization Fee

APPENDIX II-C

Stakeholder Focus Group Report and Protocol



January 2007

Overview

The City and County of San Francisco is sponsoring a Development Impact Fee Study, spearheaded by Financial Consulting Solutions Group (FCS), to improve and update the City's fees and fee collection process. As part of this project, the City wants to gather information on the current development impact fee payment process from the perspectives of stakeholders, including developers and land-use attorneys. FCS GROUP subcontracted with LaFrance Associates, LLC (LFA) to develop questions, facilitate the focus group, analyze participant responses, and summarize key themes in a report.

Methods

LFA worked with FCS and the Development Impact Fee Study Steering Committee to develop a set of questions for stakeholders that would answer the City's key questions. The resulting protocol is attached to this report. In brief, the questions the City hoped to answer via this process are:

- 1. Is the City's process for calculating various development impact fees transparent?
- 2. Is the City's process for calculating and collecting various development impact fees consistent and predictable?
- 3. Is the City's process for collecting various development impact fees efficient?
- 4. How do development impact fees affect projects, financially and otherwise?
- 5. Do stakeholders understand the purpose of the fees?
- 6. What suggestions do stakeholders have for improving the City's development impact fee assessment and payment processes?

Using a list of developers and land-use attorneys provided by the City, LFA staff contacted thirteen stakeholders. Five of the thirteen agreed to join in a discussion; three actually participated in a focus group held at the LFA offices (centrally located in the Financial District). In an effort to broaden representation further to ensure that findings do not represent marginal or extreme opinions, LFA conducted telephone interviews with three additional stakeholders, using the same set of questions with the same wording as was presented in the focus group. Because both methods, focus group and telephone interview, make use of a facilitator or interviewer (as opposed to a self-administered mode such as a written survey) any social acceptability bias in responses is consistent.

The participants in this research (referred to in this report as "participants" regardless of whether they participated in the focus group or telephone interviews) represented a diversity of perspectives on developer impact fees, including: residential, commercial, developers, land use attorneys, experience developing affordable housing, and experience with other cities in addition to San Francisco.

1

Findings

Key findings from the stakeholder focus group and subsequent interviews include:

- Developers must engage with each City department separately to find out the applicable fee for their project, fee amount, and fee due date.
- The assessment of the fee can be ambiguous, particularly if the fee has changed over the project lifecycle.
- Developers value consistency and therefore predictability highly.
- The fee payment process is difficult to navigate.
- Developers routinely pay fees without documentation from the City.
- Developers appreciate the option of providing in-kind benefits, services, or units.

Knowledge of Applicable Fees

When planning project budgets, participants report that they estimate a lump sum that will cover all of the fees required by the City. When asked whether the City had informed them that a fee would be assessed on their project, participants responded by saying that they typically had to go to various City

"We anticipate these fees and we will continue to pay these fees, but it would be really nice to know what the fees are and not have them change mid-stream." –Participant

departments themselves to determine which fees were applicable to their project and how the total fee for the project was calculated. All participants said it is common to require services of an attorney to calculate fees, determine which fees are applicable to the project, and find out payment due dates. In order for a developer to receive financing, they must have a permit. If there is uncertainty surrounding applicable fees, then it can be difficult to establish a reasonable dollar amount to include in the pro forma. More importantly, it can become difficult to determine whether a given project makes good economic sense or not.

Some participants noted the recent "shock to the development community" regarding the new SFPUC Wastewater Fee. The surprise was particularly acute because the fees initially were to be required upfront, prior to receiving a permit. Participants report that it is unclear to them at present when they are required to pay that fee.

Changes to Fees

Participants noted that confusion can arise when fees change over the course of a project, particularly a large multi-year project. Beyond the ambiguity of whether to apply the fee applicable at project start or at the moment of fee payment,

"Since Rincon Hill, people feel like they don't really know what's going to happen to them." –Participant

stakeholders also noted impacts to project budgets. In some cases the financial impact on a project due to a changed and retroactively applied fee can be "substantial."

Participants noted that with large projects, budgets are set early in the project lifecycle. Should major changes occur, such as a fee basis increases, the budget change can cause problems – particularly if the change occurs as or just before the site permit is pulled and construction begins. The moment at which a site permit is pulled is a critical moment in a project timeline. It is the moment at which the project moves from planning to implementation; developers very clearly stated that changes to the fees after this point in the project can be extremely problematic. Changes at this point can cause lenders to "distrust" the developer. As one participant observed, the lender may wonder "What else have they overlooked?' They do not want changes after this point. You want to be locked in….There should be no surprises."

Fee Collection Process

Participants noted that they must be familiar with the separate payment processes and acceptable forms of payment for the City departments responsible for each fee. In the case of one department, the total amount owed for a fee is not disclosed unless the individual is "standing at the desk...and you're going to pay it [immediately]." Participants acknowledge that this is an extreme example, and that it is "not quite as bad" with other fees. In multiple instances in participants' experience, payment was delayed because the payment check did not precisely match the amount owed; sometimes being off by a few cents or dollars. Participants noted that it is not uncommon to hire an expediter, who may charge 10% of the fee due, to navigate City departments' systems. The use of an expediter is worth the added expense, participants said, because the costs of paying an incorrect amount or of missing a payment deadline can be high.

All of the focus group participants experienced multiple instances, across City departments, of being asked to pay a fee to the City without documentation. One participant reported making a practice of using emails from the company's landuse attorney as the documentation to present to the company accountant so that a check could be produced. Participants noted that this can cause

"I've asked [a department] twice for an invoice so I can get a calculation of the fee, and I still don't have it. We want to pay the City the money, but I can't because I don't know exactly how much to pay." –Participant

problems, because developers "have to have records for record-keeping, they can be subject to audit, and they often times have investors" who require precise records. Further, if the calculation by a third party is slightly inaccurate, the developer may have to make multiple trips to the City department to pay the fee.

There was a different perspective on this topic: some participants noted that the collection process "isn't the issue." According to this perspective, the lack of transparent methodology and lack of public debate surrounding which methodology to select in conducting nexus studies is the better area for inquiry and discussion.

Purpose of Fees/Use of Fees

When asked whether the purpose of the fee to be paid was clear to them, participants gave responses that suggest they do understand the purpose of the fees but the use of the fees is less transparent. For example, one participant noted that the 1% public art requirement leads to public art on the project site – a visible benefit. In contrast, when a developer pays the Transportation Impact Development Fee, they "write a big check and it goes away and that's it!" Participants

expressed similar perspectives on the Child Care Facilities Fee, one characterizing the process as a developer "paying a dollar a foot, it goes away and there's no child care downtown." Overall, developers did not appear to understand how and where the Child Care Facilities Fee and Transit Development Impact Fees, particularly, have been used.

In-Kind Options

Focus group participants all noted that in-kind options, of the kind currently available to developers subject to the Affordable Housing requirements, made a more intuitive sense to them. One participant particularly appreciated that there is an onsite and offsite option in fulfilling the Affordable Housing requirements. Developers saw other opportunities for the City to offer in-kind

"Rather than these little parks that are inside a building or on the roof of a building -- and the public doesn't even know they're there -a public benefit would be to create real parks through our fees." –Focus Group Participant

options, specifically mentioning the Child Care and Open Space fees. As they noted, child care is in high demand in the downtown area. Providing the developers with an option to provide child care onsite rather than paying into the common pot seemed to be a "logical solution," and that "having a daycare center if not in the building, then close to the building works better." Developers observed that the public spaces downtown are "intimidating" for the public to access, and that often the public are unaware that the spaces exist.

One suggestion that emerged from this research was for the City to consider making more use of development agreements, which would allow developers to provide services themselves rather than paying a fee directly to the City.

Suggestions

Participants identified the following ways that the fee assessment could be made clearer and the payment process more efficient:

- Provide an itemized summary of all applicable fees including the basis for calculating the fee for the project and due dates.
- Generate an invoice on City or Department letterhead in advance of fee payment due date.
- Establish a single location and process for payment of all City fees.
- Implement a policy of setting all final fees for the project upon issuance of site permit. Do not retroactively apply fee increases after site permit issuance.
- Make use of development agreements.



San Francisco Development Impact Fee Study: Development Impact Fee Process Current State Focus Group

The purpose of this conversation is to have a focused discussion on the development impact fee payment process in San Francisco. Some of you have probably paid these fees recently and have stories to tell. If you haven't paid the fees, we're still interested in understanding what you know about the fees and your understanding of the fees' impact on projects. This focus group is part of a larger project to improve and update the City's fees and fee collection process.

Introductions

- 1. Please say your name and the name of your company.
- 2. Which of the following fees you have paid, or know that you may be subject to pay, to the City of San Francisco? Please briefly describe the project for which you paid the(se) fee(s).
 - Child Care Capital Facilities Fee
 - Downtown Parks Fee
 - Transportation Development Impact Fee
 - Affordable Housing Fee
 - Inclusionary Housing Fee
 - South of Market Area (SOMA) Stabilization Fee
 - Rincon Hill Community Infrastructure Fee
 - Visitaction Valley Community Infrastructure Fee

Your Experiences

- 3. Did the City inform you that a fee would be assessed on your project? Did you know in time to adequately plan for the fees in your project's finances?
- 4. Was the purpose of the fee clear to you?
- 5. Did the timing of the fee payment impact the project?
- 6. Did the combination of fees impact your project? In what ways? Financially? Project impact?
- 7. How may the combination of fees impact a potential project? Financially? Project impact?
- 8. Were you presented the option of providing in-kind benefits, services or units in lieu of paying the fee? If not, would this seem a more valid option to you?
- 9. Have you ever had an experience where you believe that a fee was improperly calculated by the City and, if so, how was the issue resolved?

Your Assessment of the Process and Suggestions for Improvement

- 10. How public are the fees?
- 11. Is the fee and the payment process efficient?
- 12. What are some other processes San Francisco should consider for fee payment? You might think about your experiences in other cities or counties.
- 13. How can the City improve the current fee assessment and payment process?
- 14. What is most important for the City to "fix" with regard to its development impact fee process?
- 15. Do you have anything else to add?

Thank you!

APPENDIX II-D

City Staff Resources

Department of B	uilding Inspection	on
Sam	Kwong	
Anita	Lee	Central Permit Bureau
Hemalatha	Nekkanti	Management Information Systems
Mayor's Office of	Housing	
Chandra	Egan	Inclusionary Housing Program
Jeanne	Lu	Senior Loan Officer
Douglas	Shoemaker	Deputy Director
Municipal Transp	portation Agency	y
Steven	Nickerson	TIDF Administrator
Office of the Trea	asurer	
David	Augustine	Policy & Legislative Manager
Sonia	Martinez	Senior Cashier
Pauline	Marx	Deputy Treasurer
Planning Departr	ment	
Kelley	Amdur	Planner
Julian	Banales	Planner
Alton	Chinn	Programmer/Analyst
Alicia	John-Baptiste	Chief Administrative Officer
Yvonne	Ko	Planning Coordinator
Adam	Light	Planner
Jim	Miller	Planner
Matt	Snyder	Planner
Joshua	Switzky	Planner
Port of San Fran	cisco	
James	Hurley	Feasibility Analyst
Jennifer	Sobol	Project Manager
San Francisco R	edevelopment A	gency
Tom	Evans	Planner
San Francisco U	nified School Di	strict
Elizabeth	Lee	Real Estate Office



CITYWIDE DEVELOPMENT IMPACT FEE STUDY - CONSOLIDATED REPORT

CHAPTER III

COMPARATIVE PRACTICES ANALYSIS

CITY-WIDE DEVELOPMENT IMPACT FEE STUDY COMPARATIVE PRACTICES ANALYSIS

PREPARED FOR THE

CITY AND COUNTY OF SAN FRANCISCO

SAN FRANCISCO, CALIFORNIA

JANUARY 7, 2008

CONSULTING SERVICES PROVIDED BY:

FCS GROUP

225 Bush Street, Suite 1825 San Francisco, California 94104 T: 415.445.8947 F: 415.398.1601 www.fcsgroup.com

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SECTION 1 INTRODUCTION

This study element identifies decisional issues and conceptually evaluates options regarding revision of the City's existing impact fees for childcare and parks improvements and establishment new impact fees for fire and streetscape improvements. The research and evaluation was conducted early in the overall study process in order to inform the City's selection of the impact fee funding objectives and methodologies that were implemented by the nexus studies. The conceptual findings provided a framework for internal policy discussions between the various departments of the City responsible for administering impact fees and implementing the improvements they fund.

Process

To identify issues and options, the legislative background and case law in the state of California were reviewed, and an informal state-wide survey of municipalities conducted to define the range of current practices.

More than sixty cities were surveyed at a high level to identify those that exact development impact fees, and to demonstrate the relative acceptance of impact fees as a financing mechanism for the various improvements under consideration by the City. The survey effort then focused on twenty-two cities that have adopted impact fees of the type under consideration by the City, and made a preliminary analysis of options.

The Project Steering Committee reviewed the legal background, major issues regarding impact fees for parks, childcare, fire and streetscape improvements, and the preliminary analysis of options in two meetings. Feedback and inquiries from the Committee prompted additional research, and a draft report was subsequently submitted to the Committee evaluating the feasibility of alternative impact fee approaches within the context of development impact fee law and common practice in the industry.

Documentation

Section 2 of this chapter summarizes the legal background and principles guiding impact fees. Section 3 describes the scope and method of the survey effort. Sections 4-8 summarize the findings of the focused survey and evaluate impact fee options by type of public facility. Section 9 summarizes the options. Appendix A lists findings by individual cities in the survey. Appendices B and C contain samples of ordinances, municipal code, and reports that illustrate the selected findings.

The impact fee options discussed in this chapter have financial implications for City revenues and the economic feasibility of prospective development projects. Such implications are quantified by the nexus studies in separate chapters.

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SECTION 2 LEGISLATIVE GUIDELINES

Impact fees are a form of monetary exaction on new development, which must be paid as a condition of development approval. Impact fees are not taxes or special assessments. By definition, "a fee is voluntary and must be reasonably related to the cost of the service provided by the local agency".¹ They are collected by local governmental agencies to pay for infrastructure or capital facilities needed to serve new development. Because impact fees are collected during the development approval process, the fees are typically paid by developers, builders, or other property owners that are seeking to develop property.

Authority

The authority of local governments to impose impact fees on development comes from their police powers to protect the health and welfare of citizens under the California Constitution (Article 11, Section 7). Furthermore, the California Mitigation Fee Act provides a prescriptive guide to establishing and administering impact fees based on "constitutional and decisional law".² The Act, also referred to as AB1600, enacted Government Code Sections 66000-66025 in 1987.

Application and Limitations

The Act defines local governments to include cities, counties, school districts, special districts, authorities, agencies, and other municipal corporations.³ Fees governed by the Act include development fees of general applicability and fees negotiated for individual projects. The Act does not apply to user fees for processing development applications or permits, fees governed by other statutes--*e.g.* the Quimby Act, developer agreements, or penalties, or fees specifically excluded by the act--*e.g.* fees collected pursuant to agreements with redevelopment agencies, reimbursement agreements, and water hook-ups and capacity charges.⁴

Public facilities that can be funded with impact fees are defined by the Act as "public improvements, public services, and community amenities".⁵ Government Code, Section 65913.8 precludes the use of development fees to fund maintenance or services, with limited exceptions for very small improvements and certain

¹ Brown, Peter N. and Graham Lyons, "A Short Overview of Development Impact Fees", City Attorneys Department, League of California Cities, Continuing Education Seminar, February 27, 2003, p. 2.

² California Government Code, Section 66005(c)

³ California Government Code, Section 66000(c)

⁴ California Government Code, Section 66000(b)

⁵ California Government Code, Section 66000(d)

temporary measures needed by certain special districts. In combination these provisions "limit the use of most [impact] fees to public capital improvements".⁶

Required Basis (Nexus)

The fundamental limitations on impact fees, codified by the Act, are that (1) local governments must demonstrate how impact fees are related to the development projects that pay the fees, and (2) the fee paid by a development project must not exceed its reasonable and proportionate share of the cost of the facilities for which the fees pay. In particular, Government Code Section 66001 prescribes the following nexus requirements that local governments must document and adopt to enact impact fees:

- The purpose of the fees.
- The specific use of the fee, and the facilities which the fee finances.
- The reasonable relationship between the use of the fee and the type of development project paying the fee.
- The reasonable relationship between the need for the public facility and the type of development project paying the fee.
- The reasonable relationship (proportionality) between the amount of the fee and the cost of public facility or portion of the public facility attributable to the development on which the fee is imposed.

Implicit in these requirements is the restriction that fees not be used to remedy existing problems or deficiencies of infrastructure that are unrelated to the impacts of new development. It is also "well settled law that...a development project need only contribute to (rather than cause) an infrastructure impact in order to render lawful a development impact fee to mitigate the impact.⁷

To illustrate the nexus between new development, public facilities, and impact fees, local governments rely on several kinds of data that are usually included in general plans or capital improvement plans:

- current and future population projects,
- levels of service for each public facility, present and future, and
- future facilities needed, and the cost of those facilities.

The Act does not require that the nexus documentation incorporate an adopted capital improvement plan in order for the local government to enact impact fees, however.⁸ The public facilities that can be paid for with fees are not limited by the Act to facilities to be built in the future; the cost of existing facilities can be recovered from fees to the extent that existing facilities serve new development.⁹

⁶ Abbott, William, "Overview of the Fee Adoption Process—AB1600 Nexus Legislation", in *Exactions and Impact Fees in California, 2001 Edition*, edited by William Abbott et al, Solano Press Books, 2001, p. 94.

⁷ Brown, p. 5.

⁸ 66001(a)(2); Section 66002 does prescribe the informational elements required in a capital improvement plan so that it constitutes a formal plan for spending fees for other purposes of the Act.

⁹ Abbott, p. 98.

The Act does not preclude *ad hoc* project-specific exactions, which may be based on the impacts and mitigation needs of a specific project. Such fees are subject to a higher degree of scrutiny, requiring findings related to the impact of the individual development and its mitigation needs that must demonstrate an essential nexus and rough proportionality.¹⁰

Procedural Requirements

In addition to procedures for enacting fees and challenging fees, the Act prescribes certain practices of local governments to manage fees and report on their collection and spending.

Impact fees are to be deposited in their own fund, and not commingled with other monies, although local governments can authorize loans of impact fees between funds. Interest on impact fees is to be deposited with impact fees and used for the same purposes.

Every year local governments must describe each type of impact fee in each fund or account, the amount of the fee, the beginning and ending fund balances, the amount of fees collected and interest earned, the improvements paid for by fees, the amount of fees spent, the date by which construction of the improvements will commence for those improvements that are fully-funded, the amount of any inter-fund loans, and the amount of refunds.

Every five years local governments must report on unspent fees: How the fees are to be spent, the relationship between the fees and the purposes for which they were charged, all the sources and amounts needed to complete financing of incomplete improvements, and the dates when the remaining funding requirements will be obtained. Surplus fees not needed to complete identified improvements must be refunded. If the cost of refunding is greater than the total amount to be refunded, then following a public hearing, the fees can be allocated to some other need or project benefiting the development that paid the fees.

References

- Brown, Peter N. and Graham Lyons, "A Short Overview of Development Impact Fees", City Attorneys Department, League of California Cities, Continuing Education Seminar, February 27, 2003.
- Abbott, William, "Overview of the Fee Adoption Process—AB1600 Nexus Legislation", in *Exactions and Impact Fees in California, 2001 Edition*, edited by William Abbott et al, Solano Press Books, 2001.
- Wheaton, Linda, editor, *Pay To Play: Residential Development Fees in California Cities and Counties, 1999*, Institute of Urban and Regional Development, University of California, Berkeley, 2001

¹⁰ Brown, p. 5.

SECTION 3 SURVEY SCOPE AND METHOD

Jurisdictional Scope

A high-level, informal survey of more than sixty cities in California was conducted to identify those cities that charge development impact fees for parks, childcare, fire, and streetscape improvements, and to ascertain empirically the relative acceptance of impact fees as financing mechanisms for the various improvements under consideration by the City.

The survey effort was then narrowed and deepened to focus on the current policy and practices of twenty-two cities that exact impact fees for parks, childcare, fire, or streetscape improvements. These cities were selected for further study because of the relevance of the fees they impose and the availability of information about them. The surveyed cities and the types of impact fees they impose are summarized in the following exhibit:

	Childcare Fee(s)	Fire Fee(s)	Streetscape Fee(s)	Park Fee(s)		Childcare Fee(s)	Fire Fee(s)	Streetscape Fee(s)	Park Fee(s)
Anaheim		Х	Х		Paso Robles		Х		Х
Bakersfield		Х		Х	Sacramento		Х		Х
Concord	Х			Х	Salinas			Х	Х
Escondido		Х	Х	Х	San Diego		Х		Х
Fremont		Х		Х	San Luis Obispo			Х	Х
Fresno		Х		Х	Santa Clara				Х
Hayward				Х	Santa Rosa				Х
Lancaster				Х	Stockton		Х		Х
Merced		Х		Х	Sunnyvale			Х	Х
Modesto		Х		Х	Tracy				Х
Palo Alto				Х	Visalia		X	Х	Х

For information on childcare impact fees, we also referred to *Planning for Childcare in California* by Kirsten Anderson, published in 2006, for data compiled on eleven additional cities, *viz.* Berkeley, Danville, Davis, Los Angeles, Martinez, Palm Desert, San Mateo, San Ramon, South San Francisco, West Hollywood, and West Sacramento.

Topical Scope

In surveying cities, we asked the following questions believed to be relevant to the design of impact fee programs for park, childcare, fire, and streetscape improvements:

Factors Directly Affecting Fee Revenues and Impacts to Development:

- What kind of improvements do impact fees fund?
- What level of service do impact fees fund?
- What land uses and zones are subject to impact fees?
- Are impact fees assessed city-wide, or are separate impact fees assessed on different sub-areas in a city?
- What are the amounts of impact fees imposed by other cities?

Administrative Considerations:

- Is development in redevelopment areas typically subject to impact fees?
- Do cities encourage assessment district formation, or other special assessments, in lieu of imposing impact fees?
- What are typical policies for impact fee credits, refunds, adjustments, waivers, or exemptions?
- How are impact fees updated?
- Who is responsible for assessing impact fees?
- When are impact fees assessed?
- When are impact fees collected?
- How are fee assessment and collection coordinated?
- How do cities comply with statutory reporting requirements?
- Do cities commonly use nexus studies to support implementation of impact fees?

The survey effort gathered information from documents accessible to the public at official city websites, from informal telephone interviews with city staff, and from public documents requested of and provided by cities. Relevant documentation included municipal ordinances and resolutions, fee schedules, fee and nexus studies that establish impact fees, capital improvement plans, and sundry other city planning and financial reports.

The options in each topical area, and an evaluation of the options, are presented for each type of public facility separately in the following sections of this chapter.

SECTION 4 COMPARATIVE PRACTICES: RECREATION & PARKS

In San Francisco, downtown office development projects within districts C-3-O, C-3-O (SD), C-3-R, C-3-G, and C-3-S are charged \$2.00 per square foot of new or net area added. Fee revenues used solely to acquire and develop public recreation and park facilities for use by the daytime population of the C-3 Use Districts.

Issue: What kind of improvements do impact fees fund?

Options

All of the cities surveyed restrict the use of park-related impact fees to pay for capital improvements. Routine maintenance and repair are not funded by impact fees among the cities surveyed. Park impact fees are used to acquire land, develop new facilities, or rehabilitate facilities that serve new development.

- Park land is acquired for neighborhood parks, community parks, and open space.
- New recreational and cultural facilities, at both existing and new parks, include landscaping, turf, pathways, tot lots, lighted fields, sport courts, parking, restrooms, recreation centers, community centers, sports complexes, public art, swimming centers, water features, play areas, and band shells.
- Renovation and rehabilitation improvements include play equipment, clubhouses, picnic areas, fences, lighting, restrooms, tennis courts, swimming centers, senior centers, historic structures for private rental, HVAC systems, parking lot surfaces, irrigation systems, and sports fields.

Improvements such as community centers are often funded by a mixture of resources, of which impact fees are a fraction, in recognition that existing development typically benefits from such improvements. The same logic applies to other unique recreational or cultural amenities that potentially serve the entire community. Some cities conservatively choose not to fund community centers with any impact fees for the same reason. (See Exhibit 1 in Appendix A.)

Evaluation

Among capital improvements planned by the City, some may remedy existing deficiencies, *e.g.* neighborhood parks that have substandard recreational equipment or facilities relative to a desired city standard or to other neighborhoods. Other capital projects may rehabilitate existing facilities, extending their useful life. Others may increase the capacity of park facilities.

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To be well within the mainstream of common practice, park impact fees charged by the City would pay only for land acquisition, construction of new facilities, conversion of facilities not previously in use for public recreation, or upgrade of facilities that expands the size or functionality beyond the original design. The City's impact fees could also pay for rehabilitation or replacement of existing park and recreation facilities. The latter, more expansive use of impact fees is not unprecedented, but apparently less common. If adopted, the City could as a matter of policy choose to fund less than the full cost of rehabilitation and replacement costs from impact fees. One city in the survey explicitly collects less from impact fees that required to mitigate development impacts, hoping to avoid any risk of over-collection from new development.

Given the limited space available for new open space in many parts of the city, expanding the use of impact fee credit for developments that provide and maintain on-site public open space could be a practical alternative to acquiring mitigation sites.

Issue: What level of service do impact fees fund?

Options

Impact fees are calculated to fund capital improvements that may provide a level of service greater than, less than, or equal to the level of service provided to residents or employees by existing space and facilities. Among the surveyed cities for which the level of service could be readily identified, in two of them impact fees fund improvements that raise the level of service. In two others, impact fees fund improvements that maintain the existing level of service. In one city, impact fees fund less than the cost of improvements to maintain the current level of service.

Evaluation

Funding improvements that maintain the current level of service per capita puts less burden on new development than if a higher service level were funded. Lower fees support fewer improvements, however, and perpetuate any existing deficiency in the current level of service, in relation to a desired level of service.

Funding a level of service per capita that is higher than the current level would shrink any existing deficiency per capita over time. New development shoulders the entire burden for increasing the overall level of service per capita, however, unless other funding sources are used to remedy any existing deficiencies.

A compromise approach, used by the City of Merced, uses impact fees to fund improvements that provide an enhanced level of service, but also recognizes in its capital improvement plan the need to remedy existing deficiencies by other means *within a reasonable time frame*. While a "reasonable time frame" is not defined in the capital improvement plan, equal treatment of existing and new development could be construed to mean that existing deficiencies be remedied within the capital planning horizon upon which impact fees are based.

Issue: What land uses and zones are subject to park impact fees?

Options

Park impact fees currently are assessed only on downtown office development, but could be expanded to development of other types in other areas. In fact, most surveyed cities have park impact fees for residential development, and assess park impact fees either city-wide, or in all sub-areas where park improvements are planned. (See Exhibits 2 and 3 in Appendix A.)

Evaluation

Expanding the uses and areas subject to park impact fees has advantages that include increased funding for improvements, and a broader development base to provide continuous funding as activity shifts between residential and non-residential development. Its drawback is the added administrative cost to assess more development. Enhanced automation of fee assessment and collection processes could reduce this cost.

Issue: Are impact fees assessed city-wide, or are separate impact fees assessed on different sub-areas in a city?

Options

Some surveyed cities charge a single city-wide park impact fee applicable everywhere; others have unique park impact fees for separate sub-areas of their cities. (See Exhibit 2 in Appendix A.) One surveyed city combines these approaches: a single city-wide (often called "community") park impact fee is imposed to fund improvements that serve the entire city, and separate ("neighborhood") park impact fees are added in sub-areas to pay for open space and facilities that serve only local areas. The definition of community and neighborhood parks and facilities varies. One city has determined that neighborhood parks serve an area within a two-mile radius. Another city has narrowed the service boundary for residential users of neighborhood parks to a radius of ³/₄ mile. In another city, pocket parks have a service area with radius of ¹/₄ mile.

Evaluation

If anticipated development and planned improvements are spread evenly throughout the city, then a single, city-wide park impact fee may be practical and defensible for funding both community and neighborhoodoriented improvements. Moreover, even if anticipated development and planned improvements are clustered in certain sub-areas more than others, but most development and mitigation sites overlap geographically, then a single, city-wide fee may still be feasible for funding both community and neighborhood-oriented improvements. A single fee approach provides the most latitude for the city to prioritize improvement spending regardless of the particular location of development.

In contrast, if planned neighborhood-oriented improvements are not geographically distributed in proportion with anticipated development activity, then separate, unique sub-area impact fees would be advisable for neighborhood-oriented improvements. Additional sub-area impact fees would, however, pose increased administrative burdens for collection and spending of fee revenue.

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Issue: What are the amounts of impact fees imposed by other cities?

Among the surveyed cities, only two impose park impact fees on office development. Palo Alto charges \$3.68 per square foot. Sacramento charges between \$0.15 and \$0.20 per square foot for infill office development. San Francisco falls in between at \$2.00 per square foot.

Most surveyed cities impose park impact fees on residential development, however. (See Exhibit 3 in Appendix A.) The range of impact fees imposed on various types of residential development is illustrated in the following exhibits.







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SECTION 5 COMPARATIVE PRACTICES: CHILD CARE

In San Francisco, office and hotel development projects that create a net addition of 50,000 square feet are charged \$1.00 per square foot of new or net area added.

Issue: What kind of improvements do impact fees fund?

Most of the surveyed cities restrict the use of impact fees to pay for capital improvements. Only one of the surveyed cities uses childcare impact fees for purposes other than capital improvements, and its childcare impact fee pre-dates AB1600. The other surveyed cities use their impact fee revenues to extend loans and grants to construct, rehabilitate, purchase, or lease child care facilities. (See Exhibit 4 in Appendix A.)

AB1600 explicitly allows the use of impact fee revenues to reimburse other city funds that have financed improvements paid for by impact fees.

Issue: What land uses and zones are subject to childcare impact fees?

Options

At present only office and hotel development adding 50,000 or more square feet are subject to childcare impact fees in San Francisco. The City is considering expanding the uses that pay impact fees to reflect their need for childcare. Of the eleven surveyed cities with childcare impact fees, six charged impact fees to both residential and non-residential development, including single family development, apartments, condos, retail, office, hotel, industrial, and other classifications. Five of the cities charged only non-residential development. (See Exhibit 5 in Appendix A.) Several cities in the survey grant exemptions for senior and affordable housing, small businesses, agricultural uses, non-profits, additions that do not add bedrooms, and small apartment complexes.

Evaluation

Expanding the uses subject to impact fees has advantages that include increased funding for childcare improvements, and a broader development base that provides continuous funding as development activity shifts between residential and non-residential projects. Expanding the uses subject to impact fees could also alleviate any perceived inequity from making only office and hotel development pay for childcare improvements available for use by all city residents and employees.

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Increased capital funding for childcare improvements could translate into a need for greater supervision of childcare provider contracts. It is not clear if impact fees can recover this kind of operational cost.

Issue: Are impact fees assessed city-wide, or are separate impact fees assessed on different sub-areas in a city?

The basis for sub-area impact fees generally is prompted by the need for unique improvements in different sub-areas. With regard to childcare, the demand for improvements is linked more clearly to the *type* of development (*e.g.* office vs. warehouse projects), than to the *location* of development. The nexus study consultant for DCYF has pointed out that the mitigation site that is most convenient for the patrons of childcare is not necessarily in proximity to either the residential or commercial development that is required to fund childcare improvements. Among the surveyed cities, all appear to impose the same fees regardless of geographic location.

Issue: What are the amounts of impact fees imposed by other cities?

Among the surveyed cities, the impact fees imposed on office development range from \$0.02 per square foot to \$1.15 per square foot, with San Francisco falling toward the high-end at \$1.00 per square foot. The range is illustrated in the following chart. (See also Exhibit 3 in Appendix A.)



SECTION 6 COMPARATIVE PRACTICES: FIRE

Issue: What kind of improvements do impact fees fund?

Options

All of the cities surveyed restrict the use of fire impact fees to pay for capital facilities. Operations costs and routine maintenance and repair are not funded by impact fees among the cities surveyed. Fire impact fees are used to fund fire stations, both new and relocated, training facilities, vehicles, and equipment related to communications and life-saving. (See Exhibit 6 in Appendix A.)

Evaluation

The City's 10-year Capital Improvement Plan includes the construction of new fire stations, a new fire boat, repair or rehabilitation of existing fire stations, training facilities, and upgrade/expansion of cisterns and distribution lines. Some of these improvements, *e.g.* repair of fire stations, appear to remedy existing deficiencies. Others extend the useful life of facilities or increase the fire protection capacity of the city.

To be within the mainstream of common practice, fire impact fees would pay only for the addition of new facilities, the upgrade of facilities that expands their original capacity or functionality, or the relocation of existing facilities to better serve new development. The City's impact fees could also defray part of the costs of rehabilitation or replacement of existing facilities. The latter approach was not observed among the surveyed cities, although the survey was not exhaustive.

Issue: What level of service do impact fees fund?

Options

In surveyed cities for which nexus studies were obtained, the design of their city-wide or sub-area fireprotection systems to be completed in the future determines the target level of service. In at least one city, the current level of service is approximately equal to the target level. In other cities, deficiencies in the current level, relative to the target level, are explicitly recognized in their capital improvement plans. Whatever their current level of service, the surveyed cities apparently allocate to new development its *full share* of the cost of achieving the target level of service.

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Evaluation

Provided that existing deficiencies are remedied on a timely basis and funded by existing development, no subsidization of existing development would result from requiring new development to contribute its full share of the cost of improvements designed to meet the target level of service. Recovering less than new development's share of improvement costs could undermine risk management objectives.

Issue: Are impact fees assessed city-wide, or are separate impact fees assessed on different sub-areas in a city?

Options

City-wide impact fees can reflect the geographically-integrated nature of fire protection services. If future improvements are dispersed evenly throughout a city, and/or such improvements are part of an integrated city-wide system of fire protection, then city-wide impact fees would be suitable and simplify impact fee administration. Fremont is one of several surveyed cities that plans to fund new or relocated fire stations with city-wide fire impact fees.

In contrast, geographic disparities may exist in terms of existing fire protection facilities or improvement requirements. Some sub-areas may have adequate facilities to serve new development, while others do not. In addition, similar types of future improvements may have material cost differences in different sub-areas. For these reasons, several surveyed cities define distinct sub-areas that will accommodate new subdivisions, annexations, or major commercial or industrial development, and in these sub-areas impose unique fire impact fees, *e.g.* San Diego, Modesto. In Stockton, impact fees reflect a hybrid approach: sub-area fees consist of a common component to pay for new trucks and equipment plus a unique sub-area component for local fire stations. (See Exhibit 7 in Appendix A.)

Evaluation

A city-wide impact fee may be suitable for San Francisco's cisterns and distribution line improvements, if they are indeed of wide benefit. Other planned improvements, such as fire stations and fire boats, could have much more localized benefits. Moreover, some sub-areas of the city may already have fire protection facilities sufficient to accommodate anticipated new development, while other sub-areas may not. If these descriptions are accurate, a combination of city-wide and sub-area impact fees may be most appropriate to fund the improvements.

Adoption of sub-area fees poses a greater administrative burden to assess fees and track spending in different areas than does a single, city-wide impact fee. The fewest sub-areas required to reflect geographic disparities in planned improvements would be expedient.

Issue: Are fee credits given for on-site fire suppression systems?

Sprinklers and other on-site fire suppression systems in new construction may limit the damage and loss of life caused by fires. Fee credits could be given for installing enhanced fire suppression systems in new development if they mitigate the requirement for additional public fire protection improvements. The surveyed cities do not have provisions for impact fee credits for on-site fire protection systems, however.

Issue: What are the amounts of impact fees imposed by other cities?

Many of the surveyed cities impose public or capital facilities fees that provide funding for improvements related to fire protection and other services such as libraries, municipal office buildings, maintenance shops, and police facilities. For some of these cities, it is not readily apparent how much of the public facility fee is intended to fund fire improvements. The following exhibit shows the impact fee amount for those surveyed cities with stand-alone fire impact fees.

	Resid	lential (pei	^r unit)	Non-Residential (per sq. ft.)			
	Detached Single Family	Attached Single Family	Multi-family	Office	Retail	Industrial	
Anaheim				\$0.19	\$0.19		
Fremont	\$321	\$250	\$213	\$0.19	\$0.12	\$0.10	
Fresno	\$539	\$539	\$439	\$0.24	\$0.24	\$0.15	
Mammoth Lakes	\$1,025	\$1,025	\$648	\$1.76	\$1.76	\$1.76	
Paso Robles	\$746	\$227	\$633	\$0.33	\$0.33	\$0.01	
Stockton	\$159	\$159	\$93	\$0.18	\$0.11	\$0.08	

Other Jurisdictions:

Visalia charges all development types \$1,393.49 per gross acre. Escondido, Merced, Modesto, San Diego, and Sacramento fund fire facility improvements from public facility fees, capital facility fees, and general impact fees. The amount of the fee allocated to fire facility improvements is not indicated in their fee schedules.

SECTION 7 COMPARATIVE PRACTICES: STREETSCAPE

Issue: What kind of improvements do impact fees fund?

Options

The City is considering streetscape capital improvements that could include street trees, planters, benches, lighting, trash receptacles, and so forth. Cities that fund these particular improvements from impact fees are few. The following cases represent the closest precedents found in the survey.

- Several cities require inclusion of public art in major development projects (Sunnyvale, Escondido, San Luis Obispo). At least one city accepts payments—in-lieu of on-site artwork, with revenues used to install off-site artwork.
- Two cities have impact fees that pay for median landscaping improvements (Visalia) and arterial highway beautification (Anaheim).
- Salinas imposes an impact fee, based on the length of street frontage, to pay for street trees.

None of these impact fees fund the range of improvements under consideration by the City. (See Exhibit 8 in Appendix A.)

Evaluation

A nexus study may demonstrate a nexus between the pedestrian and vehicular traffic generated by new development and additional noise, litter, and congestion in existing right-of-way and open space. A nexus similar to this has already been posited and adopted in the San Francisco Planning Code (section 318) that establishes impact fees for the Rincon Hill and general South of Market Area (SOMA).

A streetscape impact fee based on this nexus could have the following advantageous features:

• The current condition of existing streetscapes in the city could be defined as providing the baseline level of service that the City seeks to maintain by mitigating the impacts of new development. This determination would preclude existing deficiencies requiring remediation using other City revenue sources.



- Sub-areas in the city could probably be defined in a common-sense way based on zoning that ensures that development and mitigation sites are reasonably close together and that strengthens the apparent nexus between development impacts and mitigation sites.
- Impact fee payments in proportion to traffic generation could be required of all new development, not just major development projects, enhancing revenue generation for the City and spreading the funding requirement over more development.

Issue: Do impact fees fund long-term repair/maintenance of streetlights?

Options

Currently, developers are only required to *install* streetlights as needed to meet development standards. Development agreements can and do sometimes require property owners to maintain special public amenities on or adjacent to their property, *e.g.* open space. Precedents for including repair/maintenance costs in impact fees, however, are few. San Bernadino requires developers to pay for the service and operating costs of streetlights installed in new subdivisions for up to four years following installation. Rather than a long-term maintenance requirement, this seems more akin to a carrying cost imposed on the developer until the subdivision is built out.

Evaluation

Requiring developers to pay for the maintenance costs of the streetlights that they install, and also to contribute general taxes for maintenance of streetlights elsewhere in the city, if that happens, could be seen as a double hit to new development The Home Builders Association this year has voiced concern to the City of San Jose over its use impact fees. The Building Industry Association of California has also been active in the state legislature lobbying for refinements to nexus and proportionality tests of impact fees. Recovering maintenance costs from impact fees is a notable departure from common practice that could draw attention in the current climate.

SECTION 8 COMPARATIVE PRACTICES: FEE ADMINISTRATION

Issue: Is new development in redevelopment areas typically subject to impact fees?

Many cities have multiple redevelopment areas, but most cities surveyed apply impact fees consistently across the boundaries of redevelopment areas. Several indicated that discounts on impact fees are not offered by way of incentive. In one city, development in redevelopment areas is required to join capital facilities districts and is also subject to city-wide impact fees. (See Exhibit 9 in Appendix A.)

Issue: Do cities encourage assessment district formation, or other special assessments, in lieu of collecting impact fees?

Options

Formal policies on this issue were not readily identified, but among the surveyed cities most cited no practice of encouraging assessment district formation or use of developer agreements with special assessments in lieu of paying impact fees. One city indicated that developers are *not* given the option to form an assessment district in lieu of paying impact fees. In another, developers supported imposition of impact fees, rather than formation of an assessment district, to pay for specific plan area improvements. (See Exhibit 9 in Appendix A.)

San Diego is the exception among the cities surveyed: The city is divided into dozens of sub-areas or "communities" for purposes of facilities financing. Development in most sub-areas is subject to development impact fees or facilities benefit assessments. In some sub-areas, however, developer agreements are *required* by the city to determine exactions. It should be noted that San Diego staffs a facilities financing section in its planning department in order to implement its highly detailed, community-specific impact fee program.

Evaluation

The Mitigation Fee Act allows cities to make special assessments in lieu of adopted impact fees, if the project developer or the city can demonstrate a project-specific nexus and proportionality than differs from adopted impact fees. If subject to scrutiny, such assessments are held to a much greater standard for precision than impact fees of general applicability. This may contribute to the infrequency of special assessments in-lieu of impact fees.

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Issue: What are typical policies for impact fee credits, refunds, waivers, or exemptions?

Credits: Credits against impact fees due are commonly given when developers dedicate improvements to a city that the impact fees in question would otherwise fund. If impact fees have been previously paid in full, some cities provide for cash reimbursement from impact fee funds. Modesto and Fresno have clear and succinct policies in this regard. In lieu of impact fee credit or reimbursement, some cities may administer latecomer reimbursement agreements instead, as circumstances warrant. One city, by means of a negotiated developer agreement, has credited expected sales tax receipts against required impact fees. Escondido has a policy to defer impact fee collection up to three years for development projects that the City considers beneficial to the community.

Refunds: Several cities have policies to refund impact fees if the approved building project is not completed and the fee revenue has not already been committed to an improvement project. This explicit policy *toward individual developments* is a logical extension of the requirement of the Mitigation Fee Act to reconcile revenues and spending every five years and refund any impact fees not spent on improvements as planned.

Exemptions: Policy elements common to many cities include exemptions for building alterations that add little or no additional square feet, and reconstruction of razed buildings within five years of demolition. Surveyed cities also exempt some building uses or areas from impact fees: Palo Alto exempts public buildings, affordable housing, and daycare. Hayward exempts non-profit and elderly housing projects from park impact fees. San Diego exempts projects in redevelopment areas from its housing in-lieu fee.

Waivers: The Mitigation Fee Act provides for fee adjustments to individual projects to the extent that they demonstrate an exception to the generally-established nexus and proportionality of impacts that underlie the impact fee. Published procedures for fee waivers or adjustments were not found for every surveyed city. Among those with published procedures, they typically consist of the following steps:

- A request for fee waiver or adjustment with supporting documentation must be submitted to the jurisdiction either prior to the earliest discretionary approval of the development proposal, or if no development approval is required, then upon building permit application. This allows resolution of fee requirements prior to approval of the project.
- Payment of a filing fee or deposit to cover the city costs of processing the waiver request, and payment of the impact fees in question.
- A public hearing held by the council, department director, or hearing examiner. Determinations by the council typically cannot be appealed on other than procedural grounds.
- Changes in a an approved development proposal invalidate any previously-granted waiver.

See Exhibit 10 in Appendix A for a list of findings by individual city. See Appendix B for copies of municipal ordinances and code that define credit, refund, exemption, and waiver procedures for the cities of Anaheim, Fremont, Merced, Sacramento, Stockton, and Visalia.

Issue: How are impact fees updated?

Most surveyed cities automatically adjust impact fees every year based on changes in a published cost index. The index most commonly used is the Construction Cost Index published by the Engineering News-Record. (See Exhibit 11 in Appendix A.)

Two of the larger cities contacted in the survey (Sacramento and San Diego) indicated that they regularly update development impact fees based on changes in the estimated costs of the underlying improvements to be funded by impact fees. Other cities perform this kind of fee recalibration, as well, but at multi-year intervals. Although this recalibration process is more time-consuming than multiplying fees by an inflation factor, it has the advantage of allowing a city to soften inflationary pressures on impact fees by offsetting improvement costs with any non-fee funding sources that may become available from time to time.

Modesto has adopted a scheme to phase in impact fee increases as development activity surpasses predetermined threshold levels.

Issue: Who is responsible for assessing impact fees?

Most cities in the survey identified planning or engineering division staff as responsible for assessing impact fees as a condition of planning/engineering approval. Where requirements to provide affordable housing or child care, or to dedicate parkland, open space, or public art can be satisfied by in-kind contributions, in-lieu fees, or both, planning division staff necessarily must evaluate development proposals to ensure compliance. In some cities, planning staff are responsible for assessing fees on the development projects they are assigned. San Diego has a facilities financing section in its planning department that assumes responsibility for impact fee assessment, in part likely due to the number and complexity of the City's facilities benefit assessments and development impact fees.

Development that does not require planning approvals, other than zoning review, is in some instances assessed development impact fees by building division staff.

Issue: When are impact fees assessed?

In most cities and for most types of fees, impact fee assessment occurs when a site or building permit is issued. The fee schedule in effect at the time of assessment is generally used to determine the fee amounts due. If a subdivision development requires dedication of land or in-lieu fees, assessment often occurs at final map approval.

Issue: When are impact fees typically collected?

Options

The Mitigation Fee Act states that, for residential projects, impact fees cannot be required before the certificate of final completion is ready, unless impact fees are required by an adopted capital improvement

plan that specifies the projects to be funded by impact fees (or other conditions described in the statute). The Mitigation Fee Act is silent on the timing of collection for commercial development.

The vast majority of cities surveyed collect impact fees when a site or building permit is issued. (See Exhibit 12 in Appendix A.) This has been described by some as the cleanest and simplest method because it narrows the lag between assessment and collection events and reduces collection risk. Exceptions:

- Two surveyed cities that collect fees in-lieu of park dedication or similar land acquisition fees at final map approval.
- Two cities collect impact fees when the certificate of occupancy is ready, although one of these two expressed a desire to collect impact fees when a building permit is issued.

Sometimes stated collection policy does not match practice: One city collects childcare impact fees when a building permit is issued, despite a local ordinance requiring payment when a certificate of occupancy is ready. Another city collects impact fees when the certificate of occupancy is ready despite a published requirement to collect impact fees when a building permit is issued.

Evaluation

Generally, fee collection at the time of building permit issuance is regarded as the best method for administrative simplicity and certainty of collection. While developers and builders prefer to know the amount of fees due as early as possible, but pay as late as possible, surveyed practices suggest that fee collection upon issuance of a building permit is widely accepted in the industry. Two potential drawbacks have been mentioned: Per the Mitigation Fee Act, cities have five years to spend, encumber, or refund impact fee revenue. One city cited this time constraint as reason to delay impact fee collection until the certificate of occupancy is ready, which can follow building permit issuance by 2-3 years. This delay gives a city additional time to determine the most pressing needs and commit impact fee revenue to specific improvements. Jurisdictions may also be liable to refund fees collected upon building permit issuance if building projects are not completed and occupied.

Issue: How are fee assessment and collection coordinated?

Many surveyed cities use integrated case/permit-tracking software to coordinate assessment in the planning process with collection of impact fees when building permits are issued. Older software programs that have not linked planning cases to building permit applications increase the cost of coordination and the risk of error. Systems with better integration can automatically invoice applicants when a building/site permit or certificate of occupancy is ready to issue, regardless of when impact fees are assessed.

At present, aspects of the City's assessment and collection process are conducted by exception. If new or revised impact fee policies increase the transaction volume of impact fees, the city should enhance the integration of its case and permit tracking systems to make collection both more effective and efficient.

One city cautions against the administrative headaches created by attempting to stagger collection of impact fees to coincide with serial tenant improvements, a potential problem with collecting fees at certificate of final

completion. Under the Mitigation Fee Act, cities have the latitude to collect all impact fees due upon issuance of the certificate of occupancy for the first tenant improvement.

Issue: How do cities comply with statutory reporting requirements?

The Mitigation Fee Act requires annual reporting of impact fee revenues collected and spent. Some cities publish this information on their websites with other financial reports. Most cities do not. In strict compliance with the Mitigation Fee Act, some cities formally submit their annual reports to their elected governing body for review and acceptance.

Three levels of reporting have been observed among the surveyed cities:

- Level 1: Total impact fee revenues and spending and fund balance are reported in a comprehensive annual financial report. Often, individual impact fee accounts are consolidated in the report, reducing transparency. Detail on the specific improvements funded in a given year and the source of funding are reported separately as part of a capital improvement plan budget.
- Level 2: A stand-alone annual summary that reports total impact fee revenues and spending and fund balance, with a line item description of the improvements funded and the type and amount of impact fee revenue spent. This reporting approach is superior to Level 1 for oversight purposes because total revenues are compared to spending detail in a single document, and the transactions in each impact fee account are visible. For a complete but very succinct example, refer to the annual report from the City of Paso Robles attached in Appendix C. The annual report from the City of Visalia is nearly as succinct, and also estimates the amount of impact fee revenue required to complete outstanding capital improvements.
- Level 3: A report that combines the reporting of past revenues and spending with a projection of future impact fee revenue required to fund remaining planned improvements, based on impact fee revenue collection to date. This approach is superior to Level 2 because actual revenues by type of impact fee and actual spending by improvement project, since inception of the impact fees, can be readily compared to the planned revenue and spending that is the basis of impact fees. The annual report from the City of Fremont is attached in Appendix C as an easy-to-read example.

More thorough reporting would also reconcile fee revenues and improvement spending with the level of development that has occurred over the same time period. While not specifically required by statute, this reconciliation would validate the nexus assumptions underlying the impact fees. *No reports that included this reconciliation were found among the surveyed cities.* (See Exhibit 13 in Appendix A for a list of reporting formats by individual city.)

Issue: Do cities commonly use nexus studies to support implementation of impact fees?

Over half of the surveyed cities refer to supporting nexus or technical fee studies in the ordinances adopting impact fees, impact fee schedules, or other published impact fee program information. The survey effort did not comprehensively inventory past nexus studies, so the actual percentage of cities that have conducted nexus studies to meet AB1600 requirements is likely well over 50%. (See Exhibit 13 in Appendix A.)

SECTION 9 SUMMARY OF OPTIONS

This section concludes this chapter of the report by summarizing the main issues to be addressed in establishing or revising impact fees, and the options available to the City. Summary comments are made for each option here. The advantages and disadvantages of the various options are presented in the preceding sections.

Parks

Improvements Funded by Impact Fees

- Option: Use impact fees to fund acquisition and development of new facilities and upgrade of existing facilities.
- Option: Use impact fees to fund renovation/rehabilitation of existing facilities, in addition to acquisition and development of new facilities and upgrade of existing facilities.
- Comment: The latter option could be construed as using impact fees to remedy existing deficiencies or maintain current park system capacity. It is less common. If the City lumps together rehabilitation of existing improvements and construction of new ones, then it could set impact fee levels to fund less than the full cost of improvements.

Level of Service Funded by Impact Fees

- Option: Current level of service provided by existing improvements.
- Option: Target level of service to be achieved upon completion of planned improvements.
- Comment: Both options are common. The latter option will generate more fee revenue, but to remain within the mainstream of common practice, existing deficiencies would need to be remedied using other resources within the capital planning horizon of the impact fees.

Uses Subject to Impact Fees

- Option: Residential development only.
- Option: All development.
- Comment: The majority of surveyed cities have adopted the former option. Some cities have established a viable nexus for imposing fees on non-residential development, however, as San Francisco does. The latter option would increase fee revenue and provide funding irrespective of the type of development project that is predominant in future.

Fee Structure

• Option: City-wide impact fee.

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- Option: Sub-area impact fees.
- Comment: A city-wide impact fee would simplify fee administration, and provide the most latitude for the city to prioritize improvement spending regardless of the particular location of development. Sub-area fees could have a stronger nexus and appearance of fairness depending on the geographic distribution of anticipated development activity and improvements.

Childcare

Improvements Funded by Impact Fees

- Option: Capital improvement costs only.
- Option: Capital improvement costs and operating subsidies.
- Comment: Most surveyed cities fund only capital costs.

Uses Subject to Impact Fees

- Option: Non-residential development only.
- Option: All development.
- Comment: Both options are equally common among surveyed cities. The latter option will provide more continuous funding as development activity shifts between residential and non-residential projects.

Fee Structure

- Option: City-wide impact fee.
- Option: Sub-area impact fees.
- Comment: The demand for childcare is related more to type than location of development. All surveyed cities impose city-wide impact fees.

Fire

Improvements Funded by Impact Fees

- Option: Use impact fees to fund new fire stations, a new fire boat, training facilities, and upgrade/expansion of cisterns and distribution lines.
- Option: Use impact fees to fund repair or rehabilitation of existing fire stations, in addition to new and upgraded facilities.
- Comment: More than half of the surveyed cities impose fees to pay for fire-related improvements. The former option has a stronger nexus, mitigating the impact of new development exclusively with new capacity or functionality of City facilities.

Level of Service Funded by Impact Fees

- Option: Current level of service provided by existing improvements.
- Option: Target level of service to be achieved upon completion of planned improvements.
- Comment: Target is more common among surveyed cities.

Fee Structure

• Option: City-wide impact fee.

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- Option: Sub-area impact fees.
- Comment: City-wide impact fees would simplify fee administration. A hybrid approach that combines city-wide and sub-area components would better reflect localized benefits related to improvements such as a fireboat.

Credit for On-Site Fire Suppression Systems

- Option: Credit the cost of fire suppression systems installed on-site against fire impact fees.
- Option: Provide no credit.
- Comment: No surveyed cities have this credit. If this credit is offered, a nexus study needs to demonstrate that on-site fire suppression reduces the City's suppression capacity requirements in proportion to the credit, or other policy grounds need to be articulated for granting such a credit.

Streetscape

Improvements Funded by Impact Fees

- Option: Use impact fees to fund a narrow range of improvements, such as public art or street trees, that have some precedent in other jurisdictions, but that would fall short of the City's envisioned streetscape enhancements.
- Option: Use impact fees to fund conversion of traffic-oriented right-of-way into dual-use as public open space.
- Comment: The South of Market Area Stabilization Fee has funding objectives similar to that of the latter option.

Long-Term Repair/Maintenance of Streetlights

- Option: Use impact fees to fund only capital costs related to streetscape improvement.
- Option: Use impact fees to fund capital improvement costs and long-term maintenance of the streetscape, especially streetlights.
- Comment: The latter option is not common practice.

APPENDIX III-A

Survey Findings by City

City	Findings
Fremont	Parkland and facilities including landscaping, turf, pathways, tot lots, lighted
	fields, courts, parking and restrooms. Community centers are special facilities
	not funded by impact fees.
Hayward	Land, new facilities, or rehabilitation of facilities that serve new development.
Merced	Recreation center
Modesto	Parks, community buildings, pools, and sports centers (neighborhood parks
	must be within ³ / ₄ mile radius of residential users).
Palo Alto	Park facilities, community center
Paso Robles	New park facilities, debt service on facilities already built.
Sacramento	Park and recreation facilities
Santa Rosa	Acquisition and development of new neighborhood and community parks,
	including a sports complex, aquatic complex, community center, and water
	feature; new facilities in existing parks such as play areas, a band shell, field
	lighting, and public art; rehabilitation of a community center, lighting systems,
	swim center, senior center, clubhouses, an historic structure, picnic areas,
	restrooms, play equipment, irrigation systems, sports fields, tennis court
	surfaces, parking lot surfaces, and fences.
Stockton	Parkland facilities and community facilities (Note: neighborhood parks serve
	within 2 mile radius).
Sunnyvale	Parkland acquisition
Visalia	Park acquisition and development including sidewalks, design costs,
	construction management, a contingency, and overhead

Exhibit III-A.1: Improvements Funded by Impact Fees: Parks

Exhibit III-A.2: Geographic Structure of Fees: Parks

	City-Wide Fees Only	Sub-Area Fees Only	City-Wide + Sub-Area Fees
Bakersfield	Х		
Concord	Х		
Escondido		Х	
Fremont	Х		
Fresno	Х		
Hayward	Х		
Merced	Х		
Modesto	Х		
Palo Alto	Х		
Paso Robles		Х	
Sacramento		Х	
Salinas	Х		
San Diego		Х	
San Luis Obispo		Х	
Santa Rosa		Х	
Stockton		Х	
Sunnyvale	Х		
Tracy	Х		
Visalia			Х

Exhibit III-A.3: Park Impact Fees Comparison

	Residential (per unit)			Non-Residential (per sq. ft)				
	Detached Single Family	Attached Single Family	Multi-family	Other	Commercial	Hotel-Motel	Office	Industrial
Bakersfield	\$1,510	\$1,510	\$1,510	\$1,510				
Concord (1)	\$11,910	\$8,170	\$7,055	\$5,955				
Escondido	\$3,242	\$3,242	\$3,242	\$3,242				
Fremont Park Facilities	\$7,745	\$6,079	\$5,155	\$4,878				
Fremont Park Dedication	\$11,519	\$9,042	\$7,668	\$7,254				
Fresno	\$3,398	\$2,764	\$2,764					
Hayward	\$11,953	\$11,395	\$9,653					
Lancaster								
Palo Alto	\$10,918	\$10,918	\$7,033	\$3,615	\$3.89	\$1.76		
Paso Robles	\$2,686	\$2,088	\$2,324	\$1,684				
Sacramento: general	\$4,493		\$2,647		\$0.32		\$0.43	\$0.14
Sacramento: infill	\$2,088		\$1,233		\$0.15		\$0.20	\$0.06
San Francisco							\$2.00	
San Luis Obispo (2)	\$6,695		\$4,982					
Santa Rosa (3)	\$5,675	\$4,861	\$4,172	\$3,318				
Stockton Rec Center	\$250		\$83					
Stockton Parkland	\$1,900		\$1,200					
Sunnyvale (1)	\$11,230	\$10,209	\$7,351					
Tracy	\$5,429	\$4,524	\$3,619					
Visalia Park Acquistion	\$1,346		\$1,185	\$922				
Visalia Park Development	\$1,546		\$1,361	\$1,059				

Other Jurisdictions:

Merced, Modesto, San Diego fund park improvements from PF fees, CF fees, and DI fees. The amount of the fee allocated to park improvements is not indicated in their fee schedules. Salinas charges \$588 per residential bedroom.

Notes:

(1) Low-Med-High density classifications used instead of SFR detached, SFR attached, and MFR.

(2) Margarita Specific-Area only.

(3) Fees are average of five sub-area fees.

City	Findings
Berkeley	Subsidies to low income residents
Concord	Training, loans, subsidies
Danville	New facilities, loans
Davis	Loans and land for new facilities
Los Angeles	Facilities
Martinez	Facilities
Palm Desert	New facilities or improvements to existing facilities
San Mateo	Facilities
San Ramon	Facilities
South San Francisco	Facilities
West Hollywood	Facilities
West Sacramento	Facilities

Exhibit III-A.4: Improvements Funded by Impact Fees: Childcare

Exhibit III-A.5: Childcare Impact Fee Comparison

	Residential (per unit)			Non-Residential (per sq. ft)			
	Detached Single Family	Attached Single Family	Multi-family	Office	Retail	Industrial	Hotel
Berkeley				\$1.00	\$1.00	\$0.50	
Danville	\$335	\$335	\$115	\$0.25	\$0.25	\$0.25	\$0.25
Davis	\$100	\$100	\$100	\$0.02	\$0.02	\$0.01	\$0.02
Martinez	\$830	\$221	\$166	\$0.85	\$0.29	\$0.36	\$0.45
Palm Desert				\$1.15	\$0.90	\$0.47	\$0.77
San Francisco				\$1.00			\$1.00
San Mateo				\$1.00	\$1.00	\$1.00	\$1.00
San Ramon	\$221	\$221	\$221	\$0.10	\$0.10	\$0.10	\$0.10
So. San Francisco	\$1,736	\$1,630	\$1,624	\$0.50	\$0.60	\$0.47	\$0.16
West Hollywood				\$0.65	\$0.65	\$0.65	\$0.65
West Sacramento	\$400	\$400	\$150	\$0.40	\$0.30	\$0.12	\$0.12

Concord charges 0.5% of total development cost to non-residential projects. Source: Kristen Anderson, Planning for Childcare in California, 2006.

Exhibit III-A.6: Improvements Funded by Impact Fees: Fire

City	Findings
Fremont	Fire stations, both new and relocated, vehicles
Merced	Fire stations
Modesto	New fire stations, seismic retrofit, engines, cars, shop, equipment
Paso Robles	Public safety building
Stockton	New facilities only

Exhibit III-A.7: Geographic Structure of Fees: Fire

	City-Wide Fees Only	Sub-Area Fees Only	City-Wide + Sub-Area Fees
Anaheim		Х	
Escondido		Х	
Fremont	Х		
Fresno	Х		
Merced	Х		
Modesto	Х		
Paso Robles		Х	
Sacramento		Х	
San Diego		Х	
Stockton		Х	
Visalia	Х		

Exhibit III-A.8: Streetscape Impact Fee Comparison

Escondido Downtown Plan Area: Public Art	\$0.15 per square foot
Sunnyvale: Public Art	\$1,792 per large non-residential development
San Luis Obispo: Public Art In-lieu Fee	0.5% of construction value
Anaheim: Arterial Highway Beautification	\$13,363 per gross acre
Salinas: Street Tree Fees	\$207 per 60 lineal feet of street frontage
Visalia NE Plan Area: Subdivision Parkway Landscaping	\$258 per dwelling unit
Visalia NE Plan Area: Median Development	\$96 per dwelling unit

City	Findings
Anaheim	Platinum Triangle (redevelopment area) is subject to separate impact fees.
Escondido	No redevelopment areas.
Fremont	Impact fees are applied uniformly throughout redevelopment areas. No impact
	fee exemptions offered as development incentive.
Lancaster	Most of the city is in a redevelopment area and the municipal planning code
	applies throughout. Because services are provided by the County, assessment
	district formation is not encouraged. Expected sales tax revenue from large
	commercial projects may be allowed to offset impact fee requirements.
Merced	City has two redevelopment areas which are subject to city-wide impact fees.
	The City is also requiring formation of capital facilities districts in
	redevelopment areas.
Modesto	Impact fees are applied uniformly throughout redevelopment areas. Developers
	do not have the option to join or form assessment districts or use other financing
	mechanisms in lieu of impact fee payment.
Paso Robles	The city has one redevelopment area, and it is subject to city impact fees.
	Developers lobbied for the option to pay impact fees in lieu of making
	improvements identified during environmental impact review or
	joining/forming assessment districts.
Sacramento	Park impact fees are applied uniformly throughout redevelopment areas,
	although redevelopment areas are typically subject to the lower-tier impact fees
	charged to infill development.
Salinas	Impact fees are applied uniformly throughout redevelopment areas.
San Diego	For capital planning and financing purposes, the city has many sub-areas. In at
	least one sub-area, impact fees must be negotiated through developer
	agreements.
Santa Rosa	Impact fees are applied uniformly throughout redevelopment areas.
Tracy	No redevelopment areas.
Visalia	No redevelopment areas.

Exhibit III-A.9: Redevelopment Areas Policies

City	Findings
Anaheim	Conversion to same intensity, reconstruction of razed structures without additional
	floor space are exempt.
	Waivers may be requested from the council based on absence of impacts or
	proportionality; waiver must be requested before applying for building permit or
	before hearing on development permit; waiver determination based on findings of
	project impact; no appeal. (See Appendix B for municipal code.)
Escondido	The first 1,800 square feet are exempt from public art fee.
	Fee deferral for up to 3 years is available for developments deemed beneficial to the
	community.
Fremont	Residential remodels that do not add space are exempt. Refund of fees may be
	requested if building is not complete and the City has not already committed the fee
	revenue to a project. Credits are granted for replacement of razed buildings. Waiver
	or fee adjustment is based on unique attributes of project, demonstrated to the
	satisfaction of the City; fees must be paid in full with request for waiver; burden of
	proof on applicant; informal hearing precedes determination by department director;
	appeal to hearing examiner. (See Appendix B for ordinance.)
Fresno	Dedicating or overbuilding facilities earns developer a credit
Hayward	Non-profit and elderly housing exempt from park fees.
Merced	Council may grant waiver or reduction to fees based on absence of impact
	demonstrated by applicant; also city may impose a fee, not in the fee schedule, but
	consistent with the planning criteria
	Waiver request must be filed prior to council consideration of first development
	approval or when building permit application is filed. Council will conduct hearing
	and make final determination.
	Fees not spent in established time frame will be refunded. (See Appendix B for
	municipal code.)
Modesto	Fee credits or fees may be used to reimburse developers for infrastructure that they
	install in excess of their requirement.
Palo Alto	Exemptions for public buildings, commercial projects under 1,500 square feet,
	affordable housing, and daycare.
Sacramento	Exemptions for alterations where no floor space is added or change in use, and
	replacement of razed buildings with similar structures. Waivers based on absence of
	nexus or proportionality; requests must be made to department director prior to
	earliest discretionary approval; filing fee required; impact fee must also be paid
	pending waiver determination; public hearing by director; appeal to council who may
	appoint hearing examiner. (See Appendix B for municipal code.)
San Diego	Exemption from housing in-lieu fee for development in enterprise or redevelopment
	zones.
San Luis Obispo	Exemption from public art fee for commercial projects of less than \$100,000 of
	construction value.
Santa Rosa	Residential additions less than 400 square feet are exempt; commercial alterations
	that do not add floor space are exempt.
Stockton	Alterations that add less than 10% to square footage are exempt; demolished
	structures rebuilt within 5 years are eligible for fee reductions based on elapsed time
	since demolition. (See Appendix B for ordinance.)
Visalia	Exemption for alterations and no new floor space. Waiver requests must include
	impact fee payment; council conducts public hearing; determination by council can
1	not be appealed. (See Appendix B for municipal code.)

Exhibit III-A.10: Credit, Refund, Waiver, Adjustment, Deferral, and Exemption

City	Findings
Fremont	Impact fees automatically adjusted annually for general price inflation. The fee calculation may be adjusted to reflect the availability of other funding
	sources.
Hayward	Park impact fees automatically adjusted annually based on change in land values.
Merced	Impact fees automatically adjusted annually according to Construction Cost Index published by Engineering News-Record.
Modesto	Impact fees automatically adjusted annually according to Construction Cost Index published by Engineering News-Record. The fee calculation may be adjusted to reflect the availability of other funding sources. Fee increases were initially phased-in over several years, subject to indicators of market strength based on development activity.
Paso Robles	Impact fees automatically adjusted annually according to Construction Cost Index published by Engineering News-Record. Fees recalibrated every 2-3 years.
Sacramento	Impact fees adjusted annually according to changes in underlying capital cost estimates, <i>e.g.</i> median housing prices, real estate prices, etc.
San Diego	Impact fees for facility benefit areas automatically adjusted annually for general price inflation. Development impact fees updated every 1-2 years based on changes in capital improvement plan cost estimates.
San Luis Obispo	Impact fees automatically adjusted annually for general price inflation.
Santa Rosa	Impact fees automatically adjusted annually according to Construction Cost Index published by Engineering News-Record.
Stockton	Impact fees automatically adjusted annually according to Construction Cost Index published by Engineering News-Record.
Sunnyvale	Impact fees automatically adjusted annually for general price inflation.
Visalia	Impact fees automatically adjusted annually according to Construction Cost Index published by Engineering News-Record.

Exhibit III-A.11: Annual Fee Update Methods

City	Findings
Concord	Impact fees are collected at building permit issuance (not consistent with
	ordinance)
Escondido	Impact fees are collected at building permit issuance.
Fremont	Tentative fee assessment estimates can be provided at any time. The fees
	assessed will be the fees in place at time that payment is required. Impact
	fees are collected at building permit issuance. Parks dedication fee used to
	be collected at final map approval, but then fee collection was moved to
	building permit issuance. Building and Planning use a single database.
Hayward	Park impact fees assessed at building permit issuance. Park impact fees
	collected at certificate of occupancy.
Lancaster	Planning assesses park impact fees. Impact fees are collected at building
	permit issuance.
Merced	Impact fees are collected at building permit issuance.
Modesto	Impact fees are collected at certificate of occupancy. Phasing collection of
	fees with tenant improvements is administratively cumbersome and error-
	prone.
Palo Alto	Planners assess impact fees. Impact fees are collected at building permit
	issuance.
Paso Robles	Impact fees are collected at certificate of occupancy, but staff does not like
	this timing and would prefer to collect at building permit issuance. Building
	and Planning use a single database.
Sacramento	Building assesses park impact fee. Engineering assesses park dedication fee.
	Park development fee collected at issuance of building permit, park
	dedication fee collected on final map approval.
Salinas	Engineering handles impact fees.
San Diego	Facilities Financing Section of the Planning Department assesses impact
	fees. Impact fees are collected on issuance of building permit by Applicant
	Services Division of Development Services Department.
San Luis Obispo	Impact fees are collected on issuance of building permit.
Santa Clara	Engineering assesses impact fees. Impact fees are collected on issuance of
	building permit.
Santa Rosa	Impact fees are collected on issuance of building permit.
Stockton	Impact fees are collected on issuance of building permit.
Sunnyvale	Impact fees assessed as condition of approval. Impact fees are collected on
	issuance of building permit.
Visalia	Engineering assesses impact fees. Acquisition impact fees are collected at
	final map approval, development impact fees are collected on issuance of
	building permit.

Exhibit III-A.12: Timing of Assessment and Collection

Exhibit III-A.13: Various Findings

	Automatic Annual Fee Adjustment	Fee Collection Timing	Annual Reporting Format	Nexus Study Cited
Anaheim				Yes
Bakersfield				Yes
Concord		Bldg Prmt		
Escondido		Bldg Prmt		
Fremont	Yes	Bldg Prmt	Level 3	Yes
Fresno			Level 2	Yes
Hayward	Yes	Bldg Prmt		
Lancaster		Bldg Prmt	Level 1	Yes
Merced	Yes	Bldg Prmt	Level 2	Yes
Modesto	Yes	Occupancy	Level 1	Yes
Palo Alto		Bldg Prmt		
Paso Robles	Yes	Occupancy	Level 2	
Sacramento	Yes	Bldg Prmt		Yes
Salinas				
San Diego	Yes	Bldg Prmt	Level 1	Yes
San Luis Obispo	Yes	Bldg Prmt		
Santa Clara		Bldg Prmt	Level 2	Yes
Santa Rosa	Yes	Bldg Prmt	Level 1	Yes
Stockton	Yes	Bldg Prmt	Level 2	Yes
Sunnyvale	Yes	Bldg Prmt		
Tracy			Level 1	
Visalia	Yes	Bldg Prmt	Level 2	

APPENDIX III-B1

City of Fremont Fee Ordinance

ORDINANCE 2463

AN ORDINANCE OF THE CITY OF FREMONT, CALIFORNIA, UPDATING THE IMPACT FEE ORDINANCE BY REPEALING FORMER TITLE VIII, CHAPTER 9 (SECTIONS 8-9100 THROUGH 8-9607), AND REPEALING A PORTION OF TITLE VIII, CHAPTER 1 (SECTIONS 8-1524 AND 8-1525); AND REPLACING THEM WITH A COMPREHENSIVE CLARIFICATION OF THE PROCEDURAL REQUIREMENTS FOR THE ADOPTION, IMPOSITION, AND ADJUSTMENT OF DEVELOPMENT IMPACT FEES

WHEREAS, the City anticipates that new development will continue to occur within the City, and, as growth occurs, additional demands will be placed upon the City's existing public improvements and public facilities, including, but not limited to: traffic (including streets, traffic signals, and other public right-of-way improvements), park land dedication, park facilities, capital facilities, fire facilities, and other improvements or services identified in implementing resolutions adopted pursuant to this chapter (hereinafter "public facilities"); and

WHEREAS, the City's General Plan (hereinafter "General Plan") identifies methods of mitigating the impacts of new development, in order to ensure that new development does not create an unnecessary burden on the City's limited financial resources; and

WHEREAS, if additional public facilities are not added as new development occurs, the existing public facilities will not be adequate to serve the citizens of the City at the level of service currently provided; and

WHEREAS, in order to avoid a decrease in the level of service provided to citizens of the City, the City's public facilities must be built or improved at a rate which will accommodate the new development; and

WHEREAS, unless the City imposes fees, charges, and exactions on new development for the construction and financing of public facilities, the City will not have an adequate source of revenue to finance the construction of the public facilities; and

WHEREAS, the public facilities to be constructed by fees generated by this ordinance will result in a benefit to the new development, since the proposed development could not otherwise be built, and, without the fees and charges generated by this ordinance, the City would be unable to provide the public facilities required to serve the new development; and

WHEREAS, the City has previously adopted ordinances, and codified those ordinances in Fremont Municipal Code sections: 8-1524 and 8-1525, and sections 8-9101 through 8-9600; and

WHEREAS, pursuant to the previously adopted ordinances, the City has previously adopted resolutions to implement the imposition of impact fees upon development projects; and

WHEREAS, the City desires to update the previously adopted ordinance into one comprehensive Code chapter related to development impact fees in order to facilitate a more efficient method of imposing and collecting impact fees.

NOW, THEREFORE, The City Council of the City of Fremont hereby ordains as follows:

[O&R]ImpFeeOrd(2002-5)

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<u>SECTION 1</u>: <u>Amendment</u>. Fremont Municipal Code title VIII, chapter 9 (Development Impact Fees) is hereby repealed in its entirety and replaced with the text set forth herein, to be codified in Fremont Municipal Code title VIII, chapter 9:

Title VIII PLANNING AND ZONING

Chapter 9. DEVELOPMENT IMPACT FEES

- Art. 1. General Provisions and Definitions
- Art. 2. Payment of Fees
- Art. 3. Credits and Reimbursements
- Art. 4. Fee Protests, Appeals, and Adjustments

ARTICLE 1. GENERAL PROVISIONS AND DEFINITIONS

Section 8-9100.Authority and Reference to Chapter.Section 8-9101.Purpose of Fees.Section 8-9102.Use of Fees.Section 8-9103.Calculation of Fees by Implementing Resolutions.Section 8-9104.Definitions.

Sec. 8-9100. Authority and reference to chapter.

This chapter 9 of title VIII of the Fremont Municipal Code may be referred to as the "Impact Fee Ordinance," and is adopted pursuant to the authority of Article XI, Section 7 of the California Constitution, Government Code sections 66000 *et seq.*, (hereinafter "Mitigation Fee Act"), Government Code sections 65000, *et seq.* (the Planning and Zoning Law of the State of California), Government Code section 66477 (the Quimby Act), and in accordance with the findings set forth in the ordinance codified herein (and all amendments thereto).

Sec. 8-9101. Purpose of fees.

Pursuant to this chapter, the City has established fees which will be imposed upon development projects for the purpose of mitigating the impacts that the development projects have upon the City's ability to provide public facilities.

Sec. 8-9102. Use of fees.

(a) The fees imposed by the City pursuant to this chapter shall be used to pay, in whole or in part, the estimated reasonable cost of providing specified public facilities, as described in implementing resolutions.

(b) As described in each implementing resolution, the specified public facilities will be categorized into separate and distinct sets of public facilities based upon the type of public facility to be provided, or other identifying features. Each separate set of specified public facilities described in an implementing resolution shall be referred to in this chapter as a "public facility category." Public facility categories include, but are not limited to: traffic, park land dedication, park facilities, capital facilities, and fire facilities.

(c) For each separate public facility category, a separate fee shall be calculated and imposed, and each separately imposed fee shall be collected by the City and deposited in a

separate and distinct "fee tund," subject to the accounting requirements of the Mitigation Fee Act.

(d) In order to more effectively mitigate the impact of new development, and maximize the use of fee revenues, fee revenues may be used as temporary loans from one fee fund to another fee fund only if the Director makes findings, subject to the review and approval of the City Council, of the following:

(1) Based upon planned phasing of the public facilities, and anticipated timing of fee revenues to be collected, it is in the City's best interests to allow the temporary loan.

(2) The development projects which are required to pay fees to the fee fund from which the loan is made will receive a benefit from the use of the loan by the separate fee fund to which the loan is made.

(3) All requirements of the Mitigation Fee Act have been satisfied, including a specification of the amount loaned, the date of repayment, and the interest rate to be paid.

Sec. 8-9103. Calculation of Fees by Implementing Resolutions.

(a) Pursuant to the Mitigation Fee Act, in any action establishing, increasing, or imposing a fee as a condition of approval of a development project, a technical report shall be prepared for each public facility category, subject to City Council approval by implementing resolution. In addition to the findings supporting the adoption of impact fees identified in the Impact Fee Ordinance, each implementing resolution shall include the following:

- (1) Identify the purpose of the fee by identifying the estimated types and quantities of development projects subject to the fee, and the public facility category to be funded by the fees.
- (2) Identify the use of the fee by identifying the specified public facilities to be funded by the fees.
- (3) Determine how there is a reasonable relationship between the City's use of the fee and the types of development projects on which the fee is to be imposed by demonstrating how the development projects will benefit from the specified public facilities to be funded by the fees.
- (4) Determine how there is a reasonable relationship between the need for the specified public facilities and the types of development projects on which the fee is to be imposed, by demonstrating how the development projects create a demand for the construction of the specified public facilities to be funded by the fees.
- (5) Determine how there is a reasonable relationship between the amount of the fee and the cost of the specified public facility attributable to the development projects on which the fee is to be imposed. This shall include two elements: (i) a quantification of the estimated reasonable cost of providing the specified public facility, which may include the estimated costs of land acquisition, design, construction, construction administration, general administration (including establishment and enforcement) of the fee program, and contingencies; and (ii) an identification of the method by which the City quantifies the proportionate responsibility of each development project for the cost of the specified public facilities, which may be satisfied by establishing a formula which reasonably quantifies the proportionate responsibility of various types of development projects using standardized units of measurement.

Sec. 8-9104. Definitions.

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As used in this chapter, all words, phrases, and terms shall be interpreted in accordance

with the definitions set forth in the Mitigation Fee Act, unless otherwise defined herein.

"Applicant" means any person, or other legal entity, which applies to the City for approval of a development project.

"Change of Use" means any proposed use of an existing structure (or a previously existing structure) on a parcel which: (a) requires a building permit or other permit or City approval (such as a conditional use permit or a Zoning Administrator Permit), and (b) the proposed use is included in a different property use category (as defined in implementing resolutions) than the last legal use of the existing structure, and (c) the proposed use results in impacts greater than the last legal use of the existing structure.

"Development Project" means any project undertaken for the purpose of development, as defined in the Mitigation Fee Act, and shall specifically include any building permit, or any other permit or City approval required for a change of use. Development project shall specifically include any change of use or remodel.

"Director" means the Director of the Department of Development and Environmental Services of the City of Fremont, or any person designated by the City Manager or Director to perform the functions of the "Director" specified in this chapter.

"Fee" means, for the purpose of this chapter, a development impact fee imposed by the City in accordance with this chapter.

"Fee Fund" means each of the separate and distinct funds into which fees for each public facility category are deposited.

"Impact Fee Ordinance" means this chapter 9 of title VIII of the Fremont Municipal Code.

"Implementing Resolution" means a resolution of the City Council of the City of Fremont, including any technical report incorporated by reference, in which the findings specified in section 8-9103 are made for each public facility category.

"Inflation Index" means a recognized standard index (such as the Consumer Price Index), as determined by the Director to be a reasonable method of calculating the impact of inflation upon cost estimates set forth in implementing resolutions.

"Mitigation Fee Act" means California Government Code sections 66000 et seq.

"Public Facility" means any public improvements, public services, or community amenities, as defined by the Mitigation Fee Act and the Quimby Act, including, but not limited to: traffic improvements, park land dedication, park facility improvements, capital facilities (such as public buildings), fire facilities, and any similar public improvement for which the City has adopted an implementing resolution pursuant to this chapter.

"Public Facility Category" means a separate and distinct set of public facilities as described in section 8-9102(b).

"Quimby Act" means Government Code section 66477.

"Remodel" means any proposed improvement or reconstruction of an existing structure (or a previously existing structure) on a parcel which: (a) requires a building permit or other permit or City approval (such as a conditional use permit or a Zoning Administrator Permit), and (b) results in impacts greater than the last legal use of the existing structure.

"Specified Public Facility" means those public facilities described in each implementing resolution, the total program costs of which are used as the basis for the calculation of a fee, as described in section 8-9102.

"Vested Development Rights" means an Applicant's right to proceed with development of a development project in substantial compliance with the local ordinances, policies, and standards in effect at the time that the rights vest, as the term is defined in the vesting tentative map statutes (Government Code sections 66498.1 - 66498.9), development agreement statutes (Government Code sections 65864 - 65869.5), and state law.

ARTICLE 2.	PAYMENT OF FEES
Section 8-9200.	Obligation to Pay Fees.
Section 8-9201.	Timing of Payment.
Section 8-9202.	Amount of Payment.
Section 8-9203.	Park Land Dedication Fees
Section 8-9205.	Fee Adjustments by the City
Section 8-9206.	Exemptions and Exceptions

Sec. 8-9200. Obligation to pay fees.

(a) Each Applicant for City approval of a development project (including applications for a change of use and remodels) shall pay impact fees to the City, in accordance with the amounts set forth in implementing resolutions, unless the Applicant establishes, to the satisfaction of the Director, entitlement to a fee credit pursuant to article 3, a fee adjustment pursuant to article 4, or a fee exemption or exception pursuant to this article 2.

(b) The obligation to pay impact fees pursuant to this chapter shall not replace an Applicant's obligation to mitigate development project impacts in accordance with other requirements of state or local law.

Sec. 8-9201. Timing of payment.

The fee for each unit of development within a development project shall be paid in-full prior to the issuance of the City permit required for that unit of development, unless otherwise authorized by the Mitigation Fee Act. If an Applicant receives a permit from the City for a unit of development, and the fee has not been paid, the Applicant shall pay the fee in-full within 30 days of written notice from the City.

Sec. 8-9202. Amount of payment.

(a) The fee to be paid for each unit of development within a development project shall be the amount of the fee in effect, pursuant to implementing resolution, at the time that full payment is made to the City.

(b) The fee to be paid for a change of use shall be: (i) the amount of the fee required pursuant to subsection 8-9203(a) for the new use, (ii) minus the amount of the fee for the last

legal use of the existing structure.

(c) The fee to be paid for a remodel shall be the amount of the fee required pursuant to subsection 8-9203(a) for that portion of the remodel which generates impacts greater than the last legal use of the existing structure.

(d) In the event that a previous partial fee payment is made for any unit of development, the full fee to be paid for that unit shall be the amount of the fee in effect, pursuant to implementing resolution, at the time that full payment is made to the City, less the amount of the previous partial payment.

(e) The Applicant shall have the burden of proving the amount of any fee previously paid, the date on which payment was made, and the unit of development for which payment was made.

Sec. 8-9203. Park land dedication fees.

The City's approval of each residential development project shall be conditioned upon the dedication of park land, or the payment of a park land dedication fee in lieu thereof, or a combination of both, in an amount proportionate to the number of residents estimated to reside within the development project, and sufficient to maintain the City's park fee standard of 5 acres of park land per 1,000 persons. The City's implementing resolution for park land dedication fees shall identify the method for establishing the estimated number of residents per development project. If park land dedication is required, the Applicant shall receive a credit against park land dedication fees, in accordance with article 3 of this chapter. In implementing the park land dedication requirements of this section, the City shall comply with all requirements of the Quimby Act.

Sec. 8-9204. Fee adjustments by the City.

The City reserves the right to update and adjust each fee from time to time, in accordance with the Mitigation Fee Act. The fee in effect at the time any Applicant has obtained a vested development right shall be subject to adjustment by the City, as incorporated in updated implementing resolutions in effect at the time that full payment of the fee is made, based upon any or all of the following criteria:

(a) Adjustments in the amount of the estimated construction costs of providing the specified public facilities based upon adjustments in accordance with the Inflation Index.

(b) Adjustments to replace estimated costs with actual costs (including carrying costs) of providing the specified public facilities.

(c) Adjustments to reflect more accurate cost estimates of providing the specified public facilities based upon more detailed analysis or design of the previously identified specified public facilities.

Sec. 8-9205. Exemptions and Exceptions.

(a) Non-residential development projects are exempt from impact fees for park land dedication fees and park facility fees.

(b) Residential development projects are exempt from impact fees for any remodel, as long as it does not result in a change of use.

(c) A reconstruction of a razed structure shall receive a fee credit only if the Applicant submits documentation to the satisfaction of the Director establishing that the razed structure was in existence in accordance with the timing requirements of this subsection 8-9205(c). If a development project receives a credit pursuant to this subsection 8-9205(c), the amount of the

fee to be paid shall be: (i) the amount of the fee required pursuant to subsection 8-9203(a) for the entire new structure, (ii) minus the amount of the fee which would have been required pursuant to subsection 8-9203(a) for the last legal use of the razed structure.

- (1) In order to be entitled to a credit for a fire impact fee, the razed structure is required to have been in existence on or after May 16, 1989.
- (2) In order to be entitled to a credit for a traffic impact fee, or a capital facility fee, or a parks facility fee, the razed structure is required to have been in existence on or after June 11, 1991.
- (3) In order to be entitled to a credit for a park dedication in lieu fee, the razed structure is required to have been in existence on or after April 18, 1972.

(d) An Applicant may request a refund of a fee previously paid in accordance with this chapter only if the Applicant provides written documentation to the satisfaction of the Director that: (1) the building permit (including any permit or City approval on which the fee was imposed) is cancelled or voided, and (2) work has not progressed on the building permit which would allow commencement of a new use or change of use, and (3) the City has not already committed the fees to the construction of public facilities. Any refund made pursuant to this subsection may, in the discretion of the Director, include a deduction to cover the City's administrative costs of processing the refund.

(e) A development project shall be exempt from the requirements of this Impact Fee Ordinance if the Applicant provides documentation, to the satisfaction of the Director, of federal, state, or local law (including a duly adopted resolution of the City Council) which establishes entitlement to the exemption.

ARTICLE 3.	CREDITS AND REIMBURSEMENTS
Section 8-9300.	Application for Potential Credit
Section 8-9301.	Timing of Application.
Section 8-9302.	Amount of Potential Credit
Section 8-9303,	Request for Reimbursement
Section 8-9304.	Allocation of Reimbursements

8-9300. Application for Potential Credit.

An Applicant may be eligible for a credit against impact fees otherwise owed, in return for providing a public facility to the City, only if the Applicant submits a written application to the Director which establishes compliance with all of the following requirements to the satisfaction of the Director:

(a) Describe the specified public facilities (or portion thereof) proposed to be provided by the Applicant, with a cross-reference to the description of the specified public facilities in the relevant implementing resolution.

(b) Identify the estimated cost of providing the specified public facilities (including construction, design, and/or land acquisition, as set forth in section 8-9103) for which the Applicant is requesting credit.

(c) Describe the development project or projects to which the fee credit is requested to apply. The description shall be limited to all or a portion of the development project for which specified public facilities are a condition of approval.

(d) Document that either: (1) the Applicant is required, as a condition of approval for the development project, to construct the specified public facilities; or (2) the Applicant requests to build one or more specified public facilities which benefit the development project, and the Director determines in writing prior to the commencement of construction that it is in the City's best interests for the specified public facilities to be built by the Applicant.

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(e) To the extent that credit for land acquisition costs are requested, document that: (1) the location of the land is advantageous to the public facility needs of the City; (2) the amount of credit for the land acquisition is equal to a reasonable estimate of the fair market value of the land based upon either: (i) documentation provided by the Applicant to the City, or (ii) in the event that the Director determines that the documentation provided by the Applicant does not provide a reasonable basis for determining the fair market value of the land, the Applicant shall pay for the costs of a property appraisal by an expert selected by the Director which is qualified to express an opinion as to the value of the property (pursuant to Code of Civil Procedure section 1255.010).

Sec. 8-9301. Timing of Application.

The application for credit shall be submitted by the Applicant to the Director in accordance with the following timing requirements: (a) to the extent that the Applicant requests credit for design or construction, the application shall be submitted concurrently with the submittal of improvement plans; (b) to the extent that the Applicant requests credit for land dedication, the application shall be submitted prior to the recordation of the final map or parcel map for the development project. The Applicant may submit a late application only if the Applicant establishes, to the satisfaction of the Director, that, in light of new or changed circumstances, it is in the City's best interests to allow the late application.

Sec. 8-9302. Amount of Potential Credit.

In the event that the Director determines that the Applicant has submitted a timely application in compliance with section 8-9303, and it is in the City's best interest to allow the Applicant to provide the proposed specified public facility, the Applicant shall be entitled to credit against fees otherwise owed in accordance with this chapter, provided that the Applicant enters into an agreement with the City which includes the following essential terms:

- (a) The design of the specified public facility is approved by the City.
- (b) The Applicant agrees to provide the specified public facilities in return for the credit to be allocated in accordance with the terms of the agreement and this chapter.
- (c) The amount of credit available to the Applicant shall not exceed the lesser of: (i) the Applicant's actual cost of providing the specified public facility, to be evidenced by the submittal of written documentation to the satisfaction of the Director, and (ii) the estimated cost of providing the specified public facility, as identified in the implementing resolution.
- (d) The amount of credit available to the Applicant for land dedication shall be equal to the amount identified in section 8-9300(e).
- (e) The Applicant provides improvement security in a form and amount acceptable to the City.
- (f) The Applicant identifies the development projects to which the credit will be applied.
- (g) The credit may only be applied to fees which would otherwise be owed for the public facility category relevant to the specified public facility.

Sec, 8-9303. Request for Reimbursement.

To the extent that the Applicant has a balance of credit available, the Applicant may submit a written request for reimbursement to the Director. The Applicant shall be entitled to potential reimbursement from the City only if the Applicant submits a written request to the Director which establishes the following:

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(a) The request shall be made no later than 180 days after the later to occur of: (i) issuance of the last permit within the development project for which the application for credit was made, or (ii) the date of the City's acceptance of the specified public facilities as complete.

(b) The request shall identify the specific dollar amount of the credit balance for which the <u>Applicant requests reimbursement</u>, along with documentation in support thereof. This documentation shall include a calculation of the total credit available (pursuant to section 8-9302(c)) less amount of credit previously allocated to offset fees pursuant to section 8-9302(f).

(c) The request must include a designation of the name and address of the legal entity to which reimbursement payments are to be made.

Sec. 8-9304. Allocation of Reimbursements,

(a) In the event the Director determines that the Applicant has properly submitted a request for reimbursement pursuant to section 8-9303, the Director shall prepare a written determination which will identify the dollar amount of the potential reimbursement. The dollar amount of the reimbursement shall equal the amount specified in the Applicant's request (not to exceed the actual credit available to the Applicant, less the total of all credit allocations to offset fees pursuant to section 8-9302, as determined by the Director).

(b) The City shall make reimbursement payments to the Applicant (or the entity identified by the Applicant pursuant to section 8-9303). The right to receive reimbursement payments, if any, shall not run with the land.

(c) The City shall make reimbursement payments pursuant to a schedule to be established by the Director, and consistent with the approved capital improvement program. The City shall make no reimbursements to any Applicant in excess of the amount of fees deposited in the relevant reimbursement account.

(d) No reimbursement payment shall be made to an Applicant until after the completion of construction by the Applicant, and acceptance of improvements by the City.

ARTICLE 4.	FEE PROTESTS, APPEALS, AND ADJUSTMENTS
Section 8-9400.	Notice of Protest Rights.
Section 8-9401.	Informal Hearing.
Section 8-9402.	Director's Determination.
Section 8-9403.	Appeal of Director's Determination
Section 8-9404.	Appeal Hearing.
Section 8-9405.	Decision of Independent Hearing Officer
Section 8-9406.	Cost of Protest.
Section 8-9407.	Applicant's Acknowledgment of Adjustment or Waiver

Sec. 8-9400. Notice of Protest Rights.

(a) Each Applicant is hereby notified that, in order to protest the imposition of any impact fee required by this chapter, the protest must be filed in accordance with the requirements of this chapter and the Mitigation Fee Act. Failure of any person to comply with the protest requirements of this chapter or the Mitigation Fee Act shall bar that person from any action or proceeding or any defense of invalidity or unreasonableness of the imposition.

(b) On or before the date on which payment of the fee is due, the Applicant shall pay the full amount required by the City and serve a written notice to the Director with all of the following information: (1) a statement that the required payment is tendered, or will be tendered when due, under protest; and (2) a statement informing the City of the factual elements of the dispute and the legal theory forming the basis for the protest.

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(c) After receipt of the notice from the Applicant, and prior to the informal hearing to be scheduled in accordance with section 8-9401, the Director shall investigate the factual and legal adequacy of the Applicant's protest. At the request of the Director, the Applicant shall provide additional information or documentation in substantiation of the protest.

(d) The Applicant shall bear the burden of proving, to the satisfaction of the Director, entitlement to a fee adjustment. The evidence (information and documentation) to be submitted by the Applicant in support of the protest shall include, but not be limited to, an identification of the amount of the fee which the Applicant alleges should be imposed upon the development project, and all factual and legal bases for the allegation. The Applicant shall identify each portion of this Impact Fee Ordinance and any implementing resolution which the Applicant claims supports the allegation. The Applicant shall identify each portion of this Impact Fee Ordinance (in particular the elements summarized in section 8-9103) and each portion of any implementing resolution (in particular the technical reports incorporated therein) which the Applicant claims fails to support the City's imposition of the fee upon the development project.

Sec. 8-9401. Informal Hearing.

(a) The Director shall schedule an informal hearing regarding the protest, to be held no later than 60 days after the imposition of the impact fees upon the Development Project, and with at least 10 days prior notice to the Applicant (unless either dates are otherwise agreed by the Director and the Applicant).

(b) During the informal hearing, the Director shall consider the Applicant's protest, relevant evidence assembled as a result of the protest, and any additional relevant evidence provided during the informal hearing by the Applicant and the City. The Director shall provide an opportunity for the Applicant to present additional evidence at the hearing in support of the protest. However, in weighing relevant evidence, the Director may consider the extent to which the Applicant provided substantiating evidence prior to the hearing.

Sec. 8-9402. Director's Determination.

When the Director determines that sufficient evidence has been submitted to decide the protest, the Director shall close the informal hearing, and issue a written determination regarding the protest. The Director may continue the informal hearing in order to assemble additional relevant evidence. The Director's determination shall support the fee imposed upon the development project unless the Applicant establishes, to the satisfaction of the Director, entitlement to an adjustment to the fee.

Sec. 8-9403. Appeal of Director's Determination.

Any Applicant who desires to appeal a determination issued by the Director pursuant to section 8-9402 shall submit a written appeal to the Director and the City Manager. A complete written appeal shall include a complete description of the factual elements of the dispute and the legal theory forming the basis for the appeal of the Director's determination. An appeal received by the City Manager more than ten calendar days after the Director's determination may be rejected as late. Upon receipt of a complete and timely appeal, the City Manager shall appoint an independent hearing officer to consider and rule on the appeal.

Sec. 8-9404. Appeal Hearing.

The independent hearing officer shall, in coordination with the Applicant and the Director,

set the time and place for the appeal hearing, and provide written notice thereof. The independent hearing officer may issue directives related to the conduct of the hearing in an effort to facilitate resolution of the dispute or narrow the issues in dispute, including pre-hearing or post-hearing briefs pursuant to a briefing schedule, and scheduling presentation of evidence during the hearing. The independent hearing officer shall consider relevant evidence, provide an opportunity for the Applicant and the City to present additional non-cumulative evidence at the hearing, and preserve the complete administrative record of the proceeding.

Sec. 8-9405. Decision of Independent Hearing Officer.

Within thirty days after the independent hearing officer closes the hearing and receives post-hearing briefs (if any), the independent hearing officer shall issue a written decision on the appeal hearing which shall include a statement of findings of fact in support of the decision. The independent hearing officer's discretion shall be limited to a determination that either supports the Director's determination, or orders the City to refund all or a portion of the impact fees to the Applicant. The Applicant shall bear the burden of proving entitlement to a fee adjustment. The decision of the hearing officer is final and conclusive, and is subject to judicial review only in accordance with chapter 6 of title 1 of the Fremont Municipal Code.

Sec. 8-9406. Costs of Protest.

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The Applicant shall pay all City costs related to any protest or appeal pursuant to this chapter, in accordance with the fee schedule adopted by the City. At the time of the Applicant's protest, and at the time of the Applicant's appeal, the Applicant shall pay a deposit in an amount established by the City to cover the estimated reasonable cost of processing the protest and appeal. If the deposit is not adequate to cover all City costs, the Applicant shall pay the difference within twenty days after receipt of written notice from the Director.

Sec. 8-9407. Applicant's Acknowledgment of Adjustment or Waiver.

As a condition of any adjustment or waiver made for a fee imposed upon a particular development project, the Applicant may be required by the Director or the Independent Hearing Officer to provide an acknowledgment and waiver, in a form acceptable to the Director, of any further right to protest or appeal the City's imposition of fees for that development project.

<u>SECTION 2</u>: <u>Amendment</u>. Fremont Municipal Code title VIII, chapter 1, article 5, sections 8-1524 (Park dedication and in lieu fee) and 8-1525 (Same—Exemptions and credits) are hereby repealed in their entirety and replaced with the text set forth herein, to be codified in Fremont Municipal Code title VIII, chapter 1, article 5, sections 8-1524 (Park land dedication) and 8-1525 (Reserved):

Sec. 8-9105. Park land dedication.

(a) The City's approval of each residential development project shall be conditioned upon the dedication of park land, or the payment of a park land dedication fee in lieu thereof, or a combination of both, in an amount proportionate to the number of residents estimated to reside within the development project, and sufficient to maintain the City's park fee standard of 5 acres of park land per 1,000 persons.

(b) In implementing the requirements of this section, the City shall comply with all requirements of Government Code section 66477 (hereinafter the "Quimby Act").
(c) The method by which the City shall estimate the number of residents per development project shall be identified in implementing resolutions adopted in accordance with the Impact Fee Ordinance, Fremont Municipal Code title VIII, chapter 9 (hereinafter, the "Impact Fee Ordinance").

(d) If, in the discretion of the City, park land dedication is required, the Applicant shall receive a credit against park land dedication fees, in accordance with article 3 of the Impact Fee Ordinance. Unless the development project is otherwise exempt from the park land dedication requirements pursuant to the Quimby Act, the City shall have the sole discretion to determine whether or not the development project is required to dedicate park land or pay a park dedication fee in lieu thereof.

(e) If park land dedication is required, the Applicant shall identify the location of the proposed park land as a part of the complete application for a tentative subdivision map or a tentative parcel map. The City shall have the sole discretion to approve, conditionally approve, or deny the proposed park land dedication, in accordance with City standards for the size, shape, and location of the proposed park, including:

- (1) Compliance with the requirements of the City's General Plan and parks and recreation master plan.
- (2) Feasibility of park use based upon topography, geology, access and proximity to residential development, and access and proximity to other park property.

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APPENDIX III-B2

Excerpt from City of Stockton Fee Ordinance

03-0105

STOCKTON CITY COUNCIL

RESOLUTION REVISING THE PUBLIC FACILITIES FEE BY ADJUSTING THE FEES FOR CITY OFFICE SPACE, FIRE STATIONS, LIBRARIES, POLICE STATIONS, AND STREET IMPROVEMENTS AND AUTOMATICALLY ADJUSTING ALL PUBLIC FACILITIES FEES FOR INFLATION EACH YEAR

WHEREAS, the City Council of the City of Stockton has adopted Stockton Municipal Code sections 16-175 <u>et seq</u>. creating and establishing the authority for imposing and charging a Public Facilities Fee; and

WHEREAS, the City Council of the City of Stockton has adopted Stockton Municipal Code sections 16-006.2 <u>et seq</u>. creating and establishing the authority for imposing and charging a Parklands Fee; and

WHEREAS, said Public Facilities Fee was based on information contained in a detailed Fiscal and Public Facilities Study of the impacts of contemplated future development on existing public facilities in Stockton through the year 2005, along with an analysis of the need of new public facilities and improvements required by future developments, prepared by Recht, Hausrath & Associates, available in two documents, one dated December 1987, entitled "Fiscal and Public Facilities Study," and one dated August 1988, and entitled "Basis for Public Facilities Fee"; and

WHEREAS, the following additional studies have been done:

(1) "Analysis of Six Areas of Stockton for Development Fee Determination and Fiscal Year 1989-90 Inflation Adjustment," dated March 1989;

 (2) "Stockton East Water District Justification for Water Supply Development Fees," dated January 1990;

(3) "Development Fee Update and Fiscal Year 1990-91 Inflation Adjustment," dated April 1990;

(4) "Public Facilities Fee Update for the City of Stockton Fire Department";

(5) "Public Facilities Fee Update for the City of Stockton Street Improvements" (Traffic) Fee," dated January 31, 1991;

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(6) "Stockton Air Quality Mitigation Fee Study," dated July 10, 1991;

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to parking. The City Manager or his/her designee shall determine the square footage of any project which cannot be calculated by using the definition of floor area.

(j) "Land Area" shall mean every square foot of parcel area.

2. Fees Imposed.

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(a) The fees shall be charged and paid at the time of issuance of a building permit for development. These fees shall be paid as a condition of any extension or renewal of a building permit issued after passage of this resolution if the fees have not been paid previously. Except for the SJMSCP Fee, the City Manager or his/her designee shall determine the amount of the fees in accordance with the standards set forth in this resolution and the Administrative Guidelines adopted by separate resolution. The SJMSCP Fee shall be determined by a Joint Powers Authority entitled "SJCOG, Inc.," in accordance with the SJMSCP, the Implementation Agreement for the SJMSCP, and the City's Administrative Guidelines.

(b) To the extent permitted by law, these fees shall be paid prior to occupancy by any development built by any entity that is not required to obtain a building permit from the City of Stockton.

3. <u>Amount of Fees</u>.

(a) The fees for development shall be the sum of the amounts specified in the Schedule of Fees attached hereto as Exhibit "C" and incorporated by reference.

(b) The appropriate fee area for each development shall be determined by reference to the map attached hereto as Exhibit "D" and incorporated by reference. Each fee area shall include all property located within the boundaries of the fee area.

(c) Notwithstanding paragraph 3(b) above, the appropriate fee area for purposes of the SJMSCP Fee shall be determined by reference to the Compensation Zone Map on file with the City and incorporated by reference. A reduced copy of the map is attached hereto as Exhibit "E."

4. Exemptions from Fees.

(a) These fees shall not be imposed on any of the following:

- Any alteration or addition to a residential structure, except to the extent that additional units or guest rooms are created;
- (2) Any alteration or addition to a non-residential structure if the

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square footage of the structure is increased less than ten percent, unless the alteration or addition changes the use of the structure to a higher density category;

- (3) Any addition of a new structure to a nonresidential parcel or site (contiguous parcels under the same ownership) if the square footage of the new structure is less than 10 percent (20 percent if located within the Enterprise Zone) of the square footage of all the existing structures on the parcel or site, as long as the addition does not change the use to a higher density category and the addition is ancillary to the main use;
- (4) Any replacement or reconstruction of an existing residential structure that has been destroyed or demolished provided that the building permit for reconstruction is obtained within five years after the building was demolished except to the extent that additional units or guest rooms are created;
- (5) Any replacement or reconstruction of an existing nonresidential structure that has been destroyed or demolished provided that the building permit for reconstruction is obtained within five years after the building was demolished unless the replacement or reconstruction increases the square footage of the structure ten percent or more, or changes the use of the structure to a higher density category.

(b) Whenever the alteration, addition, replacement, or reconstruction is not exempt, the fees shall be imposed only on the additional units or guest rooms, or change in use, so long as the building was in existence within five years prior to issuance of the new permit.

(c) For buildings that are reconstructed after an old building is demolished, the credit against fees given for the prior use shall decline as time passes. The credit against fees shall be as follows:

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(d) The entire SJMSCP Fee may not be applicable to a project located in a "No Pay Zone" as established in the Compensation Zone Map or for any project that chooses an option to paying the Fee by completing one or a combination of the following:

(1) Dedicate, as conservation easement or fee title, habitat lands (in-lieu dedications) as specified in Sections 5.3.2.1 and 5.3.2.2 of the SJMSCP; or

(2) Purchase approved mitigation bank credits as specified in Section 5.3.2.4 of the SJMSCP; or

(3) Propose an alternative mitigation plan, consistent with the goals of the SJMSCP and equivalent or greater in biological value to option (1) or (2), above, subject to approval by SJCOG, Inc.

5. Payment of Other Fees Required.

(a) Notwithstanding any other provision of this resolution, every development is responsible for the payment of all other applicable fees adopted by the City, including but not limited to:

- Waste water user charges and fees, Stockton Municipal Code section 7-092
- (2) Water fees, Stockton Municipal Code section 9-700
- (3) Traffic signal fees, Stockton Municipal Code section 16-170
- (4) Street sign fees, Stockton Municipal Code section 16-172
- (5) Street tree fees, Stockton Municipal Code section 16-172.1

(b) Nothing in this resolution affects the obligation of any person to pay area of benefit fees established pursuant to Stockton Municipal Code section 16-173 so long as this fee shall not result in a duplicate fee for any development or portion thereof included in an area of benefit.

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APPENDIX III-B3

City of Anaheim Municipal Code Citation

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Anaheim Municipal Code Title 17 LAND DEVELOPMENT AND RESOURCES

Chapter 17.36 PUBLIC SAFETY FACILITIES AND VEHICLE EQUIPMENT IMPACT FEES

Chapter 17.36 PUBLIC SAFETY FACILITIES AND VEHICLE EQUIPMENT IMPACT FEES

Sections:

17.36.010 Statement of purpose.

<u>17.36.020</u> Fire Suppression Facilities and Vehicle and Equipment Impact Fee for the Platinum Triangle.

<u>17.36.030</u> Law Enforcement Facilities and Vehicle and Equipment Impact Fee for the Platinum Triangle.

- 17.36.040 Review and adjustment of fees.
- 17.36.050 Exemptions.
- 17.36.060 Limited use of fees.
- <u>17.36.070</u> Credits for duplicative fees.
- 17.36.080 Fee adjustments.
- 17.36.090 Enforcement.
- 17.36.100 Application of fee.

17.36.010 STATEMENT OF PURPOSE.

The purpose of this chapter is to implement the goals and objectives of: (1) (a) the Public Services and Facilities Element of the City of Anaheim General Plan updated and adopted on May 25, 2004, as subsequently amended from time to time, (b) the Public Safety Services Master Facility Plan and Development Impact Fee Calculation and Nexus Report dated April, 2005 and the PTMU Overlay Public Safety Supplemental Development Impact Fee Report dated May, 2006 (hereinafter referred to collectively as the "Fee

Studies") on file in the Anaheim Fire Department and incorporated herein by this reference; and (2) mitigate the impacts on fire suppression and emergency services and law enforcement and crime prevention services caused by new and expanded development within the Platinum Triangle. For said purpose, the City Council has determined that a Fire Suppression Facilities and Vehicle and Equipment Impact Fee is needed to finance the construction and relocation of fire stations and facilities and the acquisition of vehicles and equipment needed to serve new residential, commercial, entertainment, amusement, and industrial developments and expansions and additions to such existing developments; and that a Law Enforcement Facilities and Vehicle and Equipment Impact Fee is needed to finance the construction and/or expansion and addition of police stations and the acquisition of vehicles and equipment needed to serve new residential, commercial, entertainment, amusement, and industrial developments and expansions and additions to such existing developments. The Public Safety Facilities and Vehicle and Equipment Impact Fee area is consistent with the boundaries of the Platinum Triangle Mixed Use (PTMU) Overlay Zone consisting of approximately 389 acres in the Platinum Triangle, as depicted in Figure 3 (General Plan Designations) of the Platinum Triangle Master Land Use Plan (hereinafter referred to as "PTMU Overlay Zone"). In establishing the fees described in the following sections, the City Council hereby finds the fees to be consistent with its General Plan. (Ord. 6027 § 1 (part); July 11, 2006.)

17.36.020 FIRE SUPPRESSION FACILITIES AND VEHICLE AND EQUIPMENT IMPACT FEE FOR THE PLATINUM TRIANGLE.

.010 The Fire Suppression Facilities and Vehicle and Equipment Impact Fee is hereby established, applicable to new residential, commercial, entertainment, amusement, and industrial developments in the PTMU Overlay Zone and for expansions of and additions to existing developments ("Fire Suppression Facilities and Vehicle and Equipment Fee"). The City Council shall, by Council resolution, set forth the specific amount of the fee, describe the benefit and impact area on which the development fee is imposed, list the specific public improvements, facilities and equipment to be financed, describe the estimated cost of these facilities, describe the reasonable relationship between the Fire Suppression Facilities and Vehicle and Equipment Fee and the various types of new developments and set forth time for payment.

.020 Payment of Fee. Except as otherwise provided in Section 66007 of the Government Code, the Fire Suppression Facilities and Vehicle and Equipment Fee shall be collected prior to approval of each building permit. (Ord. 6027 § 1 (part); July 11, 2006.)

17.36.030 LAW ENFORCEMENT FACILITIES AND VEHICLE AND EQUIPMENT IMPACT FEE FOR THE PLATINUM TRIANGLE.

.010 The Law Enforcement Facilities and Vehicle and Equipment Impact Fee is hereby established, applicable to new residential, commercial, entertainment, amusement, and industrial developments in the PTMU Overlay Zone and for expansions of and additions to existing developments ("Law Enforcement Facilities and Vehicle and Equipment Fee"). The City Council shall, by Council resolution, set forth the specific amount of the fee, describe the benefit and impact area on which the development fee is imposed, list the specific public improvements, facilities and equipment to be financed, describe the estimated cost of these facilities, describe the reasonable relationship between the Law Enforcement Facilities and Vehicle and Equipment Fee and the various types of new developments and set forth time for payment.

.020 Payment of Fee. Except as otherwise provided in Section 66007 of the Government Code, the Law Enforcement Facilities and Vehicle and Equipment Fee shall be collected prior to approval of each building permit. (Ord. 6027 § 1 (part); July 11, 2006.)

17.36.040 REVIEW AND ADJUSTMENT OF FEES.

On an annual basis, the City Council shall review the Fire Suppression Facilities and Vehicle and Equipment Fee and the Law Enforcement Facilities and Vehicle and Equipment Fee to determine whether the fee amounts are reasonably related to the impacts of developments and whether the described public improvements, facilities and equipment are still needed. The City Council may, periodically by resolution, adjust the amount of the Fire Suppression Facilities and Vehicle and Equipment Fee and the Law Enforcement Facilities and Vehicle and Equipment Fee established by this chapter in accordance with (1) the construction cost index for construction costs in the Los Angeles area published in the Engineering News-Record Construction Cost Index and (2) the estimated changes reflecting amendments or revisions to the Fee Studies. (Ord. 6027 § 1 (part); July 11, 2006.)

17.36.050 EXEMPTIONS.

This chapter shall not apply to:

.010 Conversion of a building or structure to a similar or less intensive land use.

.020 Reconstruction of any building or structure destroyed by fire or other natural cause, to the extent the replacement structure does not increase usable square footage.

.030 That portion of any building or structure ("new structure") which is constructed as a replacement for a substantially similar use of a building or structure ("original structure") which existed on the property within ninety days immediately preceding commencement of such construction. For purposes of calculating the fee payable pursuant to this chapter, the number of residential units, or (for a commercial/entertainment/amusement/industrial development) the square footage, of the original structure shall be deducted from the number of residential units or square footage of the new structure.

.040 That portion of any building or structure which is enlarged or expanded and which portion existed on such property immediately prior to commencement of such enlargement or expansion, provided the use of such portion is not otherwise changed. For purposes of calculating the fee payable pursuant to this chapter, the number of residential units, or (for a

commercial/entertainment/amusement/industrial development) the square footage, of the original structure shall be deducted from the number of residential units or square footage of the new structure. (Ord. 6027 § 1 (part); July 11, 2006.)

17.36.060 LIMITED USE OF FEES.

The revenues raised by payment of the Fire Suppression Facilities and Vehicle and Equipment Fee and the Law Enforcement Facilities and Vehicle and Equipment Fee shall be placed into separate reserve funds, respectively, and such revenues, along with any interest earnings on that account, shall be used solely to pay for the City's acquisition, construction and relocation of facilities and for the acquisition of vehicles and equipment as specified in the Fee Studies, or to reimburse the City for such modifications constructed by the City or such acquisition made by the City with funds advanced by the City from other sources. (Ord. 6027 § 1 (part); July 11, 2006.)

17.36.070 CREDITS FOR DUPLICATIVE FEES.

.010 Duplicative Fees. Fees or payments which are determined by the City Engineer to be duplicative of the fees imposed by this chapter, or development agreement, shall be credited against any fee (but only to the extent of the fee) which would otherwise be charged pursuant to this chapter. (Ord. 6027 § 1 (part); July 11, 2006.)

17.36.080 FEE ADJUSTMENTS.

An owner or developer of any project subject to the fees imposed by this chapter may apply to the City Council for a reduction or adjustment to said fees, or a waiver of said fees, based upon the absence of a reasonable relationship or nexus between the impacts of that development on the need for public safety facilities and equipment and either the amount of the fees charged or the type of facilities or equipment to be financed. The application shall be made in writing and filed with the City Clerk not later than ten days prior to the public hearing on the development permit application for the project, or if no development permit is required, at the time of the filing of the request for a building permit. The application shall state in detail the factual basis for the claim of waiver, reduction, or adjustment. The City Council shall consider the application at the public hearing on the permit application or at a separate hearing held within sixty days after the filing of the fee adjustment application, whichever is later. The City Council shall waive or adjust said fee where the City Council finds, based upon substantial evidence in the record, that such waiver or adjustment is necessary to ensure that said fee, if any, is related both in nature and extent to the impact of the proposed project. The decision of the City Council shall be final. If a reduction, adjustment, or waiver is granted, any change in use within the project shall invalidate the waiver, adjustment or reduction of said fee. (Ord. 6027 § 1 (part); July 11, 2006.)

17.36.090 ENFORCEMENT.

The City Attorney is hereby authorized and directed to initiate such legal proceedings as may be necessary to enforce the provisions of this chapter. (Ord. 6027 § 1 (part); July 11, 2006.)

17.36.100 APPLICATION OF FEE.

The fees authorized by this chapter shall apply to the issuance of any building permit for any residential, commercial, entertainment, amusement, and industrial development project issued sixty days following the date of adoption of this chapter. (Ord. 6027 § 1 (part); July 11, 2006.)

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APPENDIX III-B4

City of Sacramento Municipal Code Citation

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18.44.070 Exemptions.

A. The following shall be exempted from payment of the park fee established by this chapter:

1. Alterations, renovations, or expansion of an existing residential building or structure where no additional dwelling units are created and the use is not changed; provided, however, that the expansion or intensification of use of an existing commercial or industrial building or structure shall not be exempt from the fees established in this chapter. For purposes of this section, "expansion or intensification of uses" means any increase in the anticipated number of employees associated with the proposed new use;

2. The replacement of a destroyed or partially destroyed or damaged building or structure with a new building or structure of the same size and use;

3. A development project that is the subject of a development agreement executed prior to the effective date of the ordinance codified in this chapter, if the development agreement does not require the payment of a park development impact fee.

B. Any claim of exemption with respect to the fees established by this chapter must be made no later than the time for application for fee adjustment pursuant to Section 18.44.140 of this chapter. (Ord. 2000-017 § 2(c) (part); Ord. 99-044 § 4 (part): prior code § 84.12.1207)

Sacramento Municipal Code

Up	Previous	Next	Main	Sea	rch	Print	No Frames
Title 18	ADDITIONAL	DEVELOPMENT	REQUIREMENTS				
<u>Chapter</u>	18.44 PARK	DEVELOPMENT	IMPACT FEE				

18.44.140 Protest of fees.

A. A landowner subject to a fee established by this chapter may apply to the director, or his or her designee for a reduction, adjustment, or waiver of the fee, or any portion thereof, based upon the absence of a reasonable relationship or nexus between the impacts of the landowner's development project and either the amount of the fee charged or the type of park facility to be financed, or both. The application shall state in detail the factual basis for the claim of reduction, adjustment, or waiver, and shall include any and all written materials that the landowner deems appropriate in support of the application.

B. The application shall be made in writing and filed with the director at or before the time required for the filing of protests under Government Code Sections 66020 and 66021. For purposes of determining the applicable limitations period set forth in Government Code Section 66020, the date of the imposition of the fee under this chapter shall be the date of the earliest discretionary approval by the city of the subject development project. The application shall be accompanied by the payment of a filing fee in an amount established by the city council. The applicant shall be liable for the actual cost of the city in processing and ruling upon the application to the extent the cost exceeds the filing fee. The excess amount may be deducted from any refund found due and owing to the applicant or may be added to the amount of park development impact fees found to be due or owing from the applicant, as the case may be.

C. Notwithstanding the filing of an application and the pendency of any hearing or procedure under this section, the landowner shall pay the park development impact fee originally determined by the city in a timely manner pursuant to Section 18.44.090. The payment shall be deemed to be a payment under protest pursuant to Government Code Sections 66020 and 66021.

D. The director shall consider the application at an informal hearing held within sixty (60) days after the filing of the application. The decision of the director shall be final and not appealable, except as provided in subsections (g) and (h) of this section. The director shall make his or her determination of the fee calculation within fifteen (15) days from the date of the informal hearing or from the date that the director sets for the submission of additional engineering or other studies, other information, or additional calculations as found necessary by the director during the course of the informal hearing. Applicant's failure to submit, on a timely basis, additional information requested by the director may result in a denial of the application. The applicant shall be notified of the director's decision, in writing, by the mailing of the decision by first class mail, postage prepaid, and addressed to the address provided by the applicant.

E. The director shall consider the following factors in his or her determination whether or not to approve an application:

- 1. The factors identified in Government Code Section 66001:
- a. The purpose and proposed use of the fee,
- b. The type of development involved,
- c. The relationship between the fee's use and the type of development involved,

d. The relationship between the need or demand for park facilities and the type of development involved, and

e. The relationship between the amount of the fee and the cost of the park facilities, or the portion of the park facilities, attributable to the development involved;

2. The substance and nature of the evidence presented by the applicant;

3. The facts, findings and conclusions stated in the nexus study, including technical information, studies, and reports contained within and supporting the study, together with findings supporting the resolution setting the amount of the fee in question. The applicant must present comparable technical information, studies, and reports to demonstrate that the fee is inappropriate for the particular development involved.

F. If the application is granted, any change in use within the particular development involved in an application shall invalidate the reduction, adjustment, or waiver of the fee if such change in use would render the same inappropriate.

G. Within ten (10) days after the date of the mailing of the director's decision, an applicant may appeal the director's decision to the city council, by filing a notice of appeal with the city clerk. The provisions of Chapter 1.24 of this code shall govern the appeal to the city council. In reaching its decision, the city council or the appointed hearing examiner, as the case may be, shall hold a hearing and consider the factors set forth in subsections A and F of this section. The decision on the appeal shall be mailed within five days following the hearing held pursuant to this section by first class mail, postage prepaid, and addressed to the address provided by the applicant. The decision shall be final and not appealable, except as provided in subsection H of this section.

H. The protest procedures set forth in this section are administrative remedies that shall be exhausted prior to the institution of any judicial proceeding concerning the fees protested. Any petition seeking judicial review of a decision by the city council shall be made under Code of Civil Procedure Section 1094.5 and shall be filed by or before (1) ninety (90) days following the date on which the decision is mailed to the applicant or (2) the expiration of the limitation period set forth in subsection (d) of Government Code Section 66020, whichever occurs later. For purposes of determining the applicable limitations period set forth in Government Code Section 66020, the date of the imposition of the fee under this chapter shall be the date of the earliest discretionary approval by the city of the subject development project. (Ord. 2002-045 § 6; Ord. 2000-017 § 2(c) (part); Ord. 99-044 § 4 (part): prior code § 84.12.1214)

APPENDIX III-B5

City of Visalia Municipal Code Citation

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Visalia, CA Municipal Code Title 16 SUBDIVISIONS

Chapter 16.46 PUBLIC SAFETY IMPACT FEES

Chapter 16.46 PUBLIC SAFETY IMPACT FEES

Sections:

<u>16.46.010</u> Intent and purposes.

16.46.020 Definitions.

<u>16.46.030</u> Fees and application.

16.46.040 Fees schedule and computation of fee.

16.46.050 Imposition and timing of fees.

<u>16.46.060</u> Disposition and use of fees.

16.46.070 Refunds.

16.46.080 Credits.

16.46.090 Protest.

16.46.100 Exemptions.

16.46.010 Intent and purposes.

This chapter is intended to assist in the implementation of the policies of the general plan by providing for adequate public facilities to support orderly development. Further, the purpose of this chapter is to regulate the use and development of land so as to assure that new development bears a proportionate share of the cost of capital expenditures necessary to provide for public facilities that serve such development.

(Ord. 2001-11 § 2 (part), 2001)

16.46.020 Definitions.

As used in this chapter, the following terms are defined in this

section:

"Capital improvement program" means the long-range schedule of proposed projects with their estimated costs and sources of funds over a five (5) year period, adopted in the 2000-2002 year bi-annual budget.

"Fire protection and police facilities" means equipment and facilities needed to maintain adequate levels of service while accommodating the needs of future development, as identified in the Public Safety Impact Fee Study conducted by DMG-MAXIMUS dated April 26, 2001, and subsequent Capital Improvement Program.

"Gross acreage" means the area of a parcel of land, or the area of a proposed division, including

those portions designated for streets and alleys and including those portions of all abutting streets and alleys measured to the center lines thereof or to a line parallel with and thirty (30) feet from the property line, whichever shall be the lesser. In the case of a single-family residential use occupying a corner parcel, the area of the street abutting the shortest side of such parcel, or one side in the case of a square parcel, shall not be included.

"Impact fee" means a monetary exaction imposed by the city pursuant to this chapter as a condition of or in conjunction with approval of a development project for the purpose of defraying all or some of the city's cost or repaying costs previously expended from other city funds for capital improvements.

"Impose" means to determine that a particular development project is subject to the collection of impact fees as a condition of development approval.

"New development" or "development project" means any new building, structure or improvement of any parcels of land, upon which no like building, structure or improvement previously existed.

(Ord. 2001-11 § 2 (part), 2001)

16.46.030 Fees and application.

A. This chapter establishes development impact fees which are imposed as a condition of approval upon all new development projects for which a building permit is issued on or after the effective date of this chapter. Those impact fees are hereby established for the following public utilities.

1. Fire protection facilities;

2. Police facilities.

B. These impact fees are established in order to pay for the capital costs of fire protection and police facilities reasonably related to the needs of new development in the city.

(Ord. 2001-11 § 2 (part), 2001)

16.46.040 Fees schedule and computation of fee.

A. The city council shall establish by resolution a schedule of per gross acre fee, to be imposed on new development, calculated to provide the sum of money necessary to pay the estimated total capital costs of fire protection and police facilities, as identified in the April 26, 2001, fee study approved by council, to serve new development within the urban growth boundary. The amount of the fee shall be determined by resolution adopted by the city council and shall be based on the capital cost per acre by general plan land use designation and shall include the cost of the study amortized over a five (5) year period. Following adoption of a fee schedule or a subsequent revised fee schedule, such fee shall become effective sixty (60) days after the adoption thereof by the city council.

B. Annual review of the fee schedule will be made in the following manner. Each April of each year the chief financial officer shall review the current Engineering News Record Construction Cost Index (ENRCCI) for the cities of Los Angeles and San Francisco, California. When the average of such indices differs from the average of the indices for the preceding April 1st, the factor of increase or decrease shall be applied to the schedule of fees. Such factor shall be computed by dividing the average ENRCCI for the current April 1st by that pertaining to the previous April 1st. The individual fire protection impact fee and police facilities impact fee rates may be multiplied by said factor to determine the adjusted schedule of fees. The chief financial officer shall present the new fee schedule for adoption by resolution of council after at least one public hearing.

C. At least once every five (5) years, the council shall review the basis for the impact fees to determine whether the fees are still reasonably related to the needs of new development. If it is necessary to update the previously approved fee study to do so, council may amortize the cost of doing so over the following five (5) year period and include such cost as an element of the impact fee.

(Ord. 2001-11 § 2 (part), 2001)

16.46.050 Imposition and timing of fees.

A. Except as provided in this chapter, and any amendment to

this chapter, the city may impose impact fees as a condition of approval of all new development projects.

B. After an individualized determination that each fee has been calculated as provided in this

chapter, the impact fees shall be imposed prior to any development permit for new development.

C. The development impact fee shall be collected at the time and as a condition for issuance of a building permit, except as otherwise provided in Government Code Section 66007 or as provided herein.

D. The payment of fire protection impact fees and police facilities impact fees may be deferred until final inspection. In no case shall a certificate of occupancy be issued without the payment of the above referenced impact fee.

E. Companies classified within the following standard industrial codes shall be able to pay the fire protection impact fees and police facilities impact fees over a period of five (5) years without interest or administrative fee. The first installment of twenty (20) percent shall be due upon occupancy and the balance shall be paid in five (5) equal annual installments thereafter and will be collected on the property tax roll. The collection of the balance on the property tax roll shall not preclude the earlier payment of any outstanding balance.

2000–2099	Food processing
2200–3999	Certain other manufacturers
4200–4299	Trucking and warehousing
4500–4599	Air transportation

4700–5199 Transportation services and warehouse trade

F. A penalty equal to the amount of one hundred (100) percent of the amount of the fees deferred shall be imposed on any party who fails to pay such deferred fees by the point of time the fee is due. Further, said party will have forfeited the right to defer such fees on parcels in which said party has a financial interest.

(Ord. 2001-11 § 2 (part), 2001)

16.46.060 Disposition and use of fees.

The chief financial officer shall establish a separate account for each type of facility listed in Section 16.46.020A. All impact fees collected by the city shall be deposited in the account established for the specific type of facility for which the fee is collected. Any interest earned on funds deposited in a fund or account shall be deposited in that fund or account. Funds deposited in those accounts shall be used only to pay for facilities resulting from new development within the urban growth boundary, as identified in the resolution adopted by city council setting the rate of the fee.

(Ord. 2001-11 § 2 (part), 2001)

16.46.070 Refunds.

If impact fees collected by the city have not been expended or designated for the intended purpose within five (5) years following their collection, the city shall either refund those fees as provided in Government Code Section 66001, or make the findings as required by said section to retain the fees.

(Ord. 2001-11 § 2 (part), 2001)

16.46.080 Credits.

A. A property owner who dedicates land or otherwise contributes funds for the capital costs of fire protection and police facilities identified herein may be eligible for a credit for such contribution against the impact fee otherwise due.

B. The chief financial officer shall determine: (1) the value of the developer contribution; (2) whether the contribution meets capital improvement needs for which the particular impact fee has been imposed; and (3) whether the contribution will substitute or otherwise reduce the need for capital improvements anticipated to be provided with impact fee funds. In no event, however, shall the credit exceed the amount of the otherwise applicable impact fee.

C. Any application for credit must be submitted on forms provided by the city before development project approval. The application shall contain a declaration under oath of those facts which qualify the property owner for the credit, accompanied by the relevant documentary evidence.

(Ord. 2001-11 § 2 (part), 2001)

16.46.090 Protest.

Any party subject to the fees established by this chapter may protest the imposition of those fees by meeting all of the following requirements: A. Tendering any required payment in full or providing satisfactory evidence of arrangements to ensure performance of the conditions necessary to meet the requirements of the imposition of the fee.

B. Serving written notice of protest on the city council which notice shall contain all of the following information:

1. A statement that the required payment is tendered under protest.

2. A statement informing the city council of the factual elements of the dispute and the legal theory forming the basis for the protest.

C. Serving the written notice of protest no later than ninety (90) days after the date of the imposition of the fee.

The city council shall consider that protest at a hearing to be held within sixty (60) days after the filing of the protest. The decision of the city council shall be final.

(Ord. 2001-11 § 2 (part), 2001)

16.46.100 Exemptions.

The fees imposed under this chapter shall not apply to the following:

A. Remodeling or alteration of an existing dwelling or building.

B. Additions to an existing dwelling or building that does not cause the site upon which the dwelling or building is situated to be expanded.

(Ord. 2001-11 § 2 (part), 2001)

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APPENDIX III-C1

Excerpt from City of Fremont Annual Report

Park Dedication In Lieu Fees (Funds 530,532,536,537,541,542)

FY 04/05 Beginning Fund Balance	\$	4,425,330
Fees Collected		2,732,434
Interest Earned		109,357
Expenditures		(57.504)
FY 04/05 Ending Fund Balance	\$9	7,209,618

				Park Dedic	ation In Lieu	Fees	
				Since Inception	n through June	30, 2005	
		Total Project		Total	Total	Park Dedication	FY 04/05
		Appropriation	%	Park Dedication	Park Dedication	in Lieu Fee	In Lieu
		All Funding	Fee	in Lieu Fee	In Lieu Fee	Appropriation	Fee
Project #	# Description	. Sources	Funded	Appropriation	Expenditures	Remaining	Expenditures
7768	Los Cerritos	17,052	6%	1,000	1,000		I
7855	Carriage House Relocation	1,008,354	20%	708,000	708,000		
7859	Central Park Athletic Turf Renovation	1,210,625	13%	158,988	84,525	74,463	,
7862	Central Park Path	505,740	29%	145,000	145,000		ı
7965	Central Park Lions Picnic	39,577	%66	39,171	39,171		1 3
7973	Central Park Boat House Replacement	587,438	86%	566,093	566,093	ł	t
7978	Gomes Park	121,521	1%	783	783	,	3
2662	Central Park Boat Dock Replacement	125,346	93%	117,110	117,110	ł	ı
1999	Central Park Restroom	130,997	78%	102,517	102,517		1
8001	Central Park Play Equipment	158,960	2%	3,176	3,176	ŗ	,
8003	Warm Springs Park Play Eq Replacement	122,901	.35%	42,528	42,528		1
8007	Blacow Park 8' Concrete Paths	108,259	49%	53,303	53.303	1	
8010	Central Park Brook Erosion	1,330	100%	1,330	1,330		
8014	Centerville Park Land Acquisition	4,828,667	51%	2,446,040	2,446,040	T	. 1
8016	Central Park Play Equipment	60,000	67%	40,000	40,000	ĩ	
8033	California Nursery Improvements	2,300	100%	2,300	2,300		I
8047	Harvey Park Balifield	168	100%	897	897		

30,036 471 38 15,619 Expenditures 4 FY 04/05 In Lieu 60 8,390 000'06 172,896 16,881 1,486,097 746,883 Park Dedication Appropriation in Lieu Fee Remaining Since Inception through June 30, 2005 **Park Dedication In Lieu Fees** Park Dedication 112,848 2,104 81,000 24,728 80,000 15,522 68,397 40,025 2,532 25,000 25,000 50;000 60,634 15,619 53,104 25,221 115,175 312,117 17,187 1,740,000 2,411,042 118,012 124,981 Expenditures In Lieu Fee Total Park Dedication 112,848 53,104 25,000 123,565 2,104 40,025 2,532 25,000 50,000 118,012 25,221 81,000 24,728 80,000 15,522 68,397 17,187 172,896 ,740,000 1,546,731 2,411,042 1,059,000 90,000 32,500 Appropriation 6,124,981 in Lieu Fee otal Funded 100% 100% 100% 100% %00I 100% 100% %69 36% 54% 58% 81% 85% 87% 95% 20% 100% 100% Fee 93% 5% %6 11% 22% 2 3% %2 150,000 914,528 2,104 17,187 15,522 49,278 29,454 77,387 120,781 70,021 24,761 2,344,758 2,984,023 68,397 2,532 28,728 50,000 2,535,938 1,111,379 1,546,731 5,422,475 3,058,000 2,357,322 145,500 6,124,981 Appropriation **Total Project** All Funding Sources Aarshall Park Play Equipment Replacement Central Park (Stevenson Place) Land Acq. Nam Springs/Grimmer Park Acquisition /allejo Mill School Park Play Equipment Vorth Gate Community Park Play Equip **MSJ Community Park Improvements** Buena Vista Park Play Equipment -one Tree Park Basketball Court Narm Springs Basketball Court **Citywide Park Land Acquisition** Varm Spring Community Park Park Recreation Master Plan os Cerritos Play Equipment Park Development Program ²ark Acquisition - 94 Acres ^camily Water Park Facility **Central Park Teen Center** Souza Parcel Acquisition Centerville Comm Park Niles Community Park -owry Play Equipment Vorth Gate Trail Path rvington Park Misc Sign Modification Project # Description -owry Park 8050 8108 8136 8228 8229 8245 8246 8247 8304 8052 8056 8065 8311 8370 8392 8402 8408 8434 8506 8053 8064 8127 8227 8447 8464

11,340 57,504 Expenditures FY 04/05 In Lieu Fee 6 (6,830) 2,888,726 149,948 150,000 Appropriation Remaining Park Dedication in Lieu Fee Since Inception through June 30, 2005 Park Dedication In Lieu Fees S 18,063 52,830 34,170,952 **Park Dedication** 8,226,037 Expenditures In Lieu Fee Total Ø Park Dedication 149,948 18,063 37,059,679 46,000 150,000 8,226,037 Appropriation in Lieu Fee Total \$ Funded 100% 100% 32% Fee 43% 7% % 350,000 8,226,037 18,063 470,000 675,000 58,020,851 Appropriation **Total Project** All Funding Sources Rancho Higuera Historical Pk Improvements Marshall School Park Land Acquisition Development Impact Fee Review Central Park Band Pavilion Stivers Lagoon Study Project # Description Totals 8613 8315 8574 8507 8562

Park Facility Impact Fees (Funds 533, 540)

FY 04/05 Beginning Fund Balance	€7	19,502,910
Fees Collected		1,846,084
Interest Eamed		471,195
Expenditures		(223,107
FY 04/05 Ending Fund Balance	69	21,597,082

and a second sec

				Park Faci	lity Impact F	ses.	
			S	ince Inception	through June	30, 2005	
The second s		Total Project		Total	Total	Park Facility	FY 04/05
		Appropriation	%	Park Facility	Park Facility	Impact Fee	Impact
		All Funding	Fee	Impact Fee	Impact Fee	Appropriation	Fee
Project #	Description	Sources	Funded	Appropriation	Expenditures	Remaining	Expenditures
7501	Niles Park	1,648,949	12%	205,223	205,223	3	ĩ
7855	Carriage Relocation	1,008,354	%2	68,354	37,915	30,439	228
7862	Central Park Path	505,740	13%	66,328	66,328	,	i
21873	Central Park Boat House Replacement	587,438	4%	21,000	21,000	1	5
8007	Blacow Park Paths	108,259	23%	24,956	24,956	1	t
8032	Hetch Hetchy/Plomosa Road Park	429,923	4%	19,000	19,000		ł
8065	Warm Springs Comm Park	2,344,758	76%	1,780,000	125,755	1,654,245	125,730
8127	Park Recreation Master Plan	914,528	39%	360,000	158,557	201,443	25,229
8180	Citywide ADA Park	552,305	22%	120,000	120,000	1	ţ
8190	Central Park/Mission Creek	898	100%	898	898	1	1
8202	Marshall Park Improvements	412,691	2%	7,699	7,699 '	ŗ	t
8280	Mission San Jose Bicentennial Park	715,200	20%	140,000	86	139,914	33
8332	Central Park Celebration Grove	947,576	100%	947,576	18,281	929,295	1
8344	Patterson Neighborhood Park Improvements	410,833	100%	410,834	410,834	1	1
8345	Harvey Park Lighted Parking	165,000	100%	165,000	7,891	157,109	1
8346	Northgate Community Park Picnic/BBQ	58,908	100%	58,908	58,908	•	1
8347	Mission San Jose Community Park Picnic/BBB	19,678	100%	19,678	19,678	1	1

1,139 64,855 5,894 Expenditures 223,107 FY 04/05 Impact Fee S (149) 100 70,000 200,000 50,145 85,000 50,000 100,000 245,052 60,000 12,679,097 304,797 4,338,000 2,760,000 1,303,707 Appropriation Park Facility Impact Fee Remaining Since Inception through June 30, 2005 Park Facility Impact Fees 1,100 15,203 206,408 64,855 2,362 51,900 59,000 36,672 37,000 36,071 316,149 2,129,730 Expenditures Park Facility Impact Fee Total S 320,000 1,100 200,000 50,000 245,052 14,808,826 206,408 37,000 60,000 70,000 115,000 85,000 000'001 316.000 2,362 52,000 59,000 36,672 36,071 2,760,000 1,303,707 4,338,000 Appropriation Park Facility Impact Fee **Fotal** \$ Funded 100% 100% 100% 100% 100% 100% %001 27% %001 57% 34% 100% 100% 52% 80% 15% %06 55% Fee 45% 27% 3% % 340,000 100,000 130,925 320,000 1,100 350,000 85,000 206,097 137,162 60,000 70,000 50,000 2,362 111,379 470,000 1,175,000 5,422,475 356,000 3,058,000 2,357,322 36,071 24,012,630 Appropriation **Total Project** All Funding Sources ŝ Centerville Community Park Improvements Old Mission Community Park Tennis Court **Rancho Higuera Hist Pk Improvements MSJ Community Park Improvements** Central Park Teen Center Hardcourt Development Impact Fee Review Central Park Burn Replacement Comp Study COF's Park System **Civic Center Knoll Development** Central Park Basketball Courts **Dusterberry Park Development** Central Park Band Pavilion amily Water Park Facility Arroyo Agua Caliente Park Central Park Teen Center os Cerritor Picnic Area Santos Barn Relocation Central Park Dog Park Karl E Nordvik Park Central Park Sports Description **Grant Writer** 8232, 8315 Project # Totals 8613 8505 8606 8348 8392 8433 8434 8438 8443 8447 8464 8500 8502 3504 8507 8527 8528 8577 8581 8431

26,893 (902,947) 1,166,400 1,133,932 1,424,278 ÷ \$ Capital Facility Impact Fees (Fund 535) FY 04/05 Beginning Fund Balance Expenditures FY 04/05 Ending Fund Balance Interest Earned Fees Collected

	•		Capital Fac	cility Impact I	Fees	
		S	ince Inception	through June	30, 2005	
	Total Project		Total	Total	Capital Facility	FY 04/05
	Appropriation	%	Capital Facility	Capital Facility	Impact Fee	Impact
	All Funding	Fee	Impact Fee	Impact Fee	Appropriation	Fee
Project # Description	Sources	Funded	Appropriation	Expenditures	Remaining	Expenditures
9110, 9210 Debt and Lease Payments		-	6,301;798	6,301,798		900'006
7854 Northgate Community Center	503,65	0 2%	9,375	9,375		t
8038, 8155 Corp Yard Study, Right-of-way	32,994,10	8 1%	348,625	348,625	ŧ	r
7979, 8264 Police Facility	24,842,15	0 11%	2,800,000	2,800,000	1	1
8232, 8315 Development Impact Fee Review	1,175,00	%6 0	100,250	100,324	(74)	2,947
Totais	\$ 59,514,90	8	\$ 9,560,048	\$ 9,560,123	\$ (74)	\$ 902,947

Fire Impact Fees (Fund 193)

FY 04/05 Beginning Fund Balance	307 796
Fees Collected	
Interest Earned	
Expenditures	
FY 04/05 Ending Fund Balance	(CAC'OR/)

		1000					-	-	-	-	-	-	-	-		
		EV NAIDE	Imnact	Fae	vnonditinen	South Internet		ı		1	785,121	,			1,4/3	796,595
		+-			u	4		e o l			_	_	-		_	44
	30, 2005	Fire	Impact Fee	Appropriation	Remaining	Runna	•	ı			000'97	ľ		10	(3/	\$ 74,963
Ipact Fees	hrough June	Total	Fire	Impact Fee	Expenditures	OK NOD	000'00	1,318,597	451 807		A1 A'A1A	1,301,883	688 051	1001000	101,20	\$ 4,665,935
Fire In	ce Inception t	Total	Fire	Impact Fee	Appropriation	95 000		1,318,597	451,697	017 010	010,10	1,301,883	688.051	62 750	241 100	\$ 4,740,897
	Sin		%	Fee	Funded		2007	%00	47%	12%		68%	100%	5%		
	~	Total Project	Appropriation	All Funding	Sources		2 000 502	180'enn'z	963,812	7,843,557		1,913,746	688,051	1.175.000	001 001 FF 0	P0/'020'+1 P
					Project # Description	9110 Debt and Lease Payments	7746 Fire Station #4		//4/ Fire Station #9 Debt Payments	7838 Fire Station #8	7850 Fire Station #10		8030 Fire Benefit Interest	8232, 8315 Development Impact Fee Review	Totals	

APPENDIX III-C2

Excerpt from City of Paso Robles Annual Report

Exhibit "A"

Detail Schedule

of Development Impact Fee Expenditures

Fiscal Year Ending June 30, 2004

211 Fund 213 Traffic	ц.	und 214	Fund 215	G (nd 216 Park	ធី	storm	Fund 21 Street	80	Eur Pr	ud 219 Iblic
Mitigation	Sign	nalization	Bridges	Dev	elopment	ã	cainage	Trees		Meet	.ng Fac.
\$ 9,049	ŝ	780,118	\$ 3,031,074	ŝ	747, 689	ŝ	507,092	, 99,	521	ŝ	
629, 368		26, 378 (285, 690)	15,570		208,046 (92,828)		10,591 (19,765)	2, (5,	917 721)		58,568 (58,568)
\$ 638,417	s	520, 806	\$ 3,046,644	s	862,907	Ś	497, 918	\$ 96,	717	ŝ	T
		83,373 36,403 118,667 23,644 23,603									
				1 1	40,038 52,790						
							12,634 97 7,034				
											58, 568
								-			

Beginning Cash Balance 7/1/03 Revenues - All Sources Expenditures/Transfers OUT Ending Cash Balance 6/30/04 Upgrade Signal @ 24th & Spring Install Traffic Signal @ Creston/Nickelson Install Signal @ Niblick & Nicklaus Streets Install Signal @ Niblick & Gountry Club Install Signal @ Niblick & High School

Centennial Park Rehab Replace Sherwood Park Playground Equipment

Storm Water Management Study Robbins Field Drainage Improvements Holstein Drainage Improvements

Street Tree Replacement Program

City Hall/Library Debt Service

New Well Installation: #8 New Well Installation: #9 New Well Installation: #10 Install Water Main - Thunderbird to Charolais Install Water Main - Creston to Charolais Install Water Main - Charolaís Carstuct SW Reservoir SE of City Re-roof West Side Reservoir Nacimiento Water Reab Royal Oaks Well Impact Fee Update

Lift Station #2 Rehab Upgrade Solids Handling Facilities Install Ferric Chloride Bulk Tank Upgrade Lift Station #17 Ubgrade Lift Station #17 Gulden Wills Road Sewer Reimbursement Templeton Interceptor Upgrads Reaches 2 & 4

Union/46 Park Acquisition

Exhibit "A"

Detail Schedule

of Development Impact Fee Expenditures

Fiscal Year Ending June 30, 2004

_ ا	1	11
Fund 228 Borkey ecific Plar	771,386 283,286	1,054,672
spe	ŝ	ŝ
Fund 225 Union/46 Specific Flan	\$ 2,801,226 1,069,786 (1,111,959)	\$ 2,759,053
Fund 224 Public Facilities	\$ 2,308,512 1,005,364 (132,600)	\$ 3,181,276
Fund 223 Library Expansion	\$ 89,723 (89,723)	۰ د
Fund 222 Aquatic Facilities	ş 41,564	\$ 41,564
Fund 221 Sewer Connections	\$ 3,387,553 \$ 1,635,529 (1,786,854)	\$ 3,236,228
Fund 220 Water Connections	\$ 2,213,574 \$ 1,416,102 (363,251)	\$ 3.266.425

Beginning Cash Balance 7/1/03 Revenues - All Sources Expenditures/Transfers OUT Ending Cash Balance 6/30/04

Upgrade Signal @ 24th & Spring Install Traffic Signal @ Creston/Nickelson Install Signal @ Niblick & Nicklaus Streets Install Signal @ Niblick & Country Club Install Signal @ Niblick & High School

Centennial Park Rehab Replace Sherwood Park Playground Equipment

storm Water Management Study Robbins Field Drainage Improvements Holstein Drainage Improvements

Street Tree Replacement Program

132,600

89,723

City Hall/Library Debt Service	
New Well Installation: #8 New Well Installation: #9 New Well Installation: #10 Install Mater Main - Thunderbird to Charolais Install Water Main - Creston to Charolais Install Water Main - Crarolais Construct SW Reservior Water Storage Reservior Water Storage Reservoir SE of City Re-roof West Side Reservoir Nacimiento Water Reab Royal Oaks Well Impact Fee Update	
rift Starion #2 Behab	
Upgrade Solids Handling Facilities	
Install Ferric Chloride Bulk Tank	
Upgrade Lift Station #17	
Sludge System Upgrade	
Golden Hills Road Sewer Reimbursement	
Templeton Interceptor Upgrads Reaches 2 & 4	1

Union/46 Park Acquisition

1

102,831		
1,840		
226		
87,631		
26,292		
8,437		
29,659		
75,091		
8,751		
8,933		
7,880		
5,680	5, 680	
	132,747	
	1,439,785	
	75,670	
	100,915	
	21, 915	
	6,854	
	3,287	

1,111,959

APPENDIX III-C3

Excerpt from City of Visalia Annual Report
SUMMARY REPORT 2004/05 Impact Fee Funds

Fund	Beginning Cash Balance 7/1/04	Total Revenue	Total Expenditures	Ending Cash Balance 6/30/05	C.I.P Money Appropriated 6/30/05	Ending Resources Available	Bond/Internal Loan Balances	Future C.I.P. Projects 2005/06- 2009/10	Future Required Revenue
Public Faility - Civic Center Impact Fund (1041)*	0	41,804	0	41,804	0	41,804	0	0	(41,804)
Public Facility - Corportation Yard Impact Fund (1043)*	0	5,125	0	5,125	0	5,125	0	0	(5,125)
PublicFacility - Library Impact Fund (1045)	0	4,853	0	4,853	0	4,853	0	(500,000)	495,147
Police Impact Fund (1051)	487,009	261,805	(199,621)	549,193	(2,072,603)	(1,523,410)	0	(5,497,360)	7,020,770
Fire Impact Fund (1061)	312,104	250,043	(161,524)	400,623	(779,906)	(379,283)	0	(4,819,490)	5,198,773
Park & Recreation Facilities Fund (1211)	3,759,207	1,687,672	(986,985)	4,459,894	(3,597,253)	862,641	0	(4,651,480)	3,788,839
Storm Sewer Construction Fund (1221)	1,543,904	1,720,823	(728,344)	2,536,383	(2,329,231)	207,152	0	(5,790,000)	5,582,848
Wastewater Trunk Line Construction (1231)	4,885,297	1,844,570	(2,562,338)	4,167,529	(4,527,081)	(359,552)	(2,412,895)	(3,010,000)	5,782,447
Sewer Connection Fund (1232)**	44,815	1,133,172	(1,146,708)	31,279	0	31,279	(8,766,057)	0	8,734,778
Transportation Impact Fund (1241)	2,790,616	3,709,700	(939,622)	5,560,694	(6,806,216)	(1,245,522)	0	(17,921,500)	19,167,022
Waterways Fund (1251)	(87,244)	639,267	(741,239)	(189,216)	(54,537)	(243,753)	(342,959)	(1,250,000)	1,836,712
Northeast Capital Improvement Fund (1711) ***	0	103,655	(81,832)	21,823	0	21,823	0	ò	(21,823)
Total	###########	#######################################	\$(7,548,212)	\$17,589,984	#######################################	\$(2,576,843)	\$(11,521,911)	\$(43,439,830)	\$57,538,584

*The Public Facility Civic Center Fund (1041) and Corporation Yard Fund (1043) each show \$0 is required for future capital projects. These funds are new funds that were approved by City Council in FY 04/05. Staff will prepare a capital plan for Council to approve during the 06/07 & 07/08 Budget.

SUMMARY REPORT 2004/05 Impact Fee Funds

The Sewer Connection Fund (1232) shows that \$0 is required for future capital projects. However, revenue is needed to payoff loans accumulated for past capital projects. *The Northeast Capital Improvement Fund (1711) shows that \$0 is required for future capital projects. However, no capital projects were budgeted due to a loan that was paid of in FY 04/05. Staff will prepare a capital plan for Council to approve during the 06/07 & 07/08 Budget.

A detail list of Future CIP projects is listed in the attached 6 Year Capital Improvement Program that was approved by Council June 2004 with the City's 2 Year Budget. Park & Recreational Facilities Fund - 1211 Project Status Report (FY 04-05)

Fund Description

This fund includes monies from fees paid by developers in lieu of providing parks and open space. Funds are to be used only for open space acquisition and providing park and other recreational facilities.

						T			73		
	Project Current Status	Project will be completed as part of the General Plan Update in FY 06/07.	Design priase will start in FT 02/00. Construction is estimate to start in Summer 2006	Project completed.	Design phase will start in FY 05/06. Construction is estimated to begin in fall 2006.	Project is delayed due to scenic corridor issue.	On going project with Visalia Unified School District.	Council approved the sale of property to VUSD. Escrow is estimated to close March 2006.	Design complete. Phase 1 construction awarded December 2005.	Project completed.	City entered into contract w/ McMillin Homes to purchase, design, and construct park. Anticipated completion is Feb. 2006
ing Complete?	lf Yes, Aprox. Construction Date										
inanci	No	×	×		×	×	×	×	×		×
	Yes			×						×	
	% Financed By Fund	%0	%0	100%	100%	100%	%0	100%	25%	60%	50%
	Fund Expenditures	(32)	0	(197,748)	(211,371)	(53)	(2,007)	(006)	(164,391)	(360,269)	(4,448)
	Total Project Expenditures	(32)	0	(197,748)	(211,371)	(53)	(2,007)	(006)	(654,412)	(596,773)	(8,909)
	Number	Update Conservation, Open Space, Recreation & Parks Element 1211-72-0-0-9138-2003	Acquire/develop a Park S of Caldwell 1211-72-0-0-9579-2003	Acquire/develop Shannon Ranch park 1211-72-0-0-9590-2004	Acquire/develop park at Riggin/Houston/Roeben/Demaree (Linwood&Prospect) 1211-72-0-0-9598-2005	Acquire/develop a park located in the area of Hwy 198, Goshen, Akers & Shirk 1211-72-0-0-9719-2005	Acquire/develop a park located in the area of Riggin, Shirk, Goshen & Akers 1211-72-0-0-9743-2005	Coopman Park/Pond Master Plan * 3011-72-0-0-9103-2003	Develop Community Sports Park *3011-72-0-0-9141-2005	Develop Pinkham & Walnut Park/Pond * 3011-72-0-0-9198-2003	Acquire/develop park/pond located at Burke-North of Caldwell * 3011-72-0-0-9321-2005

Number	Total Project Expenditures	Fund Expenditures	% Financed By Fund	Yes	No	If Yes, Aprox. Construction Date	Project Current Status
Acquire/develop McAuliff & Houston park/pond 3011-72-0-0-9386-2001	0	0	%0		×		Council approved acquisition of two parcels from McMillin Homes. Staff has starting the negotiation process.
Develop Creekside park at McAuliff & Tulare * 3011-72-0-0-9413-2005	(272)	(211)	78%		×		Design phase will start in FY 05/06.
Uevelop East Visalia Community Park Master Plan *3011-72-0-∩-0499-2004	(345)	(173)	50%		×		Master Plan design phase will start in FY 05/06.
Sunset Park Improvements * 3011-72-0-0-9716-2005	(850)	(43)	5%	×			Project completed.
Expenditure Total	\$ (1,673,671)	\$ (941,644)					

* Note: Projects with a C.I.P. number starting with 3011 are funded by more than one fund.

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CITYWIDE DEVELOPMENT IMPACT FEE STUDY - CONSOLIDATED REPORT

CHAPTER IV

GROWTH FORECAST

CITY-WIDE DEVELOPMENT IMPACT FEE STUDY GROWTH FORECAST

PREPARED FOR THE

CITY AND COUNTY OF SAN FRANCISCO

SAN FRANCISCO, CALIFORNIA

JANUARY 7, 2008

CONSULTING SERVICES PROVIDED BY:

FCS GROUP

225 Bush Street, Suite 1825 San Francisco, California 94104 T: 415.445.8947 F: 415.398.1601 www.fcsgroup.com

The purpose of this report is to describe and document employment and population forecasts developed for the City-wide Development Impact Fee Study. Brion & Associates, working with other team members, the City Controller's Office, and the Planning Department prepared this forecast specifically for the City-wide Fee Study. The growth forecasts represent a moderate growth scenario that considers both historical growth in the City and future growth as forecast by an independent economic firm, Moody's Economy.com.

This report describes the moderate growth scenario used in each of the fee nexus studies, explains its major assumptions and sources of data, and provides the rationale for its use. The growth forecasts for employment, households, and population are derived from an employment forecast by Moody's Economy.com.

Employment Growth

Moody's Economy.com forecasts the City's employment base will grow at an average annual rate of 0.77% per year from 2006 to 2025. **Exhibit 1** summarizes this forecast, broken down by industries that use office, retail, warehouse, high tech space, and other space. This forecast is also broken down by total jobs. Historic employment growth figures are also shown from 1980 to 2005 in five year increments.

Historical growth from Moody's compares to the data provided by the San Francisco Controller's Office, which is from the California Economic Development Department. On an annual basis, from 1995 to 2005, there is less than a one percent difference in the two employment counts for any given year.

As shown in **Exhibit 1**, the City has a total of about 533,220 jobs as of 2006, which compares nicely to the City Planning Department's estimate of about 536,224 jobs for 2006. For this analysis, we are using the City's land use database by Traffic Analysis Zone and Neighborhood to estimate 2006 data for this new forecast.¹ Approximately 57% of the Moody's forecast is comprised of office related jobs, 22% retail and 15% high tech. Very little growth is forecast in warehouse related jobs (less than one percent), and the remaining 6% is "other" jobs.

As shown in **Exhibit 2**, the forecast applies the 0.77% average annual growth rate to existing 2006 employment for an estimated total of 620,031 total jobs at 2025 or a net increase of 83,807 new jobs over the 19-year period.

For job growth in the three special planning areas, the analysis assumes that employment uses in Mission Bay, Rincon Hill and Visitation Valley will reach build-out by 2025. Visitation Valley and Rincon Hill do not have a significant amount of planned new employment growth over the existing base. In contrast, Mission Bay includes a large amount of new non-residential development potential and is posed nicely to capture a significant amount of future employment growth in the City.

¹ The City's estimate of 2006 development is based on the Planning Department's Land Use Allocation Study – 2002, and extrapolates 2006 figures based on the average annual growth expected from 2000 to 2025.

Population Growth

The analysis considers population growth in relation to employment growth, given that population growth requires some job growth and *vice versa*. For the population forecast we have reviewed the relationship between jobs and population from the new *ABAG 2007 Projections*, which forecast approximately 2.0 jobs per each new resident between 2006 and 2025. However, population growth in San Francisco is not solely driven by employment growth. Thus, the analysis uses a jobs-per-population factor of 1.5, which presumes that some portion of population growth will not be employment-dependent. To estimate expected population growth dependant on new jobs, we have divided by 1.5 for an estimated increase in population of about 55,871 residents. This forecast of population is 62% of ABAG's new 2007 projection for population growth through 2025.

Growth in Housing Stock

For housing units, the new population forecast is divided by persons per household factors from Department of City Planning, which vary by project area and the city as a whole. Based on this approach, the City would add about 24,505 new housing units or about 1,290 units per year on average. Historical dwelling unit growth averaged about 2,052 units per year from 2001 to 2005. Thus, our forecast would be about 63% of that recent average annual growth rate in units and reflects the recent slow down in the residential market.

For the three project areas that will be exempt from the new impact fees, the analysis does not assume all of the residential uses will be developed in Mission Bay and Visitation Valley. Based on discussions with Planning Staff we have developed the following assumptions:

- Mission Bay: 100% employment uses and about 65% of residential uses achieve build-out by 2025.
- Rincon Hill: 100% of both employment and residential uses achieve build-out by 2025.
- Visitation Valley: 100% of employment and 90% of residential uses achieve build-out by 2025.

Growth of Non-Residential Space

Exhibit 3 summarizes the employment forecast by land use category, area and year, and then converts it into square feet of space by land use category. Shown first are 2006 estimates of existing jobs by land use category with and without Mission Bay, Rincon Hill and Visitation Valley. Net new jobs through 2025 are also shown by land use category. These jobs are converted into estimates of building space based on average square feet per employee assumptions in the second half of the table.

The net new building square feet is used to calculate the non-residential impact fee. As shown, the City is expected to add about 1.1 million square feet of space per year on average over the forecast period for a total of 21.6 million square feet of total non-residential space. Of this amount, office space is expected to total about 11.5 million square feet. Proposition M which controls and regulates how much office space can be developed per year in the City limits office space per year to 875,000 square feet per year.² Our average annual expected office growth would equal about 605,000 square feet per year or less than the Proposition M

² Per Sarah Dennis, San Francisco Planning Department, correspondence dated March 9, 2007.

limit. The three project areas of Mission Bay, Rincon Hill and Visitation Valley would add about 3.8 million square feet of this growth in space and this space would be exempt from the impact fees.

Comparison of the Moderate Growth Scenario to Other Growth Forecasts

Exhibit 4 presents the comparison of all the forecasts reviewed to date for this effort. These include:

- ♦ ABAG 2005 Projections
- ♦ ABAG 2007 Projections
- Planning Department's Land Use Study Forecast, 2000 to 2035
- Historical Forecast, based on Controller's Office data on historical growth in the City
- Moody's Forecast

As shown, the Moody's forecast jobs per population factor is less than ABAG's forecast but higher than the Historical forecast, and much lower than the Planning Department's forecast. This table also estimates the average annual growth rates implied in each forecast by demographic category.

Exhibit 5 presents a summary of historical growth from the California Department of Finance and Moody's employment data for the City and compares it to the future forecast proposed for the fee studies. Jobs per resident or population are shown by five year intervals, and for 2006 and 2025. As shown, the job per resident factors implied in the forecast and planning data are similar to historical figures for the City. The data for 2005 and 2006 are lower than other years, due to the impacts of the dot.com crash, where the City lost a significant amount of jobs relative to population.

Development by Land Use by Year and Area

Exhibits 6-10 present the forecast for the entire City, each of the three special planning areas (Mission Bay, Rincon Hill and Visitation Valley) and the entire city net of the three planning areas. In each table residential and non-residential development, and population, housing units and employment is shown by year. The analysis is presented for 2006, 2006 to 2025, and total at 2025.

Exhibit 1

Exhibit 1 Historical and Projected Employment for San Francisco: 1980 to 2025 from Moody's Economy.com San Francisco Citywide Development Impact Fee Study

		н	listorical En	ployment				Project	ed Employn	nent			Net	Change	
Employment Category	1980	1985	1990	1995	2000	2005	2006	2010	2015	2020	2025	198	0-2005	200	6-2025
												Amount/P	Avg. Annual	Amount/Pe	Avg. Annual
					employn	ient figures in	1,000s					ercent	% Growth	rcent	% Growth
Office Employment	224.53	227.59	226.09	208.90	253.36	189.44	191.18	201.68	214.29	226.22	238.96	-35.08	-0.68%	47.78	1.18%
Net Growth		3.07	-1.51	-17.18	44.46	-63.92	1.73	10.50	12.61	11.93	12.74				
% Growth		1.4%	-0.7%	-7.6%	21.3%	-25.2%	0.9%	5.5%	6.3%	5.6%	5.6%	-15.6%		25.0%	
Retail Employment	94.13	95.97	99.70	95.71	118.36	106.22	107.88	111.68	115.40	121.00	126.61	12.09	0.48%	18.73	0.85%
Net Growth		1.84	3.73	-3.99	22.65	-12.14	1.66	3.80	3.72	5.60	5.61				
% Growth		2.0%	3.9%	-4.0%	23.7%	-10.3%	1.6%	3.5%	3.3%	4.8%	4.6%	12.8%		17.4%	
Warehouse Employment	40.44	35.53	31.24	23.13	22.90	19.99	20.42	20.82	20.90	20.82	20.45	-20.45	-2.78%	0.03	0.01%
Net Growth		-4.90	-4.30	-8.11	-0.23	-2.91	0.43	0.40	0.08	-0.08	-0.37				
% Growth		-12.1%	-12.1%	-26.0%	-1.0%	-12.7%	2.2%	2.0%	0.4%	-0.4%	-1.8%	-50.6%		0.2%	
High Tech Employment	21.69	22.33	19.32	20.21	41.48	22.34	22.39	25.07	28.59	31.68	34.53	0.65	0.12%	12.14	2.31%
Net Growth		0.64	-3.01	0.89	21.27	-19.14	0.05	2.68	3.52	3.09	2.86				
% Growth		3.0%	-13.5%	4.6%	105.3%	-46.1%	0.2%	12.0%	14.0%	10.8%	9.0%	3.0%		54.2%	
Other Employment	189.57	184.06	191.08	180.78	170.92	188.11	191.36	195.91	195.43	196.37	196.01	-1.46	-0.03%	4.65	0.13%
Net Growth		-5.51	7.02	-10.30	-9.86	17.19	3.25	4.55	-0.47	0.94	-0.36				
% Growth		-2.9%	3.8%	-5.4%	-5.5%	10.1%	1.7%	2.4%	-0.2%	0.5%	-0.2%	-0.8%		2.4%	
Total Employment (1)	570.36	565.49	567.41	528.72	607.02	526.10	533.22	555.16	574.62	596.09	616.56	-44.26	-0.32%	83.34	0.77%
Net Growth		-4.87	1.93	-38.69	78.30	-80.92	7.12	21.93	19.46	21.47	20.48			Ľ	
% Growth		-0.9%	0.3%	-6.8%	14.8%	-13.3%	1.4%	4.1%	3.5%	3.7%	3.4%	-7.8%		15.6%	

Includes total payroll employment, including non-BLS sectors. From Moody's Economy.com for the City and County of San Francisco. (1)

Sources: Moody's Economy.com; Brion & Associates.

Exhibit 2 Projected Growth in San Francisco from 2006-2025 San Francisco Citywide Development Impact Fee Study

	Existing Conditions	Project 200	ed Growth 6-2025	Incremental Average Persons per	Total At	Project Area Percent
Item	2006	Amount (3)	Avg. Annual Growth Rate	Household	2025	Buildout
<u>Total Population</u> (1)	777,121	55,871	0.00%		832,992	na
Visitation Valley	11,501	1,242	-99.94%		12,743	90%
Mission Bay	2,112	3,711	5.48%		5,823	65%
Rincon Hill	2,835	4,810	5.36%		7,645	100%
Subtotal	16,448	9,763			26,211	
Total w/out MB/RH/V (2)	760,673	46,108	-0.02%		806,781	na
Total Housing Units (1)	341,052	24,505	0.52%	2.28	365,557	na
Visitation Valley	3,100	276	0.88%	4.80	3,376	91%
Mission Bay	1,200	1,983	5.27%	1.87	3,183	65%
Rincon Hill	1,500	3,100	-99.94%	1.55	4,600	100%
Subtotal	5,800	5,359			11,159	
Total w/out MB/RH/V (2)	335,252	19,146	0.51%	2.09	354,399	na
Total Employment (1)	536,224	83,807	0.00%		620,031	na
Visitation Valley	1,268	149	0.46%		1,417	100%
Mission Bay	8,901	15,118	0.74%		24,020	100%
Rincon Hill	<u>17,811</u>	1,172	0.38%		18,983	100%
Subtotal	27,981	16,440			44,420	
Total w/out MB/RH/V (2)	508,243	67,367	-0.03%		575,611	na

(1) Employment Projections are from Moody's Economy.com for 2006 to 2025 by industry sector.

Residential (population and household) projections are adjusted to be in line with the employment projections by

Economy.com; base data are from the San Francisco Planning Department (October, 2006) based on the Land Use Allocation Study - 2002.

(2) Mission Bay, Rincon Hill and Visitation Valley/Executive Park have separate agreements in terms of fees and have requirements

to meet their child care impacts through project mitigation and are excluded from the fee analysis.

(3) The amount of growth shown in boxes would be subject to the Child Care Requirement and Linkage Fee, after additional adjustments in subsequent tables.

Sources: Moody's Economy.com; San Francisco Department of City Planning; David Taussig & Associates, Inc.; Brion & Associates.

Exhibit 3 Development Projections for Non-Residential Uses San Francisco Citywide Development Impact Fee Study

	Exist	ing Conditions 2	2006 (1)	Fut	ure Jobs - 2006 to 20	025 (2)		Total Jobs at 202	25
								Total Jobs in	
		2006 Jobs in						Mission	
		Mission			Mission Bay /	Net New Jobs		Bay/Rincon	
		Bay/Rincon	Net Jobs 2006	Total Projected	Rincon	Subject to Fee -	Total	Hill/Visitation	Total Net Jobs
	Estimated	Hill/Visitation	(w/out MB, RH,	New Jobs -2006-	Hill/Visitation	2006-2025 (w/out	Projected Jobs	Valley at 2025	at 2025 (w/out
Land Use	Jobs - 2006	Valley (4)	VV)	2025	Valley Growth (4)	MB, RH, VV)	at 2025	(4)	MB, RH, VV)
				а	b	С			
Non-Res. Development									
CIE	94,127	2,107	92,019	4,442	4,353	89	98,568	6,460	92,108
Hotel	18,761	16	18,745	2,347	0	2,347	21,107	16	21,091
Medical	36,772	52	36,720	3,855	6	3,849	40,627	58	40,569
Office	225,676	18,100	207,576	51,122	10,460	40,662	276,798	28,561	248,238
Retail	97,205	5,186	92,019	8,297	1,286	7,011	105,502	6,472	99,030
Industrial/PDR	63,684	2,519	61,165	13,744	<u>335</u>	13,409	77,429	2,854	74,575
TOTAL/AVG.	536,224	27,981	508,243	83,807	16,440	67,367	620,031	44,421	575,610
Avg. Per Yr -								(5)	(5)
2006 to 2025				4,411	865	3,546			

(1) Land use categories and base data are from the San Francisco Department of City Planning (October 2006).

Data from 2006 is extrapolated from the 2000 to 2025 projections, based on average annual growth rates by land use category.

(2) New job growth is from Moody's Economy.com forecast for San Francisco, 2006 to 2025.

(3)

Based on typical new sqft per employee factors derived by reviewing proposed projects and actual projects in SF and other Silicon Valley cities by Brion & Associates.

The sqft per employee factors that exist currently are lower density factors than those used for the future analysis. It is assumed that in the future employees will use less sqft than they use currently.

(4) Visitation Valley, Rincon Hill and Mission Bay would not be subject to the new impact fee and the remaining square footage of development potential associated with these projects is removed for the analysis.

(5) The totals above are off by one job from the totals in Exhibit 1 due to rounding.

(6) This amount of expected office space development would be within the limits of that allowed by Proposition M, which restricts office development to 875,000 sqft per year. There is also an accumulation of 2.2 million sqft credit that can also be developed.

Sources: Moody's Economy.com; San Francisco Department of City Planning; David Taussig & Associates, Inc.; Brion & Associates.

Exhibit 3 Development Projections for Non-Residential Uses San Francisco Citywide Development Impact Fee Study

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Land Use	Estimated Sqft in 2006 d	Future Average Sqft per Employee (3) Ø	Projected New Sqft-2006-2025 (2) <i>a</i> * <i>e</i> = <i>f</i>		Mission Bay / Rincon Hill/Visitation Valley Growth (3) b * e = g	Net Development Potential Subject to Fee - 2006- 2025 f - g = h	Total Sqft of Bldg. Space at 2025 d+f=i	Total at 2025 w/out MB,RH,VV
Non-Res. Development								
CIE	19,295,974	225	999,400		979,317	20,083	20,295,373	18,841,873
Hotel	7,279,093	400	938,640		-	938,640	8,217,733	8,211,333
Medical	10,810,895	225	867,404		1,368	866,036	11,678,298	11,665,248
Office	90,270,440	225	11,502,528	(6)	2,353,565	9,148,962	101,772,968	95,346,846
Retail	31,494,307	300	2,489,072		385,776	2,103,296	33,983,378	32,041,778
Industrial/PDR	30,186,311	350	4,810,529		117,259	4,693,270	34,996,840	33,998,001
TOTAL/AVG.	189,337,019		21,607,571		3,837,285	17,770,286	210,944,590	200,105,080
Avg. Per Yr -								
2006 to 2025			1,137,241		201,962	935,278		

Exhibit 4 Comparison of Four Growth Projections in San Francisco from 2006-2025

San Francisco Citywide Development Impact Fee Study

		Existing Conditions	Project 200	ed Growth 6-2025	Total At Buildout	Average Annual Growth
Item		2006	Amount	% Change	2025	Rate
Population						
ABAG 2005	(1)	800,540	89,860	11.2%	890,400	0.56%
ABAG 2007	(2)	798,380	90,020	11.3%	888,400	0.56%
City Planning	(3)	777,221	57,327	7.4%	834,448	0.37%
Historical	(4)	777,221	57,327	7.4%	834,448	0.37%
Moody's	(5)	777,221	55,871	7.2%	832,992	0.37%
Households						
ABAG 2005	(1)	340,126	43,524	12.8%	383,650	0.64%
ABAG 2007	(2)	340,802	36,248	10.6%	377,050	0.53%
City Planning	(3)	341,052	25,159	7.4%	366,211	0.38%
Historical	(4)	341,052	25,159	7.4%	366,211	0.38%
Moody's	(5)	341,052	24,505	7.2%	365,557	0.37%
Employment (1)						
ABAG 2005	(1)	585,450	190,650	32.6%	776,100	1.49%
ABAG 2007	(2)	553,090	179,930	32.5%	733,020	1.49%
City Planning	(3)	536,225	224,712	41.9%	760,937	1.86%
Historical	(4)	525,466	20,310	3.9%	545,776	0.20%
Moody's	(5)	536,224	83,807	15.6%	620,031	0.77%
Jobs per Populatio	n					
ABAG 2005		0.73	2.12	290.1%	0.87	0.93%
ABAG 2007		0.69	2.00	288.5%	0.83	0.92%
City Planning		0.69	3.92	568.2%	0.91	1.48%
Historical		0.68	0.35	52.4%	0.65	-0.17%
Moody's		0.69	1.50	217.4%	0.74	0.40%

Note: There is not a different population and household forecast for the City Planning and Historical forecasts.

Note: City estimate of households is actually housing units and ABAG is households. The difference could be related to . vacancies

(1) Based on ABAG Projections 2005.

(2) Based on the recently released ABAG Projections 2007.

(3) City data and projections are from SF Planning Department as provided by David Taussig & Associates, Inc. (July 2006). Note: There is not a different population and household forecast for the City Planning and Historical forecasts.

(4) Based on historical average annual growth rate for employment of .2% and applied to existing employment; population and housing is the same as for Planning forecast.

(5) Based on employment forecast for 2006 to 2025 by Moody's Economy.com.

Population and households estimates are based on historical housing growth, and comparison of population to employment by Brion & Associates.

Sources: ABAG; San Francisco Planning Department; David Taussig & Associates, Inc.; Brion & Associates.

Exhibit 5 Historical Population Growth for San Francisco: 1990 to 2005 San Francisco Citywide Development Impact Fee Study

	Historica	l Population	& Employn	nent (1)	Moderate Fo	precast (2)
	1990	1995	2000	2005	2006	2025
Total Population	723,959	751,899	779,124	792,952	777,121	832,992
Net Growth		27,940	27,225	13,828	(15,831)	40,040
% Growth		3.9%	3.6%	1.8%	-2.0%	5.2%
Total Employment	567,415	528,721	607,023	526,101	536,224	620,031
Net Growth		(38,694)	78,303	(80,923)	10,123	93,930
% Growth		-7%	15%	-13%	1.9%	17.5%
Jobs per Resident	0.78	0.70	0.78	0.66	0.69	0.74
Net Growth		(0.08)	0.08	(0.12)	0.03	0.08
% Growth		-10%	11%	-15%	4.0%	11.7%

(1) Population is from the Department of Finance E-5 Report
 Note that DOF's estimate of population is higher than the City's estimate for 2000 and 2005.
 Planning data for population at 2000 is 756,967.
 Employment is from Moody's Economy.com data for San Francisco.

(2) Employment forecast is from Moody's Economy.com; population forecast is based on adjustments to the Planning Department's forecast based on Moody's employment forecast, as prepared by Brion & Associates.

Sources: California Department of Finance E-5 Summary Report; Moody's Economy.com; Brion & Associates.

Exhibit 6 Projections Citywide by Land Use, Demographics and Year San Francisco Citywide Development Impact Fee Study

I. Existing Data (1)

	2006 Number of	2006 Residents Per Unit/	2006 Number of	
Land Use Type	Residents/Employees	Sqft per Employee	Units/Non-Res SF	
Single Family	291,000	3.11	93,520	*
Sr/SRO	22,400	1.00	22,292	*
Multi-Family (0-1 BR)	274,721	2.03	135,152	*
Multi-Family (2 or > BR)	189,000	<u>2.10</u>	<u>90,089</u>	*
Subtotal	777,121	2.28	341,052	*
Commercial (CIE)	94,127	205	19,295,974	*
Commercial (Motel/Hotel)	18,761	388	7,279,093	*
Commercial (Medical)	36,772	294	10,810,895	*
Commercial (Office)	225,676	400	90,270,440	*
Commercial (Retail)	97,205	324	31,494,307	*
Industrial	<u>63,684</u>	<u>474</u>	30,186,311	*
Subtotal	536.224	353	189.337.019	*

II. Future Data (2)

	2006-2025 Number of	2006-2025 Residents Per Unit/	2006-2025 Number of	
Land Use Type	Residents/Employees	Sqft per Employee	Units/Non-Res SF	
Single Family	1,733	3.53	490	*
Sr/SRO	860	1.17	735	*
Multi-Family (0-1 BR)	30,464	2.18	13,968	*
Multi-Family (2 or > BR)	22,814	<u>2.45</u>	9,312	*
Subtotal	55,871	2.28	24,505	*
Commercial (CIE)	4,442	225	999,400	*
Commercial (Motel/Hotel)	2,347	400	938,640	*
Commercial (Medical)	3,855	225	867,404	*
Commercial (Office)	51,122	225	11,502,528	*
Commercial (Retail)	8,297	300	2,489,072	*
Industrial	<u>13,744</u>	350	4,810,529	*
Subtotal	83,807	258	21,607,571	*

III. Total at 2025

	2025	2025	2025
	Number of	Residents Per Unit/	Number of
Land Use Type	Residents/Employees	Sqft per Employee	Units/Non-Res SF
Single Family	292,733	3.11	94,010
Sr/SRO	23,260	1.01	23,026
Multi-Family (0-1 BR)	305,185	2.05	149,119
Multi-Family (2 or > BR)	211,814	2.13	99,402
Subtotal	832,992	2.28	365,557
Commercial (CIE)	98,568	206	20,295,373 *
Commercial (Motel/Hotel)	21,107	389	8,217,733 *
Commercial (Medical)	40,627	287	11,678,298 *
Commercial (Office)	276,798	368	101,772,968 *
Commercial (Retail)	105,502	322	33,983,378 *
Industrial	77,429	452	34,996,840 *
Subtotal	620,031	340	210,944,590 *

Note may not add up due to rounding.

(1) Existing base data are from the San Francisco Planning Department (October, 2006) based on the Land Use Allocation

Study - 2002 and has been adjusted to 2006 assuming average annual growth from 2000 to 2025.

(2) Employment Projections are from Moody's Economy.com for 2006 to 2025 by industry sector.

Residential (population and household) projections are adjusted to be in line with the employment projections by

Economy.com; adjustments were prepared by Brion & Associates and reviewed by DTA and City Staff.

Residential data based on City of San Francisco Demographic Data provided by the Planning Department. Non-Residential data provided by Dun & Bradstreet. Also, please note that the total Multi-Family Residential Land Use Class figures were split assuming 60% of existing and future Multi-Family units are/will be 0-1 BR and 40% are/will be 2 or more bedrooms. Prepared by David Taussig Associates, Inc.; Brion & Associates.

Exhibit 7 Projections Mission Bay by Land Use, Demographics and Year San Francisco Citywide Development Impact Fee Study

I. Existing Data (1)				
	2006	2006	2006	
	Number of	Residents Per Unit/	Number of	
Land Use Type	Residents/Employees	Sqft per Employee	Units/Non-Res SF	
Single Family				
Sr/SRO				
Multi-Family (0-1 BR)	1,267	1.76	720	*
Multi-Family (2 or > BR)	<u>845</u>	<u>1.76</u>	<u>480</u>	*
Subtotal	2,112	1.76	1,200	*
Commercial (CIE)	1,425	225	320,733	*
Commercial (Motel/Hotel)	0	400	0	*
Commercial (Medical)	34	225	7,749	*
Commercial (Office)	4,573	225	1,028,928	*
Commercial (Retail)	1,081	300	324,300	*
Industrial	1,787	350	625,554	*
Subtotal	8,901	259	2,307,265	*
II. Future Data (2)				
	2006-2025	2006-2025	2006-2025	
	Number of	Residents Per Unit/	Number of	
Land Use Type	Residents/Employees	Sqft per Employee	Units/Non-Res SF	
Single Family Sr/SRO				
Multi-Family (0-1 BR)	2,227	1.87	1,190	*
Multi-Family (2 or > BR)	<u>1,485</u>	1.87	<u>793</u>	*
Subtotal	3,711	1.87	1,983	*
Commercial (CIE)	4,220	225	949,392	*
Commercial (Motel/Hotel)	0	400	0	*
Commercial (Medical)	5	225	1,026	*
Commercial (Office)	9,598	225	2,159,598	*
Commercial (Retail)	1,026	300	307,800	*
Industrial	270	<u>350</u>	94,539	*
Subtotal	15,118	232	3,512,355	*
III. Total at 2025				
	2025	2025	2025	
	Number of	Residents Per Unit/	Number of	
Land Use Type	Residents/Employees	Sqft per Employee	Units/Non-Res SF	
Single Family Sr/SRO				
Multi-Family (0-1 BR)	3,494	1.83	1,910	*
Multi-Family $(2 \text{ or } > BR)$	<u>2,3</u> 29	1.83	<u>1,273</u>	*
Subtotal	5,823	1.83	3,183	*

5,645	225	1,270,125
0	400	0
39	225	8,775
14,171	225	3,188,527
2,107	300	632,100
2,057	<u>350</u>	720,093
24,020	242	5,819,620
	5,645 0 39 14,171 2,107 <u>2,057</u> 24,020	$\begin{array}{cccc} 5,645 & 225 \\ 0 & 400 \\ 39 & 225 \\ 14,171 & 225 \\ 2,107 & 300 \\ \underline{2,057} & \underline{350} \\ 24,020 & 242 \end{array}$

Note may not add up due to rounding.

(1) Existing base data are from the San Francisco Planning Department (October, 2006) based on the Land Use Allocation

Study - 2002 and has been adjusted to 2006 assuming average annual growth from 2000 to 2025.

(2) Employment Projections are from Moody's Economy.com for 2006 to 2025 by industry sector.

Residential (population and household) projections are adjusted to be in line with the employment projections by Economy.com; adjustments were prepared by Brion & Associates and reviewed by DTA and City DTA and City Staff.

Exhibit 8

Projections Rincon Hill by Land Use, Demographics and Year San Francisco Citywide Development Impact Fee Study

I. Existing Data (1)				
	2006	2006	2006	
	Number of	Residents Per Unit/	Number of	
Land Use Type	Residents/Employees	Sqft per Employee	Units/Non-Res SF	
Single Family				
Sr/SRO				
Multi-Family (0-1 BR)	1,701	1.89	900 *	
Multi-Family (2 or > BR)	<u>1,134</u>	<u>1.89</u>	<u>600</u> *	
Subtotal	2,835	1.89	1,500 *	
Commercial (CIE)	309	225	69,498 *	
Commercial (Motel/Hotel)	0	400	0 *	
Commercial (Medical)	15	225	3,483 *	
Commercial (Office)	13,469	225	3,030,521 *	
Commercial (Retail)	3,923	300	1,176,756 *	
Industrial	<u>95</u>	350	33,346 *	
Subtotal	17,811	242	4,313,604 *	
II. Future Data (2)				
	2006-2025	2006-2025	2006-2025	
	Number of	Residents Per Unit/	Number of	
Land Use Type	Residents/Employees	Sqft per Employee	Units/Non-Res SF	
Single Femily				
Single Failing				
Multi-Family (0-1 BR)	2 886	1.55	1.860 *	
Multi-Family $(0-1 \text{ BR})$	1 924	1.55	1,000 *	
Subtotal	$\frac{1,924}{4810}$	<u>1.55</u>	$\frac{1,240}{3,100}$ *	
Subiola	1,010	1.55	5,100	
Commercial (CIE)	123	225	27,702 *	
Commercial (Motel/Hotel)	0	400	0 *	
Commercial (Medical)	2	225	342 *	
Commercial (Office)	814	225	183,100 *	
Commercial (Retail)	226	300	67,944 *	
Industrial	<u>7</u>	<u>350</u>	2,522 *	
Subtotal	1,172	240	281,610 *	
III. Total at 2025 [5]				
	2025	2025	2025	
	Number of	Residents Per Unit/	Number of	
Land Use Type	Residents/Employees	Sqft per Employee	Units/Non-Res SF	
Single Family				
Sr/SRO				
Multi-Family (0-1 BR)	4,587	1.66	2,760 *	
Multi-Family (2 or > BR)	3,058	1.66	1,840 *	
Subtotal	7,645	1.66	4,600 *	
Commercial (CIE)	432	225	97 200 *	
Commercial (Motel/Hotel)		400	0 *	
Commercial (Medical)	17	225	3 825 *	
Commercial (Office)	14.283	225	3.213.621 *	
Commercial (Retail)	4.149	300	1.244.700 *	
Industrial	102	350	35.868 *	
Subtotal	18,983	242	4,595,214 *	
			,,	

* Note may not add up due to rounding.

(1) Existing base data are from the San Francisco Planning Department (October, 2006) based on the Land Use Allocation Study - 2002 and has been adjusted to 2006 assuming average annual growth from 2000 to 2025.

(2) Employment Projections are from Moody's Economy.com for 2006 to 2025 by industry sector.

Residential (population and household) projections are adjusted to be in line with the employment projections by Economy.com; adjustments were prepared by Brion & Associates and reviewed by DTA and City Staff.

Exhibit 9 Projections Visitation Valley by Land Use, Demographics and Year San Francisco Citywide Development Impact Fee Study

I. Existing Data (1)				
	2006	2006	2006	
	Number of	Residents Per Unit/	Number of	
Land Use Type	Residents/Employees	Sqft per Employee	Units/Non-Res SF	
Single Family	5,751	4.01	1,434	*
Sr/SRO	230	1.50	153	*
Multi-Family (0-1 BR)	2,645	3.50	756	*
Multi-Family (2 or > BR)	2,875	<u>3.80</u>	<u>757</u>	*
Subtotal	11,501	3.71	3,100	*
Commercial (CIE)	373	225	83,952	*
Commercial (Motel/Hotel)	16	400	6,400	*
Commercial (Medical)	2	225	450	*
Commercial (Office)	58	225	13,107	*
Commercial (Retail)	183	300	54,768	*
Industrial	<u>636</u>	<u>350</u>	222,679	*
Subtotal	1,268	301	381,355	*

II. Future Data (2)

Land Use Type	2006-2025 Number of Residents/Employees	2006-2025 Residents Per Unit/ Sqft per Employee	2006-2025 Number of Units/Non-Res SF	
Single Family	62	4.80	13	*
Sr/SRO	25	1.80	14	*
Multi-Family (0-1 BR)	497	4.45	112	*
Multi-Family (2 or > BR)	<u>658</u>	4.80	<u>137</u>	*
Subtotal	1,242	4.51	276	*
Commercial (CIE)	10	225	2,223	*
Commercial (Motel/Hotel)	0	400	0	*
Commercial (Medical)	0	225	0	*
Commercial (Office)	48	225	10,867	*
Commercial (Retail)	33	300	10,032	*
Industrial	<u>58</u>	<u>350</u>	20,199	*
Subtotal	149	290	43,321	*

III. Total at 2025

	2025	2025	2025	
	Number of	Residents Per Unit/	Number of	
Land Use Type	Residents/Employees	Sqft per Employee	Units/Non-Res SF	
Single Family	5,813	4.02	1,447	*
Sr/SRO	255	1.52	167	*
Multi-Family (0-1 BR)	3,142	3.62	867	*
Multi-Family (2 or > BR)	<u>3,534</u>	<u>3.95</u>	<u>894</u>	*
Subtotal	12,743	3.78	3,376	*
Commercial (CIE)	383	225	86,175	*
Commercial (Motel/Hotel)	16	400	6,400	*
Commercial (Medical)	2	225	450	*
Commercial (Office)	107	225	23,974	*
Commercial (Retail)	216	300	64,800	*
Industrial	<u>694</u>	<u>350</u>	242,878	*
Subtotal	1,417	300	424,676	*

* Note may not add up due to rounding.

(1) Existing base data are from the San Francisco Planning Department (October, 2006) based on the Land Use Allocation Study - 2002

and has been adjusted to 2006 assuming average annual growth from 2000 to 2025.

(2) Employment Projections are from Moody's Economy.com for 2006 to 2025 by industry sector.

Residential (population and household) projections are adjusted to be in line with the employment projections by

Economy.com; adjustments were prepared by Brion & Associates and reviewed by DTA and City Staff.

Exhibit 10

Projections Citywide without Mission Bay, Rincon Hill, & Visitation Valley by Land Use, Demographics and Year San Francisco Citywide Development Impact Fee Study

I. Existing Data (1)			
	2006	2006	2006
	Number of	Residents Per Unit/	Number of
Land Use Type	Residents/Employees	Sqft per Employee	Units/Non-Res SF
Single Family	285,250	3.10	92,085 *
Sr/SRO	22,170	1.00	22,138 *
Multi-Family (0-1 BR)	269,108	2.03	132,776 *
Multi-Family (2 or > BR)	184,146	<u>2.09</u>	<u>88,253</u> *
Subtotal	760,673	2.27	335,252 *
Commercial (CIE)	92,019	205	18,821,791 *
Commercial (Motel/Hotel)	18,745	388	7,272,693 *
Commercial (Medical)	36,720	294	10,799,213 *
Commercial (Office)	207,576	415	86,197,884 *
Commercial (Retail)	92,019	325	29,938,483 *
Industrial	<u>61,165</u>	<u>479</u>	29,304,732 *
Subtotal	508,243	359	182,334,794 *

II. Future Data (2)

Land Use Type	Number of Residents/Employees	Residents Per Unit/ Saft per Employee	Number of Units/Non-Res SF
	1.671	2,500	
Single Family	1,6/1	3.500	4// *
Sr/SRO	836	1.159	721 *
Multi-Family (0-1 BR)	24,854	2.300	10,806 *
Multi-Family (2 or > BR)	18,748	2.625	7,142 *
Subtotal	46,108	2.408	19,146 *
Commercial (CIE)	89	225	20,083 *
Commercial (Motel/Hotel)	2,347	400	938,640 *
Commercial (Medical)	3,849	225	866,036 *
Commercial (Office)	40,662	225	9,148,962 *
Commercial (Retail)	7,011	300	2,103,296 *
Industrial	<u>13,409</u>	<u>350</u>	4,693,270 *
Subtotal	67,367	264	17,770,286 *

III. Total at 2025

Land Use Type	Number of Residents/Employees	Residents Per Unit/ Sqft per Employee	Number of Units/Non-Res SF
Single Family	286,921	3.10	92,563 *
Sr/SRO	23,005	1.01	22,859 *
Multi-Family (0-1 BR)	293,962	2.05	143,582 *
Multi-Family (2 or > BR)	202,894	<u>2.13</u>	<u>95,395</u> *
Subtotal	806,781	2.28	354,399 *
Commercial (CIE)	92,108	205	18,841,873 *
Commercial (Motel/Hotel)	21,091	389	8,211,333 *
Commercial (Medical)	40,569	288	11,665,248 *
Commercial (Office)	248,238	384	95,346,846 *
Commercial (Retail)	99,030	324	32,041,778 *
Industrial	74,575	<u>456</u>	<u>33,998,001</u> *
Subtotal	575,611	348	200,105,080 *

* Note may not add up due to rounding.

(1) Existing base data are from the San Francisco Planning Department (October, 2006) based on the Land Use Allocation Study - 2002

and has been adjusted to 2006 assuming average annual growth from 2000 to 2025.

(2) Employment Projections are from Moody's Economy.com for 2006 to 2025 by industry sector.

Residential (population and household) projections are adjusted to be in line with the employment projections by

Economy.com; adjustments were prepared by Brion & Associates and reviewed by DTA and City Staff.

Residential data based on City of San Francisco Demographic Data provided by the Planning Department. Non-Residential data provided by Dun & Bradstreet.

Residential data back on City of san Francisco Deinographic Data provided by the Framming Department. For Residential data provided by Dar & Brassicer. Also, please note that the total Multi-Family Residential Land Use Class figures were split assuming 60% of existing and future MF are/will be 0-1 BR and 40% are/will be 2 or more bedrooms.



CITYWIDE DEVELOPMENT IMPACT FEE STUDY - CONSOLIDATED REPORT

CHAPTER V

CHILD CARE NEXUS STUDY



Final Report:

CHILD CARE NEXUS STUDY FOR CITY OF SAN FRANCISCO

Prepared by Brion & Associates in conjunction with

> FCS Group, Inc. Nilsson Consulting

> > May 2007

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Executive Summary

The City and County of San Francisco (City) expects to add about 55,900 new residents and 83,800 new employees between 2006 and 2025, including development expected at Mission Bay, Rincon Hill, and Visitation Valley. A portion of these new residents and employees will need child care for their children 0 to 13 years of age. Based on a variety of demand factors that are discussed in this chapter, the following findings are made concerning the need for and the nexus to establish a citywide child care linkage fee in San Francisco. The Department of Children, Youth, and Their Families proposes to expand the Child Care Linkage Fee Program to apply to all land uses citywide. This is in contrast to the existing child care fee that only applies to office and hotel uses in the downtown area.

This child care nexus analysis estimates the number of children associated with residential growth (including residents that work in the City) and employees that work in the City but live elsewhere. The need for these children to have licensed child care is based on a variety of demand factors that are described in more detail below. In summary, 44% of 0 to 13 year old children of residents are assumed to need formal child care and 5% of the children of non-resident employees are assumed to need child care, assuming one child per employee. The analysis does not double-count residents that also work in the City.

The analysis estimates child care demand for three age groups—infants, preschool, and school age—based on industry standards of categorizing care. Child care supply analyzed in this report includes licensed child care centers, family child care homes, school age programs, both licensed and license-exempt, and some private afterschool care facilities.¹

In general, under the proposed child care program, new development would have two choices: 1. provide child care space on- or offsite at certain rates that vary by land use; or 2. pay a linkage fee that would vary by land use. Monies generated by the fee program would be used to fund new child care facilities throughout the City. These options are currently available in the existing child care fee program.

To summarize, the following steps and assumptions are used to estimate the nexus for establishing the child care linkage fee by land use:

• Total population and non-resident employment growth are estimated by land use category.

¹ It also includes spaces in the San Francisco Unified School District's afterschool program spaces and in the Recreation and Park Department's Latchkey program.

- Density assumptions are applied to estimate new dwelling units and square feet of non-residential space (i.e., persons per household and square feet per employee).
- Child care demand factors are applied to this estimate of new population and employment growth by land use category to estimate number of total children, 0 to 13 years old, needing licensed care.
- An assumption is made regarding San Francisco's policy target for child care. This assumption is that San Francisco plans to fund 100% of the need for new licensed child care created by growth in population and employment. This is consistent with most other cities' child care fees, including the proposed fee in Alameda County and the current fee in Palm Desert.
- The State licensing requirements for child care indoor and outdoor space are applied to the estimated need for child care spaces by land use.
- The total child care space requirements are divided by the amount of development expected in each land use category, i.e., units of residential and by 1,000 square feet for non-residential. This becomes the child care space requirement per land use for indoor and outdoor space.
- The average cost per child care space² is applied to the estimated demand for child care spaces by land use to derive total costs by land use.
- The total cost of child care by land use is divided by the number of units or amount of square footage of new development in each land use category to derive the maximum linkage fee rate by land use justified by this nexus study.
- An administration fee is added to fund the cost of administering the linkage fee program, which is estimated at 5% of total facility costs. The total child care facility costs, including administrative costs, is estimated by land use and then divided by the amount of development in each land use category to estimate the maximum possible linkage fee on a per unit or per square foot basis. This is the maximum child care linkage fee that could be charged to new development at the issuance of building permits.

The following items summarize and highlight the results of the child care nexus analysis for the City and County of San Francisco.³

² See **Table 10**.

³ Please note that many figures throughout this document are rounded to the nearest 100.

- ♦ As shown in Table S-1, the City will experience a need for an additional 3,780 formal child care spaces between 2006 and 2025. About 60% of these will come from residential uses or 2,271 spaces and about 40% or 1,509 spaces from non-residential uses.
- On average, the City will need to add about 199 new child care spaces per year to address demand from expected new development. These spaces are expected to cost an average of about \$2.57 million per year to construct (see Table S-1).
- **Table S-2** summarizes the demand for child care spaces as allocated to different types of child care and the associated cost for each type of care. As shown, child care centers are the most costly type of child care to build with an average cost per space of about \$27,400. Because the City wants to provide a mix of different types of care with varying costs and settings, the average cost per space overall would be \$12,325, or significantly less than the average center-based space.
- ◆ Table S-3 summarizes the costs of providing child care by land use based on the demand factors for each land use, which vary based on resident and employee densities. Residential uses will generate about 60% of the new cost of child care or about \$29.4 million, and non-residential uses will generate the remaining 40% of revenues or \$19.5 million. These revenues will cover the total combined costs of \$48.9 million needed to provide new child care facilities (including administrative costs) to serve child care needs associated with new development.
- ◆ Table S-4 summarizes the child care requirements for residential and non-residential uses. The requirements are expressed as square feet per dwelling unit by type of unit and square feet per 1,000 square feet of non-residential building space. The child care requirement would include indoor and outdoor space, as shown.
 - Residential uses would fund a range of 12.6 to 19.1 square feet of indoor child care space and 8.7 to 13.2 square feet of outdoor space per dwelling unit based on the nexus analysis.
 - Non-residential uses would fund an average of 9.3 square feet of indoor child care space and 6.4 square feet of outdoor space per 1,000 square feet of building space based on the nexus analysis. Actual rates vary by land use category.

Table S-5 shows the maximum child care linkage fee rates based on this nexus study, which include the following:

0	Single Family:	\$2,272 per unit
0	Multi-Family, 0 to 1 bedrooms:	\$1,493 per unit
0	Multi-Family, 2+ bedrooms:	\$1,704 per unit
0	Average, Residential	\$1,595 per unit or \$1.72 per sqft ⁴
0	Civic, Institutional, Educational:	\$1.29 per square foot
0	Hotel:	\$0.72 per square foot
0	Industrial:	\$0.83 per square foot
0	Medical:	\$1.29 per square foot
0	Office:	\$1.29 per square foot
0	Retail:	\$0.97 per square foot

These fee rates include 5% for administrative costs.

• The City has the option to adopt fee rates that are lower than those included in this nexus study. The fee rates discussed in this study reflect the maximum amount of fee that could be charged based on nexus requirements for establishing fees.

Thus, a 100-unit new multi-family (0 to 1 bedrooms) residential project would generate about \$149,000 in linkage fees to be used to construct new child care or expand existing child care facilities. The average residential fee of \$1,595 per unit is also estimated at \$1.72 per square foot for comparison purposes and is based on the assumption that the average size of a new residential unit is 925 square feet. A new 100,000-square foot office project would generate about \$129,000 in linkage fee revenue. The existing child care fee for an office in the downtown district is \$1.00 per square foot, and that fee has not been increased since its adoption in 1986, although changes have been made to the ordinance for administration purposes. The potential maximum child care linkage impact fee represents a 29% increase over the prior child care fee for office space, and also expands coverage to a full range of non-residential uses located throughout San Francisco.

Policy Options

Several policy options developed by the Department of Children, Youth, and Their Families and the Consultant are included in this nexus study, which would be at the discretion of the Board of Supervisors to consider and adopt as part of implementing the updated Child Care Linkage Fee. These include:

⁴ This is for comparison only and assumes an average sized dwelling unit of 925 square feet. The fee would be a "per dwelling unit" fee.

- 1. The child care impact fee will address 100% of the need for projected child care demand from 2006 to 2025.
- 2. The child care fee would apply to all land uses citywide. The current child care fee applies to office and hotel uses located only in the downtown area.
- 3. The provision of child care facilities instead of paying the in-lieu fee is limited to non-residential projects that generate demand for at least 14 child care spaces (the equivalent of a large family child care home) or a residential project that wanted to provide a small family child care home within the project, which serves up to 8 children.

Table S-1

Child Care Requirement and Costs for Residential and Non-Residential Uses From Net New Growth 2006 to 2025 San Francisco Child Care Linkage Fee Nexus Study

	Required Child Care Spaces (1)		Total Cost of New of Child Care			Average per Year 2006-2025	
Land Use	Amount	Percent	Amount	Percent		Spaces	Funding
Residential	2,271	60%	\$29,392,103	60%		120	\$1,546,953
Non Residential	1,509	40%	\$19,522,825	40%		79	\$1,027,517
Totals	3,780	100%	\$48,914,928	100%		199	\$2,574,470

(1) Based on incremental growth in population and employment as estimated in Tables 1 through 8.

(2) Costs includes administrative cost of 5%.

Source: Brion & Associates.

Table S-2 Summary of Potential Child Care Costs From New Development 2006 to 2025 San Francisco Child Care Linkage Fee Nexus Study

		Average	
	Number of	Cost Per	Total
Type of Child Care	Child Care Spaces	Space (1)	Child Care Costs
1 Build New Centers: Spaces	1,070	\$27,406	\$29,335,081
2 New Centers in Existing or New Commercial Spa	ce 344	\$13,703	\$4,713,908
3 Expand at Existing Centers: Spaces	397	\$13,703	\$5,442,160
4 New Small Family Child Care Homes: Spaces	756	\$500	\$377,963
5 New Large Family Child Care Home Spaces	378	\$1,429	\$539,947
6 Expand FCCH from 8 to 14: Spaces	155	\$3,333	\$516,741
7 School Age at Existing Schools	679	\$8,333	\$5,659,846
Average Child Care Cost per Space		\$12,325	
Total Spaces and Costs	3,780		\$46,585,646
Administrative Costs (5%)			\$2,329,282
Total Child Care Costs			\$48,914,928

(1) See Table 10 for detailed estimates of demand by type of facility and cost factors. Source: Brion & Associates.

Table S-3Summary of New Child Care Costs Generated by New Development by Land UseSan Francisco Child Care Linkage Fee Nexus Study

Type of Development Den Fact		ssumptions (1)	Allocated Costs by	Percent
		Type	Land Ose	Distribution
Residential Uses				
Single-Family	3 5	nersons/household	\$1 084 959	2%
Multi-Family 0 to 1 Bedroom	2 3) persons/household	\$16 135 758	33%
Multi-Family 2 + Bedrooms	2.5	3 persons/household	\$10,135,756	25%
Total Residential	$\frac{2.0}{2.3}$	5 persons/household	\$29,392,103	<u>60%</u>
Non-Residential Uses				
Civic, Institutional, Education	225	sqft per employee	\$25,867	0%
Hotel	400	sqft per employee	\$680,037	1%
Industrial/PDR	225	sqft per employee	\$3,885,985	8%
Medical	225	sqft per employee	\$1,115,442	2%
Office	300	sqft per employee	\$11,783,734	24%
Retail	350	sqft per employee	\$2,031,761	4%
Total Non-Residential			\$19,522,825	40%
Total Child Care Costs with Admin. Co	sts		\$48,914,928	100%

 Costs are allocated to land uses based on their population and employment densities. See Tables 14 and 15.

Source: Brion & Associates.

Table S-4Summary of New Child Care Space Requirements by Land UseSan Francisco Child Care Linkage Fee Nexus Study

	Child Care Requirements		
Type of Development	Indoor	Outdoor	-
	Space	Space	
Residential Uses			
Single-Family	19.1	13.2	sqft per dwelling unit
Multi-Family, 0 to 1 Bedroom	12.6	8.7	sqft per dwelling unit
Multi-Family, 2 + Bedrooms	14.4	9.9	sqft per dwelling unit
Non-Residential Uses			
Civic, Institutional, Education	10.8	7.5	sqft per 1,000 sqft of gross building space
Hotel	6.1	4.2	sqft per 1,000 sqft of gross building space
Industrial/PDR	7.0	4.8	sqft per 1,000 sqft of gross building space
Medical	10.8	7.5	sqft per 1,000 sqft of gross building space
Office	10.8	7.5	sqft per 1,000 sqft of gross building space
Retail	8.1	5.6	sqft per 1,000 sqft of gross building space
Average Non-Residential (1)	9.3	6.4	sqft per 1,000 sqft of gross building space

Note: Child Care demand by land use is based on population and employment densities and other child care demand factors.

(1) The average would apply to uses that do not fit in the above land use categories.

Source: Brion & Associates.
Table S-5Summary of Maximum New Child Care Linkage Fees by Type of DevelopmentSan Francisco Child Care Linkage Fee Nexus Study

	Maximum Poten	tial
Type of Development	Child Care Linkage Fee	
Type of Development	Linkage i ee	
Residential Linkage Fee (1)		
Single-Family	\$2,272	per dwelling unit
Multi-Family, 0 to 1 Bedroom	\$1,493	per dwelling unit
Multi-Family, 2 + Bedrooms	\$1,704	per dwelling unit
Average, All Units	\$1,595	per dwelling unit
Average Per Sqft of Residential Space	\$1.72	(3)
Non-Residential Linkage Fee (1)		
Civic, Institutional, Education	\$1.29	per sqft of gross building space
Hotel	\$0.72	per sqft of gross building space
Industrial/PDR	\$0.83	per sqft of gross building space
Medical	\$1.29	per sqft of gross building space
Office	\$1.29	per sqft of gross building space
Retail	\$0.97	per sqft of gross building space
Average Non-Residential (2)	\$1.06	per sqft of gross building space

Note: Costs are allocated to land uses based on their population and employment densities. While the non-residential requirement is per 1,000 sqft, the fee is \$ per sqft of space.

(1) Residential fees are by unit type; non-residential fees are per square foot.

(2) The average would apply to uses that do not fit in the above categories.

(3) Assumes the average size unit is 925 sqft per dwelling unit.

Source: Brion & Associates.

1. Introduction and Purpose of Study

The City and County of San Francisco (City) currently has a child care inclusionary zoning ordinance with a linkage fee option, which was adopted in 1986. The child care program applies to office and hotel uses only in the downtown district at \$1.00 per square foot for projects with a net addition of 50,000 square feet of gross building space or more. The goal of the program is to "foster the expansion of and ease access to child care facilities affordable to households of low or moderate income."⁵

The child care requirement was originally adopted in 1986, prior to the adoption of AB1600 in 1987, which is now commonly called The Mitigation Fee Act (Government Code 66000). This Act generally requires that a nexus be established for a public entity to adopt a development impact fee. While it is the City's position that a nexus analysis is not needed for the Child Care Linkage Fee Program, the City does want to ensure that the fee is fair and equitable and meets the principles of nexus. The City's child care ordinance was last updated and revised in 2003.⁶

The requirements of the existing zoning ordinance can be summarized as follows:

- Overall, the child care requirement is for a minimum of 3,000 square feet of child care facility space onsite.
- For hotel or office projects less than 300,000 square feet, a 2,000 square foot child care facility is required onsite.
- The child care facility must be a licensed facility.
- The formula for determining the amount of child care space is:

net addition gross square feet of hotel/office space x .01 = square feet of child care space facility required or the minimums listed above.

- A project sponsor or group of project sponsors within 0.5 miles of each other may elect to provide a child care facility at the above rates offsite, within 1.0 miles of the project(s) to meet the requirement.
- The child care facility must be provided for the life of the development project for which the facility is required or as long as there is demonstrated demand.
- The child care facility must be reasonably accessible to public transportation or transportation provided by the project sponsors.

⁵ See Section 314.4.(a)(1) Imposition of Child Care Requirement, page 42, dated April, 9, 2003.

⁶ This update included changes to the Transit Impact, Housing, Child Care, Park, and Inclusionary Housing Fees to transfer the collection and enforcement of the said fees to the City Treasurer's Office.

- In all cases above, proof must be provided that the child care facility is leased to a non-profit child care provider without charge for rent, utilities, property taxes, building services, repairs, or any other charges of any nature for a minimum of three years.
- The project sponsor may elect to pay an in-lieu fee at the following rate:

net addition of gross hotel/office space x \$1.00 = *total in-lieu fee requirement.*

- Payment of the in-lieu fee is made to the City Treasurer, and the Treasurer prepares a certification which the project sponsor submits to the Planning Department as proof of child care mitigation prior to the issuance of the project's building permit.
- A project sponsor may elect to provide a combination of child care space and an in-lieu fee, singly or in conjunction with other project sponsors.
- A project sponsor may enter into an agreement with a nonprofit child care provider to provide a child care facility within the city to meet the conditions of the requirement; the agreement must be for a period of 20 years, with the first three years being made available free of rent, utilities, property taxes, building services, repairs or other charges. To facilitate this agreement, the project sponsor may pay to the nonprofit an amount equal to or in excess of the sum of the in-lieu fee due for the development project.

Since 1986, the City has collected approximately \$4.8 million in child care in-lieu fees. Over this period, no revenue was collected during seven of the years. The average annual amount of revenue collected in the last 20 years was \$241,000 per year. During the years when revenue was generated, the largest amount of revenue collected in one year was \$1.01 million in Fiscal Year 1990/91 and the lowest amount collected was about \$26,000 in Fiscal Year 1992/93. Given that the existing fee only applies to downtown office and hotel development, much of the new development in the City over the last 20 years has not paid child care impact fees.

2. Nexus Findings

This section describes the findings which establish the nexus between the need for the Child Care Linkage Fee, the maximum amount of the fee, the need for the facilities to be funded with the fee, and new development. The City's current position is that the present Child Care Linkage Program, including the in-lieu fee provision offered as an alternative to providing child care on- or offsite, is not subject to the requirements of the Mitigation Fee Act or Government Code Section 66000. The City does not expect to alter its position on this matter. However, because the City agreed to sponsor a supporting nexus analysis as part of the citywide fee study effort, and because there is interest in determining whether the Inclusionary Program can be supported by a nexus type analysis as an additional support measure, the City has contracted for the preparation of a nexus analysis at this time. The nexus findings include:

- 1. The <u>purpose</u> of the fee and related description of the child care facilities for which the revenue will be used;
- 2. The specific <u>use</u> of the child care fee;
- 3. The <u>reasonable relationship</u> between the child care facility to be funded and the type of development to be charged the fee;
- 4. The <u>need</u> for the child care facility and the type of development; and
- 5. The reasonable relationship between the amount of the child care fee and the <u>proportionality</u> of the cost specifically attributable to new and existing development.

Each of these findings is addressed below.

Purpose of the Child Care Linkage Fee

The purpose of the Child Care Linkage Fee is to fund required capital improvements to create new child care facilities or new spaces at existing child care facilities. These facilities will be available to serve all new residents and employees that require child care in San Francisco.

Use of the Child Care Linkage Fee

The Child Care Linkage Fee revenue will be used by the City and County of San Francisco to construct new child care facilities or provide funding for the expansion of existing child care facilities in the City. This study identifies seven potential options for creating new child care spaces and the fee revenue that will be used to fund these options in the City over the next 19 years, including:

- 1. Build new centers (free standing);
- 2. Build new centers in existing or new commercial space;
- 3. Expand existing centers;
- 4. Assist new small Family Child Care Homes;
- 5. Assist new large Family Child Care Homes;
- 6. Expand Family Child Care Homes from 8 to 14 spaces; and
- 7. Support school age care at existing schools or community facilities.

The Child Care Linkage Fee revenue will be combined with other City revenues and private funding to fund new child care facilities. A series of grants and loans will be used to allocate funding to child care providers, as is the City's practice with the current child care fee program.

Relationship of the Child Care Linkage Fee to New Development

New child care facilities are required to serve existing development as well as new development. The demand for new child care spaces is based on current projections of child care need prepared as part of this nexus study. The demand for child care from new development uses the same assumptions that have been used for existing development and is based on the methodology discussed at the beginning of this chapter and other research conducted for this study. The fee revenue will be used to fund new development's fair share of required child care facilities and/or new spaces at existing facilities. For development projects which require more than 14 spaces, the developer would have the option of providing the facility on- or offsite or paying the linkage fee. The City's current child care fee allows for either providing child care space or paying an in-lieu linkage fee.

Need for the Child Care Linkage Fee

Each new residential or commercial project that is developed in the City and County of San Francisco will generate new residents and non-resident employees. Current data on the supply of child care in the City shows that approximately two-thirds (or 64%) of the children needing licensed care have an available space. New development will add to this unmet demand for child care and aggravate the existing shortage of child care. The Child Care Linkage Fee will provide or fund new development's share of required child care facilities and spaces over the next 19 years. The linkage fee, however, will not be used to address existing deficiencies.

Proportionality of the Child Care Linkage Fee

This analysis assumes that the City and County of San Francisco will fund 100% of the total potential demand for child care in the City arising from new development through the Child Care Linkage Fee program. New development is being assessed fees only for their proportional share of the cost of providing new child care facilities and spaces in the City, assuming the same cost and demand factors that are applied to existing development. The child care linkage fee program addresses the impact of new development and not existing development. This study presents the maximum amount of fees by land use that could be charged to new development based on its impacts. However, the City can choose to adopt a fee rate that is less than the amounts discussed in this study.

3. Summary of Study Approach

This study estimates the current number of children ages 0 to 13 years old who require child care and the future demand for child care from new development, both residential and non-residential, through 2025.

- Children are analyzed in three age groups:
 - 1. Birth to 24 months old, or Infants
 - 2. 2 to 5 years old, or **Preschool**
 - 3. 6 to 13 years old or School Age
- Several types of child care spaces and providers are discussed:
 - **Small Family Child Care Home** that serves up to 8 children and can serve all age groups with limits on number of spaces per age group;
 - **Large Family Child Care Home** that serves up to 14 children and can serve all age groups with limits on number of spaces per age group;
 - **Child Care Center** that can serve all age groups, depending on its license(s); infants require a separate license from other age groups; and
 - **School Age**, which typically just serve school age children but may also serve preschool-age children
- Children as a percent of total population is a key factor in the child care demand analysis. These rates are taken from the California Department of Finance's P-3 Report, which forecasts population by age. The following represents a summary of the rates assumed in the analysis:

Year	Infants	Preschool	School Age	Total, 0 to 13
2006	2.3%	4.1%	6.1%	12.5%
2006-2025 ⁷	1.5%	3.3%	7.2%	12.1%

• While the overall rate does not change very much during the analysis period, the rate by age group does change significantly. In particular, infants and preschool-age children decrease, and school age children increase.

⁷ These rates are the average by age over the time period (to 2025).

- All child care spaces analyzed in this report are either licensed or licenseexempt⁸ child care and spaces provided by the City's Latchkey program run by the Recreation and Park Department. The City's Recreation and Park Department's program is also not considered formally license-exempt but is a main source of school age care in the City. Private school afterschool spaces are not included in the supply data, because it is not possible to determine if they are already counted in other license or license exempt supply data.
- This analysis estimates that 37% of infants with working parents need licensed child care,⁹ and 66% of school age children with working parents¹⁰ require licensed child care. For preschool, a total of 100% of all preschoolage children with working parents are assumed to need a licensed preschool space.
- In addition to residents, this study also estimates that 5% of non-resident employees in San Francisco need licensed care, and each of these employees generates one child needing a licensed child care space on average. This factor is based on data derived from child care nexus studies from South San Francisco and Santa Monica.¹¹
- The Department of Children, Youth, and Their Families proposes that the child care inclusionary requirement and linkage fee will apply citywide to all new development—and redevelopment where building space increases overall—and will apply to all land uses, residential and non-residential, including:
 - o Single Family
 - o Multi-Family, Units with 0 to 1 bedroom
 - o Multi-Family, Units with 2 or more bedrooms
 - o Civic, Institutional, Educational
 - o Hotel
 - o Industrial

⁸ License-exempt spaces are child care providers that are generally associated with a public agency such as a unified school district; typically only school age care is license-exempt. This is a different status than unlicensed care. The local Child Care Resource & Referral Agency collects some data on license-exempt providers, but these providers are not required to register with the State. This analysis uses data collected by the Low Income Investment Fund (LIIF) on license-exempt providers, and from City's Recreation and Park Department's Latchkey program.

⁹ Based on a study prepared for Santa Clara County, which surveyed 1,400 working families. Also see Appendix A for more information.

¹⁰¹⁰¹⁰Based on local San Francisco surveys and other child care studies. See Appendix A for more information.

¹¹ Information on South San Francisco is from "South San Francisco Child Care Facility Impact Free Study" by Brion & Associates, 2002. For the City of Santa Monica, see "Child Care Linkage Program," prepared for the City of Santa Monica by Keyser Marston Associates, Inc., November 2005.

- o Medical
- o Office
- o Retail

For this analysis, single resident occupancy (SRO) units and senior units are not assumed to generate any children by definition and are thus not included in the fee calculations.¹²

- The Consultant and the Department of Children, Youth, and Their Families suggest that a new non-residential project would have to generate the need for at least 14 child care spaces in order to provide child care space to meet its impact or for a residential project, a unit could be set aside for a small family child care home, serving up to 8 children. It is suggested that any project with an impact lower than 14 spaces would pay the linkage fee with the exception of the residential project that prefers to provide a unit onsite for a small family child care home. It is further suggested that projects with an impact of over 14 spaces could choose either option, i.e., pay the fee or build the space, onsite or offsite, consistent with the current child care fee ordinance. It also suggested that residential projects could have the option, at the City's discretion, of setting aside units that could be designated for family child care home units, either small or large, as a means of meeting the requirements of the child care ordinance. The rationale for 14 spaces is that this represents the size of a large family child care home.
- For indoor child care space requirements, a factor of 109 square feet of gross building space per child is required based on the average of 13 recent San Francisco child care projects partially funded through the City's existing Child Care Facilities Fund. This factor includes the 35 square feet of play space per child based on State licensing requirements combined with additional ancillary space, such as kitchens, halls, bathrooms, storage, and lobbies. For outdoor space requirements, a total of 75 square feet of outdoor space per child is required based on State licensing requirements.

¹² It is recognized that some single resident occupancy units do house children, but the intent of this type of housing is not family housing, and, thus, they are excluded; senior housing generally has age restrictions that exclude children.

4. Existing and Projected Demographics

Table 1 shows current (2006) and future (2025) data on population, households/housing units, and employment for San Francisco. The forecast and land use data are based on a recent forecast by Moody's "Economy.com" and adjusted by Brion & Associates, and other land use information and data from the City and County of San Francisco Planning Department. (For further information, refer to the separate section of the consolidated report for the Citywide Development Impact Fee Study: "City Growth Forecast and Demographic Data.") There are an estimated 777,000 residents and 536,000 jobs as of 2006. Future population is estimated at about 833,000 residents and 620,000 jobs by 2025.

Total new development expected to occur from 2006 to 2025 would include the following:

- ◆ 55,871 new residents;
- 24,505 new dwelling units; and
- ◆ 83,807 new employees.

Given that Mission Bay, Rincon Hill, and Visitation Valley, unlike other areas of the City, are already subject to project specific development impact fees and are therefore excluded from the development assumed to be subject to any of the new fees analyzed in this report, as shown in **Table 1**.

Net new development without Mission Bay, Rincon Hill, and Visitation Valley from 2006 to 2025 that would be subject to the child care fee includes:

- ♦ 46,108 new residents;
- 19,146 new dwelling units; and
- ◆ 67,367 new employees.

Table 2 presents the number of children in San Francisco based on 2000 U.S. Census data. The percentage of children by age group is based on the breakdown of children by age group from the Census and divided by the total population. Overall, children 0 to 13 years old comprise 11.3% of the population as of 2000. This table also shows the labor force participation rates of parents with children for each age group as of 2000. In calculating these rates, we count households with children in which there are two working parents or a single working parent. The Census breaks this down for households with children under the age of 6 and children ages 6 and over. On average, 57.6% of children under the age of 6 have working parents, and 63.2% of children ages 6 and over have working parents in San Francisco.

For this analysis, the number of children by age for children 0 to 13 years old is estimated based on percentages from the California Department of Finance P-3 Report for the City

and County of San Francisco. **Table 3** first applies the percent of children by age group to the total 2006 population estimate of 760,673 (excluding Mission Bay, Rincon Hill, and Visitation Valley¹³). This 2006 population estimate is based on data from the City's Planning Department and the forecast prepared for the Citywide Development Impact Fee Project and has been adjusted to be in-line with the employment estimates which are from Moody's "Economy.com." Next, the percent of total estimated employed residents in the City and residents who work outside the City (based on 2000 Census data) is applied to the 2006 population estimate to determine the number of children who might need care outside of San Francisco and those that require care in San Francisco. The "Net Residents" or those residents who are presumed to require care for their children in San Francisco is approximately 753,500. Based on this methodology, which discounts the population of those needing care outside of the City, it is estimated that there are approximately 88,000 children between the ages of 0 and 13 in San Francisco as of 2006.

¹³ The number of children for Mission Bay, Rincon Hill, and Visitation Valley is included for information purposes in Appendix B, Table F.

		Existing Conditions	Projecte 2000	ed Growth 5-2025	Incremental Average Persons per	Total At	Project Area Percent
Item		2006	Amount (3)	Avg. Annual Growth Rate	Household	2025	Buildout
Total Population	(1)	777,121	55,871	0.37%		832,992	na
Visitation Valley		11,501	1,242	0.54%		12,743	90%
Mission Bay		2,112	3,711	5.48%		5,823	65%
Rincon Hill		<u>2,835</u>	4,810	5.36%		7,645	100%
Subtotal		16,448	9,763			26,211	
Total w/out MB/RH/VV	(2)	760,673	46,108	0.31%		806,781	na
Total Housing Units	(1)	341,052	24,505	0.37%	2.28	365,557	na
Visitation Valley		3,100	276	0.45%	4.51	3,376	91%
Mission Bay		1,200	1,983	5.27%	1.87	3,183	65%
Rincon Hill		1,500	3,100	6.08%	1.55	4,600	100%
Subtotal		5,800	5,359			11,159	
Total w/out MB/RH/VV	(2)	335,252	19,146	0.29%	2.27	354,399	na
Total Employment	(1)	536,224	83,807	0.77%		620,031	na
Visitation Valley		1,268	149	0.59%		1,417	100%
Mission Bay		8,901	15,118	5.36%		24,020	100%
Rincon Hill		<u>17,811</u>	<u>1,172</u>	0.34%		18,983	100%
Subtotal		27,981	16,440			44,420	
Total w/out MB/RH/VV	(2)	508,243	67,367	0.66%		575,611	na

Table 1Projected Growth in San Francisco from 2006-2025San Francisco Child Care Linkage Fee Nexus Study

(1) Employment Projections are from Moody's Economy.com for 2006 to 2025 by industry sector.

Residential (population and household) projections are adjusted to be in line with the employment projections by

Economy.com; base data are from the San Francisco Planning Department (October, 2006) based on the Land Use Allocation Study - 2002.

(2) Mission Bay, Rincon Hill and Visitation Valley/Executive Park have separate agreements in terms of fees and have requirements

to meet their child care impacts through project mitigation and are excluded from the fee analysis.

(3) The amount of growth shown in boxes would be subject to the Child Care Requirement and Linkage Fee, after additional adjustments in subsequent tables.

Sources: Moody's Economy.com; San Francisco Department of City Planning; David Taussig & Associates, Inc.; Brion & Associates.

Table 2Children as Percent of Total Population in 2000 andLabor Force Participation Rates for Parents with Children Under 6 and 6-17 Years in 2000San Francisco Child Care Linkage Fee Nexus Study

		Populat	ion by Age a	is of 2000		2000
2000 Census Data	0 to 24 Mos. Years	2 to 5 Years	6 to 9 Years	10 to 13 Years	Total 0-13 Years	Total Population
San Francisco Population	13,001	24,267	25,140	25,501	87,909	776,733
Percentage of Total Population	1.7%	3.1%	3.2%	3.3%	11.3%	
Labor Force Participation Rates (1)	57.6%	57.6%	63.2%	63.2%		

(1) Labor Force Participation Rates are calculated for children with two working parents or a working single parent. LFPRs are calculated for children under age 6 and for children ages 6 to 17.

Sources: Census 2000; Brion & Associates.

Table 3

Number of Children and Total Population of San Francisco for 2006 and 2006 to 2025 San Francisco Child Care Linkage Fee Nexus Study

				Populati	on by Age (1)	
San Francisco		Total Population All Ages	0 to 24 Mos. (infants)	2 to 5 (preschool)	6 to 13 (school age)	Total 0-13
Children as of 2006 (w/out MR_RH_VV)						
Children as % of Population by Age Group (1)			2 3%	4.1%	6.1%	12.5%
Total Population at 2006 (2)		760 673	17 261	31 182	46 569	95.012
Total Estimated Employed Residents in City	41%	315,351 (3)	17,201	51,102	10,009	<i>)3</i> ,012
SF Employed Residents Working	11/0	010,001 (0)				
Outside SF (5)	23%	72.739				
Those Needing Child Care Outside SF (5)	5%	7.214 (4)	3.607	3.607		
Net Residents		753.459	- ,	- ,		
Estimated Children at 2006 (5)		,	13,654	27,575	46,569	87,798
New Children 2006-2025 (w/out MB, RH, VV)						
Children as % of Population by Age Group (6)			1.5%	3.3%	7.2%	12.1%
Net New Population		46,108				
Senior and SRO Population		1,081				
Net Population with Children		45,027				
Estimated Children of New Residents			696	1,505	3,244	5,445
New Employed Residents (7)	50%	22,432				
New Employed Residents Working Outside SF	23%	5,174				
Those Needing Child Care Outside SF (5)	5%	259	129	129		259
Net New Residents Possibly Needing Care		44,768				
Net New Children 2006 to 2025			566	1,375	3,244	5,186
	(0)					
Total Children at 2025 (W/ MB, KH, VV)	(8)	822.002				
Total Population		832,992				
Senior and SRO Population		24,990				
Children og Deregert of Total Derevlation at 2025		808,005	1.20/	2 20/	5 90/	0.20/
Enderen as Percent of Total Population at 2025			1.2%	2.3%	5.8% 47.102	9.3%
Estimated Children of New Residents	500/	102 546	9,480	18,000	47,102	/3,248
New Employed Residents Working Outside SE	220/	402,340				
These Needing Child Care Outside SF	23% 50/	92,832	2 2 2 1	2 221		1 612
Total Pasidents Passibly Needing Care	5%	802 260	2,321	2,521		4,045
Total Children 2025	I	005,500	7 159	16 345	47 102	70 605
			/,130	10,545	77,102	70,005

(1) Based on the percent of children by age group for San Francisco from DOF P-3 Report

and applied to DCP's estimate of existing population as of 2006 (See Appendix Table D).

(2) Excludes Mission Bay, Rincon Hill and Visitation Valley areas as they have special agreements regarding child care.

(3) Based on Employed Residents as percent of total population as of 2000 Census and this rate times 2006 Population estimate.

(4) Based on non-resident employee demand for child care in SF. See Table 6.

(5) Based on Journey to Work data - see Table 5 and Table 6.

(6) Based on total population as estimated times the average percentage of children per age group from above.

(7) Based on forecasts of Employed Residents at 2025 by ABAG.

(8) Note that the analysis for 2025 is based total population at 2025 and includes Mission Bay, Rincon Hill and Visitation Valley to provide an estimate of total demand for child care; these figures are not used in the impact fee calculations but rather for information of total future conditions.

Sources: California Department of Finance; SF City Planning Department; Brion & Associates.

Table 3 also estimates the number of children expected in San Francisco between 2006 and 2025, based on the changes in the percent population that are children, 0 to 13, through 2025. Not including the Single Resident Occupancy population and excluding children assumed to need care outside of San Francisco, it is estimated that there will be 5,186 additional children associated with new development from 2006 to 2025. Using the same methodology, and as shown at the bottom of **Table 3**, the number of total children at 2025 is expected to total approximately 70,605.

Overall, children 0 to 13 in the City as a percent of total population will decline from 12.5% to 9.3% by 2025. This trend is forecast by the California Department of Finance based on changes in demographics, such as the age women have children and the number of children they have. The Association of Bay Area Governments (ABAG) forecasts a reduction of 16,000 in children 0 to 5 for the nine-county region.¹⁴ Almost all counties are forecast to have a net reduction in children ages 0 to 14 by 2025. For instance; Marin County is forecast to lose about 3,200 children 0 to 14, Santa Clara County will lose about 3,900 children 0 to 5, San Mateo County will lose about 4,500 children 0 to 14, Alameda County will lose about 1,500 children 0 to 14, and Contra Costa County will lose 9,800 children 5 to 14. Only Solano and Napa Counties are expected to add children overall from 2005 to 2025.

Even though the City will lose children overall, new development will generate new children, albeit at lower rates than currently, and generate new demand for child care. After accounting for the child care spaces planned to be funded through the proposed fee program, there will still be an unmet demand for child care as discussed further in this study (see **Table 9**).

¹⁴ See ABAG Projections 2005, population by age and county.

5. Existing Child Care Demand and Supply

Current Child Care Supply

Table 4 presents the current supply of child care in San Francisco. This data aresummarized by type of facility and number of spaces by age group and was provided bythe San Francisco Department of Children, Youth, and Their Families and theDepartment of Human Services. These data are consistent with the supply data beingused for preparation of the City's updated Child Care Needs Assessment.

Overall, there are approximately 31,800 child care spaces at a total of 1,012 child care facilities. These facilities do not include the private afterschool programs for school age children. The breakdown of facilities and spaces is (see **Table 4**):

- 303 child care centers with 18,161 spaces;
- 562 small family child care homes with 4,430 spaces;
- 147 large family child care homes with 1,956 spaces; and
- 7,295 school age spaces through the San Francisco Unified School District and the City's Recreation and Park Department's Latchkey programs.

Spaces at child care centers make up over half of all spaces (57%), with small and large family child care homes making up about 20% and school age license-exempt care making up the remaining 23%. The amount and distribution of existing supply includes:

- Infant spaces, at 2,646 or 8% of total;
- Preschool spaces, at 14,410 or 45% of total; and
- School age spaces, at 14,789 or 46% of total.

Non-Resident Employees

Table 5 uses Journey-to-Work data from the 2000 U.S. Census to determine the number of residents who both live and work in San Francisco and the number of residents who work outside of San Francisco. This is the total count of employed residents who live in San Francisco. Table 5 also shows the total estimated number of employees in San Francisco. Based on these numbers, it is estimated that 55.2% of employees live and work in the City, and 44.8% of employees who work in San Francisco live elsewhere.

For 2006, it is estimated that there are 508,243 jobs in the City, excluding those in Mission Bay, Rincon Hill, and Visitation Valley. Of these jobs, 227,616 are held by individuals that reside outside of the City or 44.8%. Based on employment projections (see **Table 1**) and the estimated percentage of employees who live outside of the City, it is estimated that of the total 575,611 jobs in 2025, the number of jobs held by individuals who do not live in the City will total 257,787. These estimates are used in **Tables 6 through 8** to calculate the estimated number of children of non-resident employees that

need licensed child care in San Francisco. Overall, there will be an increase in jobs held by individuals that do not live in the City, or non-resident employees of about 30,170 through 2025.

In 2006, there are an estimated 227,600 employees who work in the City and live elsewhere. For this analysis, we estimate child care demand for non-resident employees who work in San Francisco. Employees who work and live in San Francisco are counted under population demand estimates below. It is estimated that 5% of these employees in San Francisco have children requiring licensed-based care in the City. This percentage is based on the South San Francisco child care fee nexus study and surveys of corporate employees as well as the recent Santa Monica child care nexus fee study.¹⁵ Of those needing licensed care, the analysis also assumes one child per employee ages 0 to 5. Based on this data, approximately 11,381 children, whose parents work in San Francisco but reside elsewhere, require child care in San Francisco in 2006. By 2025, this number will increase by approximately 1,509 to a total of 12,889 children needing spaces.

Existing Child Care Demand and Supply Comparison

Current child care demand, as well as the current supply of child care in San Francisco, is summarized in this section. **Table 7** calculates the existing demand for child care based on the estimated number of children in 2006 and applying demand factors, including labor force participation rates of parents, and estimates of the need for licensed care by age group. This is calculated by taking the estimated number of children by age group and multiplying it by the labor force participation rates by age. The product of these numbers is considered the number of infant, preschool, and school age children with working parents who need some type of child care.

The percent of children requiring licensed care is then calculated by applying percentages based on a review of several child care studies, including child care impact fee studies (see **Appendix A**). For this study, we assume that, for residents, 37% of infants, 100% of preschool, and 66% of school age children with working parents require licensed care.

For non-resident employee child care demand, which is from 0 to 5 years old, we estimate that 25% of that demand is for infants, and 75% is for preschool-age children. It is assumed that school age children of non-resident employees receive care near their places of residence or near or at their neighborhood schools and not in San Francisco.

¹⁵ Information on South San Francisco is from "South San Francisco Child Care Facility Impact Free Study" by Brion & Associates, 2002. For the City of Santa Monica, see "Child Care Linkage Program," prepared for the City of Santa Monica by Keyser Marston Associates, Inc., November 2005.

			Nu	mber of Child	Care Spaces by .	Age	
Type of Child Care Facility		Number of Facilities - Providers	Birth to 24 Mos. or Infant	2 to 5 or Preschool	6 to 13 or School Age	Total Spaces, 0 to 13	Percent Distribution of Spaces by Type
Child Care Center		303	1,080	11,248	5,833	18,161	57.0%
Percent Distribution			6%	62%	32%	100%	
Sm. Family Child Care Home Percent Distribution	(1)	562	1,124 25%	2,182 49%	1,124 25%	4,430 100%	13.9%
Lg. Family Child Care Home Percent Distribution	(1)	147	441 23%	978 50%	537 27%	1,956 100%	6.1%
School Age Care (2) SFUSD Programs (Excel/SF Rec & Park LatchKey Total School Age	Team)	na na			6,895 400 7,295	7,295	22.9%
Percent Distribution					100%	100%	
Total, All Facilities Percent Distribution	1	1,012	2,646 8%	14,410 45%	14,789 46%	31,842 100%	100.0%
(1) Distribution of these spaces i The ages served by FCCHs a	is based o	on licensing rest ported to the loo	trictions by age; cal Resource and	actual spaces by Referral Agenc	' age may vary fro v.	m these estimates	
(2) From Department of Childre	n, Youth	and Their Fam	ilies (October 20	06); excludes so	ome unlicensed co	ommunity based o	rganizations

Sources: SF Department of Children, Youth and Their Families; and Brion & Associates. Data is from the San Francisco Rec and Park Staff Survey in 2005.

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San Francisco Child Care Linkage Fee Nexus Study		
San Francisco	Amount	Rates Notes
Employed Residents that Live & Work in San Francisco in 2000 (1)	322 009 a	76.9%
Employed Residents that Dive & Work in Sun Francisco in 2000 (1)	$96.544 \ b$	23.1%
Total # of Employed Residents in 2000 (1)	418,553 c	$100.0\% \ a + b = c$
Estimated Total Employees in City as of 2000 Census	583,190 d	
Percent of Employees that Live and Work in City in 2000	55.2% e	a / d = e
Percent of Employees that Live Elsewhere and Work in the City in 2000	44.8% f	100% - е
Estimated Current Jobs as of 2006 (2)	508,243 g	
Employees Living Elsewhere Working in San Francisco in 2006 (3)	227,616 h	g * f = h
Projected total Jobs at 2025 (2)	575,611 i	
Employees Living Elsewhere Working in San Francisco in 2025	257,787 j	i*f = j

Table 5 Journey to Work Data and Employees Living Elsewhere but Working in San Francisco by Year

(1) Based on Journey-to-Work data from the 2000 U.S. Census.

(2) See Table 1. Excludes Mission Bay, Rincon Hill and Visitation Valley as they have separate child care arrangements through project mitigation.

(3) Assumes same ratio of employed residents living and working in San Francisco from 2000.

Sources: SF Department of City Planning; Census 2000; Brion & Associates.

Table 6		
Existing and Future Child Care Demand from Non-Resident Employees: 2006 and	2025	
San Francisco Child Care Linkage Fee Nexus Study		
	Existing	Future

Item	Conditions 2006	Conditions 2025	Net Growth, 2006- 2025	
Employees that live elsewhere but work in San Francisco (1)	227,616	257,787	30,170 (4)	
Estimated Number of Children of Employees Needing Licensed Care Estimated % of Employees with Children Needing Care (2)	5%	5%	па	
Children Needing Licensed Care (3)	11,381	12,889	1,509	

(1) Based on SF DCP Projections (Table 1) and U.S. Census Journey-to-Work data (see Table 5).

Based on South San Francisco Child Care Facilities Impact Fee Nexus Study and surveys of corporate employees and other child care studies, reviewed by Brion & Associates, including Santa Monica's New Child Care Fee Nexus Study. 5

(3) Assumes one child per employee.

(4) See Table 1. Excludes Mission Bay, Rincon Hill and Visitation Valley as they have separate child care

arrangements through project mitigation.

Sources: SF Department of City Planning; Census 2000; Brion & Associates.

Table 7
Existing Child Care Demand and Supply in San Francisco in 2006
San Francisco Child Care Linkage Fee Nexus Study

		0	Child Care Deman	d & Supply by Ag	e
Existing Conditions at 2006		Birth to 24 Mos. or Infant	2 to 5 or Preschool	6 to 13 or School Age	Total. 0 to 13 Years Old
EXISTING DEMAND at 2006					
Resident Children Potentially Needing Care	(1)	13,654	27,575	46,569	87,798
Average Labor Force Participation Rates	(2)	57.6%	57.6%	63.2%	
Children With Working Parents		7,864	15,881	29,454	53,199
% Children Needing Licensed Care	(3)	37%	100%	66%	72%
Children Needing Licensed Care		2,910	15,881	19,498	38,289
Percent of Children by Age Needing Care		21%	58%	42%	44%
Non-Resident Employee's Children Needing Care	(4)	2,845	8,536	-	11,381
Total Demand for Child Care Spaces	-	5,755	24,417	19,498	49,670
Percent Distribution		12%	49%	39%	100%
EXISTING SUPPLY at 2006 Family Child Care Homes	(5)				
Small, Licensed for 8		1,124	2,182	1,124	4,430
Large, Licensed for 14		441	978	537	1,956
Child Care Centers		1,080	11,248	5,833	18,161
School Age Care		-	-	7,295	7,295
Current Available Spaces	-	2,645	14,408	14,789	31,842
Percent Distribution		8%	45%	46%	100%
EXISTING SURPLUS/(SHORTAGE) at 2006		(3,110)	(10,009)	(4,709)	(17,828)
Percent Distribution		17%	56%	26%	100%
Percentage of Demand Met					
by Existing Facilities/Spaces		46%	59%	76%	64%

(1) Based on estimated number of children by age categories for San Francisco from CA Dept. of Finance P-3 Report

and applied to City Planning Department's estimate of existing population for 2006.

Excludes residents that work outside of SF and need child care outside SF (see Table 3) and

excludes Mission Bay, Rincon Hill and Visitation Valley existing development as estimated through 2006.

(2) Labor force participation rates (LFPRs) are from the 2000 Census and include children with two working parents or single working parents. The Census calculates LFPRs for all children under 6 years, and children 6 to 17 years old. Therefore, LFPRs for infants and preschool are the same. (See Table 2 for more information.)

 (3) Not all children with working parents are assumed to need licensed care: the assumptions - % - under each age category are used. The remaining children are assumed to be cared for by family members, nannies, friends, and unlicensed care. Percentages are based on a detailed review of 12 other child care studies, including impact fee studies.
 Infant and preschool demand factors have been developed with the staff of the Dept. of Human Services and DCYF. School age Demand factor is from San Francisco Rec and Park Staff Survey in 2005.

(4) Includes demand from employees that work in the San Francisco but live elsewhere (see Tables 5 and 6). This analysis assumes one child per employee that needs care residence at the rate of: 25% infants 75% preschool 0% school age
 School age children are assumed to have care near their home and school.

(5) See Table 4 for more detail and sources of supply.

Sources: California Department of Finance-P-3 Report; SF City Planning Department; and Brion & Associates.

Applying these assumptions regarding the percent of children needing licensed care for residents and employees generates the total number of children requiring licensed child care spaces by age. The number of existing required spaces totals 49,670. Accounting for the current supply of child care, which is summarized in **Table 4**, we find that there is a shortage of 17,828 spaces overall for children ages 0 to 13 in San Francisco. Most of this shortage is for preschool-age and school age care. Overall, there are child care spaces available for about 64% of the children needing care. This does not account for whether they can afford these child care spaces, however. For infant care, 46% of demand is being met; for preschool, 59% of overall demand is met currently; and for school age children, 76% of demand is being met. Overall, one-third of children that need a licensed child care space may not have one available, irrespective of affordability.

In summary, of total children 0 to 13 living in the City, which equals 87,800; 44%, or slightly less than half, are assumed to require licensed child care outside the home. Overall, there is demand for nearly 50,000 child care spaces. With a supply of about 31,800 spaces, there is a significant shortfall of spaces in the City as of 2006.

Another measure of the unmet need for child care in the City includes the current waiting list for child care. The San Francisco Centralized Eligibility List publishes a monthly report which includes information on the number of children who are eligible for subsidized child care.¹⁶ To be eligible for the List, families must be low-income (i.e., at or below 75% of the State Median Income) and meet at least one of the following needs: working, looking for work, attending school or in training, homeless, medically incapacitated, or receiving Child Protective Services.¹⁷ Thus, not all the children estimated above needing a child care space are eligible for this List because it focuses on low-income children.

As of January 2007, there were 3,039 eligible children on the Centralized Eligibility List. This is over 1.5 times the 1,833 children currently enrolled in subsidized child care in the City. Of the total eligible children in January 2007, 1,242 (41%) were in families that earned 25% or less of the State Median Income. Approximately 45%, or 1,358 children, were in families which earned 25% to 50% of the State Median Income and 374 children (12%) were in families earning 50% to 75% of the State Median Income. Less than 2% of children came from families who earned over 75% of the State Median Income.

Future Child Care Demand

The future demand for child care is shown in **Table 8** and is based on projected population growth between 2006 and 2025 as discussed above. Demand is calculated using the same methodology and assumptions as in the previous tables for current

¹⁶ See *San Francisco Centralized Eligibility List Monthly Report* (as of 1/01/2007) for further explanation on the different categories and more detailed information.

¹⁷ Please see the San Francisco Centralized Eligibility List website: www.celsf.org.

demand and supply, with the exception of children as a percent of the total population, which is forecast to decline very slightly by 2025 from 12.5% in 2006 to 12.1% for the period 2006 to 2025 (see **Table 3**).¹⁸

Because we do not have estimates of future supply, the future demand analysis only presents future demand. **Table 8** calculates the total new demand for child care between 2006 and 2025, which is expected to equal 3,780 licensed child care spaces. Over half of these spaces, or 2,271 spaces, are generated by San Francisco residents. By age, the breakdown is as follows:

- ♦ 498 infant spaces, or 13% of total
- 1,923 preschool spaces, or 51% of total
- ◆ 1,358 school age spaces, or 36% of total

Table 9 shows the total child care demand at 2025, based on current and future demand, including the estimated 3,780 spaces to be added through the fee program. Assuming the child care fee program is updated as proposed herein and funds the 3,780 spaces needed, there would be an estimated shortfall of approximately 6,400 spaces at 2025, due to existing deficiencies. By age group, the estimated shortfalls equal:

- 1,228 infant spaces, or 19%;
- ◆ 1,618 preschool spaces, or 25%; and
- ◆ 3,574 school age spaces, or 56%.

The child care needs of Mission Bay, Rincon Hill, and Visitation Valley, which are excluded from the analysis as discussed above, are estimated for informational purposes and included in **Appendix B: Tables F** and **G**.

¹⁸ The average rates for children as a percent of the total population from the Department of Finance vary slightly from year to year, and this analysis uses the average rates between 2010 and 2025 for the net new growth in the City.

Table 8

Future Demand for Child Care: 2006 to 2025 San Francisco Child Care Linkage Fee Nexus Study

				New Child Care D	emand by Age	
Future Growth - 2006 to 2025	New Population & Employment	% Distri- bution	Birth to 24 Mos. or Infant	2 to 5 or Preschool	6 to 13 or School Age	Total. 0 to 13 Years Old
Future Child Care Need New Population with Children - 2006 to 2025	(1) 44,768	(see Table	3)			
Resident Children Potentially Needing Care Estimated Number of Children by Age Average Labor Force Participation Rates Children With Working Parents % Children Needing Licensed Care Children Needing Licensed Care Percent of Children by Age Needing Care	 (2) (see Table 3) (3) (4) 		566 57.6% 326 37% 121 21%	1,375 57.6% 792 100% 792 58%	3,244 63.2% 2,052 66% 1,358 42%	5,186 3,170 72% 2,271 44%
Non-Resident Employee's Children Needing Care	(5) (see Table 6)		377	1,131		1,509
Distributed by Land Use Category Civic, Institutional, Education Hotel-Motel Industrial/PDR Medical Office	89 2,347 13,409 3,849 40,662	0% 3% 20% 6%	0 13 75 22 228	1 39 225 65 683	- - -	2 53 300 86 911
Retail	7,011	<u>10%</u>	39	118	-	157
Total Future Employee Demand for Child Care	67,367	100%	377	1,131	-	1,509
Total New Demand for Child Care Spaces Percent Distribution			498 13%	1,923 51%	1,358 36%	3,780 100%

 Excludes residents that work outside of SF and need child care outside SF (see Table 3) and represents population associated with SF and MF unit development and excludes SRO and senior units and excludes Mission Bay, Rincon Hill and Visitation Valley existing development as estimated through 2006.

(2) Based on the estimated average number of children by age categories for 2010 to 2015 for San Francisco from CA Dept. of Finance P-3 Report and applied to City Planning Department's estimate of expected new population between 2006 and 2025.

(3) Labor force participation rates are from the 2000 Census and include children with two working parents or single working parents. Rates vary by age, under 6 years and over 6 years (see Table 2).

(4) Not all children with working parents are assumed to need licensed care: the assumptions - % - under each age category are used. The remaining children are assumed to be cared for by family members, nannies, friends, and unlicensed care. Percentages are based on a detailed review of 12 other child care studies, including impact fee studies. Infant and preschool demand factors have been developed with the staff of the Dept. of Human Services and DCYF. School age Demand factor is from San Francisco Rec and Park Staff Survey in 2005.

(5) Includes demand from employees that work in the San Francisco but live elsewhere (see Tables 5 and 6). This analysis assumes one child per employee that needs care residence at the rate of: 25% infants 75% preschool 0% school age School age children are assumed to have care near their home and school.

Sources: California Department of Finance-P-3 Report; SF City Planning Department; and Brion & Associates.

Table 9 Total Child Care Demand at 2025 San Francisco Child Care Linkage Fee Nexus Study

	·	(Child Care Demand	& Supply by Age	
Existing Conditions		Birth to 24 Mos. or Infant	2 to 5 or Preschool	6 to 13 or School Age	Total. 0 to 13 Years Old
DEMAND at 2025					
Resident Children Potentially Needing Care (1	1)	7,158	16,345	47,102	70,605
Average Labor Force Participation Rates (2	2)	57.6%	57.6%	63.2%	
Children With Working Parents		4,123	9,414	29,791	43,327
% Children Needing Licensed Care (3	3)	37%	100%	66%	71%
Children Needing Licensed Care		1,525	9,414	19,721	30,660
Percent of Children by Age Needing Care		21%	58%	42%	43%
Non-Resident Employee's Children Needing Care (4	4)	2,845	8,536	-	11,381
Total Demand for Child Care Spaces at 2025		4,371	17,949	19,721	42,041
Percent Distribution		10%	43%	47%	100%
EXISTING & FUTURE SUPPLY at 2025 (Stamily Child Care Homes	5)				
Small, Licensed for 8		1,124	2,182	1,124	4,430
Large, Licensed for 14		441	978	537	1,956
Child Care Centers		1,080	11,248	5,833	18,161
School Age Care		-	-	7,295	7,295
Future Supply Funded with Fee Program (6))	498	1,923	1,358	3,780
Total Expected Spaces at 2025		3,143	16,331	16,147	35,622
Percent Distribution		9%	46%	45%	100%
ESTIMATED SURPLUS/(SHORTAGE) at 2025		(1,228)	(1,618)	(3,574)	(6,420)
Percent Distribution		19%	25%	56%	100%
Percentage of Demand Met		720/	010	822	0504
by Existing & Planned Facilities/Spaces		72%	91%	82%	85%

 Based on estimated number of children by age categories for San Francisco from CA Dept. of Finance P-3 Report and applied to City Planning Department's estimate of total future population at 2025. (See Tables 1 and 3).

Note: includes Mission Bay, Rincon Hill and Visitation Valley existing development so as to give a full estimate of total demand at 2025. (2) Labor force participation rates are from the 2000 Census and include children with two working parents or single working parents.

Rates vary by age, under 6 years and over 6 years.

 (3) Not all children with working parents are assumed to need licensed care: the assumptions - % - under each age category are used. The remaining children are assumed to be cared for by family members, nannies, friends, and unlicensed care.
 Percentages are based on a detailed review of 12 other child care studies, including impact fee studies.
 Demand for preschool is based on the Universal Preschool approach which is a policy goal of the Dept. of Human Services and DCYF. School age Demand factor is from San Francisco Rec and Park Staff Survey in 2005.

(4) Includes demand from employees that work in the San Francisco but live elsewhere (see Tables 5 and 6). This analysis assumes one child per employee that needs care residence at the rate of: 25% infants 75% preschool 0% school age School age children are assumed to have care near their home and school.

(5) See Table 4 for more detail and sources of supply.

(6) Includes future supply expected to be constructed through the Linkage Fee Program (see Table 8).

Sources: California Department of Finance-P-3 Report; SF City Planning Department; and Brion & Associates.

6. Child Care Facilities Master Plan

As part of this effort, a plan for how the City would provide new child care spaces given the existing supply of child care by type, and the cost of providing new child care by type, has been prepared. The breakdown of new child care spaces by type of facility and age is shown for projected future demand in Table 10. This distribution of future spaces reflects the current supply by type of facility and age as well as the likelihood of each type of supply to expand or add more spaces. Table 10 shows the breakdown of spaces by facility and age for the estimated 3,780 licensed spaces that will be required by new residents and non-resident employees in San Francisco. About 48% of the new spaces will be center-based through new centers, expansions of existing centers, or new centers in new or existing commercial space. About 34% of the spaces will be created through new and expanding family child care homes For school age children, half of the new spaces are assumed to be school age care onsite at existing schools, and the other half will be split between center-based and family child care homes. Based on this breakdown of spaces, Table 10 also calculates the total costs by type of care for new child care spaces. Child care spaces at new child care centers are the most expensive at approximately \$27,400 per space based on data from other San Francisco child care projects over the last several years.¹⁹ The costs per space by type of care are:

- \$27,400 per space for new child care center spaces;
- \$13,700 for spaces in existing or new commercial space;
- \$13,700 per space for existing child care centers which choose to expand;
- \$500 per space for new small family child care homes;
- \$1,429 per space for new large family child care homes;
- \$3,333 per space for small family child care homes to expand to large family child care homes (net increase of 6 spaces per home); and
- \$8,333 per space for school age care at existing schools.
- Average: \$12,325 per space across all types of care.

If San Francisco were to have a higher proportion of new center spaces, the average cost per space would be higher. The total cost of new required child care facilities equals about \$46.6 million, based on the above rates and distribution of spaces by facility type. Taking the average cost among these various types of care, however, is reasonable, given that the type of care that will actually be built is difficult to predict. This method reflects a reasonable estimate of what the City will build with the fee revenues given the distribution of demand by type of care, age, and the supply of existing types of child care. For instance, only a portion of small family child care homes can be assumed to be interested in or capable of expanding to large child care homes.

¹⁹ These costs have been adjusted for inflation and expressed in 2006 dollars.

Table 10 Estimated Cost of Child Care Spaces by Type of Space and Age: 2006 to 2025 San Francisco Child Care Linkage Fee Nexus Study

Type of Facility or Program	Average Cost per Space by Facility Type	Birth to 2 or Infant	3 to 5 or Preschool	6 to 13 or School Age	Totals, 0 to 13 Years Old	Percents of Totals
Target Number of Spaces	(see Table 8)	498	1,923	1,358	3,780	
1. Build New Centers: Spaces		199	769	102	1,070	28.3%
Costs (1)	\$27,406	\$5,457,364	\$21,085,657	\$2,792,060	\$29,335,081	63.0%
2. New Centers in Existing or New Commercial Space		50	192	102	344	9.1%
Costs (1)	\$13,703	\$682,170	\$2,635,707	\$1,396,030	\$4,713,908	10.1%
3. Expand at Existing Centers: Spaces		75	289	34	397	10.5%
Costs (2)	\$13,703	\$1,023,256	\$3,953,561	\$465,343	\$5,442,160	11.7%
 New Small Family Child Care Homes: Spaces 		100	385	272	756	20.0%
Costs (3)	\$500	\$49,782	\$192,344	\$135,836	\$377,963	0.8%
5. New Large Family Child Care Home Spaces		50	192	136	378	10.0%
Costs (4)	\$1,429	\$71,118	\$274,778	\$194,052	\$539,947	1.2%
6. Expand FCCH from 8 to 14: Spaces		25	96	34	155	4.1%
Costs (5)	\$3,333	\$82,971	\$320,574	\$113,197	\$516,741	1.1%
7. School Age at Existing Schools		-	-	679	679	18.0%
Costs (6)	\$8,333			\$5,659,846	\$5,659,846	12.1%
Total Spaces	na	498	1,923	1,358	3,780	100%
Total Costs	na	\$7,366,661	\$28,462,621	\$10,756,364	\$46,585,646	100%
Average Cost by Age Group	na	\$14 798	\$14 798	\$7 919	\$12,325	

Note: This matrix of child care spaces is derived by evaluating the current supply of spaces and estimating how many facilities might expand; based on past development of spaces and the demand for child care by age group, as determined by the consultant and DCYF.

(1) Based on actual project costs for 13 projects that have received some funding from the City of San Francisco's

low-interest loan program for child care facilities (See Appendix Table B).

(2) Expansion is assumed to cost 50% of new child care center spaces.

(3) Assumes cost based on approximation of \$4,000 to set up a new small family child care home for 8 children.

(4) Assumes cost based on approximation of \$20,000 to set up a new large family child care home for 14 children.

based on data from actual grant programs administered by the Child Care Development Fund and DCYF/LIIF (See Appendix Table E).(5) Assumes cost based on approximation of \$20,000 to expand from a small to a large family child care home.

based on data from actual grant programs administered by the Child Care Development Fund and DCYF/LIIF (See Appendix Table E).

(6) Assumes \$350,000 per portable serving 36 children on average for before- and after-school care.

Sources: City of San Francisco; LINCC; Brion & Associates.

Table 11 summarizes the new child care spaces and costs and shows the average number of spaces and costs per year over the study period or 2006 to 2025. As shown, infant and preschool spaces cost more on average than school age spaces. Over the 19-year period, on average, there will be an annual need for 26 infant spaces, 101 preschool spaces, and 71 school age spaces, or an overall total of about 199 per year. The average annual cost of these spaces would be approximately \$2.6 million per year. In reality, new development will be higher or lower in any given year, and the actual child care needs would be more or less than the averages presented here.

Table 11 Summary of New Demand for Child Care and Costs 2006 to 2025 San Francisco Child Care Linkage Fee Nexus Study

8			Child Care	e Demand - 2006 to 2025	
Item		Birth to 23 months or Infant	2 to 5 or Preschool	6 to 13 or School Age	Total Estimated Child Care Need in Spaces
Total New Demand from 2006 to 20	25				
for Child Care by Age		498	1,923	1,358	3,780
City's Target as % of Total	100%	498	1,923	1,358	3,780
Average Facility Cost per Space		\$14,798	\$14,798	\$7,919	\$12,325
Total Cost of Child Care Spaces (excluding administrative costs)		\$7,366,661	\$28,462,621	\$10,756,364	\$46,585,646
With Administrative Costs (5%)		\$7,734,994	\$29,885,752	\$11,294,183	\$48,914,928
Average No. of Spaces per Year	(1)	26	101	71	199
Average Cost per Year	(1)	\$407,105	\$1,572,934	\$594,431	\$2,574,470

(1) Assumes growth occurs evenly over the 2006 to 2025 period; in reality, development will be higher or lower in any given year. Sources: City of San Francisco; Brion & Associates.

7. Child Care Requirements

Table 12 calculates demand for child care spaces by type of future residential development. Assuming the City will fund 100% of the future demand for child care, it will need to fund 2,271 spaces generated by residential demand. As discussed above under **Section 3**, single resident occupancy and senior units are not assumed to generate children by definition and are therefore not included; these units are expected to make up 2-3% of the total new dwelling units in the City through 2025. There will be 45,014 new residents who are expected to generate 5,186 children 0 to 13 years old. Of these children, 44%, or 2,271 children, are assumed to need licensed care based on the methodology discussed above. This amount of children will generate a need for a total of 247,551 square feet of new child care space of various types and about 170,333 square feet of outdoor space.

Based on State child care licensing requirements, new residential units would be required to provide the following amounts of indoor and outdoor child care space:

- Single Family: 19.1 square feet of indoor space and 13.2 square feet of outdoor space;
- Multi-Family 0 to 1 bedroom: 12.6 square feet of indoor space and 8.7 square feet of outdoor space; and
- Multi-Family 2+ bedrooms: 14.4 square feet of indoor space and 9.9 square feet of outdoor space.

The breakdown is based on the persons per household factors for each of these three types of residential units. The San Francisco Planning Department estimates slightly more than 40% of new multi-family units will be larger units with 2 or more bedrooms, based on the City's housing policy requirements for most of the areas with development potential within the City.

The child care space requirement varies slightly between single family and multi-family units, based on population density or persons per household per unit. The City forecasts about 95% of the new development to be multi-family units, which include apartments, condos, live/work units, lofts, and flats. This forecast is based on historical development patterns, current applications and proposed projects, and current zoning in the City (see **Appendix C: Table C**).

Table 12 Child Care Requirement for Residential San Francisco Child Care Linkage Fee N	Uses lexus Study					
			R	esidential Uses		
Item	Assumptions - Percents	Total Residential Uses	Single Family Units	Multi-Family Units - 0-1 Bedrooms	Multi-Family Units - 2+ Bedrooms	SRO/Senior Units
Future Dwelling Units (w/out MB, RH, VV Dercore Der Household Eactore	0	19,146 235	477 3 50	10,806 2 30	7,142 2.63	721 116
Total Population	See Table 1	46,108	1,671	24,854	18,748	836
Percent Distribution Total Population Minus SR/SRO Populatio	E	100% 45.273	4% 1.671	54% 24.854	41% 18.748	2%
Percent Distribution		100%	4%	55%	41%	
Residents Needing Care Outside SF	See Table 3	(259)	(10)	(142)	(107)	
Future Population Subject to Fee Percent Distribution		45,014 100%	1,662 4%	24,712 55%	18,641 41%	
Estimated Total Children (1)	0.0%	5.186	191	2.847	2.148	
Children Needing Licensed Care (2)	43.8%	2,271	84	1,247	940	
City's Policy Target: % of Demand	100%	2,271	84	1,247	940	
Dwelling Units Subject to Fee		18,426	477	10,806	7,142	
Child Care Requirement in Sqft by Land U Building Space Outdoor Space	se (3)	247,551 170,333	9,138 6,288	135,901 93,510	102,512 70,536	
Child Care Space Requirement per Unit Building Space in Saft	(4)	13.4	19.1	12.6	14.4	
Outdoor Space in Sqft		9.2	13.2	8.7	9.9	
Note: SRO and Senior units would be e However, it is true that children do occ (1) See Table 8; children as % of total pop (2) See Table 8; represents average factor 1 (3) Assumes an average building sqft per s and includes support space: halls, stora Assumes an average outdoor space sqft (4) If less than 14 spaces for Residential pr	xempt from the child cr asionally live in SROs. Ilation citywide. or all child care age gro pace of 109 ge, restrooms, kitchen, of 75 of 75	are fee as they do not ge ups. based on recent proje etc. and the average sqft 5 based on state licensi Commercial Projects ar	inerate children by c cts in San Francisco per space from reco ng requirements. e required by a "pro-	efinition. (See Appendix Tabl ent San Francisco Pro ject" then the in-lieu	e B) jects fee would be levied	

otherwise a "project" could pay either the in-lieu fee or provide the child care spaces on or off-site, with deed restrictions for a specified term, to be defined in the fee ordinance. Sources: Brion & Associates.

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The demand for child care spaces from non-residential uses is calculated in **Table 13** by type of land use, for a total of 1,509 child care spaces. The child care requirements for non-residential development are expressed as square feet of child care space per 1,000 square feet of non-residential space, as shown in **Table 13** and summarized below:

- Civic, Institutional, Educational: 10.8 square feet of indoor space and 7.5 square feet of outdoor space;
- Hotel: 6.1 square feet of indoor space and 4.2 square feet of outdoor space;
- Industrial: 7.0 square feet of indoor space and 4.8 square feet of outdoor space;
- Medical: 10.8 square feet of indoor and 7.5 square feet of outdoor space;
- Office: 10.8 square feet of indoor space and 7.5 square feet of outdoor space; and
- Retail: 8.1 square feet of indoor space and 5.6 square feet of outdoor space.
- Average: 9.3 square feet of indoor space and 6.4 square feet of outdoor space.

The space requirements vary by land use because the employment densities vary by land use. The higher the density, or the more employees per square foot, the greater the child care requirements for that land use. The density assumptions (square feet per employee) are shown in **Appendix B: Table A** and are from the San Francisco Planning Department.

For projects that 1) are too small to create demand for a reasonably sized child care project (under 14 spaces); 2) do not want to provide child care space directly; or 3) cannot provide child care onsite, giving them the option of paying a linkage fee, which is calculated based on the space requirements shown in **Tables 12** and **13**, is suggested. Thisapproach is consistent with the current child care fee program in the City. The proposed in-lieu or linkage fee rates are shown in **Tables 14** and **15**.

Table 13Child Care Requirement for Non-Residential UseSan Francisco Child Care Linkage Fee Nexus Stu	s dy						
			New N	on-Residentia	ll Uses		
Item	Civic, Institutional, Education	Hotel-Motel	Industrial/PDR	Medical	Office	Retail	Total Non- Residential Space (Sq. Ft.)
Future Development: Sqft of Space (1)	20,083	938,640	4,693,270	866,036	9,148,962	2,103,296	17,770,286
Child Care Space Demand (2)	2	53	300	86	911	157	1,509
City's Policy Target: % of Demand 100%	2	53	300	86	911	157	1,509
Child Care Requirement in Sqft by Land Use (3) Building Space	218	5,728	32,729	9,395	99,247	17,112	164,428
Outdoor Space	150	3,941	22,520	6,464	68,289	11,774	113,139
Child Care Space Requirement (4) CC Building Space in Sqft per 1,000 Sqft CC Outdoor Space in Sqft per 1,000 Sqft	10.8 7.5	6.1 4.2	7.0 4.8	10.8 7.5	10.8 7.5	8.1 5.6	9.3 6.4
 Based on projections by SF Department of City F The cost of non-resident employee child care den which space is used by resident employees versu: See Tables 5 and 6. Assumes that about 5% Assumes an average building sqft per space of and includes support space: halls, storage, restroc Assumes an average outdoor space sqft of (4) If less than 14 spaces were required by a "project fee or provide the child care spaces on- or off-sitt Sources: Brion & Associates. 	Planning (July 2 mand is spread c s non-resident e of employees 1 109 oms, kitchen, et 75 t' then the in-lie e, with deed res	006); See App vver all expects mployees. need child care based on rece based on state u fee would be trictions for a s	endix Table A. ed non-residential s and of those, one int projects in San I age sqft per space i age sqft per space i licensing requirer i levied; otherwise specified term, to b	space as it is ne child per empl- Francisco (See from recent Sa nents. a "project" con be defined in th	ot possible to dis oyee, age 0 to 5. Appendix Table n Francisco Proj uld pay either the te fee ordinance.	stinguish e B) ects e in-lieu	

			Residential Uses			
Item	Assumptions - Percents	Total - Residential	Single Family Units	Multi-Family Units - 0-1 Bedrooms	Multi-Family Units - 2+ Bedrooms	SRO/Senior Units
Future Dwelling Units (w/out MB, RH, VV)		19,146	477	10,806	7,142	721
Persons Per Household Factors Total Population	See Table 1	2.35 46.108	3.50 1.671	2.30 24.854	2.63 18.748	1.16 836
Percent Distribution		100%	3.6%	53.9%	40.7%	1.8%
Total Population Minus SR/SRO Population		45,273	1,671	24,854	18,748	
Percent Distribution	- - - -	100%	3.7%	54.9%	41.4%	
Residents Needing Care Outside SF Future Pomulation Subject to Fee	See Table 3	(252) 45.014	(10) 1.662	(142) 24.712	(107) (107) 18.641	
Percent Distribution		100%	3.7%	55%	41.4%	
Estimated Total Children (1)	0.0%	5,186	191	2,847	2,148	
Children Needing Licensed Care (2)	43.8%	2,271	84	1,247	940	
City's Policy Target: % of Demand	100%	2,271	84	1,247	940	
Cost of Child Care by Land Use (3)		\$27,992,479	\$1,033,294	\$15,367,388	\$11,591,797	
Administrative Cost Factor (4) Total Child Care Costs		\$1,399,624 \$29,392,103	\$51,665 \$1,084,959	\$768,369 \$16,135,758	\$579,590 \$12,171,386	
Dwelling Units Subject to Fee		18,426	477	10,806	7,142	I
Potential Maximum Linkage Fee Per Unit Administrative Cost per Unit	5.0%	\$1,519 \$76	\$2,164 \$108	\$1,422 \$71	\$1,623 \$81	
Total Potential Maximum Linkage Fee per I	Dwelling Unit	\$1,595	\$2,272	\$1,493	\$1,704	0 \$
Note: SRO and Senior units would be exen However, it is true that children do occasio	npt from the child ca nally live in SROs.	re fee as they do not ge	nerate children by d	efinition.		

Potential Maximum Residential Child Care Linkage Fee by Type of Unit **Table 14**

San Francisco Child Care Linkage Fee Nexus Study

Sources: Brion & Associates.

\$12,325 (see Table 11). 5.0% of total costs for administration of child care fee fund.

(2) See Table 8; represents average factor for all child care age groups.
(3) Assumes an average cost per space of \$12,325 (see T
(4) Assumes an administrative cost factor of 5.0% of tota

(1) See Table 8; children as % of total population citywide.

Table 15 Potential Maximum Non-Residential Child Care Links San Francisco Child Care Linkage Fee Nexus Study	age Fee by Land	l Use Categor	4				
			New N	Von-Residenti	al Uses		
Item	Civic, Institutional, Education	Hotel-Motel	Industrial/PDR	Medical	Office	Retail	Total Non- Residential Space (Sq. Ft.)
Future Development: Sqft of Space (1)	20,083	938,640	4,693,270	866,036	9,148,962	2,103,296	17,770,286
Child Care Space Demand (2)	2	53	300	86	911	157	1,509
City's Policy Target: % of Demand 100%	2	53	300	86	911	157	1,509
Cost of Child Care by Land Use (3) Administrative Cost Factor (4) Total Child Care Costs	\$24,635 \$1,232 \$25,867	\$647,654 \$32,383 \$680,037	\$3,700,938 \$185,047 \$3,885,985	\$1,062,325 \$53,116 \$1,115,442	\$11,222,604 \$561,130 \$11,783,734	\$1,935,011 \$96,751 \$2,031,761	\$18,593,167 \$929,658 \$19,522,825
Potential Maximum Linkage Fee Per Sqft of Space Administrative Cost per Space 5.0%	\$1.23 \$0.06	\$0.69 \$0.03	\$0.79 \$0.04	\$1.23 \$0.06	\$1.23 \$0.06	\$0.92 \$0.05	\$1.05 \$0.05
Potential Maximum Fee per Sqft of Development	\$1.29	\$0.72	\$0.83	\$1.29	\$1.29	\$0.97	\$1.06
 Based on projections by SF Department of City Plann The cost of non-resident employee child care demand which space is used by resident employees versus non See Tables 5 and 6. Assumes that about 5% Assumes an average cost per space of \$12,325 Assumes an administrative cost factor of \$5% Sources: Brion & Associates. 	ing (July 2006). is spread over al t-resident employ of employees ne (see Table 11). of total costs for	l expected non /ees. sed child care <i>z</i> r administratio	-residential space and of those, one c	as it is not pos hild per emplo fund.	sible to distingui yee, age 0 to 5.	sh	

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8. Proposed Maximum Child Care Linkage Fee by Land Use

The total estimated maximum residential child care linkage fees by land use are calculated in **Table 14** based on the average cost per space calculated in **Table 10**. Total costs of new required child care for residential uses equal \$29.4 million, assuming an average cost per space of \$12,325 and a 5% administration cost. Most of these costs, about \$28.3 million, are estimated to be associated with multi-family development because the City is expected to add very few single family units. These proposed fee rates represent the maximum amount that the City could charge based on nexus. These maximum fee rates are comparable with child care fees in other locations as discussed in **Chapter II: Fee Comparisons**. Many of these fees have not been updated in a number of years and/or were adopted prior to the adoption of the Mitigation Fee Act. In summary, other cities' current child care fees range from:

- \$100 to \$1,736 for a single family residence;
- \$115 to \$1,624 for a multi-family residence; and
- \$0.01 to \$1.15 per square foot for non-residential uses.

The proposed San Francisco child care residential linkage fees are as follows:

- Single Family: \$2,272 per unit;
- Multi-Family 0 to 1 bedroom: \$1,493 per unit; and
- Multi-Family 2+ bedrooms: \$1,704 per unit.
- Average: \$1,595 per residential unit or \$1.72 per square foot of residential development.²⁰

Table 15 calculates the maximum proposed non-residential linkage fee per square foot for non-residential land uses. The maximum fees range from \$0.72 per square foot for hotel/motel uses to \$1.29 per square foot for office, medical, and civic, institutional, educational. The cost of providing child care to non-resident employees that work in the City is divided by the total amount of expected gross building space by land use category to derive the non-residential linkage fees. The proposed fee rates are:

- Civic, Institutional, Educational: \$1.29 per square foot of building space;
- Hotel/Motel: \$0.72 per square foot of building space;
- Industrial: \$0.83 per square foot of building space;
- Medical: \$1.29 per square foot of building space;
- Office: \$1.29 per square foot of building space; and
- Retail: \$0.97 per square foot of building space.
- Average: \$1.06 per square foot of building space.

²⁰ The residential development factor of \$1.72 per square foot is for comparison purposes and assumes the average residential unit to be 925 square feet.

The total projected revenues funded by non-residential uses would equal \$19.5 million over the 2006 to 2025 period, including 5% for administration. These maximum fees assume an estimated amount of new non-residential development that totals approximately 17.8 million new square feet of non-residential space over existing conditions, not including development approved at Mission Bay, Visitation Valley, and Rincon Hill (see **Appendix B**: **Table A**).

The amount of projected new development expected from 2006 to 2025 equals about 1.1 million square feet per year on average, of which about 605,000 square feet per year would be office space. These figures exclude non-residential space associated with Mission Bay, Rincon Hill and Visitation Valley as discussed elsewhere in the report. The City's Proposition M, which regulates office development in the City, allows for up to 875,000 square feet of office space per year. Even with the inclusion of the three project areas, the projected office development would total about 481,000 square feet per year, or within the Proposition M limit.

It should be noted that for those projects that choose to provide the child care space directly and not pay the linkage fee, the administrative fee would still need to be applied to cover the cost of the City's monitoring the project's mitigation.

It is important to understand that the methodology used to estimate child care demand and the maximum linkage fee requirement and fee rate is not dependent on the total overall amount of growth expected. With other types of impact fees, this may not be the case. For instance, if the City is trying to fund \$100 million worth of needed traffic improvements, the fee rate would be derived by dividing the total costs by the expected growth in trips, after making allocation assumptions to each land use. Thus, a fixed cost is allocated over a certain amount of growth to derive the fee rate. In this example, if the growth is less, the City would receive less money than needed or the fee rate would have to be increased to reflect lower growth.

With child care, we calculated the child care need per one new dwelling unit or per employee and applied an average cost per child care space to that demand to derive the maximum fee rates by land use. If actual growth is lower than analyzed in this report, the child care fee revenue generated will be less than estimated, but the child care fee rate would remain the same. The analysis does not presume some fixed amount of child care facilities that are needed independent of growth and then allocate those costs over the new growth as with other types of impact fees. The methodology presumes a bottom-up approach to derive child care costs or facility needs. Thus, if growth is less than analyzed herein, then child care demand would be commensurate with the amount of child care fee revenue collected.

It is important to note that the Department of Children, Youth, and Their Families proposes that each land use would pay the proposed fee rate listed in the **Tables 14** and **15**, unless the new development could not be categorized into one of these categories. In that situation, the average fee would apply respectively to residential or non-residential
uses. In total, it is assumed that the new child care fee will generate over \$46.6 million (plus administrative costs) to San Francisco over the next 19 years (through 2025) assuming development occurs as projected. If development is less than projected, the child care fee revenue collected will also be less, but demand for child care will be less as well.

9. Linkage Fee Implementation

This section discusses potential funding mechanisms the City of San Francisco could adopt to implement the Child Care Linkage Fee Program and other policy and implementation issues discussed in this report.

Proposed Funding Mechanisms for Fee Program

The expected development linkage fee revenue (i.e., \$48.9 million²¹) could be allocated to a variety of "funding mechanisms" the City could adopt to provide for new child care, which are discussed below. Should the child care fee be updated as proposed, the Board of Supervisors would set the priorities, choose the funding mechanisms, and the amounts allocated to each mechanism during the annual review of the fee program with input from the Department of Children, Youth, and Their Families. The City's current Child Care Facilities Fund, which is administered by the Low Income Investment Fund, provides a variety of funding mechanisms and programs as outlined below. With the additional funding that would be generated by this fee update, the dollar amounts available for new child care would increase. These include, but are not limited to, the following:

- 1. **Direct City Funding** of new projects through joint development agreements with developers, non-profit providers/agencies, or City contributions towards private projects. This type of funding would include additional requirements concerning affordability and access to spaces. The City is not expected to build and own any child care facilities outright, except perhaps those developed through the Recreation and Park Department's programs.
- 2. Low-Interest Loans to new or existing child care providers/facilities. There are a few options here. The first is a straight low-interest loan, with no special requirements. The second option includes a low interest loan with certain requirements or restrictions. For instance, there could be a payment waiver clause: if new spaces eligible to very low income children are created and maintained, then no loan payment would be required; however, if the provider eliminates the low income spaces, the loan repayment would become due. With low interest loans, the revenue would be used to create a revolving loan fund that would regenerate itself though the low interest charged on the loans.
- 3. **No-Interest Loans** with income/profit limits similar to those required to qualify for housing loan funds. These funds could be offered to existing child care providers at risk of going out of business because they are losing their space or to providers that will provide infant care, subsidized care, or spaces for children with special needs, assuming they expand their facilities.

²¹ This includes the administrative costs at 5% of total fee revenue through the year 2025.

- 4. **Grants with Matching Requirements** to new or existing child care providers. These funds would be available if the project provides infant care along with other age groups. To the extent that providers find additional monies or grants for expanding or creating new child care spaces, these spaces would count toward the City's existing need for spaces.
- 5. **Outright Grants** could be available to new or existing providers that provide spaces for children with special needs and/or new subsidized spaces. However, conditions and restrictions should be placed on the child care provider that receives outright grants to ensure that not only are new spaces being provided, but other goals of the City are being met also.

The amount of money allocated to each of these funding mechanisms would be in proportion to the amount of revenue needed to put each mechanism into operation. Revolving loan funds would generate interest and the revenue would be returned to the fund; thus, less revenue would be allocated to this option. Outright grants and the provision of new centers would be more costly, and more revenue should be allocated to these mechanisms. The ultimate allocation formula should be one that maximizes the provision of new spaces with the least cost to the overall program.

10. Use of Potential Child Care Linkage Fee Revenue

The \$48.9 million estimated to be generated by the Child Care Linkage Fee will accrue through 2025. In the first few years, the City will need to establish a priority list for the above funding mechanisms. Not all of the mechanisms will be created immediately. A special Child Care Linkage Fee Fund will need to be created so that the funds can be kept separately, and any interest earned on the fee revenue will become part of the fee fund. Up to 5% of the total fee amount collected from a project would be set aside for administration of the fee program.

Once a sufficient amount of fee revenue has been generated to construct a project, the City will need to determine how it will participate in the project. If development were to occur equally over the next 19 years, the City would receive about \$2.6 million per year in child care linkage fee revenue. In reality, real estate development varies year to year in business cycles, and the amount of fee revenue collected in any given year will vary. These are a few of the potential options available to the City:

- 1. The City currently contracts with the Low Income Investment Fund to manage the child care fee fund. The City could continue to work with the Low Income Investment Fund to manage and implement the program.
- 2. The City could partner with other child care agencies and non-profits for one of their child care projects.
- 3. The City could team with a local provider or developer that wants to build a new center and apply the revenue toward the project.
- 4. The City could issue a Request for Proposals to child care providers and developers that are interested in building a new center or expanding an existing center.
- 5. The City could develop a grant and low-interest loan program for providers in need of funding to create new child care facilities.

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Appendix A: Summary of Child Care Demand Factors from Recent Child Care Studies

Appendix A

Table 1

Summary of Child Care Demand Factors

San Francisco Child Care Linkage Fee Nexus Study

		Residential/Population Demar				d		
L		I	icensed Care l	oy Age Group	(1)	Labor Force	Employment Demand	Other Demand
	# Study Name and Location	0-1 years	2-5 years	6-9 years	10-13 years	Participation Rates	Factors	Factors/Comments
	Child Care Master Plan, City of Santa Monica, June 1991. Prepared by Moore 1 Iacofano Goltsman, Inc.	40%	64%	59%	59%	56% under 6 and 73% over 6	na	Study breaks down ages from 0-2 years, 3-4 years, and 5-14 years.
	Child Care Linkage Program, City of Sana Monica, November 2005 . Prepared by 2 Keyser Marston Associates, Inc.	1					Assumes 14% of employees have children who demand child care in the City.	Fee applies to non-residential uses only.
	A New Assessment of Child Care Need for Children Age 5 and Under in Santa Clara County, Sponsored by FIRST 5 Santa Cla County and prepared by International Chil 3 Resource Institute, September 2002.	29% Center- a based care, 1 8% FCCH; 37% total	29% Center- based care, 8% FCCH; 37% total	na	na	па	na	Study looks only at children ages 0 to 5 years old.
	City of Alameda Child Care Needs, Febru 2003 and County of Alameda Meeting the Child Care Needs of Alameda County's Children, February 2002, prepared by 4 Berkeley Policy Associates. (2)	16%	33%	51%	51%	63% of families with children are considered "working" families where both parents or a single parent work.	na	The study employs a Conservative Demand Estimate and Broad Demand Estimate. Figures shown here are for the Conservative Demand Estimate which does not assume that every "working" family requires licensed care.
	Who's Minding the Kids? Child Care Arrangements: Winter 2002. Issued Octob 2005 by the U.S. Census Bureau based on the Survey of Income and Program 5 Participation (SIPP).	er 24.2% in organized care; 6.2% FCCH. (3)	24.2% in organized care; 6.2% FCCH. (3)	5% in organized care; 5% in FCCH/ 16% in after- school enrichment programs.	5% in organized care; 5% in FCCH/ 16% in after- school enrichment programs.	Doesn't discuss LFPR.	na	This study is based on data from the Survey of Income and Program Participation (SIPP) which is collected by the U.S. Census.

Appendix A Table 1 Summary of Child Care Demand Factors San Francisco Child Care Linkage Fee Nexus Study

			Re	esidential/Popu	lation Deman	d		
		L	icensed Care b	oy Age Group	(1)	Labor Force	Employment Demand	Other Demand
# Study Name and Locat	tion	0-1 years	2-5 years	6-9 years	10-13 years	Participation Rates	Factors	Factors/Comments
Methodology: Child C Tompkins County, NY 6 www.daycarecouncil.	Care Demand, from Y, org (3)	47%-69%	47%-69%	na	na	na	na	This study looks at children under age 6 who require care and summarizes results from four other studies which looked at demand.
Primary Child Care A Employed Parents: Fu National Survey of An 7 2002, The Urban Insti	Arrangements of indings from the 1999 nerica's Families , itute.	73%	73%	80%	80%	na	na	These percentages refer to the number of children areceiving care, both licensed and unlicensed.
<i>The Demand and Sup</i> , 1990, Joint Findings Care Survey 1990 and 8 Care Settings, 1991.	<i>ply of Child Care in</i> of the National Child I A Profile of Child	na	na	na	na	The report finds that 83% of children 0 to 5 years old have working parents, which is much higher than labor force participation rates we have found.	na	a No demand estimates are stated.
Linking Development Toolkit for Developer Governments, 2005, Investment in Child C 9 Area Economics. Mis	and Child Care: A s and Local Prepared for Local are (LINCC) by Bay sion Bay Project Only	29.9% for center-based care and 12.6% for FCCH care	29.9% for center-based care and 12.6% for FCCH care	na	па	Does not appear to use LFPRs.	na	This study also looks at employee demand, which most studies do not consider.
Survey of Parents/Gua Providers, January 20 City of San Jose and t 10 Library, by Godbe Re	ardians and Childcare 006, Conducted for the the San Jose Public search.	28%	28%	na	na	This is a survey of actual use patterns and not an estimate of demand, therefore LFPRs are irrelevant.	na	Overall, 43% of respondents said that they used child care, but that included care provided by anyone who was not the parent/guardian.

Appendix A Table 1 Summary of Child Care Demand Factors San Francisco Child Care Linkage Fee Nexus Study

		-	Re	sidential/Popu	lation Deman	d		
		L	censed Care b	y Age Group	(1)	Labor Force	Employment Demand	Other Demand
#	Study Name and Location	0-1 years	2-5 years	6-9 years	10-13 years	Participation Rates	Factors	Factors/Comments
11	Child Care and Housing Linkage Research Study, June 2003, Prepared for the County of San Mateo Office of Housing in conjunction with the San Mateo Child Care Coordinating Council, by Brion & Associates with Vernazza Wolfe, Inc.	75%	100%	38%	25%	LFPRs vary by community area.	na	This study looks at a variety of policies and programs that can be implemented in order to increase the supply of child care at the same time new housing is developed.
12	Kern County Child Care Policy Analysis and Strategy Study, October 2005, prepared by Brion & Associates.	37%	50%	50%	25%	LFPRs vary by community area.	na	1
13	City of Palm Desert Child Care Facilities Impact Fee Nexus Study, August 2005, prepared by Brion & Associates.	37%	80%	50%	25%	53% for children under the age of 6 years and 59% for children over 6 years old.	Assumes that 5% of employees who work in Palm Desert have childrer ages 0-5 years old who need child care in Palm Desert. Spaces are split 50-50 between infant and preschool.	This study looks at both residential and employment demand, although a fee was only established for non-residential development, as requested by the City.
14	City of South San Francisco Child Care Facilities Impact Fee Nexus Study, September 2001, prepared by Brion & Associates.	100%	100%	100%	100%	na	5% of employees are expected to require child care in South San Francisco.	Data was taken directly from the then current Needs Assessment, which assumed 100% of children with working parents needed licensed care. The city however targeted 50% of this figure because it felt that some parents desire and use unlicensed care.
15	PROPOSED Alameda County Child Care In- Lieu Fee Study, May 2007, prepared by Brion & Associates.	37%	75%	38%	38%	60% for children under the age of 6 years and 66% for children over 6 years old.	Estimates that 5% of employees have children who require care near place of work	Study looks at unincorporated areas of Alameda County and calculates demand for both residential and non-residential uses.

(1) Represents demand for licensed care of children with working parents; and not the percentage of total children unless otherwise stated.

(2) The City of Alameda based their child care needs assessment on the study done for Alameda County in 2002; therefore their demand factors are the same.

(3) Organized care includes day care center, nursery or preschool, or Head Start/school programs.

Source: Compiled by Brion & Associates.

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Appendix B: Child Care Model Background and Detailed Supporting Data

Prepared by Brion & Associates

Appendix B: Table A Development Projections for Non-Residential Uses San Francisco Child Care Linkage Fee Nexus Study

Existing Conditions 2006 (1)		2006 (1)	Futi	1re Jobs - 2006 to 20	025 (2)	Total Jobs at 2025			
								Total Jobs in	
		2006 Jobs in						Mission	
		Mission			Mission Bay /	Net New Jobs		Bay/Rincon	
		Bay/Rincon	Net Jobs 2006	Total Projected	Rincon	Subject to Fee -	Total	Hill/Visitation	Total Net Jobs
	Estimated	Hill/Visitation	(w/out MB, RH,	New Jobs -2006-	Hill/Visitation	2006-2025 (w/out	Projected Jobs	Valley at 2025	at 2025 (w/out
Land Use	Jobs - 2006	Valley (4)	VV)	2025	Valley Growth (4)	MB, RH, VV)	at 2025	(4)	MB, RH, VV)
				а	b	С			
Non-Res. Development									
CIE	94,127	2,107	92,019	4,442	4,353	89	98,568	6,460	92,108
Hotel	18,761	16	18,745	2,347	0	2,347	21,107	16	21,091
Medical	36,772	52	36,720	3,855	6	3,849	40,627	58	40,569
Office	225,676	18,100	207,576	51,122	10,460	40,662	276,798	28,561	248,238
Retail	97,205	5,186	92,019	8,297	1,286	7,011	105,502	6,472	99,030
Industrial/PDR	63,684	2,519	61,165	13,744	<u>335</u>	13,409	77,429	2,854	74,575
TOTAL/AVG.	536,224	27,981	508,243	83,807	16,440	67,367	620,031	44,421	575,610
Avg. Per Yr -								(5)	(5)
2006 to 2025				4,411	865	3,546			

(1) Land use categories and base data are from the San Francisco Department of City Planning (October 2006).

Data from 2006 is extrapolated from the 2000 to 2025 projections, based on average annual growth rates by land use category.

(2) New job growth is from Moody's Economy.com forecast for San Francisco, 2006 to 2025.

(3)

Based on typical new sqft per employee factors derived by reviewing proposed projects and actual projects in SF and other Silicon Valley cities by Brion & Associates.

The sqft per employee factors that exist currently are lower density factors than those used for the future analysis. It is assumed that in the future employees will use less sqft than they use currently.

(4) Visitation Valley, Rincon Hill and Mission Bay would not be subject to the new impact fee and the remaining square footage of development potential associated with these projects is removed for the analysis.

(5) The totals above are off by one job from the totals in Table 1 due to rounding.

(6) This amount of expected office space development would be within the limits of that allowed by Proposition M, which restricts office development to 875,000 sqft per year. There is also an accumulation of 2.2 million sqft credit that can also be developed.

Sources: Moody's Economy.com; San Francisco Department of City Planning; David Taussig & Associates, Inc.; Brion & Associates.

Appendix B: Table A Development Projections for Non-Residential Uses San Francisco Child Care Linkage Fee Nexus Study

Land Use	Estimated Sqft in 2006 d	Future Average Sqft per Employee (3) Ø	Projected New Sqft-2006-2025 (2) a * e = f		Mission Bay / Rincon Hill/Visitation Valley Growth (3) b * e = g	Net Development Potential Subject to Fee - 2006- 2025 f - g =h	Total Sqft of Bldg. Space at 2025 d+f=i	Total at 2025 w/out MB,RH,VV
Non-Res. Development								
CIE	19,295,974	225	999,400		979,317	20,083	20,295,373	18,841,873
Hotel	7,279,093	400	938,640		-	938,640	8,217,733	8,211,333
Medical	10,810,895	225	867,404		1,368	866,036	11,678,298	11,665,248
Office	90,270,440	225	11,502,528	(6)	2,353,565	9,148,962	101,772,968	95,346,846
Retail	31,494,307	300	2,489,072		385,776	2,103,296	33,983,378	32,041,778
Industrial/PDR	30,186,311	350	4,810,529		117,259	4,693,270	34,996,840	33,998,001
TOTAL/AVG.	189,337,019		21,607,571		3,837,285	17,770,286	210,944,590	200,105,080
Avg. Per Yr - 2006 to 2025			1,137,241		201,962	935,278		

Appendix B: Table B Summary of Recent Child Care Projects with City Funding San Francisco Child Care Linkage Fee Nexus Study

						Costs Adjusted			Inflation Adjusted	
						for Inflation per		Square	Square	Total
						CPI for Region	Square	footage	Footage	Child Care
LO	Loan #	Borrower	SPONSOR	Project Name	Project Costs	(1)	footage	cost	Cost	Spaces
			San Erangigan Woman's Contars							
BP	10288-14	San Francisco Women's Centers, Inc.	Inc.	WOMEN'S CENTER	\$333,457	\$398,070	1,485	\$225	\$268	23
		Housing Services Affiliate Of The	Housing Services Affiliate Of The Bernal Heights Neighborhood							
BP	10297-14	Bernal Heights Neighborhood Center	Center	THE FAMILY SCHOOL	\$213,568	\$247,654	2,600	\$82	\$95	23
DD	10200-14	Frandelia Enrichment Center	Frandelia Enrichment Center	FRANDELJA ENRICHMENT CENTER	\$716 104	\$842.452	6 700	\$107	\$126	40
Dr	10299-14	Tranderja Emrenment Center	Trandelja Enriennent Center	ENRICIENTER	\$710,104	\$642,432	0,700	\$107	\$120	40
			Family Service Agency Of San							
DL	10300-14	1st Place 2 Start	Francisco	1ST PLACE 2 START	\$335,026	\$397,466	1,530	\$219	\$260	40
DL	10295-14	Wu Yee Children's Services	Wu Yee Children's Services	CHINATOWN EARLY HEAD START	\$1,382,290	\$1,659,536	6,700	\$206	\$248	40
			Portola Family Connection	PORTOLA FAMILY						
DL	10296-14	Portola Family Connection Center, Inc.	Center, Inc.	CONNECTION	\$1,396,280	\$1,642,636	7,500	\$186	\$219	63
DL	10311.02-14	Compass Community Services	Compass Community Services	TENDERLOIN CHILD CARE CENTER	\$3,855,900	\$4,450,496	11,277	\$342	\$395	63
BP	10310.02-14	Mission Neighborhood Centers, Inc	Mission Neighborhood Centers, Inc	ORLANDO CEPEDA PLACE CHILDREN'S CENTER	\$1,042,313	\$1,137,903	6,900	\$151	\$165	40
		Coleman Children And Youth Services (dba Coleman Advocates For Children &	Coleman Children And Youth Services (dba Coleman Advocates	JEAN JACOBS						
BP	10351.02-14	Youth)	For Children & Youth)	CHILDCARE CENTER	\$1,018,859	\$1,124,240	6,700	\$152	\$168	40
BP	10298-14	899 Guerrero Street, Inc.	Catholic Charities Diocese Of San Diego	ST. JOSEPH'S VILLAGE	\$1,547,700	\$1,925,032	5,000	\$310	\$385	121
						- / -/	.,			
DL	10304-14	Visitacion Valley Community Center	Visitacion Valley Community Center	HERITAGE HOMES CHILDREN'S CENTER	\$634,323	\$698,468	3,414	\$186	\$205	44
			Visitacion Valley Community	JOHN KING CHILD AND						
DL	10303.02-14	Visitacion Valley Community Center	Center	FAMILY	\$1,030,000	\$1,136,533	3,518	\$293	\$323	42
				ONE CHURCH CHILD DEVELOPMENT						
DL	10324.02-14	Cross Cultural Family Center	Cross Cultural Family Center	CENTER	\$868,918	\$947,624	2,775	\$313	\$341	27
Tota	als, All Projects				\$14,374,738	\$16,608,111	66,099	na	na	606
Ave	rages, All Projects				\$1,105,749	\$1,277,547	5,085	\$213	\$246	47

(1) For CPI factors see http://data.bls.gov/PDQ/servlet/SurveyOutputServlet?data_tool=dropmap&series_id=CUURA422SA0,CUUSA422SA0 Sources: Low Income Investment Fund - San Francisco; Brion & Associates.

Appendix B: Table B Summary of Recent Child Care Projects with City Funding San Francisco Child Care Linkage Fee Nexus Study

			Average Cost per	Average Sqft per				Change in	
LO	Loan #	Borrower	Space in 2006 \$\$	Space	Type of Child Care Slots	Loan closing dates	(1)	2006 (1)	% Change
BP	10288-14	San Francisco Women's Centers, Inc.	\$17,307	65	23 Preschoolers	2/1/2000	176.5	34.2	19.4%
BP	10297-14	Housing Services Affiliate Of The Bernal Heights Neighborhood Center	\$10,768	113	23 Preschoolers	8/23/2000	181.7	29	16.0%
BP	10299-14	Frandelja Enrichment Center	\$21,061	168	8 infant, 8 toddler, 18 Preschoolers, 8 SA = 40	5/25/2000	179.1	31.6	17.6%
DL	10300-14	1st Place 2 Start	\$9,937	38	8 infant, 8 toddler, 18 Preschoolers, 8 SA = 40	3/28/2000	177.6	33.1	18.6%
DL	10295-14	Wu Yee Children's Services	\$41,488	168	8 infant, 8 toddler, 18 Preschoolers, 8 SA = 40	1/13/2000	175.5	35.2	20.1%
DL	10296-14	Portola Family Connection Center, Inc.	\$26,074	119	18 Preschooler, 45 school age = 63	5/4/2000	179.1	31.6	17.6%
DL	10311.02-14	Compass Community Services	\$70,643	179	27 infant toddlers, 36 preschool =63	9/28/2000	182.55	28.15	15.4%
BP	10310.02-14	Mission Neighborhood Centers, Inc	\$28,448	173	40 pre-school	4/19/2002	193	17.7	9.2%
BP	10351.02-14	Coleman Children And Youth Services (dba Coleman Advocates For Children & Youth)	\$28,106	168	40 pre-school	1/25/2002	190.95	19.75	10.3%
BP	10298-14	899 Guerrero Street, Inc.	\$15,909	41	21 infants, 28 toddlers, 48 preschool, 24 school age = 121 total	2/1/1999	169.4	41.3	24.4%
DL	10304-14	Visitacion Valley Community Center	\$15,874	78	20 infants & toddlers, 24 Preschooler=44 total	9/3/2001	191.35	19.35	10.1%
DL	10303.02-14	Visitacion Valley Community Center	\$27,060	84	18 infant toddlers, 24 preschoolers =42 total	1/7/2002	190.95	19.75	10.3%
DL	10324.02-14	Cross Cultural Family Center	\$35,097	103	27 infant toddlers	6/28/2002	193.2	17.5	9.1%
Tota	als, All Projects		na	na					
Ave	rages, All Projects		\$27,406	109	<u>I</u>				

Appendix B: Table C Historical and Current Housing Unit Development in San Francisco by Type of Unit San Francisco Child Care Linkage Fee Nexus Study

Year	All	MF	MF	MF	MF	Total		Sr/SRO	SF	MF	Total
	SF	2 unit	3-9 unit	10-19 unit	20+ unit	Units		Units	Units	Units	Units
HISTORIC											
produced 2001	73	108	297	249	892	1,619		61	73	1,485	1,619
	5%	7%	18%	15%	55%	100%		4%	5%	92%	100%
produced 2002	59	134	358	230	1,479	2,260	=	61	59	2,140	2,260
	3%	6%	16%	10%	65%	100%		3%	3%	95%	100%
produced 2003	67	104	176	152	2,231	2,730	=	62	67	2,601	2,730
	2%	4%	6%	6%	82%	100%		2%	2%	95%	100%
produced 2004	55	84	91	120	1,430	1,780	=	65	55	1,660	1,780
	3%	5%	5%	7%	80%	100%		4%	3%	93%	100%
CURRENT	SF	2 unit	3-9 unit	10-19 unit	20+ unit						
authorized 2005	82	50	32	172	5,235	5,571					
	1%	1%	1%	3%	94%	100%					
produced 2005	46	38	117	38	1,633	1,872	=	235	46	1,591	1,872
-	2%	2%	6%	2%	87%	100%		13%	2%	85%	100%
Average Produced											
2001 to 2005	60	94	208	158	1,533	2,052		97	60	1,895	2,052
RECOMMENDED DIS	TRIBUTIC	ON FOR G	ROWTH	2006 TO 202	25						
	<u>Sr/SRO</u>	<u>SF</u>	MF	<u>Total</u>							
Average (past 4yrs)	5%	3%	92%	100%							
Recommended	3%	2%	95%	100%							
Housing Distribution	735	490	23,280	24,505							

* Note: All numbers from San Francisco Planning Department: '01-04 numbers from Housing Inventory 2001-2004 published July 2005, and '05 numbers from Housing Inventory 2005 pending

Sources: San Francisco Planning Department; Brion & Associates.

Appendix B: Table D San Francisco Growth Forecast by Age, 0 to 13 and Total Population (1) Department of Finance P-3 Reports San Francisco Child Care Linkage Fee Nexus Study

	2000	Children as	2006	Children as	2010	Children as	2015	Children as	2020	Children as	2025	Children as	Averages
Age	Total	% of Pop.	2010-2025										
0	7,224	0.9%	9,287	1.2%	8,929	1.1%	6,273	0.8%	4,830	0.6%	4,773	0.6%	
1	6,398	0.8%	8,872	1.1%	9,281	1.1%	6,868	0.8%	4,892	0.6%	4,737	0.6%	
2	5,927	0.8%	8,372	1.0%	9,408	1.2%	7,454	0.9%	4,974	0.6%	4,698	0.6%	
3	5,993	0.8%	8,026	1.0%	9,334	1.1%	7,953	1.0%	5,190	0.6%	4,671	0.6%	
4	5,844	0.7%	8,013	1.0%	9,067	1.1%	8,354	1.0%	5,577	0.7%	4,666	0.6%	
5	5,963	0.8%	8,393	1.0%	8,638	1.1%	8,714	1.1%	6,065	0.7%	4,691	0.6%	
6	5,974	0.8%	7,181	0.9%	8,132	1.0%	9,055	1.1%	6,647	0.8%	4,746	0.6%	
7	5,970	0.8%	6,327	0.8%	7,778	1.0%	9,175	1.1%	7,226	0.9%	4,825	0.6%	
8	6,127	0.8%	5,842	0.7%	7,748	0.9%	9,095	1.1%	7,717	0.9%	5,040	0.6%	
9	6,087	0.8%	5,905	0.7%	8,111	1.0%	8,816	1.1%	8,104	1.0%	5,425	0.7%	
10	6,220	0.8%	5,754	0.7%	6,898	0.8%	8,393	1.0%	8,469	1.0%	5,920	0.7%	
11	6,116	0.8%	5,920	0.7%	6,074	0.7%	7,907	1.0%	8,829	1.1%	6,518	0.8%	
12	6,066	0.8%	6,015	0.8%	5,650	0.7%	7,595	0.9%	8,991	1.1%	7,126	0.9%	
13	5,897	<u>0.8</u> %	6,048	<u>0.8</u> %	5,785	<u>0.7</u> %	7,617	<u>0.9</u> %	8,961	<u>1.1</u> %	7,653	<u>0.9</u> %	
Total 0-13	85,806	11.0%	99,955	12.5%	110,833	13.6%	113,269	13.7%	96,472	11.8%	75,489	9.3%	
0-1	13,622	1.7%	18,159	2.3%	18,210	2.2%	13,141	1.6%	9,722	1.2%	9,510	1.2%	1.5%
2-5	23,727	3.0%	32,804	4.1%	36,447	4.5%	32,475	3.9%	21,806	2.7%	18,726	2.3%	3.3%
6-13	48,457	<u>6.2</u> %	48,992	<u>6.1</u> %	56,176	<u>6.9</u> %	67,653	<u>8.2</u> %	64,944	<u>7.9</u> %	47,253	<u>5.8</u> %	7.2%
Total 0-13	85,806	11.0%	99,955	12.5%	110,833	13.6%	113,269	13.7%	96,472	11.8%	75,489	9.3%	12.1%
Total Population	781,174	100.0%	800,244	100.0%	816,230	100.0%	825,614	100.0%	820,545	100%	810,595	100%	

(1) The actual numbers of children and total population from DOF is not used in the analysis but rather the relationships between children and total population.

The percentages calculated above are applied to the City Planning Department's forecast of population growth.

Sources: California Department of Finance; Brion & Associates.

Appendix B: Table E Cost of Family Child Care Home Expansions Funded with Existing Child Care Fee Grants San Francisco Child Care Linkage Fee Nexus Study

Project &	Project	Grant/Loan	Slots	Slots	Slots	Total	Cost per	
Year	Budget	Amount	Created	Enhanced	Preserved	Slots	Space	Notes
FY 04								
#04-1	\$4,434	\$3,500	5		7	12	\$887	Purchase of sprinkler heads for Large FCC Fire Regulations
#04-2	\$27,500	\$12,500	6	8		14	\$4,583	Permits and Sprinkler System for Expansion- includes \$15,000 below for Fire Clearance
FY06 Subtotal	\$31,934	\$16,000	11	8	7	26	\$2,903	
FY 05								
#05-1	\$15,159	\$4,500	6	7		13	\$2,527	Purchase of equipment to meet the needs of larger group of children following expansion.
#05-2	\$20,000	\$6,000	6	6		12	\$3,333	Creation of a second exit to obtain fire clearance for expansion
#04-2*R		\$4,500	R	R		R		Replacement of electric garage door with manually operated door in order to receive fire clearance for expansion
FY05 Subtotal	\$35,159	\$15,000	12	13	0	25	\$2,930	
FY 06								
#06-1	\$15,082	\$15,000	5		7	12	\$3,016	To buy equipment and renovate first floor to meet Licensing and Fire Department requirements for expansion
FY06 Subtotal	\$15,082	\$15,000	5	0	7	12	\$3,016	
	\$82,175	\$46,000	28	21	14	63	2,935	
	\$20,544	\$11,500						

R = Repeated - provider received a previous grant, slots not counted to avoid duplicates

Sources: Local Income Investment Fund, Child Care Capital Facilities Fund; Brion & Associates.

Appendix B: Table F Number of Children and Total Population for Mission Bay, Rincon Hill and Visitation Valley for 2006 and 2006 to 2025 San Francisco Child Care Linkage Fee Nexus Study

					Populat	ion by Age (1)	1)		
San Francisco		Total Population	L	0 to 24 Mos.	2 to 5	6 to 13	Total 0-13		
		All Ages		(infants)	(preschool)	(school age)			
Children an af 2004 (and MD DH MA)									
Children as 0 2006 (Only MB, RH, VV) Children as % of Population by Age Group (1)				2 204	4 1 04	6 104	12 504		
Tatal Develation at 2006 (2)		16 449		2.5%	4.1%	0.1%	12.3%		
Total Population at 2006 (2)	410/	16,448	(2)	373	0/4	1,007	2,054		
Total Estimated Employed Residents in City	41%	0,819	(3)						
SF Employed Residents working	220/	1 572							
Outside SF (5) The Number of the SE (5) $T_{\rm eff}$	23%	1,573		00	00				
Those Needing Child Care Outside SF (5)	5%	199	(4)	99	99				
Net Residents		16,249				1.00-	1.0.5		
Estimated Children at 2006 (5)				274	575	1,007	1,856		
New Children 2006-2025 (only MR_RH_VV)									
Children as % of Population by Age Group (6)				1 5%	3 3%	7.2%	12.1%		
Net New Population		9 763		1.570	5.570	7.270	12.170		
Senior and SRO Population		195							
Net Population with Children		9 568							
Estimated Children of New Residents),500		1/18	320	680	1 157		
New Employed Pasidents (7)	50%	1 767		140	520	087	1,157		
New Employed Residents (7)	220/	4,707							
These Needing Child Care Outside SE (5)	23%	1,100		27	77		55		
Not New Pacidanta Passibly Manding Care	J 70	0.512	1	27	27		55		
Net New Residents Possibly Needing Care		9,513		120	202	(90	1 102		
Net New Unitaren 2006 to 2025				120	292	089	1,102		
Total Children at 2025 (only MB, RH, VV)	(8)								
Total Population	~ /	26,211							
Senior and SRO Population		786							
Net Population with Children		25,425							
Children as Percent of Total Population at 2025		-, -		1.2%	2.3%	5.8%	9.3%		
Estimated Children of New Residents				298	587	1.482	2.368		
New Employed Residents	50%	12.667		- / 0		-,	_,		
New Employed Residents Working Outside SF	23%	2,922							
Those Needing Child Care Outside SF (5)	5%	146		73	73		146		
Total Residents Possibly Needing Care	270	25.279	1	.5	15		110		
Total Children 2025		20,277	4	225	514	1.482	2,222		
				-20		1,.32	_,		

(1) Based on the percent of children by age group for San Francisco from DOF P-3 Report

and applied to DCP's estimate of existing population as of 2006 (See Appendix Table D).

(2) For Mission Bay, Rincon Hill and Visitation Valley areas only.

(3) Based on Employed Residents as percent of total population as of 2000 Census and this rate times 2006 Population estimate.

(4) Based on non-resident employee demand for child care in SF. See Table 6.

(5) Based on Journey to Work data - see Table 5 and Table 6.

(6) Based on total population as estimated times the average percentage of children per age group from above.

(7) Based on forecasts of Employed Residents at 2025 by ABAG.

(8) Note that the analysis for 2025 is based total population at 2025 and includes Mission Bay, Rincon Hill and Visitation Valley to provide an estimate of total demand for child care; these figures are not used in the impact fee calculations but rather for information of total future conditions.

Sources: California Department of Finance; SF City Planning Department; Brion & Associates.

Appendix B: Table G Future Demand for Child Care for Mission Bay, Rincon Hill, and Visitation Valley: 2006 to 2025 San Francisco Child Care Linkage Fee Nexus Study

			New Child Care Demand by Age							
Future Growth - 2006 to 2025	New Population & Employment	% Distri- bution	Birth to 24 Mos. or Infant	2 to 5 or Preschool	6 to 13 or School Age	Total. 0 to 13 Years Old				
Future Child Care Need										
New Population with Children - 2006 to 2025	(1) 9,513	(see Table	3)							
Resident Children Potentially Needing Care										
Estimated Number of Children by Age	(2) (see Table 3)		120	292	689	1,102				
Average Labor Force Participation Rates	(3)		57.6%	57.6%	63.2%					
Children With Working Parents			69	168	436	674				
% Children Needing Licensed Care	(4)		37%	100%	66%	72%				
Children Needing Licensed Care			26	168	289	483				
Percent of Children by Age Needing Care			21%	58%	42%	44%				
Non-Resident Employee's Children Needing Care	(5)		205	616		822				
Distributed by Land Use Category										
Civic, Institutional, Education	4,353	26%	54	163	-	218				
Hotel-Motel	-	0%	-	-	-	-				
Industrial/PDR	6	0%	0	0	-	0				
Medical	10,460	64%	131	392	-	523				
Office	1,286	8%	16	48	-	64				
Retail	335	<u>2%</u>	4	13	-	17				
Total Future Employee Demand for Child Care	16,440	100%	205	616	-	822				
Total New Demand for Child Care Spaces			231	785	289	1,305				
Percent Distribution			18%	60%	22%	100%				

(1) Represents population associated with Mission Bay, Rincon Hill and Visitation Valley.

(2) Based on the estimated average number of children by age categories for 2010 to 2015 for San Francisco from CA Dept. of Finance P-3 Report and applied to City Planning Department's estimate of expected new population between 2006 and 2025.

(3) Labor force participation rates are from the 2000 Census and include children with two working parents or single working parents. Rates vary by age, under 6 years and over 6 years (see Table 2).

 (4) Not all children with working parents are assumed to need licensed care: the assumptions - % - under each age category are used. The remaining children are assumed to be cared for by family members, nannies, friends, and unlicensed care. Percentages are based on a detailed review of 12 other child care studies, including impact fee studies.
Infant and preschool demand factors have been developed with the staff of the Dept. of Human Services and DCYF. School age Demand factor is from San Francisco Rec and Park Staff Survey in 2005.

(5) Includes demand from employees that work in these three areas but live elsewhere. This analysis assumes one child per employee that needs care at the rate of: 25% infants 75% preschool 0% school age School age children are assumed to have care near their home and school.

Sources: California Department of Finance-P-3 Report; SF City Planning Department; and Brion & Associates.

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Appendix C: Land Use Data and Growth Forecasts

APPENDIX C-1 LAND USE BREAKDOWN BASED ON SF PLANNING DEPARTMENT DEMOGRAPHIC DATA **Citywide Forecast**

I. Existing Data (1)			
	2006	2006	2006
· · · · ·	Number of	Residents Per Unit/	Number of
Land Use Type	Residents/Employees	Sqft per Employee	Units/Non-Res SF
Single Family	291,000	3.11	93,520 *
Sr/SRO	22,400	1.00	22,292 *
Multi-Family (0-1 BR)	274,721	2.03	135,152 *
Multi-Family (2 or > BR)	<u>189,000</u>	2.10	<u>90,089</u> *
Subtotal	777,121	2.28	341,052 *
Commercial (CIE)	94,127	205	19,295,974 *
Commercial (Motel/Hotel)	18,761	388	7,279,093 *
Commercial (Medical)	36,772	294	10,810,895 *
Commercial (Office)	225,676	400	90,270,440 *
Commercial (Retail)	97,205	324	31,494,307 *
Industrial	<u>63,684</u>	474	30,186,311 *
Subtotal	536,224	353	189,337,019 *

II. Future Data (2)

	2006-2025	2006-2025	2006-2025	
	Number of	Residents Per Unit/	Number of	
Land Use Type	Residents/Employees	Sqft per Employee	Units/Non-Res SF	
Single Family	1,733	3.53	490	*
Sr/SRO	860	1.17	735	*
Multi-Family (0-1 BR)	30,464	2.18	13,968	*
Multi-Family (2 or > BR)	22,814	2.45	9,312	*
Subtotal	55,871	2.28	24,505	*
Commercial (CIE)	4,442	225	999,400	*
Commercial (Motel/Hotel)	2,347	400	938,640	*
Commercial (Medical)	3,855	225	867,404	*
Commercial (Office)	51,122	225	11,502,528	*
Commercial (Retail)	8,297	300	2,489,072	*
Industrial	13,744	350	4,810,529	*
Subtotal	83,807	258	21,607,571	*

III. Total at 2025

	2025	2025	2025
	Number of	Residents Per Unit/	Number of
Land Use Type	Residents/Employees	Sqft per Employee	Units/Non-Res SF
Single Family	292,733	3.11	94,010
Sr/SRO	23,260	1.01	23,026
Multi-Family (0-1 BR)	305,185	2.05	149,119
Multi-Family (2 or > BR)	211,814	2.13	<u>99,402</u>
Subtotal	832,992	2.28	365,557
Commercial (CIE)	98,568	206	20,295,373 *
Commercial (Motel/Hotel)	21,107	389	8,217,733 *
Commercial (Medical)	40,627	287	11,678,298
Commercial (Office)	276,798	368	101,772,968
Commercial (Retail)	105,502	322	33,983,378 *
Industrial	77,429	<u>452</u>	<u>34,996,840</u> *
Subtotal	620,031	340	210,944,590 *

Note may not add up due to rounding.
(1) Existing base data are from the San Francisco Planning Department (October, 2006) and are based on the Land Use Allocation Study (2002). Data have been adjusted to 2006 numbers assuming average annual growth from 2000 to 2025.
(2) Employment Projections are from Moody's Economy.com for 2006 to 2025 by industry sector. Residential (population and household) projections are

(a) Employment references are non-references on the construction of 2000 00 2020 matery sector. Residential (population and exposure of population and adjusted to be in line with the employment projections by Economy.com; adjustments were prepared by Brion & Associates and reviewed by DTA and City Staff. Residential data based on City of San Francisco Demographic Data provided by the Planning Department. Non-Residential data provided by Du & Bradstreet. Also, please note that the total Multi-Family Residential Land Use Class figures were split assuming 60% of existing and future MF are/will be 0-1 BR and 40% are/will be 2 or more bedrooms. Prepared by David Taussig Associates, Inc.; Brion & Associates.

APPENDIX C-2 LAND USE BREAKDOWN BASED ON SF PLANNING DEPARTMENT DEMOGRAPHIC DATA Moody's Mission Bay Area Only

I. Existing Data (1)				
	2006	2006	2006	
	Number of	Residents Per Unit/	Number of	
Land Use Type	Residents/Employees	Sqft per Employee	Units/Non-Res SF	
Single Family				
Sr/SRO				
Multi-Family (0-1 BR)	1,267	1.76	720 *	ę
Multi-Family (2 or > BR)	<u>845</u>	<u>1.76</u>	480 *	ę
Subtotal	2,112	1.76	1,200	ę
Commercial (CIE)	1,425	225	320,733	ę
Commercial (Motel/Hotel)	0	400	0 ;	ę
Commercial (Medical)	34	225	7,749	ę
Commercial (Office)	4,573	225	1,028,928	ę
Commercial (Retail)	1,081	300	324,300 *	ę
Industrial	<u>1,787</u>	<u>350</u>	625,554	ę
Subtotal	8,901	259	2,307,265	ę

II. Future Data (2)			
	2006-2025	2006-2025	2006-2025
	Number of	Residents Per Unit/	Number of
Land Use Type	Residents/Employees	Sqft per Employee	Units/Non-Res SF
Single Family			
Sr/SRO			
Multi-Family (0-1 BR)	2,227	1.87	1,190 *
Multi-Family (2 or > BR)	<u>1,485</u>	<u>1.87</u>	<u>793</u> *
Subtotal	3,711	1.87	1,983 *
Commercial (CIE)	4,220	225	949,392 *
Commercial (Motel/Hotel)	0	400	0 *
Commercial (Medical)	5	225	1,026 *
Commercial (Office)	9,598	225	2,159,598 *
Commercial (Retail)	1,026	300	307,800 *
Industrial	<u>270</u>	<u>350</u>	<u>94,539</u> *
Subtotal	15,118	232	3,512,355 *

III. Total at 2025

	2025	2025	2025
	Number of	Residents Per Unit/	Number of
Land Use Type	Residents/Employees	Sqft per Employee	Units/Non-Res SF
Single Family Sr/SRO			
Multi-Family (0-1 BR)	3,494	1.83	1,910
Multi-Family (2 or > BR)	2,329	1.83	<u>1,273</u>
Subtotal	5,823	1.83	3,183
Commercial (CIE)	5,645	225	1,270,125
Commercial (Motel/Hotel)	0	400	0 -
Commercial (Medical)	39	225	8,775
Commercial (Office)	14,171	225	3,188,527
Commercial (Retail)	2,107	300	632,100
Industrial	2,057	350	720,093
Subtotal	24,020	242	5,819,620

* Note may not add up due to rounding.

(1) Existing base data are from the San Francisco Planning Department (October, 2006) and are based on the Land Use Allocation Study (2002). Data have been adjusted to 2006 numbers assuming average annual growth from 2000 to 2025.

⁽²⁾ Employment Projections are from Moody's Economy.com for 2006 to 2025 by industry sector. Residential (population and household) projections are adjusted to be in line with the employment projections by Economy.com; adjustments were prepared by Brion & Associates and reviewed by DTA and City Staff. Residential data based on City of San Francisco Demographic Data provided by the Planning Department. Non-Residential data provided by Dun & Bradstreet. Also, please note that the total Multi-Family Residential Land Use Class figures were split assuming 60% of existing and future MF are/will be 0-1 BR and 40% are/will be 2 or more bedrooms. Prepared by David Taussig Associates, Inc.; Brion & Associates.

APPENDIX C-3 LAND USE BREAKDOWN BASED ON SF PLANNING DEPARTMENT DEMOGRAPHIC DATA Moody's Rincon Hill Area Only

I. Existing Data (1)				
	2006	2006	2006	
	Number of	Residents Per Unit/	Number of	
Land Use Type	Residents/Employees	Sqft per Employee	Units/Non-Res SF	
Single Family Sr/SRO				
Multi-Family (0-1 BR)	1,701	1.89	900	*
Multi-Family (2 or > BR)	<u>1,134</u>	<u>1.89</u>	<u>600</u>	*
Subtotal	2,835	1.89	1,500	*
Commercial (CIE)	309	225	69,498	*
Commercial (Motel/Hotel)	0	400	0 -	*
Commercial (Medical)	15	225	3,483	*
Commercial (Office)	13,469	225	3,030,521	*
Commercial (Retail)	3,923	300	1,176,756	*
Industrial	<u>95</u>	350	33,346	*
Subtotal	17,811	242	4,313,604	*

II. Future Data (2)

	2006-2025	2006-2025	2006-2025	
	Number of	Residents Per Unit/	Number of	
Land Use Type	Residents/Employees	Sqft per Employee	Units/Non-Res SF	
Single Family				
Sr/SRO				
Multi-Family (0-1 BR)	2,886	1.55	1,860	*
Multi-Family (2 or > BR)	<u>1,924</u>	<u>1.55</u>	<u>1,240</u>	*
Subtotal	4,810	1.55	3,100	*
Commercial (CIE)	123	225	27,702	*
Commercial (Motel/Hotel)	0	400	0	*
Commercial (Medical)	2	225	342	*
Commercial (Office)	814	225	183,100	*
Commercial (Retail)	226	300	67,944	*
Industrial	<u>7</u>	<u>350</u>	2,522	*
Subtotal	1,172	240	281,610	*

III. Total at 2025 [5]

	2025	2025	2025
	Number of	Residents Per Unit/	Number of
Land Use Type	Residents/Employees	Sqft per Employee	Units/Non-Res SF
Single Family			
Sr/SRO			
Multi-Family (0-1 BR)	4,587	1.66	2,760 *
Multi-Family (2 or > BR)	<u>3,058</u>	<u>1.66</u>	<u>1,840</u> *
Subtotal	7,645	1.66	4,600 *
Commercial (CIE)	432	225	97,200 *
Commercial (Motel/Hotel)	0	400	0 *
Commercial (Medical)	17	225	3,825 *
Commercial (Office)	14,283	225	3,213,621 *
Commercial (Retail)	4,149	300	1,244,700 *
Industrial	<u>102</u>	<u>350</u>	<u>35,868</u> *
Subtotal	18,983	242	4,595,214 *

*

Note may not add up due to rounding. (1) Existing base data are from the San Francisco Planning Department (October, 2006) and are based on the Land Use Allocation Study (2002). Data have been adjusted to 2006 numbers assuming average annual growth from 2000 to 2025.

(2) Employment Projections are from Moody's Economy.com for 2006 to 2025 by industry sector. Residential (population and household) projections are adjusted to be in line with the employment projections by Economy.com; adjustments were prepared by Brion & Associates and reviewed by DTA and City Staff. Residential data based on City of San Francisco Demographic Data provided by the Planning Department. Non-Residential data provided by Dn A and City Gata note that the total Multi-Family Residential Land Use Class figures were split assuming 60% of existing and future MF are/will be 0-1 BR and 40% are/will be 2 or more bedrooms.

Prepared by David Taussig Associates, Inc.; Brion & Associates.

APPENDIX C-4 LAND USE BREAKDOWN BASED ON SF PLANNING DEPARTMENT DEMOGRAPHIC DATA Moody's Visitation Valley Area Only

L Existing Data (1)

Land Use Type	2006 Number of Residents/Employees	2006 Residents Per Unit/ Sqft per Employee	2006 Number of Units/Non-Res SF	
Single Family	5,751	4.01	1,434	*
Sr/SRO	230	1.50	153	*
Multi-Family (0-1 BR)	2,645	3.50	756	*
Multi-Family (2 or > BR)	<u>2,875</u>	3.80	<u>757</u>	*
Subtotal	11,501	3.71	3,100	*
Commercial (CIE)	373	225	83,952	*
Commercial (Motel/Hotel)	16	400	6,400	*
Commercial (Medical)	2	225	450	*
Commercial (Office)	58	225	13,107	*
Commercial (Retail)	183	300	54,768	*
Industrial	<u>636</u>	<u>350</u>	222,679	*
Subtotal	1,268	301	381,355	*

II. Future Data (2)

	2006-2025	2006-2025	2006-2025	
	Number of	Residents Per Unit/	Number of	
Land Use Type	Residents/Employees	Sqft per Employee	Units/Non-Res SF	
Single Family	62	4.80	13	*
Sr/SRO	25	1.80	14	*
Multi-Family (0-1 BR)	497	4.45	112	*
Multi-Family (2 or > BR)	<u>658</u>	4.80	<u>137</u>	*
Subtotal	1,242	4.51	276	*
Commercial (CIE)	10	225	2,223	*
Commercial (Motel/Hotel)	0	400	0	*
Commercial (Medical)	0	225	0	*
Commercial (Office)	48	225	10,867	*
Commercial (Retail)	33	300	10,032	*
Industrial	<u>58</u>	<u>350</u>	20,199	*
Subtotal	149	290	43,321	*

III. Total at 2025

	2025	2025	2025	
	Number of	Residents Per Unit/	Number of	
Land Use Type	Residents/Employees	Sqft per Employee	Units/Non-Res SF	
Single Family	5,813	4.02	1,447	*
Sr/SRO	255	1.52	167	*
Multi-Family (0-1 BR)	3,142	3.62	867	*
Multi-Family (2 or > BR)	<u>3,534</u>	<u>3.95</u>	894	*
Subtotal	12,743	3.78	3,376	*
Commercial (CIE)	383	225	86,175	*
Commercial (Motel/Hotel)	16	400	6,400	*
Commercial (Medical)	2	225	450	*
Commercial (Office)	107	225	23,974	*
Commercial (Retail)	216	300	64,800	*
Industrial	<u>694</u>	<u>350</u>	242,878	*
Subtotal	1,417	300	424,676	*

 Note may not add up due to rounding.
(1) Existing base data are from the San Francisco Planning Department (October, 2006) and are based on the Land Use Allocation Study (2002). Data have been adjusted to 2006 numbers assuming average annual growth from 2000 to 2025.
(2) Employment Projections are from Moody's Economy.com for 2006 to 2025 by industry sector. Residential (population and household) projections are adjusted to be in line with the employment projections by Economy.com; adjustments were prepared by Brion & Associates and reviewed by DTA and City Staff. Residential data based on City of San Francisco Demographic Data provided by the Planning Department. Non-Residential data provided by Dun & Bradstreet. Also, please note that the total Multi-Family Residential Land Use Class figures were split assuming 60% of existing and future MF are/will be 0-1 BR and 40% are/will be 2 or more bedrooms.

Prepared by David Taussig Associates, Inc.; Brion & Associates.

APPENDIX C-5

LAND USE BREAKDOWN BASED ON SF PLANNING DEPARTMENT DEMOGRAPHIC DATA Moody's Total Forecast without Mission Bay, Rincon Hill and Visitation Valley Areas

I. Existing Data (1)

_	2006	2006	2006
	Number of	Residents Per Unit/	Number of
Land Use Type	Residents/Employees	Sqft per Employee	Units/Non-Res SF
Single Family	285,250	3.10	92,085 *
Sr/SRO	22,170	1.00	22,138 *
Multi-Family (0-1 BR)	269,108	2.03	132,776 *
Multi-Family (2 or > BR)	184,146	2.09	88,253 *
Subtotal	760,673	2.27	335,252 *
Commercial (CIE)	92,019	205	18,821,791 *
Commercial (Motel/Hotel)	18,745	388	7,272,693 *
Commercial (Medical)	36,720	294	10,799,213 *
Commercial (Office)	207,576	415	86,197,884 *
Commercial (Retail)	92,019	325	29,938,483 *
Industrial	<u>61,165</u>	<u>479</u>	29,304,732 *
Subtotal	508,243	359	182,334,794 *

II. Future Data (2)

Land Use Type	Number of Residents/Employees	Residents Per Unit/ Sqft per Employee	Number of Units/Non-Res SF
Single Family	1.671	3.500	477 *
Sr/SRO	836	1.159	721 *
Multi-Family (0-1 BR)	24,854	2.300	10,806 *
Multi-Family (2 or > BR)	18,748	2.625	7,142 *
Subtotal	46,108	2.408	19,146 *
Commercial (CIE)	89	225	20,083 *
Commercial (Motel/Hotel)	2,347	400	938,640 *
Commercial (Medical)	3,849	225	866,036 *
Commercial (Office)	40,662	225	9,148,962 *
Commercial (Retail)	7,011	300	2,103,296 *
Industrial	13,409	<u>350</u>	4,693,270 *
Subtotal	67,367	264	17,770,286 *

III. Total at 2025

Land Use Type	Number of Residents/Employees	Residents Per Unit/ Sqft per Employee	Number of Units/Non-Res SF
Single Family	286,921	3.10	92,563 *
Sr/SRO	23,005	1.01	22,859 *
Multi-Family (0-1 BR)	293,962	2.05	143,582 *
Multi-Family (2 or > BR)	202,894	2.13	<u>95,395</u> *
Subtotal	806,781	2.28	354,399 *
Commercial (CIE)	92,108	205	18,841,873 *
Commercial (Motel/Hotel)	21,091	389	8,211,333 *
Commercial (Medical)	40,569	288	11,665,248 *
Commercial (Office)	248,238	384	95,346,846 *
Commercial (Retail)	99,030	324	32,041,778 *
Industrial	<u>74,575</u>	<u>456</u>	33,998,001 *
Subtotal	575,611	348	200,105,080 *

 Note may not add up due to rounding.
(1) Existing base data are from the San Francisco Planning Department (October, 2006) and are based on the Land Use Allocation Study (2002). Data have been adjusted to 2006 numbers assuming average annual growth from 2000 to 2025.

(2) Employment Projections are from Moody's Economy.com for 2006 to 2025 by industry sector. Residential (population and household) projections are adjusted to be in line with the employment projections by Economy.com; adjustments were prepared by Brion & Associates and reviewed by DTA and City Staff. Residential data based on City of San Francisco Demographic Data provided by the Planning Department. Non-Residential data provided by Dua & Bradstreet. Also, please note that the total Multi-Family Residential Land Use Class figures were split assuming 60% of existing and future MF are/will be 0-1 BR and 40% are/will be 2 or more bedrooms

Prepared by David Taussig Associates, Inc.; Brion & Associates.



CITYWIDE DEVELOPMENT IMPACT FEE STUDY - CONSOLIDATED REPORT

CHAPTER VI

FIRE FACILITY DEVELOPMENT IMPACT FEE JUSTIFICATION STUDY



FIRE FACILITY DEVELOPMENT IMPACT FEE JUSTIFICATION STUDY CITY AND COUNTY OF SAN FRANCISCO

June 8, 2007 Updated: January 7, 2008

Public Finance Facilities Planning Urban Economics

> Newport Beach Riverside Walnut Creek

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FIRE FACILITY DEVELOPMENT IMPACT FEE JUSTIFICATION STUDY

June 8, 2007 Updated: January 7, 2008

Prepared for

SAN FRANCISCO FIRE DEPARTMENT

698 Second Street San Francisco, California 94107 (415) 558-3445

Prepared by

DAVID TAUSSIG & ASSOCIATES, INC. 1301 Dove Street, Suite 600 Newport Beach, California 92660 (949) 955-1500 [THIS PAGE INTENTIONALLY LEFT BLANK]

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APPENDIX A FEE DERIVATION WORKSHEET

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I. EXECUTIVE SUMMARY

In order to adequately plan for new development through 2025 and identify the public facilities and costs associated with mitigating the direct and cumulative impacts of new development, David Taussig & Associates, Inc. ("DTA") was retained by the City and County of San Francisco ("City") to prepare a Fire Facility Development Impact Fee Justification Study (the "Fee Study").

The Fee Study identifies additional public facilities required by new development and determines the maximum level of fees that may be imposed to pay the costs of these facilities. Fire Fees have been determined that will finance facilities at levels identified by the Fire Department as being necessary to meet the needs of new development through 2025. The required facilities and associated acquisition/construction costs are identified in the Needs List, which is included in Section IV of the Fee Study.

Organization of the Fee Study

The fire fees are calculated to fund the cost of facilities needed to support future development. The steps followed in our study include:

- 1. **Demographic Assumptions**: Identify future growth that represents the increased demand for fire facilities.
- 2. **Facility Needs and Costs**: Identify the amount and cost of fire facilities required to support the new development.
- 3. **Cost Allocation**: Allocate costs per equivalent dwelling unit.
- 4. **Fee Schedule**: Calculate the maximum fee per residential unit or per non-residential square foot.

Background

All new development (except development occurring in Mission Bay, Rincon Hill, and Visitation Valley) may be required to pay its "fair share" of the cost of the new infrastructure through the Fire Fee calculated in this Fee Study.

To estimate facility needs, the Fee Study utilizes population and employment data provided by the City. The City is expected to add approximately 46,108 new residents and 67,367 new employees between 2006 and 2025. Given that Mission Bay, Rincon Hill, and Visitation Valley, unlike other areas of the City, are already subject to project specific development impact fees, these areas are excluded from the development assumed to be subject to any of the new fees analyzed in this report, as shown in Section VI.

The City does not currently impose a development impact fee for fire facilities.

The following highlights the nexus analysis results:

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- As shown in Section VIII of Appendix A, the City is expected to experience a need for a total of 3 new fire stations, 3 new engines, 2 new trucks, and 1 new medic unit.
- Section XI of Appendix A summarizes the costs of the new facilities allocated to each of the residential and non-residential land uses. Please note that if Fire Fees are collected at the maximum levels residential uses are expected to fund approximately 40.6% of the new fire facilities costs and non-residential uses will fund approximately 59.4% of new costs.

Land Use	Administration Costs per unit/Non- Residential square foot	Land & Facility Costs per unit/Non- Residential square foot	Maximum Fee per unit/Non- Residential square foot
Single Family	\$53	\$635	\$688
Senior/Single Room Occupancy	\$17	\$210	\$227
Multi-Family, 0 to 1 bedrooms	\$35	\$417	\$452
Multi-Family, 2 or more bedrooms	\$39	\$476	\$515
Civic, Institutional, Educational	\$0.06	\$0.81	\$0.87
Motel-Hotel	\$0.04	\$0.45	\$0.49
Medical	\$0.06	\$0.81	\$0.87
Office	\$0.06	\$0.81	\$0.87
Retail	\$0.05	\$0.60	\$0.65
Industrial	\$0.04	\$0.52	\$0.56

• Section XI of Appendix A shows the maximum Fire Fees as shown below:

• For purposes of comparison only, please note that fire fees implemented in certain jurisdictions in California range from approximately \$159 to \$1,025 for a single family residence, \$93 to \$648 for a multi-family residence, and \$0.01 to \$1.76 per square foot for non-residential uses. For further information, refer to the separate section of the consolidated report for the Citywide Development Impact Fee Study: 'Comparative Practices for Development Impact Fees.'

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II. INTRODUCTION

This report presents an analysis of the need for fire facilities to support future development within the City and County of San Francisco ("City") through 2025.

In order to adequately plan for new development through 2025 and identify the public facilities and costs associated with mitigating the direct and cumulative impacts of new development, David Taussig & Associates, Inc. ("DTA") was retained by the City to prepare the Fire Facility Development Impact Fee Justification Study (the "Fee Study").

Purpose

New residential and non-residential development within the City will generate additional residents and employees who will require additional service calls increasing the need for trained fire personnel. Buildings and vehicles used to provide these services will have to be expanded, constructed or purchased to meet this increased demand. Thus a reasonable relationship exists between the need for fire facilities and the impact of residential and non-residential development.

Demographics

As indicated in Section I of Appendix A, there are currently 777,121 residents and 536,224 employees within the City. The City is expected to add 55,871 new residents and 83,807 new employees through 2025. The future development results in 24,505 new residential units and 21.6 million square feet of new non-residential building space.

Existing Fire Fee

The City does not currently impose a development impact fee for fire facilities.

Existing Fire Facilities

Table 1 below summarizes the City's existing fire facilities which are available to the City's residents and employees.

Facility	Quantity	Facility Units
42 Fire Stations	427,345	Square Feet
Engine Companies	42	Each
ALS Engine Companies	30	Each
Truck Companies	19	Each
Medic Units	13	Each
Ambulances	20	Each
Rescue Squads	2	Each
Fireboats	1	Each
Service Squads	1	Each
CO2 Unit	1	Each
Cliff Rescue Unit	1	Each
Surf Rescue Unit	1	Each
Technical Rescue Unit	1	Each
Hazardous Material Unit	1	Each
Wildland Mini-Pumpers	3	Each
High Pressure Hose Tenders	2	Each
Attack Hose Tenders	2	Each
Utility Searchlight Unit	1	Each
Multi Casualty Unit	1	Each
Pollution Control Unit	1	Each
Light Rescue Unit	1	Each

TABLE 1EXISTING FIRE FACILITIES
III. DEMOGRAPHIC ASSUMPTIONS

To estimate facility needs, the Fee Study utilizes population and employment data provided by the City. The following is a summary of the demographic assumptions used to establish the Fire Fee:

- The growth forecast and land use data used in this analysis are based on a recent forecast by Moody's Economy.com and adjusted by Brion & Associates, and other land use information and data from the City and County of San Francisco Planning Department. (For further information, refer to the separate section of the consolidated report for the Citywide Development Impact Fee Study: "City Growth Forecast and Demographic Data."). Total new development expected to occur from 2006 to 2025 would include the following:
 - ◆ 55,871 new residents
 - 24,505 new dwelling units
 - ♦ 83,807 new employees
 - 21.6 million square feet of non-residential building space
- Development in Mission Bay is expected to result in approximately 3,712 new residents and 15,118 new employees between 2006 and 2025. While this new development will be served by the Future Facilities (the facilities as described in the Needs List in Section IV), it is excluded from the development assumed to be subject to the fee, given that Mission Bay is already subject to project specific development impact fees. Therefore, costs have been allocated to development within Mission Bay, but it is anticipated that the funding will come from other sources.
- Development in Rincon Hill is expected to result in approximately 4,810 new residents and 1,172 new employees between 2006 and 2025. While this new development will be served by the Future Facilities, it is excluded from the development assumed to be subject to the fee, given that Rincon Hill is already subject to project specific development impact fees. Therefore, costs have been allocated to development within Rincon Hill, but it is anticipated that the funding will come from other sources.
- Development in Visitation Valley is expected to result in approximately 1,242 new residents and 149 new employees between 2006 and 2025. While this new development will be served by the Future Facilities, it is excluded from the development assumed to be subject to the fee, given that Visitation Valley is already subject to project specific development impact fees. Therefore, costs have been allocated to development within Visitation Valley, but it is anticipated that the funding will come from other sources.
- Net new development without Mission Bay, Rincon Hill, and Visitation Valley from 2006 to 2025 that would be subject to the Fire Fee includes:
 - ♦ 46,107 new residents
 - 19,146 new dwelling units
 - 67,367 new employees
 - 17.8 million square feet of non-residential building space

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- The City Fire Department anticipates the need for three (3) new fire stations of 15,000 square feet each, three (3) new engine companies, two (2) new truck companies, and one (1) new medic unit in order to accommodate the City's future growth.
- With the exception of property located in Mission Bay, Rincon Hill and Visitation Valley, DTA has calculated the Fire Fee under the assumption that such fee will be applied to all new development, and redevelopment where building space increases overall, and be applied to all land uses, residential and non-residential as listed below:
 - Single Family
 - Senior/Single Room Occupancy
 - Multi-Family, 0 to 1 bedrooms
 - Multi-Family, 2 or more bedrooms
 - o Civic, Institutional, Educational
 - o Motel-Hotel
 - o Medical
 - o Office
 - o Retail
 - o Industrial

IV. THE NEEDS LIST

Identification of the facilities to be financed is a critical component of any development impact fee program. In the broadest sense the purpose of impact fees is to protect the public health, safety, and general welfare by providing for adequate public facilities. The Needs List is intended to be the official public document identifying the facilities eligible to be financed, in whole or in part, through the levy of a Fire Fee. The Needs List is organized by facility element (or type) and includes a cost section consisting of five columns, which are listed below:

Column Title	Contents	Source
Total Cost for Facility	The total estimated facility cost including construction, land acquisition, and equipment (as applicable).	Fire Department and DTA
Off-Setting Revenues	Any funds on hand that are allocated for a given facility, such as funds from previous Development Impact Fee programs earmarked for facilities identified on this needs list. This column does not include potential funding from Federal & State sources that cannot be confirmed.	Fire Department
Net Cost to City	The difference between the Total Cost and the Off-Setting Revenues (column 1 minus column 2).	Calculated by DTA
Percent of Cost Allocated to New Development	Percentage of facility cost allocated to new development as calculated in Appendix A.	Calculated by DTA
Cost Allocated to New Development	Dollar amount representing the roughly proportional impact of new development on the needed facilities.	Calculated by DTA

TABLE 2CITY AND COUNTY OF SAN FRANCISCO NEEDS LISTEXPLANATION OF COST SECTION

DTA worked closely with the Fire Department staff to determine what public facilities would be needed to meet increased demand resulting from new development in the City. For purposes of the Fee Study, it was determined that a planning horizon though 2025 would be appropriate. The Needs List (Table 3) identifies those facilities needed to serve future development through 2025.

The Fire Department has identified the need for three new fire stations to serve new development in the City: 16th Street/Mission Bay Station, 5th/Mission Station, and Hunters Point Station.

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Fire Facility Development Impact Fee Justification Study	June 8, 2007

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The 16th Street/Mission Bay Station, 5th/Mission Station and the Hunters Point Station are each expected to be 15,000 square feet. The 16th Street/Mission Bay Station and the Hunters Point Station will be equipped with an engine company and a truck company. The 5th/Mission Station will only require a new engine company. In addition, the Hunters Point Station will need to be equipped with a medic unit. The new stations will be able to accommodate additional facilities such as an ambulance quarters and hose centers.

The facilities cited in the attached Needs List were previously approved by the Fire Department in the City's Capital Planning Program¹ as necessary to serve new development.

¹ Based on City's Capital Plan dated February 26, 2007 at http://www.sfgov.org/site/uploadedfiles/cpp/CCSF_FY2008-2017_Proposed_Plan_3-5-07(2).pdf

TABLE 3 CITY OF SAN FRANCISCO FIRE DEPARTMENT FUTURE FACILITY NEEDS LIST THROUGH 2025

FACILITY NAME	SIZE/UNIT	LAND COSTS [1]	FACILITY COSTS [1]	TOTAL COST	OFFSETTING REVENUES	NET COST TO CITY	% OF COST ALLOCATED TO NEW DEVELOPMENT	COST ALLOCATED TO NEW DEVELOPMENT
5th/Mission Station Engine Company	15,000 square feet 1 each	\$3,000,000 \$0	\$5,250,000 \$1,144,675	\$8,250,000 \$1,144,675	\$0 \$0	\$8,250,000 \$1,144,675	33.33% 100.00%	\$2,750,000 \$1,144,675
Hunters Point Station Engine Company Truck Company Medic Unit	15,000 square feet 1 each 1 each 1 each 1 each	\$2,250,000 \$0 \$0 \$0	\$5,250,000 \$1,144,675 \$1,144,675 \$1,107,072	\$7,500,000 \$1,144,675 \$1,144,675 \$1,107,072	\$0 \$0 \$0 \$0	\$7,500,000 \$1,144,675 \$1,144,675 \$1,107,072	100.00% 100.00% 100.00% 100.00%	\$7,500,000 \$1,144,675 \$1,144,675 \$1,107,072
Mission Bay/16th Street Station Engine Company Truck Company	15,000 square feet 1 each 1 each	\$3,000,000 \$0 \$0	\$5,250,000 \$1,144,675 \$1,144,675	\$8,250,000 \$1,144,675 \$1,144,675	\$0 \$0 \$0	\$8,250,000 \$1,144,675 \$1,144,675	100.00% 100.00% 100.00%	\$8,250,000 \$1,144,675 \$1,144,675
TOTAL FIRE FACILITIES		\$8,250,000	\$22,580,447	\$30,830,447	\$0	\$30,830,447	82.16%	\$25,330,447

[1] Land and facilities cost estimates provided by the City of San Francisco Fire Department.

V. METHODOLOGY UTILIZED TO CALCULATE IMPACT FEE

There are many methods or ways of calculating fees, but they are all based on determining the cost of needed improvements and assigning those costs equitably to various types of development. The Fire Fee has been calculated utilizing the methodology discussed below. The methodology employs the concept of an Equivalent Dwelling Unit to allocate benefit among the ten land use classes. Equivalent Dwelling Units are a means of quantifying different land uses in terms of their equivalence to a residential dwelling unit, where equivalence is measured in terms of potential infrastructure use or benefit for each type of public facility. For the Fire Fee, Equivalent Dwelling Units are calculated based on the number of residents and/or employees generated by each land use class.

Step 1: DETERMINE FACILITIES COSTS

The total cost of fire facilities as identified on the Needs List is approximately \$31 million. In addition, we have included total administrative costs of \$2 million which will pay for the annual administration of the new impact fee through 2025. The total administrative costs is based on one Full Time Equivalent at \$110,309 per year, as needed to administer the new impact fee through 2025.

Step 2: ALLOCATION OF COSTS TO NEW AND EXISTING DEVELOPMENT

The Fire Department has determined that the fire facilities identified on the Needs List, other than a portion of the 5th/Mission fire station, are all needed to serve new development.

The Fire Department has determined that a 10,000 square foot 5^{th} /Mission fire station, equipped with a truck transferred from the 3^{rd} /Howard fire station, will need to be built whether or not there is new development within the City. Therefore, we have allocated 2/3 of the cost of the proposed 15,000 square foot station to existing development and 1/3 of the cost to new development. The costs of the new engine to serve this station have been allocated to new development.

In addition, the Fire Department has determined that the Hunters Point and Mission Bay/16th Street fire stations, equipped with two engines and trucks, and one medic unit, will need to be constructed/acquired to meet the needs of new development. As shown in the table below, the allocation of costs to new development is reasonable since new development will be paying for fewer facilities than what is currently being provided to existing development.

The table below shows the existing and future fire station building square feet per 1,000 Equivalent Dwelling Units:

	No. of Fire Stations	Total Building Square Feet	Total Equivalent Dwelling Units	Building Square Feet per 1,000 Equivalent Dwelling Units
Amount allocated to Existing Development	42 ^{2/3}	437,345	556,364	786.077
Amount allocated to New Development	2 ^{1/3}	35,000	59,171	591.506

TABLE 4

The total costs for new facilities allocated to existing and new development is \$5,500,000 and \$27,426,318, respectively.

STEP 3: ALLOCATION OF COSTS TO NEW DEVELOPMENT

Each of the ten land use categories (Single Family, Senior/Single Room Occupancy, Multi-Family (0 to 1 bedrooms), Multi-Family (2 or more bedrooms), Commercial (Civic, Institutional, Educational), Commercial (Motel/Hotel), Commercial (Medical), Commercial (Office), Commercial (Retail), and Industrial) is assigned an Equivalent Dwelling Unit factor derived from (i) the number of persons per household (for residential units) or (ii) the number of employees per 1,000 square feet of non-residential development.

To establish the Equivalent Dwelling Unit factor for each land use, we first assumed that 3.50 residents residing within a Single Family Unit is equal to 1.00 Equivalent Dwelling Unit. The Equivalent Dwelling Unit factor for all other land uses are then compared to the standard of 3.50 residents per unit. For instance, the Equivalent Dwelling Unit factor for a Senior/Single Room Occupancy unit is equal to 1.16 residents per unit divided by 3.50 residents per unit, or 0.33 Equivalent Dwelling Units per Senior/Single Room Occupancy unit. For non-residential property, the Equivalent Dwelling Unit factor for Commercial (Civic, Institutional, Educational) property is equal to 4.44 employees per 1,000 square feet divided by 3.50 residents per unit, or 1.27 Equivalent Dwelling Units per 1,000 square feet. This allows us to quantify the demand for fire facilities by each land use as it relates to the demand from a single family residential unit.

We can then estimate the total number of future Equivalent Dwelling Units based on the future growth projections (i.e., number of residential units and non-residential square feet) multiplied by the Equivalent Dwelling Unit factors as explained above. Based on the future growth projections, we have calculated a total of approximately 32,392 future Equivalent Dwelling Units, as indicated in Section III of Appendix A and Table 5 below.

Total costs are then divided by total future Equivalent Dwelling Units (including Mission Bay, Rincon Hill and Visitation Valley development) to arrive at a maximum Fire Fee per Equivalent Dwelling Unit of \$688. Section XI of Appendix A and Table 5 below show the total costs financed by the Fire Fee and the costs allocated to the Mission Bay, Rincon Hill and Visitation Valley areas.

City and County of San Francisco	Page VI-11
Fire Facility Development Impact Fee Justification Study	June 8, 2007

STEP 4: APPORTIONMENT OF FIRE FACILITY IMPROVEMENT COSTS

All new development (except development occurring in Mission Bay, Rincon Hill and Visitation Valley) and redevelopment where building space increases overall, may be required to pay its "fair share" of the cost of the new infrastructure through the Fire Fee calculated in this Fee Study.

While new development in Mission Bay, Rincon Hill and Visitation Valley will be served by the Future Facilities, these areas are already subject to project specific development impact fees, and are excluded from the development assumed to be subject to any of the new fees analyzed in this report. Therefore, costs have been allocated to development within Mission Bay, Rincon Hill and Visitation Valley, but it is anticipated that the funding will come from other sources.

Table 5 presents a summary of the derivation of Equivalent Dwelling Units, maximum Fire Fee amounts and the costs financed by Fire Fees for fire facilities on the Needs List. Calculation details are presented in Appendix A.

	(A)	$(\mathbf{B}) = (\mathbf{A}) / 3.50^{[1]}$	(C)	$(\mathbf{D}) = \$688^{[2]} \mathbf{x} \ (\mathbf{B})$	$(\mathbf{E}) = (\mathbf{D}) \mathbf{x} (\mathbf{C})$
Land Use Type	Residents per Unit/Employees per 1,000 Non- Residential Square Feet	Equivalent Dwelling Units per Unit/1,000 Non-Residential Square Foot ^[3]	Number of New Units/ Square Feet	Maximum Fire Fee Per Unit/Non- Residential Square Foot	Cost Financed by Maximum Fire Fee
Residential					
Single Family	3.50	1.00	477	\$688	\$328,107
Senior/Single Room Occupancy	1.16	0.33	721	\$227	\$163,955
Multi-Family (0 to 1 bedrooms)	2.30	0.66	10,806	\$452	\$4,880,175
Multi-Family (2 or more bedrooms)	2.62	0.75	7,142	\$515	\$3,681,043
Non-Residential					
Civic, Institutional, Educational	4.44	1.27	20,083	\$0.87	\$17,526
Motel/Hotel	2.50	0.71	938,640	\$0.49	\$460,763
Medical	4.44	1.27	866,036	\$0.87	\$755,775
Office	4.44	1.27	9,148,963	\$0.87	\$7,984,146
Retail	3.33	0.95	2,103,296	\$0.65	\$1,376,633
Industrial	2.86	0.82	4,693,263	\$0.56	\$2,632,974

TABLE 5Fire Facility ImprovementsFee Derivation Summary

City and County of San Francisco	Page VI-12
Fire Facility Development Impact Fee Justification Study	June 8, 2007

DAVID TAUSSIG & ASSOCIATES, INC

Total					\$22,281,097
Cost Allocated to Existing Development & Funded Through Other Sources Cost Allocated to Mission Bay, Rincon Hill and Visitation Valley Development					
Total Cost of Fire Facilities					
 [1] 3.50 represents number of residents per single family residential unit. [2] \$688 represents maximum Fire Fee per equivalent dwelling unit. [3] Factors have been rounded to two decimals. 					

If development takes place as projected in Appendix B, the maximum fee amounts presented in Table 5 are expected to finance 68% of the fire facilities on the Needs List. As discussed in Section I, the remaining costs have been allocated to existing development and the Mission Bay, Rincon Hill, and Visitation Valley areas which are already subject to project specific development impact fees.

DAVID TAUSSIG & ASSOCIATES, INC

VI. SUMMARY OF FIRE FEE

Table 6 below summarizes the schedule of maximum justified fire fees based on the analysis contained in the Fee Study. These fees will ensure that each new development project would fund the same proportionate share of fire costs.

Land Use Type	Administration Costs per Unit/Square Foot	Land & Facility Costs per Unit/Square Foot	Maximum Fire Fee per Unit/Square Foot
Residential			
Single Family	\$53	\$635	\$688
Senior/Single Room Occupancy	\$17	\$210	\$227
Multi-Family (0 to 1 bedrooms)	\$35	\$417	\$452
Multi-Family (2 or more bedrooms)	\$39	\$476	\$515
Non-Residential			
Commercial (Civic, Institutional, Educational)	\$0.06	\$0.81	\$0.87
Commercial (Motel/Hotel)	\$0.04	\$0.45	\$0.49
Commercial (Medical)	\$0.06	\$0.81	\$0.87
Commercial (Office)	\$0.06	\$0.81	\$0.87
Commercial (Retail)	\$0.05	\$0.60	\$0.65
Industrial	\$0.04	\$0.52	\$0.56

TABLE 6MAXIMUM FIRE FEE SUMMARY

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City and County of San Francisco	Page VI-14
Fire Facility Development Impact Fee Justification Study	<i>June 8, 2007</i>

Appendix A

Fee Derivation Worksheet

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APPENDIX A CITY OF SAN FRANCISCO FIRE FACILITIES FEE CALCULATION

I. Existing Equivalent Dwelling Unit Calculation

isting Equivalent Dwelling Unit Calculation					
Land Use Type	Number of Residents/ Employees [1]	Residents per Unit / Employees per 1,000 Non- Residential Square Feet [2]	EDUs per Unit / per 1,000 Non-Residential Square Feet	Number of Units / Non- Residential Square Feet [3]	Total Number of EDUs
Single Family	291,000	3.11	0.89	93,520	83,068
Senior/Single Room Occupancy	22,400	1.00	0.29	22,292	6,394
Multi-Family (0 to 1 bedrooms)	274,721	2.03	0.58	135,152	78,421
Multi-Family (2 or more bedrooms)	189,000	<u>2.10</u>	<u>0.60</u>	<u>90,089</u>	53,952
Subtotal	777,121			341,053	221,835
Civic, Institutional, Educational	94,127	4.88	1.39	19,295,974	26,869
Motel/Hotel	18,761	2.58	0.74	7,279,093	5,355
Medical	36,772	3.40	0.97	10,810,895	10,497
Office	225,676	2.50	0.71	90,270,440	64,421
Retail	97,205	3.09	0.88	31,494,307	27,748
Industrial	63,684	2.11	0.60	30,186,311	18,179
Subtotal	536,224			189,337,019	153,069
Total	1,313,345				374,905

II. Inventory of Existing Facilities

F 10	0		Quantity
Facility	Quantity	Facility Units	per 1,000 EDUs
42 Fire Stations	427,345	Square Feet	1,139.877
Engine Companies	42	Each	0.112
ALS Engine Companies	30	Each	0.080
Truck Companies	19	Each	0.051
Medic Units	13	Each	0.035
Ambulances	20	Each	0.053
Rescue Squads	2	Each	0.005
Fireboats	1	Each	0.003
Service Squads	1	Each	0.003
CO2 Unit	1	Each	0.003
Cliff Rescue Unit	1	Each	0.003
Surf Rescue Unit	1	Each	0.003
Technical Rescue Unit	1	Each	0.003
Hazardous Material Unit	1	Each	0.003
Wildland Mini-Pumpers	3	Each	0.008
High Pressure Hose Tenders	2	Each	0.005
Attack Hose Tenders	2	Each	0.005
Utility Searchlight Unit	1	Each	0.003
Multi Casualty Unit	1	Each	0.003
Pollution Control Unit	1	Each	0.003
Light Rescue Unit	1	Each	0.003

III. Future Equivalent Dwelling Unit Calculation

Land Use Type	Number of Residents/ Employees [1]	Residents per Unit / Employees per 1,000 Non- Residential Square Feet [2]	EDUs per Unit / per 1,000 Non-Residential Square Feet	Number of Units / Non- Residential Square Feet [3]	Total Number of EDUs
Single Family	1,733	3.54	1.01	490	495
Senior/Single Room Occupancy	860	1.17	0.33	735	245
Multi-Family (0 to 1 bedrooms)	30,464	2.18	0.62	13,968	8,696
Multi-Family (2 or more bedrooms)	22,814	2.45	0.70	9,312	6,512
Subtotal	55,871			24,505	15,949
Civic, Institutional, Educational	4,442	4.44	1.27	999,400	1,268
Motel/Hotel	2,347	2.50	0.71	938,640	670
Medical	3,855	4.44	1.27	867,404	1,100
Office	51,122	4.44	1.27	11,502,528	14,593
Retail	8,297	3.33	0.95	2,489,072	2,368
Industrial	13,744	2.86	0.82	4,810,529	3,923
Subtotal	83,807			21,607,571	23,923
Total	139,678				39,872

APPENDIX A CITY OF SAN FRANCISCO FIRE FACILITIES FEE CALCULATION

IV. Future Equivalent Dwelling Unit Calculation (Mission Bay Area)

	Number of	Residents per Unit /			
	Residents/	Employees per 1,000 Non-	EDUs per Unit / per 1,000	Number of Units / Non-	Total Number
Land Use Type	Employees [1]	Residential Square Feet [2]	Non-Residential Square Feet	Residential Square Feet	of EDUs
Single Family	0	0.00	0.00	0	0
Senior/Single Room Occupancy	0	0.00	0.00	0	0
Multi-Family (0 to 1 bedrooms)	2,227	1.87	0.53	1,190	636
Multi-Family (2 or more bedrooms)	1,485	<u>1.87</u>	0.53	793	424
Subtotal	3,712			1,983	1,060
Civic, Institutional, Educational	4,220	4.44	1.27	949,392	1,204
Motel/Hotel	0	0.00	0.00	0	0
Medical	5	4.44	1.27	1,026	1
Office	9,598	4.44	1.27	2,159,598	2,740
Retail	1,026	3.33	0.95	307,800	293
Industrial	270	2.86	0.82	94,539	77
Subtotal	15,118			3,512,355	4,316
Total	18,830				5,375

V. Future Equivalent Dwelling Unit Calculation (Rincon Hill Area)

	Number of	Residents per Unit /			
	Residents/	Employees per 1,000 Non-	EDUs per Unit / per 1,000	Number of Units / Non-	Total Number
Land Use Type	Employees [1]	Residential Square Feet [2]	Non-Residential Square Feet	Residential Square Feet	of EDUs
Single Family	0	0.00	0.00	0	0
Senior/Single Room Occupancy	0	0.00	0.00	0	0
Multi-Family (0 to 1 bedrooms)	2,886	1.55	0.44	1,860	824
Multi-Family (2 or more bedrooms)	1,924	1.55	0.44	1,240	549
Subtotal	4,810			3,100	1,373
Civic, Institutional, Educational	123	4.44	1.27	27,702	35
Motel/Hotel	0	0.00	0.00	0	0
Medical	2	4.44	1.27	342	0
Office	814	4.44	1.27	183,100	232
Retail	226	3.33	0.95	67,944	65
Industrial	7	2.86	0.82	2,522	2
Subtotal	1,172			281,610	335
Total	5,982				1,708

VI. Future Equivalent Dwelling Unit Calculation (Visitation Valley Area)

Land Use Type	Number of Residents/ Employees [1]	Residents per Unit / Employees per 1,000 Non- Residential Square Feet [2]	EDUs per Unit / per 1,000 Non-Residential Square Feet	Number of Units / Non- Residential Square Feet	Total Number of EDUs
Single Family	62	4.77	1.36	13	18
Senior/Single Room Occupancy	25	1.79	0.51	14	7
Multi-Family (0 to 1 bedrooms)	497	4.44	1.27	112	142
Multi-Family (2 or more bedrooms)	658	4.80	<u>1.37</u>	<u>137</u>	188
Subtotal	1,242			276	355
Civic, Institutional, Educational	10	4.44	1.27	2,223	3
Motel/Hotel	0	0.00	0.00	0	0
Medical	0	0.00	0.00	0	0
Office	48	4.44	1.27	10,867	14
Retail	33	3.33	0.95	10,032	10
Industrial	<u>58</u>	2.86	0.82	20,199	<u>16</u>
Subtotal	149			43,321	43
Total	1,391				397

VII. Future Equivalent Dwelling Unit Calculation (Excluding Mission Bay, Rincon Hill and Visitation Valley Areas)

	Number of	Residents per Unit /			
	Residents/	Employees per 1,000 Non-	EDUs per Unit / per 1,000	Number of Units / Non-	Total Number
Land Use Type	Employees [1] [4]	Residential Square Feet [2]	Non-Residential Square Feet	Residential Square Feet [4]	of EDUs
Single Family	1,671	3.50	1.00	477	477
Senior/Single Room Occupancy	835	1.16	0.33	721	238
Multi-Family (0 to 1 bedrooms)	24,854	2.30	0.66	10,806	7,095
Multi-Family (2 or more bedrooms)	18,747	<u>2.62</u>	<u>0.75</u>	7,142	<u>5,351</u>
Subtotal	46,107			19,146	13,162
Civic, Institutional, Educational	89	4.44	1.27	20,083	25
Motel/Hotel	2,347	2.50	0.71	938,640	670
Medical	3,849	4.44	1.27	866,036	1,099
Office	40,662	4.44	1.27	9,148,963	11,607
Retail	7,011	3.33	0.95	2,103,296	2,001
Industrial	13,409	2.86	0.82	4,693,269	3,828
Subtotal	67,367			17,770,285	19,231
Total	113,474				32,392

VIII. Proposed Inventory and Costs [5]

	Description	Quantity	Facility Units	Land Cost	Facility Cost	Total Cost
1)	5th/Mission Fire Station 1 Engine Company	15,000 1	Square Feet Each	\$3,000,000 \$0	\$5,250,000 \$1,144,675	\$8,250,000 \$1,144,675
2)	Hunters Point Station Engine Company Truck Company Medic Unit	15,000 1 1 1	Square Feet Each Each Each Each	\$2,250,000 \$0 \$0 \$0	\$5,250,000 \$1,144,675 \$1,144,675 \$1,107,072	\$7,500,000 \$1,144,675 \$1,144,675 \$1,107,072
3)	Mission Bay Station/16th Street Engine Company Truck Company	15,000 1 1	Square Feet Each Each	\$3,000,000 \$0 \$0	\$5,250,000 \$1,144,675 \$1,144,675	\$8,250,000 \$1,144,675 \$1,144,675
	Total Cost of Fire Facilities			\$8,250,000	\$22,580,447	\$30,830,447

IX. Allocation of Fire Facilities to Existing & New Development

A. Three Fire Stations	ew Development					
5th/Mission Fire Station 1	EDUs	Total Square Feet [7]	Square Feet Credit	Allocated Square Feet	Percentage of Cost Allocated	Facility Cost
Existing New Development	NA NA	10,000 5,000	NA NA	10,000 5,000	66.67% 33.33%	\$5,500,000 \$2,750,000
Total	NA	15,000	NA	15,000	100.00%	\$8,250,000
Hunters Point & Mission Bay/16th Street	EDUs	Total Square Feet [8]	Square Feet Credit	Allocated Square Feet	Percentage of Cost Allocated	Facility Cost
Existing New Development	374,905 39,872	416,939 40,406	(427,345) 0	(10,406) 40,406	0.00% 100.00%	\$0 \$15,750,000
Total	414,777	457,345	(427,345)	30,000	100.00%	\$15,750,000

B. Three Engine Companies Cost Allocated Between Existing and New Development						
5th Mission, Hunters Point, & Mission Bay/16th Street	Percentage of Cost Allocated [9]	Facility Cost				
Existing	0.00%	\$0				
New Development	100.00%	\$3,434,025				
Total	100.00%	\$3,434,025				

C. Two Truck Companies Cost Allocated Between Existing and New Development					
Hunters Point & Mission Bay/16th Street	Percentage of Cost Allocated [9]	Facility Cost			
Existing New Development	0.00% 100.00%	\$0 \$2,289,350			
Total	100.00%	\$2,289,350			

D. One Medic Unit Cost Allocated Between Existing and New Development					
Hunters Point	Percentage of Cost Allocated [9]	Facility Cost			
Existing	0.00%	\$0			
New Development	100.00%	\$1,107,072			
Total	100.00%	\$1,107,072			

APPENDIX A CITY OF SAN FRANCISCO FIRE FACILITIES FEE CALCULATION

X. Summary Cost Data

	Cost Allocated	Total	Maximum Cost
Description	to New Development	Future EDU's	Per EDU
A Three Fire Stations	\$18,500,000	39,872	\$463.98
B Three Engine Companies	\$3,434,025	39,872	\$86.13
C Two Truck Companies	\$2,289,350	39,872	\$57.42
D One Medic Unit	\$1,107,072	39,872	\$27.77
E Administrative Costs [6]	\$2,095,871	39,872	\$52.56
Total	\$27,426,318		\$687.86

XI. Development Impact Fee per Unit or per Non-Residential Square Foot (Separating Amount Allocated to Mission Bay, Rincon Hill and Visitation Valley Areas)

Land Use Type	EDUs per Unit / per 1,000 Non-Residential Square Feet	Administration Costs Per Unit / Non-Residential Square Foot	Land & Facility Costs Per Unit / Non-Residential Square Foot	Maximum Fee Per Unit / Non-Residential Square Foot	Number of Units / Non-Residential Square Feet	Cost Financed by Maximum Development Impact Fee
Single Family	1.00	\$52.56	\$635.29	\$687.86	477	\$328,107
Senior/Single Room Occupancy	0.33	\$17.38	\$210.02	\$227.40	721	\$163,955
Multi-Family (0 to 1 bedrooms)	0.66	\$34.51	\$417.11	\$451.62	10,806	\$4,880,175
Multi-Family (2 or more bedrooms)	0.75	<u>\$39.39</u>	\$476.02	<u>\$515.41</u>	7,142	<u>\$3,681,043</u>
Subtotal					19,146	\$9,053,281
Civic, Institutional, Educational	1.27	\$0.07	\$0.81	\$0.87	20,083	\$17,526
Motel/Hotel	0.71	\$0.04	\$0.45	\$0.49	938,640	\$460,763
Medical	1.27	\$0.07	\$0.81	\$0.87	866,036	\$755,775
Office	1.27	\$0.07	\$0.81	\$0.87	9,148,963	\$7,984,146
Retail	0.95	\$0.05	\$0.60	\$0.65	2,103,296	\$1,376,633
Industrial	0.82	<u>\$0.04</u>	<u>\$0.52</u>	<u>\$0.56</u>	4,693,269	\$2,632,974
Subtotal					17,770,285	\$13,227,816
Total Financed by Development Imp	act Fee					\$22,281,097
Amount Allocated to Mission Bay Are	ea [10] [11]					\$3,697,420
Amount Allocated to Rincon Hill Area	a [10]					\$1,174,608
Amount Allocated to Visitation Valley	/ Area [10]					\$273,193
Outside Funding Responsibility						\$5,500,000
Total Cost of Fire Facilities						\$32,926,318

Notes: [1] Total residents per Residential land use class estimated by DTA. [2] Residents per Unit and employees per 1,000 Non-Residential square feet based on data dated 3/12/07 provided by Brion & Associates.

[3] Demographics data dated 3/12/07 provided by Brion & Associates. Also, please note that Mission Bay, Rincon Hill and Visitation Valley housing unit totals are included in the analysis

[7] Based on discussions with the Fire Department, it is expected that a 10,000 square foot station will be built regardless if new development occurs or does not occur. The station will be expanded by 5,000 square feet to accommodate any future growth.

[8] Includes existing square footage and 30,000 square feet for the Hunters Point and Mission Bay/16th Street Stations. The square footage for the 5th/Mission Station is shown separately as explained in footnote #7.

[9] Based on discussions with the Fire Department, the Engine Companies, Truck Companies, and Medic Unit will be needed to serve new growth. [10] Costs have been allocated to Mission Bay, Rincon Hill and Visitation Valley in order to accurately measure the correct total cost per Equivalent Dwelling Unit, even though they are exempt from impact fees.

[11] Developer of Mission Bay has contributed \$5,480,000 to the City.



CITYWIDE DEVELOPMENT IMPACT FEE STUDY - CONSOLIDATED REPORT

CHAPTER VII

RECREATION AND PARKS DEVELOPMENT IMPACT FEE JUSTIFICATION STUDY



RECREATION AND PARKS DEVELOPMENT IMPACT FEE JUSTIFICATION STUDY CITY AND COUNTY OF SAN FRANCISCO

September 18, 2007 UPDATED: JANUARY 7, 2008

Public Finance Facilities Planning Urban Economics

> Newport Beach Riverside Walnut Creek

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RECREATION AND PARKS DEVELOPMENT IMPACT FEE JUSTIFICATION STUDY

September 18, 2007 Updated: January 7, 2008

Prepared for

SAN FRANCISCO RECREATION AND PARKS DEPARTMENT

McLaren Lodge, 501 Stanyan Street San Francisco, California 94107 (415) 831-2700 Prepared by

DAVID TAUSSIG & ASSOCIATES, INC. 1301 Dove Street, Suite 600 Newport Beach, California 92660 (949) 955-1500 [THIS PAGE INTENTIONALLY LEFT BLANK]

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APPENDIX A FEE DERIVATION WORKSHEET

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I. EXECUTIVE SUMMARY

In order to adequately plan for new development through 2025 and identify the public facilities and costs associated with mitigating the direct and cumulative impacts of new development, David Taussig & Associates, Inc. ("DTA") was retained by the City and County of San Francisco ("City") to prepare a Recreation and Parks Development Impact Fee Justification Study (the "Fee Study").

The Fee Study identifies additional public facilities required by new development and determines the maximum level of fees that may be imposed to pay the costs of these facilities. Recreation and Park Fees have been determined that will finance facilities at levels identified by the Recreation and Parks Department as being necessary to meet the needs of new development through 2025. The required facilities and associated acquisition/construction costs are identified in the Needs List, which is included in Section IV of the Fee Study.

Organization of the Fee Study

The recreation and park fees are calculated to fund the cost of facilities needed to support future development. The steps followed in our study include:

- 1. **Demographic Assumptions**: Identify future growth that represents the increased demand for recreation and park facilities.
- 2. **Facility Needs and Costs**: Identify the amount and cost of recreation and park facilities required to support the new development.
- 3. **Cost Allocation**: Allocate costs per equivalent dwelling unit.
- 4. **Fee Schedule**: Calculate the maximum fee per residential unit or per non-residential square foot.

Background

All new development (except development occurring in Mission Bay, Rincon Hill, and Visitation Valley) may be required to pay its "fair share" of the cost of the new infrastructure through the Recreation and Park Fee calculated in this Fee Study.

To estimate facility needs, the Fee Study utilizes population and employment data provided by the City. The City is expected to add approximately 46,108 new residents and 67,367 new employees between 2006 and 2025. Given that Mission Bay, Rincon Hill, and Visitation Valley, unlike other areas of the City, are already subject to project specific development impact fees, these areas are excluded from the development assumed to be subject to any of the new fees analyzed in this report, as shown in Section VI.

The City currently imposes a Downtown Park development impact fee for recreation and park facilities. The existing fee is equal to \$2.00 per square foot of new or net area added in office development projects within certain specified use districts. The fee is not currently imposed on residential development.

The following highlights the nexus analysis results:

- As shown in Section VIII of Appendix A, the City is expected to experience a need for additional park land, multi-use fields, tennis courts, outdoor basketball courts, walkway and bikeway trails, and the construction of new or expansion of existing facilities on existing City-owned park land to serve new growth.
- Section XI of Appendix A summarizes the costs of the new facilities allocated to each of the residential and non-residential land uses. Please note that if Recreation and Park Fees are collected at the maximum levels, residential uses are expected to fund approximately 75.3% and non-residential uses will fund approximately 24.7% of the new recreation and park facilities costs that are funded through the Recreation and Park Fee.
- Section XI of Appendix A shows the maximum Recreation and Park Fees as shown below:

Land Use	Administration Costs per unit/Non- Residential square foot	Land Acquisition Costs per unit/Non- Residential square foot	Improvement Costs per unit/Non- Residential square foot	Maximum Fee per unit/Non- Residential square foot
Single Family	\$98	\$4,460	\$3,287	\$7,845
Senior/Single Room Occupancy	\$38	\$1,750	\$1,290	\$3,078
Multi-Family, 0 to 1 bedrooms	\$65	\$2,939	\$2,166	\$5,170
Multi-Family, 2 or more bedrooms	\$74	\$3,354	\$2,472	\$5,899
Civic, Institutional, Educational	\$0.03	\$1.28	\$0.94	\$2.25
Motel-Hotel	\$0.02	\$0.72	\$0.53	\$1.26
Medical	\$0.03	\$1.28	\$0.94	\$2.25
Office	\$0.03	\$1.28	\$0.94	\$2.25
Retail	\$0.02	\$0.96	\$0.71	\$1.69
Industrial	\$0.02	\$0.82	\$0.61	\$1.45

• For purposes of comparison only, please note that recreation and park fees implemented in certain jurisdictions in California range from approximately \$1,510 to \$19,264 for a single family residence and \$1,233 to \$12,823 for a multi-family residence. For further information, refer to the separate section of the consolidated report for the Citywide Development Impact Fee Study: 'Comparative Practices for Development Impact Fees.'

II. INTRODUCTION

This report presents an analysis of the need for recreation and park facilities to support future development within the City and County of San Francisco ("City") through 2025.

In order to adequately plan for new development through 2025 and identify the public facilities and costs associated with mitigating the direct and cumulative impacts of new development, David Taussig & Associates, Inc. ("DTA") was retained by the City to prepare the Recreation and Parks Development Impact Fee Justification Study (the "Fee Study").

Purpose

New residential and non-residential development within the City will generate additional residents and employees who will require additional recreation and park facilities. Land will have to be acquired and recreation, park, and trail facilities will have to be expanded, constructed or purchased to meet this increased demand. Thus a reasonable relationship exists between the need for recreation and park facilities and the impact of residential and non-residential development.

Demographics

As indicated in Section I of Appendix A, there are currently 777,121 residents and 536,224 employees within the City. The City is expected to add 55,871 new residents and 83,807 new employees through 2025. The future development results in 24,505 new residential units and 21.6 million square feet of new non-residential building space.

Existing Recreation and Parks Fee

The City currently imposes a Downtown Park development impact fee for recreation and park facilities which is explained in more detail below:

- The goal of the existing Downtown Park fee program is to "provide the City with the financial resources to acquire and develop public park and recreation facilities."¹
- The City's Downtown Park Fee ordinance was last updated and approved in 2003.
- The fee is only applicable to office development permit applicants in the downtown use districts known as C-3-O, C-3-O(SD), C-3-R, C-3-G, and C-3-S.
- Payment of the fee is made to the City Treasurer prior to issuance of the first certificate of occupancy for the project.
- The fee is calculated as follows: \$2.00 per square foot X the net addition of gross floor area per final permit.

¹ See City Planning Code Section 139

Existing Recreation and Park Facilities

Table 1 below summarizes the City's existing recreation and park facilities which are available to the City's residents and employees.

Facility	Quantity			
All Park Land [1]	5,875.68 Acres			
Baseball/Softball Fields	66 Fields			
Multi-use/Soccer Fields	41 Fields			
Tennis Courts	156 Courts			
Outdoor Basketball Courts	82 Courts			
Trails	Existing trail system is minimal and accurate data is difficult to obtain			
[1] Estimated based on all current Recreation Park Department-owned land plus all other non- Recreation Park Department-owned open spaces which results in 7.56 acres per 1,000 residents. Current Recreation Park Department-owned land equals 3,357.4 acres which results in 4.32 acres per 1,000 residents.				

TABLE 1

III. DEMOGRAPHIC ASSUMPTIONS

To estimate facility needs, the Fee Study utilizes population and employment data provided by the City. The following is a summary of the demographic assumptions used to establish the Recreation and Parks Fee:

- The growth forecast and land use data used in this analysis are based on a recent forecast by Moody's Economy.com and adjusted by Brion & Associates, and other land use information and data from the City and County of San Francisco Planning Department. (For further information, refer to the separate section of the consolidated report for the Citywide Development Impact Fee Study: "City Growth Forecast and Demographic Data."). Total new development expected to occur from 2006 to 2025 would include the following:
 - ♦ 55,871 new residents
 - 24,505 new dwelling units
 - ♦ 83,807 new employees
 - 21.6 million square feet of non-residential building space
- Development in Mission Bay is expected to result in approximately 3,712 new residents and 15,118 new employees between 2006 and 2025. While this new development will be served by the Future Facilities (the facilities as described in the Needs List in Section IV), it is excluded from the development assumed to be subject to the fee, given that Mission Bay is already subject to project specific development impact fees. Therefore, costs have been allocated to development within Mission Bay, but it is anticipated that the funding will come from other sources.
- Development in Rincon Hill is expected to result in approximately 4,810 new residents and 1,172 new employees between 2006 and 2025. While this new development will be served by the Future Facilities, it is excluded from the development assumed to be subject to the fee, given that Rincon Hill is already subject to project specific development impact fees. Therefore, costs have been allocated to development within Rincon Hill, but it is anticipated that the funding will come from other sources.
- Development in Visitation Valley is expected to result in approximately 1,242 new residents and 149 new employees between 2006 and 2025. While this new development will be served by the Future Facilities, it is excluded from the development assumed to be subject to the fee, given that Visitation Valley is already subject to project specific development impact fees. Therefore, costs have been allocated to development within Visitation Valley, but it is anticipated that the funding will come from other sources.
- Net new development without Mission Bay, Rincon Hill, and Visitation Valley from 2006 to 2025 that would be subject to the Recreation and Park Fee includes:
 - ♦ 46,107 new residents
 - 19,146 new dwelling units
 - ♦ 67,367 new employees
 - 17.8 million square feet of non-residential building space

- We have determined that not all of the 67,367 future employees should be considered when calculating the Recreation and Park Fee for non-residential property. We have adjusted the number of employees to account for the fact that a person's park usage is more likely to be linked to their place of residence than their place of employment. As a result of these calculations, we have estimated that only 12,800 of the expected future employees will use City park facilities and will be included in the fee calculations.
- We have determined that not all of the 46,107 future residents should be considered when calculating the Recreation and Park Fee for residential property. In order to avoid double counting, for those residents that are expected to both live and work in the City, we have discounted the number of residents to account for their share of recreation and park facilities that will be funded through impact fees paid by their place of employment. As a result of these calculations, we have estimated that only 39,039 of the expected future residents will use City park facilities and will be included in the fee calculations.
- As explained in the Needs List in Section IV herein, the City Recreation and Parks Department anticipates the need for additional park land, multi-use fields (softball/baseball/soccer), tennis courts, outdoor basketball courts, walkway and bikeway trails, and the construction of new or expansion of existing facilities on existing City-owned park land in order to accommodate the City's future growth.
- With the exception of property located in Mission Bay, Rincon Hill, and Visitation Valley, DTA has calculated the Recreation and Park Fee under the assumption that such fee will be applied to all new development, and redevelopment where building space increases overall, and be applied to all land uses, residential and non-residential as listed below:
 - Single Family
 - Senior/Single Room Occupancy
 - Multi-Family, 0 to 1 bedrooms
 - Multi-Family, 2 or more bedrooms
 - o Civic, Institutional, Educational
 - o Motel-Hotel
 - o Medical
 - o Office
 - o Retail
 - o Industrial

IV. THE NEEDS LIST

Identification of the facilities to be financed is a critical component of any development impact fee program. In the broadest sense the purpose of impact fees is to protect the public health, safety, and general welfare by providing for adequate public facilities. The Needs List is intended to be the official public document identifying the facilities eligible to be financed, in whole or in part, through the levy of a Recreation and Park Fee. The Needs List is organized by facility element (or type) and includes a cost section consisting of five columns, which are listed below:

TABLE 2

Column Title	Contents	Source	
Total Cost for Facility	The total estimated facility cost including construction, land acquisition, and equipment (as applicable).	Recreation and Parks Department and DTA	
Off-Setting Revenues	Any funds on hand that are allocated for a given facility, such as funds from previous Development Impact Fee programs earmarked for facilities identified on this needs list. This column does not include potential funding from Federal & State sources that cannot be confirmed.	Recreation and Parks Department	
Net Cost to City	Net Cost to City The difference between the Total Cost and the Off-Setting Revenues (column 1 minus column 2).		
Percent of Cost Allocated to New Development	Percentage of facility cost allocated to new development as calculated in Appendix A.	Calculated by DTA	
Cost Allocated to New Development	st Allocated to v Development Dollar amount representing the roughly proportional impact of new development on the needed facilities.		

CITY AND COUNTY OF SAN FRANCISCO NEEDS LIST EXPLANATION OF COST SECTION

DTA worked closely with the Recreation and Parks Department staff to determine what public facilities would be needed to meet increased demand resulting from new development in the City. For purposes of the Fee Study, it was determined that a planning horizon though 2025 would be appropriate. The Needs List (Table 3) identifies those facilities needed to serve future development through 2025.

In many jurisdictions the capital improvement plan is the basis for the needs list. The City's 10year Capital Plan² proposes an investment of \$68 million in renewal and maintenance for at least 200 recreation and park facilities that currently suffer from deferred maintenance, structural problems, disability access, and other programmatic deficiencies. The Recreation and Parks Department has reviewed the improvements in the Capital Plan and has determined that they are primarily needed to meet the needs of existing development. Therefore, in preparing the Fee Study, DTA and the Recreation and Parks Department have developed a Needs List that focuses on improvements that are needed to serve new development.

Pursuant to Section 16.107 of the City Charter, five percent of the funds deposited in the Park, Recreation & Open Space Fund each year are dedicated to the acquisition of real property identified in the Capital Plan. Since the Needs List is not based on the Capital Plan, the Recreation and Parks Department has determined that it would not be appropriate to apply such revenues to offset the costs on the Needs List. However, the Recreation and Parks Department has identified approximately \$7.4 million in other sources that can be used to reduce the costs allocated to new development.

Currently, there are approximately 5,876 acres of parkland and open spaces available for use in the City, which is equivalent to 7.56 acres per 1,000 residents. However, when only Recreation Park Department-owned land is considered, the total is reduced to 3,357 acres, which results in 4.32 acres per 1,000 residents.

All of these numbers are less than the standard determined by the National Park and Recreation Association, which calls for 10 acres of open space per 1,000 residents in cities. Given the City's existing development patterns, high population density, and small land mass (28,918 acres), the National Park and Recreation Association standard will be difficult to achieve within the City limits. Nevertheless, according to the City's General Plan³ to the extent it reasonably can, the City is aiming to increase the per capita supply of public open space within the City.

For purposes of this Fee Study, the Recreation and Parks Department has identified the need for 241 park land and open space acres to serve new development in the City. This is based on maintaining a standard of 4.32 acres per 1,000 residents. However, given the constraints discussed above, the Recreation and Parks Department has estimated that there are only approximately 55.1 acres of land that can be realistically acquired for recreation and park facilities during the period through 2025. Due to the high cost of land within the City, it has been determined that the imposition of a fee based on acquisition of 55.1 acres would be overly burdensome to new development. Therefore, the Recreation and Parks Department has decided to base the fee on the acquisition of 5.9 acres of park land and open space.

In lieu of acquisition of additional park land, the City intends to add new or expand existing facilities on approximately 242 acres of existing City-owned recreation and park land in order to accommodate increased demand. Examples of such expansions or new improvements may include, but not be limited to, new park recreation centers, community gardens, playgrounds for children, and other facilities.

³ Based on the City's General Plan (www.sfgov.org/site/planning_index.asp?id=41423)

² Based on City's Capital Plan dated February 26, 2007 at http://www.sfgov.org/site/uploadedfiles/cpp/CCSF_FY2008-2017_Proposed_Plan_3-5-07(2).pdf

The Recreation and Parks Department has also identified the need for the following park facilities improvements to serve the new growth of 55,871 new residents within the City: 13 multi-use fields (softball/baseball/soccer), 11 tennis courts, 11 outdoor basketball courts, and 14.51 miles of walkway and bikeway trails. The needs are based on the recommended standard of 1 baseball/softball field per 8,000 new residents, 1 multi-use/soccer field per 10,000 new residents, 1 tennis court per 5,000 new residents, and 1 basketball court per 5,000 new residents as identified on page 21 of the City of San Francisco Recreation and Parks Department *August 2004 Recreation Assessment Report*.

The need for additional trails to serve existing residents and new growth is based on a proposed trail network in the City that will include 14.51 miles of walkway and bikeway trails.

Please note that the facilities described in the needs list and the estimated costs herein are estimates only based upon current expectation of needs, and actual costs may differ from those estimates herein. While the Recreation and Park Fees have been calculated based on only those facilities shown on the Needs List, the Recreation and Park Fees may fund other recreation and park improvements such as maintenance of other park facilities based on actual future needs.

TABLE 3 CITY OF SAN FRANCISCO RECREATION AND PARKS DEPARTMENT FUTURE FACILITY NEEDS LIST THROUGH 2025

FACILITY NAME	SIZE/UNIT	TOTAL COST FOR FACILITY	OFFSETTING REVENUES	NET COST TO CITY	% OF COST ALLOCATED TO NEW DEVELOPMENT	COST ALLOCATED TO NEW DEVELOPMENT
1. Park Land [1]	5.9 acres	\$102,801,600 [3]	(\$7,424,000) [4]	\$95,377,600	100.00%	\$95,377,600
2. Open Space & Facilities Improvements	241.7 acres [8]	\$46,475,000 [5]	\$0	\$46,475,000	100.00%	\$46,475,000
 Park Facilities Improvements [2] Multi-Use Fields Tennis Outdoor Basketball Walkway and Bikeway Trails 	13 each 11 each 11 each 14.51 Miles	\$19,398,787 [6] \$2,166,912 [6] \$1,359,737 [6] \$12,616,072 [7]	\$0 \$0 \$0 \$0	\$19,398,787 \$2,166,912 \$1,359,737 \$12,616,072	100.00% 100.00% 100.00% 7.11%	\$19,398,787 \$2,166,912 \$1,359,737 \$897,358
TOTAL RECREATION AND PARKS FACILITIES		\$184,818,108	(\$7,424,000)	\$177,394,108	93.39%	\$165,675,395

Notes:

[1] Estimated acres provided by the San Francisco Recreation & Parks Department.

[2] Based on existing facility standards and recommended future standards from the San Francisco Recreation & Parks Department August 2004 Recreation Assessment Report.

[3] Costs per Acre for Land Acquisition based on \$400/square foot as estimated by the City and County of San Francisco Department of Real Estate and provided to DTA by the San Francisco Recreation & Parks Department.

[4] Offsetting revenues provided by the San Francisco Recreation & Parks Department.

[5] Park Land Improvement Costs based on \$192,258 per acre estimated by DTA.

[6] All Park Facilities Improvement Costs based on the average cost per square foot of \$27.36 provided by San Francisco Recreation & Parks Department. Average facility size provided by San Francisco Recreation & Parks Department. [7] 11.51 number of miles of trails and trail costs based on information dated 3/22/07 provided by San Francisco Recreation & Parks Department. In addition, DTA estimated the miles of trails for two proposed trail networks equal to 79,200 square feet of trail and 15,840 square feet of trail, assuming the trails are 6 feet wide. Trail costs for the two trails based on information dated 10/6/06 provided by San Francisco Recreation & Parks Department.

[8] Based on the construction of new or expansion of existing facilities on approximately 242 acres of park land as provided by the San Francisco Recreation & Parks Department.

V. METHODOLOGY UTILIZED TO CALCULATE IMPACT FEE

There are many methods or ways of calculating fees, but they are all based on determining the cost of needed improvements and assigning those costs equitably to various types of development. The Recreation and Park Fee has been calculated utilizing the methodology discussed below. The methodology employs the concept of an Equivalent Dwelling Unit to allocate benefit among the ten land use classes. Equivalent Dwelling Units are a means of quantifying different land uses in terms of their equivalence to a residential dwelling unit, where equivalence is measured in terms of potential infrastructure use or benefit for each type of public facility. For the Recreation and Park Fee, Equivalent Dwelling Units are calculated based on the number of residents and/or employees, adjusted to reflect estimated park usage, generated by each land use class.

Step 1: DETERMINE FACILITIES COSTS

The total cost of recreation and park facilities as identified on the Needs List is approximately \$177 million. In addition, we have included total administrative costs of \$2 million which will pay for the annual administration of the new impact fee through 2025. The total administrative costs is based on one Full Time Equivalent at \$110,309 per year, as needed to administer the new impact fee through 2025.

Step 2: Allocation of Costs to New and Existing Development

The Recreation and Parks Department has determined that the land acquisition, park improvements, baseball/softball fields, multi-use/soccer fields, tennis facilities, and outdoor basketball facilities as identified on the Needs List are all needed to serve new development, and that no portion of the cost of such facilities should be borne by existing development.

As shown in Table 4 below, there are currently 7.56 acres of park land per 1,000 residents in the City and the Recreation and Park Fee calculated in this report includes costs for only 0.11 acres of park land per 1,000 new residents. Since new development is paying for fewer facilities than what is currently being provided to existing development, all costs for future facilities have been allocated to new development.

The table below shows the existing and future recreation and park land service standards per 1,000 residents:

. _ _ _ _

TABLE 4				
	Park Land Acres	Total Residents	Acres per 1,000 Residents	
Existing	5,876 [1]	777,121	7.56	
Proposed	241	55,871	4.32	
For the Fee	5.9	55,871	0.11	

[1] Estimated based on all current Recreation Park Department-owned land plus all other non-Recreation Park Department-owned open spaces. Current Recreation Park Department-owned land equals 3,357.4 acres which results in 4.32 acres per 1,000 residents.

In addition, the Recreation and Parks Department has determined that the expansion of walking and biking trails are needed to serve new development, but that existing residents would benefit from such improvements as well. Therefore, the costs for these improvements have been allocated to both existing and new development based on their applicable share of the total number of existing and future Equivalent Dwelling Units as shown in Sections I and III of Appendix A. Based on this share of total Equivalent Dwelling Units, costs of new trails allocated to new development is \$897,358.

The total costs for new facilities allocated to existing and new development is \$11,718,714 and \$165,675,394, respectively.

STEP 3: ALLOCATION OF COSTS TO NEW DEVELOPMENT

To allocate the costs, we have first assumed that both residents and workers are considered to be users of recreation and park facilities in the City. Demand for parks and related facilities are based on the City's combined resident-worker service population. However, we have discounted the number of expected employees to account for (i) workers can utilize park facilities near their home or place of employment, and (ii) workers who live and work within the City should not be double counted.

In order to estimate the park usage of an employee versus a resident, we have relied on the usage factors presented in the Phoenix Park and Library Equivalent Dwelling Unit Factors study prepared by the Hausrath Economics Group^4 . According to this study, park usage for an employee is equal to 0.19 of the park usage for a typical resident. Therefore, in determining Equivalent Dwelling Unit factors, the number of expected employees is multiplied by 0.19. In order to avoid double counting, the number of expected residents who work in the City is multiplied by 0.81 (1.00 minus 0.19). Please note that we have assumed that 55.2% of the employees working within the City also reside in the City based on data from the 2000 U.S. Census⁵.

Each of the ten land use categories (Single Family, Senior/Single Room Occupancy, Multi-Multi-Family Family to bedrooms), (2 or more bedrooms), Commercial (0) 1 (Medical). (Civic/Institutional/Educational), Commercial (Motel/Hotel), Commercial Commercial (Office), Commercial (Retail), and Industrial) is assigned an Equivalent Dwelling Unit factor derived from (i) the number of persons per household (for residential units) or (ii) the number of employees per 1,000 square feet of non-residential development, adjusted to reflect estimated park usage.

To establish the Equivalent Dwelling Unit factor for each land use, we first assumed that 2.95 park using residents residing within a Single Family Unit is equal to 1.00 Equivalent Dwelling

⁴ Phoenix Park and Library Equivalent Dwelling Unit Factors dated September 1998 prepared by Hausrath Economics Group

⁵ Based on "Residence County to Workplace County Flows for California" data from US Census (www.census.gov)
Unit. The Equivalent Dwelling Unit factor for all other land uses are then compared to the standard of 2.95 residents per unit. For instance, the Equivalent Dwelling Unit factor for a Senior/Single Room Occupancy unit is equal to 1.16 residents per unit divided by 2.95 residents per unit, or 0.39 Equivalent Dwelling Units per Senior/Single Room Occupancy unit. The Equivalent Dwelling Unit factor for non-residential property is determined the same way. For example, the Equivalent Dwelling Unit factor for Commercial (Civic/Institutional/Educational) property is equal to 0.84 employees who live outside the City but are likely to use park facilities per 1,000 square feet. This allows us to quantify the demand for recreation and park facilities by each land use as it relates to the demand from a single family residential unit.

We can then estimate the total number of future Equivalent Dwelling Units based on the future growth projections (i.e., number of residential units and non-residential square feet) multiplied by the Equivalent Dwelling Unit factors as explained above. Based on the future growth projections, we have calculated a total of approximately 17,596 future Equivalent Dwelling Units, as indicated in Section VII of Appendix A and Table 5 below.

Total costs are then divided by total future Equivalent Dwelling Units (including Mission Bay, Rincon Hill, and Visitation Valley development) to arrive at a maximum Recreation and Park Fee per Equivalent Dwelling Unit of \$7,845. Section XI of Appendix A and Table 5 below show the total costs financed by the Recreation and Park Fee and the costs allocated to the Mission Bay, Rincon Hill, and Visitation Valley areas.

STEP 4: APPORTIONMENT OF RECREATION AND PARKS IMPROVEMENT COSTS

All new development (except development occurring in Mission Bay, Rincon Hill, and Visitation Valley) and redevelopment where building space increases overall, may be required to pay its "fair share" of the cost of the new infrastructure through the Recreation and Park Fee calculated in this Fee Study.

While new development in Mission Bay, Rincon Hill and Visitation Valley will be served by the Future Facilities, these areas are already subject to project specific development impact fees, and are excluded from the development assumed to be subject to any of the new fees analyzed in this report. Therefore, costs have been allocated to development within Mission Bay, Rincon Hill, and Visitation Valley, but it is anticipated that the funding will come from other sources.

Table 5 below presents a summary of the derivation of Equivalent Dwelling Units, maximum Recreation and Park Fee amounts, and the costs financed by Recreation and Park Fees for facilities identified on the Needs List. Calculation details are presented in Appendix A.

TABLE 5
RECREATION AND PARKS IMPROVEMENTS
MAXIMUM FEE DERIVATION SUMMARY

	(A)	$(\mathbf{B}) = (\mathbf{A}) / 2.95^{[1]}$	(C)	$(\mathbf{D}) = \$7, 845^{[2]} \mathbf{x} (\mathbf{B})$	$(\mathbf{E}) = (\mathbf{D}) \mathbf{x} (\mathbf{C})$
Land Use Type	Residents per Unit/Employees per 1,000 Non- Residential Square Feet	Equivalent Dwelling Units per Unit/1,000 Non-Residential Square Foot ⁶	Number of New Units/Square Feet	Maximum Recreation and Park Fee Per Unit/Non- Residential Square Foot	Cost Financed by Maximum Recreation and Parks Fee
Residential					
Single Family	2.95	1.00	477	\$7,845	\$3,742,087
Senior/Single Room Occupancy	1.16	0.39	721	\$3,078	\$2,219,232
Multi-Family (0 to 1 bedrooms)	1.94	0.66	10,806	\$5,170	\$55,864,925
Multi-Family (2 or more bedrooms)	2.22	0.75	7,142	\$5,899	\$42,133,432
Non-Residential					
Civic/Institutional/Educational	0.84	0.29	20,083	\$2.25	\$45,160
Motel/Hotel	0.48	0.16	938,640	\$1.26	\$1,187,297
Medical	0.84	0.29	866,036	\$2.25	\$1,947,483
Office	0.84	0.29	9,148,963	\$2.25	\$20,573,576
Retail	0.63	0.21	2,103,296	\$1.69	\$3,547,314
Industrial	0.54	0.18	4,693,269	\$1.45	\$6,784,656
Total					\$138,045,161
Cost Allocated to Existing Developr Cost Allocated to Mission Bay, Ring	nent & Funded Thro	ugh Other Sources on Valley Developmer	nt		\$11,718,714 \$29,726,106
Total Cost of Recreation and Park	Facilities				\$179,489,979
[1] 2.95 represents number of reside	nts per single family	residential unit.	•.		

[2] \$7,845 represents maximum Recreation and Park Fee per equivalent dwelling unit.

If development takes place as projected in Appendix B, the maximum fee amounts presented in Table 5 are expected to finance 77% of the recreation and park facilities on the Needs List. As discussed in Section I, the remaining costs have been allocated to existing development and the Mission Bay, Rincon Hill, and Visitation Valley areas which are already subject to project specific development impact fees.

City and County of San Francisco <u>Recreation and Parks Development Impact Fee Justification Study</u>

⁶ Factors have been rounded to two decimals

VI. SUMMARY OF RECREATION AND PARKS FEE

Table 6 below summarizes the schedule of maximum justified recreation and park fees based on the analysis contained in the Fee Study. These fees will ensure that each new development project would fund the same proportionate share of recreation and parks costs.

Land Use Type	Administration Costs per Unit/Square Foot	Land Costs per Unit/Square Foot	Improvement Costs per Unit/Square Foot	Maximum Recreation & Park Fee per Unit/Square Foot
Residential				
Single Family	\$98	\$4,460	\$3,287	\$7,845
Senior/Single Room Occupancy	\$38	\$1,750	\$1,290	\$3,078
Multi-Family (0 to 1 bedrooms)	\$65	\$2,939	\$2,166	\$5,170
Multi-Family (2 or more bedrooms)	\$74	\$3,354	\$2,472	\$5,899
Non-Residential				
Commercial (Civic, Institutional, Educational)	\$0.03	\$1.28	\$0.94	\$2.25
Commercial (Motel/Hotel)	\$0.02	\$0.72	\$0.53	\$1.26
Commercial (Medical)	\$0.03	\$1.28	\$0.94	\$2.25
Commercial (Office)	\$0.03	\$1.28	\$0.94	\$2.25
Commercial (Retail)	\$0.02	\$0.96	\$0.71	\$1.69
Industrial	\$0.02	\$0.82	\$0.61	\$1.45

 TABLE 6

 MAXIMUM RECREATION AND PARK FEE SUMMARY

Please note that the facilities described in the needs list and the estimated costs herein are estimates only based upon current expectation of needs, and actual costs may differ from those estimates herein. While the Recreation and Park Fees have been calculated based on only those facilities shown on the Needs List, the Recreation and Park Fees may fund other recreation and park improvements such as maintenance of other park facilities based on actual future needs.

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Appendix A

Fee Derivation Worksheet

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I. Existing Recreation and Park Fac	ilities EDU Calculation Number of Residents/Employees [3]	Number of Employees Residing within City [4]	Number of Employees (Not Residing within City)	Number of Residents Employed within City / Number of Employees (Utilizing Facilities) [5]	Adjusted Number of Residents/Employees	Number of Units / Non-Residential Square Feet	Residents per Unit / Employees per 1,000 Non-Residential Square Feet [6]	EDUs per Unit / 1,000 Non-Residential Square Feet	Total Number of EDUs
Single Family	291,000	(114,083)	NA	92,407	269,324	93,520	2.88	0.98	91,421
Senior/Single Room Occupancy	22,400	(224)	NA	181	22,357	22,292	1.00	0.34	7,589
Multi-Family (0 to 1 bedrooms)	274,721	(107,701)	NA	87,238	254,258	135,152	1.88	0.64	86,307
Multi-Family (2 or more bedrooms)	189,000	(74,095)	NA	60,017	174,922	90,089	1.94	0.66	59,377
Subtotal	777,121	(296,103)	0	239,843	720,861	341,053	NA	NA	244,694
Civic, Institutional, Educational	94,127	(51,977)	42,150	17,884	17,884	19,295,974	0.93	0.31	6,071
Motel/Hotel	18,761	(10,360)	8,401	3,565	3,565	7,279,093	0.49	0.17	1,210
Medical	36,772	(20,305)	16,466	6,987	6,987	10,810,895	0.65	0.22	2,372
Office	225,676	(124,618)	101,058	42,878	42,878	90,270,440	0.48	0.16	14,555
Retail	97,205	(53,676)	43,528	18,469	18,469	31,494,307	0.59	0.20	6,269
Industrial	63,684	(35,166)	28,518	12,100	12,100	30,186,311	0.40	0.14	4,107
Subtotal	536,224	(296,103)	240,121	101,883	101,883	189,337,019	NA	NA	34,584
Total	1,313,345	NA	240,121	581,569	1,543,605	NA	NA	NA	279,278

II. Inventory of Existing Facilities

Facility Type	Quantity	Facility Unit	Facility Units Per 1,000 Residents
All Park Land [1]	5,875.68	Acres	8.15
Park Facilities Improvements [2]			
Baseball/Softball Fields	66	Each	0.09
Multi-use/Soccer Fields	41	Each	0.06
Tennis	156	Each	0.22
Outdoor Basketball	82	Each	0.11
Trails	NA [7]	Miles	NA

III. Future Recreation and Park Facilities EDU Calculation (Including Mission Bay, Rincon Hill and Visitation Valley Areas)

Land Use Type	Number of Residents/Employees [3]	Number of Employees Residing within City [4]	Number of Employees (Not Residing within City)	Number of Residents Employed within City / Number of Employees (Utilizing Facilities) [5]	Adjusted Number of Residents/Employees	Number of Units / Non-Residential Square Feet	Residents per Unit / Employees per 1,000 Non-Residential Square Feet [6]	EDUs per Unit / 1,000 Non-Residential Square Feet	Total Number of EDUs
Single Family	1,733	(1,458)	NA	1,181	1,456	490	2.97	1.01	494
Senior/Single Room Occupancy	860	(9)	NA	7	858	735	1.17	0.40	291
Multi-Family (0 to 1 bedrooms)	30,464	(25,623)	NA	20,755	25,596	13,968	1.83	0.62	8,688
Multi-Family (2 or more bedrooms)	22,814	<u>(19,189)</u>	NA	15,543	<u>19,168</u>	9,312	2.06	0.70	6,507
Subtotal	55,871	(46,278)	0	37,485	47,078	24,505	NA	NA	15,981
Civic, Institutional, Educational	4,442	(2,453)	1,989	844	844	999,400	0.84	0.29	286
Motel/Hotel	2,347	(1,296)	1,051	446	446	938,640	0.48	0.16	151
Medical	3,855	(2,129)	1,726	732	732	867,404	0.84	0.29	249
Office	51,122	(28,230)	22,893	9,713	9,713	11,502,528	0.84	0.29	3,297
Retail	8,297	(4,582)	3,715	1,576	1,576	2,489,072	0.63	0.21	535
Industrial	13,744	(7,590)	<u>6,155</u>	2,611	2,611	4,810,529	0.54	0.18	886
Subtotal	83,807	(46,278)	37,529	15,923	15,923	21,607,571	NA	NA	5,405
Total	139,678	NA	37,529	53,409	63,001	NA	NA	NA	21,386

IV. Future Recreation and Park Facilities EDU Calculation (Mission Bay Area)

IV. Future Recreation and Park Fac	littles EDU Calculation (Miss	sion Bay Area)							
Land Use Type	Number of Residents/Employees [3]	Number of Employees Residing within City [4]	Number of Employees (Not Residing within City)	Number of Residents Employed within City / Number of Employees (Utilizing Facilities) [5]	Adjusted Number of Residents/Employees	Number of Units / Non-Residential Square Feet	Residents per Unit / Employees per 1,000 Non-Residential Square Feet [6]	EDUs per Unit / 1,000 Non-Residential Square Feet	Total Number of EDUs
Single Family	0	0	NA	0	0	0	NA	NA	NA
Senior/Single Room Occupancy	0	0	NA	0	0	0	NA	NA	NA
Multi-Family (0 to 1 bedrooms)	2,227	(2,071)	NA	1,677	1,834	1,190	1.54	0.52	622
Multi-Family (2 or more bedrooms)	1,485	(1,381)	NA	<u>1,118</u>	1,223	793	1.54	0.52	415
Subtotal	3,712	(3,451)	0	2,795	3,056	1,983	NA	NA	1,037
Civic, Institutional, Educational	4,220	(2,330)	1,890	802	802	949,392	0.84	0.29	272
Motel/Hotel	0	0	0	0	0	0	NA	NA	NA
Medical	5	(3)	2	1	1	1,026	0.84	0.29	0
Office	9,598	(5,300)	4,298	1,824	1,824	2,159,598	0.84	0.29	619
Retail	1,026	(567)	459	195	195	307,800	0.63	0.21	66
Industrial	270	(149)	121	51	51	94,539	0.54	0.18	17
Subtotal	15,118	(8,348)	6,770	2,872	2,872	3,512,355	NA	NA	975
Total	18,830	NA	6,770	5,668	5,929	NA	NA	NA	2,012

V. Future Recreation and Park Facilities EDU Calculation (Rincon Hill Area)

Land Use Type	Number of Residents/Employees [3]	Number of Employees Residing within City [4]	Number of Employees (Not Residing within City)	Number of Residents Employed within City / Number of Employees (Utilizing Facilities) [5]	Adjusted Number of Residents/Employees	Number of Units / Non-Residential Square Feet	Residents per Unit / Employees per 1,000 Non-Residential Square Feet [6]	/ EDUs per Unit 1,000 Non-Residential Square Feet	Total Number of EDUs
Single Family	0	0	NA	0	0	0	NA	NA	NA
Senior/Single Room Occupancy	0	0	NA	0	0	0	NA	NA	NA
Multi-Family (0 to 1 bedrooms)	2,886	(2,683)	NA	2,173	2,376	1,860	1.28	0.43	807
Multi-Family (2 or more bedrooms)	<u>1,924</u>	<u>(1,789)</u>	NA	<u>1,449</u>	<u>1,584</u>	1,240	<u>1.28</u>	0.43	<u>538</u>
Subtotal	4,810	(4,472)	0	3,622	3,960	3,100	NA	NA	1,344
Civic, Institutional, Educational	123	(68)	55	23	23	27,702	0.84	0.29	8
Motel/Hotel	0	0	0	0	0	0	NA	NA	NA
Medical	2	(1)	1	0	0	342	0.84	0.29	0
Office	814	(449)	364	155	155	183,100	0.84	0.29	52
Retail	226	(125)	101	43	43	67,944	0.63	0.21	15
Industrial	<u>7</u>	<u>(4)</u>	<u>3</u>	<u>1</u>	<u>1</u>	2,522	0.54	<u>0.18</u>	<u>0</u>
Subtotal	1,172	(647)	525	223	223	281,610	NA	NA	76
Total	5,982	NA	525	3,845	4,183	NA	NA	NA	1,420

VI. Future Recreation and Park Facilities EDU Calculation (Visitation Valley Area)

VI. Future Recreation and Fark Fac	indes EDO Calculation (Visit	alion valley Aleaj							
Land Use Type	Number of Residents/Employees [3]	Number of Employees Residing within City [4]	Number of Employees (Not Residing within City)	Number of Residents Employed within City / Number of Employees (Utilizing Facilities) [5]	Adjusted Number of Residents/Employees	Number of Units / Non-Residential Square Feet	Residents per Unit / Employees per 1,000 Non-Residential Square Feet [6]	EDUs per Unit / 1,000 Non-Residential Square Feet	Total Number of EDUs
Single Family	62	(59)	NA	48	51	13	3.91	1.33	17
Senior/Single Room Occupancy	25	0	NA	0	25	14	1.79	0.61	8
Multi-Family (0 to 1 bedrooms)	497	(472)	NA	382	407	112	3.64	1.23	138
Multi-Family (2 or more bedrooms)	<u>658</u>	(624)	NA	506	<u>539</u>	137	3.94	1.34	183
Subtotal	1,242	(1,155)	0	935	1,023	276	NA	NA	347
Civic, Institutional, Educational	10	(5)	4	2	2	2,223	0.84	0.29	1
Motel/Hotel	0	0	0	0	0	0	NA	NA	NA
Medical	0	0	0	0	0	0	NA	NA	NA
Office	48	(27)	22	9	9	10,867	0.84	0.29	3
Retail	33	(18)	15	6	6	10,032	0.63	0.21	2
Industrial	58	(32)	26	11	11	20,199	0.54	0.18	4
Subtotal	149	(82)	67	28	28	43,321	NA	NA	10
Total	1,391	NA	67	964	1,051	NA	NA	NA	357

VII. Future Recreation and Park Facilities EDU Calculation (Excluding Mission Bay, Rincon Hill and Visitation Valley Areas) Number of Residen

Land Use Type	Number of Residents/Employees [3]	Number of Employees Residing within City [4]	Number of Employees (Not Residing within City)	Number of Residents Employed within City / Number of Employees (Utilizing Facilities) [5]	Adjusted Number of Residents/Employees	Number of Units / Non-Residential Square Feet	Residents per Unit / Employees per 1,000 Non-Residential Square Feet [6]	EDUs per Unit / 1,000 Non-Residential Square Feet	Total Number of EDUs
Single Family	1,671	(1,399)	NA	1,133	1,405	477	2.95	1.00	477
Senior/Single Room Occupancy	835	(9)	NA	7	833	721	1.16	0.39	283
Multi-Family (0 to 1 bedrooms)	24,854	(20,398)	NA	16,522	20,978	10,806	1.94	0.66	7,121
Multi-Family (2 or more bedrooms)	18,747	(15,395)	NA	12,470	15,822	7,142	2.22	0.75	5,371
Subtotal	46,107	(37,200)	0	30,132	39,039	19,146	NA	NA	13,252
Civic, Institutional, Educational	89	(49)	40	17	17	20,083	0.84	0.29	6
Motel/Hotel	2,347	(1,296)	1,051	446	446	938,640	0.48	0.16	151
Medical	3,849	(2,125)	1,724	731	731	866,036	0.84	0.29	248
Office	40,662	(22,454)	18,208	7,726	7,726	9,148,963	0.84	0.29	2,622
Retail	7,011	(3,871)	3,140	1,332	1,332	2,103,296	0.63	0.21	452
Industrial	<u>13,409</u> 67,367	<u>(7,405)</u> (37,200)	<u>6,005</u> 30,167	<u>2,548</u> 12,800	<u>2,548</u> 12,800	<u>4,693,269</u> 17,770,285	<u>0.54</u> NA	<u>0.18</u> NA	<u>865</u> 4,345
Total	113,474	NA	30,167	42,932	51,839	NA	NA	NA	17,596

VIII. Proposed Inventory and Costs

			Facility Units	Cost per		Facility
Description	Quantity	Facility Unit	Per 1,000 Residents	Facility Unit [13, 14]	Offsetting Revenues [15]	Cost
Park Land [8]	203	Acres	4.32	\$17,424,000	NA	NA
Adjusted Park Land [9]	5.9	Acres	0.11	\$17,424,000	(\$7,424,000)	\$95,377,600
OS & Facility Improvements [10]	242	Acres	4.33	\$192,258	\$0	\$46,475,000
Park Facilities Improvements [2]						
Multi-Use Fields	13	Each	0.23	\$1,492,214	\$0	\$19,398,787
Tennis	11	Each	0.20	\$196,992	\$0	\$2,166,912
Outdoor Basketball	11	Each	0.20	\$123,612	\$0	\$1,359,737
Walkway and Bikeway Trails [11]	14.51	Miles	0.26	\$869,474	\$0	\$12,616,072
						\$177,394,108

IX. Allocation of Costs to Existing & New Development

Facility	% of Cost Allocated to Future Development	Facility Cost to Future Development
Adjusted Park Land	100.00%	\$95,377,600
OS & Facility Improvements	100.00%	\$46,475,000
Park Facilities Improvements		
Multi-Use Fields	100.00%	\$19,398,787
Tennis	100.00%	\$2,166,912
Outdoor Basketball	100.00%	\$1,359,737
Total		\$164.778.036

B. Walkway and Bikeway Trails Cost Allocated to Existing and New	/ Development		
Trails	EDUs	Percentage of Cost Allocated	Facility Cost
Existing New Development	279,278 21,386	92.89% 7.11%	\$11,718,714 \$897,358
Total	300,663	100.00%	\$12,616,072

X. Summary Cost Data

Description	Cost Allocated to New Development	Total Future EDUs	Maximum Cost per EDU
A. Adjusted Park Land	\$95,377,600	21,386	\$4,460
OS & Facility Improvements	\$46,475,000	21,386	\$2,173
Park Facilities Improvements			
Multi-Use Fields	\$19,398,787	21,386	\$907
Tennis	\$2,166,912	21,386	\$101
Outdoor Basketball	\$1,359,737	21,386	\$64
B. Walkway and Bikeway Trails	\$897,358	21,386	\$42
C. Administrative Costs [12]	\$2,095,871	21,386	\$98
Total	\$167,771,266	NA	\$7,845

XI. Recreation and Parks Facilities Costs per Unit or Non-Res SF (Seperating Amount Allocated to Mission Bay, Rincon Hill and Visitation Valley Areas)

Land Use Type	Cost Per EDU	EDUs per Unit / 1,000 Non-Residential Square Feet	Administration Costs Per Unit / Non-Residential Square Foot	Land Acquisition Costs Per Unit / Non-Residential Square Foot	Improvement Costs Per Unit / Non-Residential Square Foot	Maximum Fee Per Unit / Non-Residential Square Foot	Number of Units / Non-Residential Square Foot	Cost Financed by Maximum Development Impact Fee
Single Family	\$7,845	1.00	\$98	\$4,460	\$3,287	\$7,845	477	\$3,742,087
Senior/Single Room Occupancy	\$7,845	0.39	\$38	\$1,750	\$1,290	\$3,078	721	\$2,219,232
Multi-Family (0 to 1 bedrooms)	\$7,845	0.66	\$65	\$2,939	\$2,166	\$5,170	10,806	\$55,864,925
Multi-Family (2 or more bedrooms)	<u>\$7,845</u>	0.75	<u>\$74</u>	<u>\$3,354</u>	<u>\$2,472</u>	<u>\$5,899</u>	7,142	<u>\$42,133,432</u>
Subtotal	\$7,845	NA	NA	NA	NA	NA	19,146	\$103,959,675
Civic, Institutional, Educational	\$7,845	0.29	\$0.03	\$1.28	\$0.94	\$2.25	20,083	\$45,160
Motel/Hotel	\$7,845	0.16	\$0.02	\$0.72	\$0.53	\$1.26	938,640	\$1,187,297
Medical	\$7,845	0.29	\$0.03	\$1.28	\$0.94	\$2.25	866,036	\$1,947,483
Office	\$7,845	0.29	\$0.03	\$1.28	\$0.94	\$2.25	9,148,963	\$20,573,576
Retail	\$7,845	0.21	\$0.02	\$0.96	\$0.71	\$1.69	2,103,296	\$3,547,314
Industrial	\$7,845	<u>0.18</u>	<u>\$0.02</u>	<u>\$0.82</u>	<u>\$0.61</u>	<u>\$1.45</u>	4,693,269	\$6,784,656
Subtotal	\$7,845	NA	NA	NA	NA	NA	17,770,285	\$34,085,485
Total Financed by Development Impact Fee Amount Allocated to Mission Bay Area Amount Allocated to Rincon Hill Area Amount Allocated to Visitation Valley Area Outside Funding Responsibility								\$138,045,161 \$15,788,154 \$11,139,241 \$2,798,711 \$11,718,714
Total Cost of Recreation and Park Facilities								\$179,489,979

[1] Estimated based on current all Park Lands standard of 7.56 acres per 1,000 residents.

[2] Based on existing facility standards and recommended future standards from the San Francisco Recreation & Parks Department August 2004 Recreation Assessment Report.

[3] Existing Residents per Residential land use class estimated by DTA. Future Residents per Residential land use class and number of of employee figures per Non-Residential land use class based on data provided by Brion & Associates and City of San Francisco Planning Department.

[4] Employees residing within the City based on "Residence County to Workplace County Flows for California" data from the 2000 U.S. Census. We have estimated that 55% of the

City's employees both live and work in the City.

[5] Based on number of residents employed within City utilizing park facilities and number of total employees within City utilizing park facilities. Assumes that workers have 0.19 of the impact of one resident based on the *Phoenix Park and Library EDU Factors* study prepared by the Hausrath Economics Group. Therefore, residents who live and work in the City are counted as 0.81 since 0.19 is charged at their place of employment.

[6] Residents per Unit and employees per 1,000 Non-Residential square feet based on data dated 4/27/07 provided by Brion & Associates.

[7] Existing trail system is minimal and accurate data is difficult to obtain.

[8] Estimated based on maintaining existing all Recreation Park Lands standard of 4.32 acres per 1,000 residents.

[9] Total acres estimated by the San Francisco Recreation & Parks Department.

[10] Based on the construction of new or expansion of existing facilities on approximately 242 acres of park land as provided by the San Francisco Recreation & Parks Department.

111 11.51 number of miles of trails and trail costs based on information dated 3/22/07 provided by San Francisco Recreation & Parks Department. In addition, DTA estimated the

miles of trails for two proposed trail networks equal to 79,200 square feet of trail and 15,840 square feet of trail, assuming the trails are 6 feet wide. Trail costs for the two trails based on information dated 10/6/06 provided by San Francisco Recreation & Parks Department.

[12] Based on annual administrative costs of \$110,309 per Full Time Equivalent needed to administer the development impact fee from 2006 to 2025.

[13] Costs per Acre for Land Acquisition based on \$400/square foot as estimated by City and County of San Francisco Department of Real Estate and provided to DTA by the San Francisco Recreation & Parks Department.

[14] All Park Facilities Improvement Costs based on the average cost per square foot of \$27.36 provided by San Francisco Recreation & Parks Department. Average facility size provided by San Francisco Recreation & Parks Department. Park Open Space and Facility Improvement Costs based on \$192,258 per acre estimated by San Francisco Recreation & Parks Department.

[15] Offsetting revenues provided by the San Francisco Recreation & Parks Department.

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CITYWIDE DEVELOPMENT IMPACT FEE STUDY - CONSOLIDATED REPORT

CHAPTER VIII

RESIDENTIAL NEXUS ANALYSIS

VIII Residential Nexus Analysis City and County of San Francisco

Prepared for: *City and County of San Francisco*

Prepared by: Keyser Marston Associates, Inc.

April 2007

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OVERVIEW AND SUMMARY OF FINDINGS

Keyser Marston Associates (KMA) has prepared a residential nexus analysis for the City and County of San Francisco. The report has been prepared to support the City's Inclusionary Housing Program, including the updated requirements enacted in the summer of 2006. This residential nexus analysis addresses market rate residential projects which are subject to the inclusionary program and quantifies the linkages between new market rates units and the demand for affordable housing generated by the residents of the units.

Context and Purpose

The City of San Francisco is undertaking a comprehensive program of analyses to update its programs and supporting documentation for many types of fees, including updating nexus analyses in support of impact fees. As part of this program, the City has contracted with Keyser Marston Associates to prepare a nexus analysis in support of the Inclusionary Housing Program, or an analysis of the impact of the development of market rate housing on affordable housing demand.

The City's current position is that the City's Inclusionary Housing Program including the in lieu provision which is offered as an alternative to building units within market rate projects, is not subject to the requirements of the Mitigation Fee Act, Government Code Sections 66000 and following. The City does not expect to alter its position on this matter. However, because the City agreed to sponsor a supporting nexus analysis as part of past legislative actions, and because there is interest in determining whether the Inclusionary Program can be supported by a nexus type analysis as an additional support measure, the City has contracted for the preparation of a nexus analysis at this time.

San Francisco Inclusionary Program

The City of San Francisco Inclusionary program that is the subject of this analysis requires that all residential projects of five units or more provide a share of units affordable to lower income households. The San Francisco program, which was amended in the summer of 2006, is contained in Planning Code Sections 315 and following (the "Inclusionary Program"). Briefly summarized, the San Francisco program now requires 15% of units be affordable to lower income households and defines lower income as up to 120% of median income. For purposes of application, affordable units in condominium projects must average 100% of median and affordable units in rental projects must be provided at 60% of median or less. The Inclusionary Program also has off-site and in-lieu fee alternatives. The Inclusionary Program contains many particulars regarding application, definitions, entitlement process, and administration of the program.

Use of This Study

An impact analysis of this nature has been prepared for the limited purpose of demonstrating nexus support to the San Francisco Inclusionary Program. It has not been prepared as a document to guide policy design in the broader context. We caution against the use of this study, or any impact study for that matter, for purposes beyond the intended use. All impact studies are limited and imperfect, but can be helpful for addressing narrow concerns.

To cite a parallel example, a study could be prepared on the relative fiscal impacts of developing various price (or value) residential units in San Francisco. Fiscal impact analysis, unlike this nexus analysis, is a widely prepared type of analysis in which revenues to a governmental entity are quantified and compared to the costs of services provided by the entity. For residential development, revenues include property tax, sales tax from expenditures of residents, intergovernmental transfers and subventions (such as vehicle license tax) and a number of other revenues to the General Fund. Cost of services cover police, fire, health care, general administration and all else that the City/County expends from its General Fund to serve its residents. If such an analysis were prepared for various price residential units in San Francisco, it can be predicted with assurance that higher price units would yield more revenues to the City than lower price units and a more favorable fiscal balance. If fiscal impact analysis alone were to guide policy, then San Francisco would never pursue the development of another unit of affordable housing. Needles to say, governments must develop housing policy based on a range of competing goals and objectives.

Impact Methodology and Models Used

The methodology or analysis procedure for this nexus analysis starts with the sales price (or rental rate) of a market rate residential unit, and moves through a series of linkages to the income of the household that purchased or rented the unit, the disposable income of the household, the annual expenditures on goods and services, the jobs associated with the purchases and delivery of services, the income of the workers doings those jobs, the household income and, ultimately, the affordability level of the housing needed by the worker households. The steps of the analysis from disposable income to jobs generated was performed using the IMPLAN model, a model widely used for the past 25 years to quantify employment impacts from personal income. From jobs generation by industry, KMA used its own nexus model to quantify the income of worker households by affordability level.

To illustrate the linkages by looking at a simplified example, we can take an average household that buys a condominium at a certain price. From that price, we can determine the gross income of the household (from mortgage rates and lending practices) and the disposable income of the household. The disposable income, on average, will be used to "purchase" or consume a range of goods and services, such as purchases at the supermarket or services at the bank. Purchases in the local economy in turn generate employment. The jobs generated are at different compensation levels. Some of the jobs are low paying and as a result, even when there

is more than one worker in the household, there are some lower and middle-income households who cannot afford market rate housing in San Francisco.

The IMPLAN model quantifies direct, indirect and induced employment impacts. Direct jobs are generated at establishments that serve new residents directly (i.e. supermarket, bank or school); indirect jobs are generated by increased demand at firms which service or supply these establishments (wholesaler, janitorial contractor, accounting firm, or any jobs down the service/supply chain from direct jobs); induced jobs are generated when direct and indirect employees spend their wages in the local economy and generate additional jobs. The analysis is presented in a manner that indicates direct impacts alone and all impacts - direct, indirect and induced impacts. Consistent with other nexus analyses that have used the IMPLAN model and adopted programs supported by the analyses, KMA used all impacts, inclusive of indirect and induced impacts for nexus purposes.

Analysis Starting Point

An important starting point of the analysis is the sales price or rent level of market rate units. For this KMA was able to utilize material prepared in the spring of 2006 to analyze the inclusionary program and proposed changes to the program. KMA, under contract to the City, worked under the direction of the Planning Department and Major's Office of Housing (MOH), and was guided by a Technical Advisory Committee (TAC) comprised of residential developers, affordable housing advocates, non-profit developers, and others concerned with the policy issues. A major body of work was devoted to the identification of prototypical projects and full schedules of costs and revenues to establish pro forma feasible projects. A summary of the prototypes and the analysis of inclusionary impacts on them is contained in a report entitled *Keyser Marston Associates, Summary Report, Inclusionary Housing Program, San Francisco, Sensitivity Analysis, July 2006.* This report was released as a public document as part of the package for the July 12, 2006 meeting of the Land Use Committee of the Board of Supervisors.

The lowest cost and sales price (or rent level) of the four prototypes developed as part of the *Sensitivity Analysis* work program is utilized as the starting point of the nexus analysis. The analysis could have been conducted using an average price of a new unit, but the more conservative selection of least expensive prototype was used for the analysis.

Net New Underlying Assumption

An underlying assumption of the analysis is that households that rent or purchase new units represent net new households in the City of San Francisco. If purchasers or renters have relocated from elsewhere in the City, a vacancy has been created that will be filled. An adjustment to new construction of units would be warranted if the City were experiencing demolitions or loss of existing housing inventory. However, the rate of housing unit removal is so low as to not warrant an adjustment or offset.

Since the analysis addresses net new households in the City and the impacts generated by their consumption expenditures, the analysis quantifies net new demands for affordable units to accommodate new worker households. As such, the impact results do not address nor in any way include existing deficiencies in the supply of affordable housing.

Nexus Findings

Nexus analyses were conducted separately for condominium units (or other for-sale product) and for rental units since the occupants have different income levels which result in differentiated impacts. For summary overview purposes the results are presented together in the following synopsis of major steps and findings.

Income of Purchaser/Renter of New Units

The income of residents of new market rate buildings is estimated based upon the income required to purchase or rent a unit in a prototypical new low-rise wood frame building.

The prototype condominium unit, drawn from the *Sensitivity Analysis,* is 800 square feet and sells for \$580,000 or \$725 per square foot. The household income required to purchase a unit at this price is estimated based upon standard long term mortgage lending practices. Key assumptions are a 20% down payment, and a mortgage at 7% interest, a longer term rate that is a little higher than would be achievable today, homeowner's association (HOA) dues and property taxes. All housing expenditures are assumed at 35% of gross income. This produces a gross household income of \$138,400 for the purchaser of the \$580,000 unit.

The prototype rental unit, also drawn from the *Sensitivity Analysis* work program is also 800 square feet and rents for \$2,500 per month or a little under \$3.20 per square foot per month. New rental units are not feasible in today's market; however, the inclusionary program will be in place beyond the current market cycle and must anticipate development of rental units in the future. The assumed rental rate is higher than is achievable in the current market except under extraordinary circumstances (luxury projects in premier locations, etc.). The rental rate has been estimated as the required minimum level for a project to be feasible, given total development costs, conventional financing terms, and typical operating expenses. The household living in this unit is likely to be paying approximately 30% of income on rent (not including utilities). This translates to a household with a gross income of \$102,000 per year.

	Condo Units	Rental Units
Sales Price or Rent	\$580,000	\$2,544 / Mo
Annual Housing Cost	\$48,400 (mortgage, property taxes, HOA)	\$30,500 (rent)
Percent of Income Spent on Housing	35%	30%
Gross Household Income	\$138,400	\$102,000

Disposable Income

A second step is to determine Disposable Household Income, the income that the IMPLAN model uses as a starting place. Disposable Income, as defined for purposes of the IMPLAN model, is income after state and federal income taxes, Social Security and Medicare deductions, and personal savings. Housing expenses are not deducted from disposable income; rather they are handled internally within the IMPLAN model. Disposable Income as a share of gross income is estimated at 69% for purchasers of condominium units. This percentage is based on consultation with a number of governmental and institutional sources as noted in the main body of the report. The household that purchases our prototypical condominium unit has a Disposable Income of \$95,500.

The renter household has a higher proportion of gross income that is disposable because the renter household is in a lower tax bracket. The renter household of the prototypical unit has a Disposable Income of a little over \$74,000 per year.

	Condo Units	Rental Units
Gross Household Income	\$138,400	\$102,000
Percent Disposable	69%	73%
Disposable Income	\$95,500	\$74,000

IMPLAN Job Generation

The IMPLAN model input is the Disposable Income of 100 condominium purchasers and 100 apartment renters. The output is numbers of jobs generated by the expenditures of the households for goods and services in San Francisco. The employment impacts associated with these 100 units are:

	100 Condo Units	100 Rental Units
Disposable Income	\$9.6 M	\$7.4 M
Job Generation		
Direct Jobs	49	38
Indirect & Induced Jobs	<u>40</u>	<u>31</u>
Total Jobs	89	69

The IMPLAN output provides the jobs by industry, for the most part a wide dispersion among over 30 industries with little concentration in any one. The highest single concentration is in Food Service and Drinking Places, representing 15% of direct jobs and 11% of total jobs.

Lower Income Worker Households

The jobs by industry, per the IMPLAN analysis, have been input into the KMA jobs housing nexus analysis model to quantify the income of the worker households. The first step is a conversion of jobs to worker households, recognizing that there is more than one worker in each household today.

The KMA nexus model converts jobs by industry per the IMPLAN output to a distribution of jobs by occupation. State of California data on compensation level in San Francisco is applied to each occupation. Workers are allocated into households of sizes ranging from one to six persons taking into account the fact that households with two or more persons may have multiple earners. The output of the model is the number of households by income level.

The nexus model was configured for this San Francisco application to produce findings for "lower income households" defined as households with incomes from zero through 120% of median. Income definitions are keyed to the San Francisco City and County Median (SF Median) for 2006 as revised in the Inclusionary Program amendments enacted in the summer of 2006. The income range is consistent with the range of incomes covered in the Inclusionary Housing Program in San Francisco and the range of incomes assisted by the City's housing programs overall.

Output of Households by Affordability Level

The findings of the analysis are as follows for 100 market rate units in low-rise wood-frame buildings in San Francisco:

Affordable Unit Demand Associated with 100 Market Rate Units	Direct Impacts Only	Direct, Indirect & Induced Impacts
Condominium Units - Number of New Lower Income Households	25.00	43.31
Rental Units - Number of New Lower Income Households	19.44	33.68

In summary, for every 100 market rate condominium units there are 25.0 lower income households generated through the direct impact of the consumption of the condominium buyers and a total of 43.31 households if total direct, indirect, and induced impacts are counted in the analysis.

For every 100 market rate rental units there are 19.44 lower income households generated through the direct impact of the consumption of the renters and a total of 33.68 households if total direct, indirect, and induced impacts are counted in the analysis.

The table below adjusts these figures to percentages for purposes of supporting "inclusionary" type requirements of total units. The percentages are calculated including both market rate and affordable units (for example to convert 25.0 affordable units per 100 market rate units into a percentage, 25.0 is divided by 125.0, which equals 20%).

Supported Inclusionary Requirement	Direct Impacts Only	Direct, Indirect & Induced Impacts
Condos	20.0%	30.2%
Rentals	16.3%	25.2%

Location of Jobs and Housing/Commute Issues

The findings of the nexus analysis count only the jobs located in San Francisco. The analysis results could have included jobs and worker households located elsewhere in the Bay Area and beyond the Bay Area as well. If the five county Bay Region (San Francisco, San Mateo, Marin, Alameda and Contra Costa) were included, results would be a third higher inclusive of Direct, Indirect and Induced Impacts. In summary, the analysis does not count total job impacts, only San Francisco located job impacts.

An inevitable question arises as to whether worker households are assumed to live in the same jurisdiction as the jobs. For purposes of this analysis, the interest was in determining job impacts in San Francisco. Whether all the new worker households associated with the San Francisco located jobs should also be assumed to live in San Francisco or commute from another county is a matter of policy.

Overlap / Duplication of Commercial Nexus Fee

San Francisco has a jobs-housing linkage fee designed to mitigate the need for affordable housing associated with jobs in new commercial buildings. The jobs housing analysis is based on a similar analytical framework as the residential nexus analysis and under certain circumstances counts some of the same jobs. A separate analysis has been prepared which demonstrates that in the rare situations where there is a high degree of overlap in jobs counted between the two analyses, the City's Inclusionary program and jobs-housing program combined remain within the nexus.

Conclusion

The residential nexus analysis has determined that 100 market rate condominium units generate direct impacts that result in the demand for 25.0 affordable units in San Francisco and 43.31 units is all indirect and induced impacts are taken into account. As percentages, these results translate to direct impacts supporting 20% of units affordable, or inclusive of indirect and induced impacts 30% of units affordable. Findings for rental units are roughly a third lower. Since the San Francisco Inclusionary Program requires that 15% of units be affordable, the San Francisco program is supported by this nexus analysis.

SECTION I - MARKET RATE UNITS AND DISPOSABLE INCOME

Section I describes the prototypical market rate units that are subject to the inclusionary program, the income of the purchaser and renter households and the disposable income of the households. Disposable Income is the input to the IMPLAN model described in Section II of this report. These are the initial starting points of the chain of linkages that connect new market rate units to incremental demand for affordable residential units.

Introduction

The San Francisco inclusionary program is applicable to all residential projects of five units or more. Construction activity in the City for projects of five or more units includes a range of products including apartments and condominiums (or other forms of ownership units) in building types from low-rise wood-frame construction to steel high-rise buildings. The least expensive construction type, the low-rise wood-frame unit, has been selected as the prototype for the analysis. The selected prototype units are intended to represent the low-end of cost and value range for both the for-sale and the rental market in San Francisco. The objective is to establish the nexus for the least expensive product, on average, to be conservative. Mid- and high-rise buildings are more expensive to construct and must generally achieve greater sales prices or rents in order to be feasible; likewise, the disposable income of occupant households and consumer expenditures will, on average, be greater than in low-rise units. Use of an average price unit, such as in a mid-rise building, might well have been used in the analysis since use of averages is generally considered acceptable for establishing regulations and public policy.

The prototypes used in the analysis are drawn from the prior work program on proposed changes to the San Francisco inclusionary program. KMA, under contract to the City, worked under the direction of the Planning Department and Major's Office of Housing (MOH), and was guided by a Technical Advisory Committee (TAC) comprised of residential developers, affordable housing advocates, non profit developers, and other concerned with the policy issues. A major body of work was devoted to the identification of prototypical projects and full schedules of costs and revenues to establish pro forma feasible projects. A summary of the prototypes and the analysis of inclusionary impacts on them was assembled in a report entitled *Keyser Marston Associates, Summary Report, Inclusionary Housing Program, San Francisco, Sensitivity Analysis, July 2006.* This report was released as a public document as part of the package for the July 12, 2006 meeting of the Land Use Committee of the Board of Supervisors.

The major assumptions with respect to price or value of units and income of purchasers or renters are presented first for for-sale or condominium units, followed by rental units.

Prototypical Condominium Unit

For the purposes of the analysis, the low-rise wood-frame construction Prototype 1 articulated in the *Sensitivity Analysis* was selected as an average new unit to represent the lower-end of the for-sale market in San Francisco. As indicated above, prototypes in the *Sensitivity Analysis*, were fully analyzed for cost of development and sales prices. In addition, market surveys were conducted for establishing the sales prices of units and also sales per square foot basis.

A profile of the Prototype 1 size and sales price is:

	Prototypical Unit
Size	800 sq.ft.
Sales Price per Sq.Ft.	\$725
Sales Price Total	\$580,000

Most of the new condominium units constructed in San Francisco will sell for over this amount. Smaller one-bedrooms and studios may have lower sales prices, but will likely equal or exceed the prototype unit on a price per square foot basis. It is unlikely that significant sales activity will occur at lower prices, except for occasional projects or units. The vast majority of units will sell at a higher price per square foot than the Prototype 1 unit.

Income of Condominium Purchasers

The next step in the analysis is to determine the income of the purchasing household of the prototypical condominium. To make the determination, typical terms for the purchase of units in San Francisco are used — 20% down payment, 30 year fixed rate mortgage, property taxes, and homeowners or condominium association dues. The mortgage rate assumption was selected to cover a future average rate, 7% interest, recognizing that at the current time mortgages are available at lower rates. Also lesser down payments are currently achievable. However these terms are not likely to be available over the longer term.

A key assumption is that housing costs will, on average run about 35% of gross income. In recent years lending institutions have been more willing to accept higher than 35% for all debt as a share of income, but most households do have other forms of debt, such as auto loans, student loans, and credit card debt. Looking ahead, most analysts see a return to more conservative lending practices than those of the last few years. Housing costs are defined as mortgage payments and Homeowners Association dues and property taxes.

Table I-1 at the end of this section summarizes the analysis for the prototypical condo unit. The conclusion is that the purchaser of the \$580,000 prototypical unit must have an income of 138,400 per year. The ratio of sales price to income of the purchasing household is 4.2:1, which is to say that a condominium selling for \$420,000 would require a household income of \$100,000, using the assumptions of the analysis.

Rental Market Conditions

Development of new market rate apartments (with conventional financing) is generally not feasible in San Francisco and in most cities in the U.S. in the current cycle of the real estate development market due to a combination of factors. Over the past several years, historically low mortgage rates have propelled the homebuyer market, driving strong value escalations affecting all home ownership products from condominiums to single family detached homes, to vacation homes, etc. In addition, low mortgage rates have enabled renters to enter homeownership at unprecedented rates, leaving the rental housing stock with vacancies that have not been rapidly refilled due to weak job growth.

Over the past year, the number of home sales has decreased significantly and prices have leveled off or declined slightly in some markets (although there is little evidence of decline in San Francisco). Rents have trended upwards in the San Francisco in response to job growth, and would be first-time homebuyers are taking a "wait and see" approach to entry into the ownership market. If these trends continue or other conditions change, new rental buildings could become feasible again. In any case, the analysis must anticipate that at some point in the future, the market will produce new market rate rental projects subject to the inclusionary program.

Prototypical Rental Units

For the purposes of the analysis, Prototype 5, which was identified and analyzed in the *Sensitivity Analysis* work program, was used as the prototypical rental unit for purposes of this analysis. (Information on Prototype 5 was presented to the Technical Advisory Committee, but was not, however, contained in the aforementioned *Summary Report*) KMA with assistance from MOH, San Francisco Redevelopment Agency, and developers active in the market, prepared an analysis to determine total development costs and the rent level required for project feasibility. With no recently constructed market rate rentals, rental survey information was of limited value. Required rents for new units are higher than current prevailing rents.

The prototypical apartment unit is similar to the condominium at 800 square feet but assumed to be constructed to lesser standards than the condominium in terms of finishes, appliances, and amenities. The cost to develop the unit was estimated at \$330,000 (including land and all indirect costs but excluding developer profit) requiring a rent of approximately \$2,544 per month, or just under \$3.20 per square foot per month. This rent level is higher than the average rent achieved at this time in projects in the greater eastern half of the City, south of Market Street, where most new development is expected to occur.

It is noted that tax exempt bond money has been used to develop rental projects that contain the 20% low income units required to qualify for the bonds. Units in these projects may rent for less (for the project to be feasible) due to the lower interest rates afforded by the tax exempt bonds.

Income of Apartment Renter

The assumption for relating annual rent to household income is 30%. For affordable units, utilities are included in the 30%; for market rate units, the 30% does not include utilities. While leasing agents and landlords may permit rental payments to represent a slightly higher share of total income, 30% represents an average, given that renters are likely to have other debt; also many renters do not choose to spend more than 30% of their income on rent, since, unlike ownership of a condominium, the unit is not viewed as an investment with value enhancement potential. The resulting relationship is that annual household income is 3.3 times annual rent. See Table I-2.

The conclusion with respect to the Prototype 5 apartment renter household in a newly constructed building is an income of slightly over \$100,000 per year.

Disposable Income

The IMPLAN model used in this analysis uses disposable household income as the primary upfront input. To arrive at disposable income, gross income for residents of prototypical units must be adjusted downward to account for taxes and savings. Per KMA correspondence with the producers of the IMPLAN model (Minnesota IMPLAN Group), gross income is adjusted to disposable income for purposes of the model by deducting Federal and State Income taxes, Social Security and Medicare (FICA) taxes, and personal savings. Other taxes including sales tax, gas tax, and property tax are handled internally within the model.

Disposable income is estimated at approximately 69% of gross income in the case of the condominium owner. The assumption is based on a review of data from the Tax Policy Center (a joint venture of the Brookings Institution and the Urban Institute) and California Franchise Tax Board tax tables. Per the Tax Policy Center, households earning between \$100,000 and \$200,000 per year, or the residents of our prototypical condominium units, will pay an average of 15% of gross income for federal taxes. State taxes are estimated at 7% of gross income based on tax rates per the California Franchise Tax Board. The employee share of the FICA payroll taxes is 7.65% of gross income (conservatively assumes all earners in the household are within the \$94,200 ceiling on income subject to social security taxes).

Savings represent another adjustment from gross income to disposable income. Savings including various IRA and 401 K type programs are estimated at 1.3% of gross income based on the projected average for U.S. households per the 2006 RREEF report (a local real estate investment trust) "*Prospects for the U.S. Economy and Sectors*" and sourced to Global Insight a company that produces forecasts of market and economic data. This savings rate was also confirmed by a Federal Reserve Bank paper, sourced in the footnote of Table 1-3.

After deducting income taxes and savings, the disposable income factor for a condominium purchaser used in this analysis is 69%, for purposes of the IMPLAN model. This factor also works with higher incomes than the purchase income used in the analysis, because while the

average federal and state tax burden goes up with income, FICA taxes go down since Social Security taxes apply only to income below \$94,200. As indicated above, other forms of taxation (including property tax) are handled internally within the model.

The disposable income for the prototypical renter household is based on the same evaluation, but for a lower income tax bracket. The renter household would be in a lower tax bracket, with the result that the renter would have a disposable income factor of 73%. The savings rate for the renter and owner were assumed to be the same.

In summary the gross income and disposable income of the households in the new market rate units presented in detail in Table I-4 with the results indicated below:

	New Condo Units	New Apartment Units
Average Gross Household	\$138,400/year	\$102,000/year
Income of Buyers / Renters		
Disposable Income	69%	73%
Average Disposable	\$95,500/year	\$74,000/year
Household Income		

"Pied a Terre" Units

Before moving on to the next step of the analysis, it is important to acknowledge that there is some activity in the current market in sales of units as second homes or city "pied a terre" units. Based on a limited survey, it appears that the vast majority of such activity is occurring in the luxury price ranges, particularly in several new high rise towers now in marketing phases. Some of the towers report figures such as 10% to 20% of units being sold to buyers not for a primary place of residence. As a share of overall units built in the City 10% to 20% in a few individual projects represents a share closer to 2% to 4% of the total market.

In addition to second home sales representing a small share of the market overall, the prototype unit used in this analysis is at a far lower price unit than most of the units selling as second homes, which tend to be located in the luxury towers. The income of second home purchasers and all impacts attributable to the higher priced units would be substantially higher than the impacts attributable to the more modest priced unit used in the analysis. The net effect of second home purchasers (who do spend some income while in San Francisco) on the nexus being established in this analysis is negligible, in our opinion.

Summary

Table I-4 summaries the key assumptions and steps from the market rate residential price or rent level, to the annual income of the purchaser or renter household, to the disposable income of the household. The disposable income, used to consume goods and services, is the generator of jobs and ultimately the demand for more affordable housing for worker households.

TABLE I-1 CONDOMINIUM UNITS CONDO SALES PRICE TO INCOME RATIO RESIDENTIAL NEXUS ANALYSIS CITY OF SAN FRANCISCO

			Prototype Condo Unit
Sales Price	\$725 /SF	800 SF	\$580,000
Mortgage Payment			. ,
Downpayment @ 20% Loan Amount Interest Rate Term of Mortgage Annual Mortgage Payment		20%	\$116,000 \$464,000 7.0% 30 years \$37,044
Other Costs			
HOA Dues	\$400 per month		\$4,800
Property Taxes	1.14% of s	sales price	\$6,600
Total Annual Housing Cost			\$48,444
% of Income Spent on Hsg			35%
Annual Income Required			\$138,412
Sales Price to Income Ratio			4.2

Source: KMA 2006 sensitivity analysis, prototype 1.

TABLE I-2 RENTAL UNITS ANNUAL RENT TO INCOME RATIO RESIDENTIAL NEXUS ANALYSIS CITY OF SAN FRANCISCO

			Prototype Rental Unit
Market Rent Monthly Annual	\$3.18 /SF	800 SF	\$2,544 \$30,528
% of Income Spent on Rent (excludes utilities)			30%
Annual Household Income Required			\$101,760
Annual Rent to Income Ratio			3.3

Source: KMA 2006 sensitivity analysis, prototype 5.

TABLE I-3 DISPOSABLE INCOME¹ RESIDENTIAL NEXUS ANALYSIS ECONOMIC NEXUS ANALYSIS

	Residents of Prototypical Condo Units	Residents of Prototypical Rental Units
Gross Income	100%	100%
(Less) Average Federal Income Tax Rate ²	15.3% (for AGI of 100k-200k)	11.6% (for AGI of 75k-100k)
(Less) FICA Tax Rate ³	7.7%	7.7%
(Less) Average State Income Tax Rate ⁴	7.0%	6.0%
(Less) Savings ⁵	1.3%	1.3%
Disposable Income (Input to IMPLAN model)	69%	73%

Notes:

¹ As defined within the IMPLAN model. Includes all income except income taxes and saving:

² Per the Urban-Brookings Tax Policy Center (joint venture between the Brookings Institution and the Urban Institute)

³ Conservatively assumes all households will be below the ceiling applicable to social security taxes, currently \$94,200.

⁴ Estimated by KMA based on marginal rates per the California Franchise Tax Board.

⁵ Projected based on the forecast of average U.S. household savings rate included in the RREEF publication: *Prospects for the US Economy and Property Sectors.* Page 7. November 8, 2006. Savings rate is consistent with the average U.S. household savings rate in 2000 per Maki, Dean M. and Palumbo, Michael G. Federal Reserve System Working Paper No. 2001-21. *Disentangling the Wealth Effect: A Cohort Analysis of Household Savings in the 1990s.* April 2001.

TABLE I-4 RESIDENTIAL HOUSEHOLD SUMMARY RESIDENTIAL NEXUS ANALYSIS ECONOMIC NEXUS ANALYSIS

		Per Unit	Per Sq.Ft.	100 Unit Building Module
Low-Rise Market Condominium Proto	type			
Units				100 Units
Building Sq.Ft. (net rentable or salable	earea	800	1	80,000
Sales Price		\$580,000	\$725	\$58,000,000
Sales Price to Income Ratio ¹		4.2		4.2
Gross Household Income		\$138,412	\$173.01	\$13,841,000
Disposable Household Income ²	69% of gross	\$95,500	\$119.38	\$9,550,000
Low-Rise Market Apartment Prototype)			
Units				100 Units
Building Sq.Ft. (net rentable or salable	earea	800	1	80,000
Rent Monthly Annual		\$2,544 \$30,528	\$3.18 \$38.16	\$254,400 \$3,052,800
Gross Household Income	30% allocated to rent	\$101,760	\$127.20	\$10,176,000
Disposable Household Income ²	73% of gross	\$74,285	\$92.85	\$7,428,000

Notes:

¹ See Table I-1

² Estimated income available after deduction of federal income, state income, payroll taxes and savings. (Per discussions with the Minnesota IMPLAN group, sales tax and property tax are not deducted from disposable household income). See Table I-3.

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SECTION II – THE IMPLAN MODEL

Consumer spending by residents of new residential buildings will create jobs, particularly in sectors such as restaurants, health care, and retail that are driven by the expenditures of residents. The widely used economic analysis tool, IMPLAN (IMpact Analysis for PLANning), was used to quantify these new jobs by industry sector.

IMPLAN Model Description

The IMPLAN model is an economic analysis software package now commercially available through the Minnesota IMPLAN Group. IMPLAN was originally developed by the U.S. Forest Service, the Federal Emergency Management Agency, and the U.S. Department of the Interior Bureau of Land Management and has been in use since 1979 and refined over time. It has become a widely used tool for analyzing economic impacts from a broad range of applications from major construction projects to natural resource programs.

IMPLAN is based on an input-output accounting of commodity flows within an economy from producers to intermediate and final consumers. The model establishes a matrix of supply chain relationships between industries and also between households and the producers of household goods and services. Assumptions about the portion of inputs or supplies for a given industry likely to be met by local suppliers, and the portion supplied from outside the region or study area are derived internally within the model using data on the industrial structure of the region.

The output or result of the model is driven by tracking how changes in purchases for final use (final demand) filter through the supply chain. Industries that produce goods and services for final demand or consumption must purchase inputs from other producers, which in turn, purchase goods and services. The model tracks these relationships through the economy to the point where leakages from the region stop the cycle. This allows the user to identify how a change in demand for one industry will affect a list of over 500 other industry sectors. The projected response of an economy to a change in final demand can be viewed in terms of economic output, employment, or income.

Data sets are available for each county and state, so the model can be tailored to the specific economic conditions of the region being analyzed. This analysis utilizes the data set for San Francisco City and County. The City is, of course, part of a larger regional economy and impacts will likewise extend throughout the region. However, consistent with the conservative approach taken in quantifying the nexus, only employment impacts occurring within the City of San Francisco have been included.

Economic impacts estimated using the IMPLAN model are divided into three categories:

 Direct Impacts – are associated with the direct final demand changes. A relevant example is restaurant employment created when households in new residential buildings spend money dining out. Employment at the restaurant would be considered a direct impact.

- Indirect Impacts are those associated with industries down the supply chain from the industry experiencing the direct impact. With the restaurant example, indirect impacts would include employment at food wholesalers, kitchen suppliers, and producers of agricultural products. Since the analysis has been run for San Francisco, only jobs located in San Francisco are counted.
- Induced Impacts are generated by the household spending induced by direct and indirect employment. Again using the restaurant example, induced impacts would include employment generated when restaurant, food wholesaler and kitchen suppliers spend their earnings in the local economy.

We have summarized the results of the analysis separately for direct impacts alone and including all direct, indirect and induced impacts.

Application of the IMPLAN Model to Estimate Job Growth

IMPLAN has been applied to link household consumption expenditures to job growth occurring in San Francisco. Employment generated by the consumer spending of residents has been analyzed in our prototypical 100-unit buildings. The IMPLAN model distributes spending among various types of goods and services (industry sectors) based on data from the Consumer Expenditure Survey and the Bureau of Economic Analysis Benchmark input-output study to estimate direct, indirect, and induced employment generated. Job creation, driven by increased demand for products and services, is projected for each of the industries which serve the new households. The employment generated by this new household spending is summarized below.

Estimated Employment Growth Per IMPLAN

	Per 100 Market Rate Units				
	Condos Rental				
Disposable Household Income	\$9,550,000	\$7,428,000			
Employment Generated Per IMPLAN (jobs)					
Direct	49.4	38.4			
Indirect & Induced	<u>39.3</u>	<u>30.6</u>			
Total	88.7	69.0			

Table II-1 provides a detailed summary of direct employment by industry. The table shows industries sorted by projected employment. Estimated employment is shown for each IMPLAN industry sector representing 1% or more of employment.

As discussed previously, the analysis separately analyzes the nexus considering only direct impacts and with including total direct, indirect, and induced impacts. Considering total impacts yields approximately 80% more employees than considering direct impact alone.

Only employment growth occurring within San Francisco City and County has been included. Residents of new market-rate condo and apartment buildings will generate jobs that produce demand for units for worker households employed throughout San Francisco Bay Area and beyond. However, as discussed above, the analysis conservatively limits the nexus to the City and County of San Francisco.

TABLE II-1 IMPLAN MODEL OUTPUT EMPLOYMENT GENERATED RESIDENTIAL NEXUS ANALYSIS CITY OF SAN FRANCISCO

	Per 100 Market Rate Units						
	Dire	ect Impacts C	nly	Direct, Indi	rect & Induc	ed Impacts	
	Condos	Rentals	% of Jobs ³	Condos	Rentals	% of Jobs ³	
Disposable Income of New Residents(after taxes & savings ¹)	\$9,550,000	\$7,428,000		\$9,550,000	\$7,428,000		
Employment Generated by Industry ²							
Food services and drinking place	7.4	5.7	15%	10.0	7.8	11%	
Offices of physicians- dentists- and other healtl	3.1	2.4	6%	3.9	3.1	4%	
Hospitals	3.0	2.3	6%	3.7	2.9	4%	
Private households	2.3	1.8	5%	2.8	2.2	3%	
Social assistance- except child day care service	2.2	1.7	4%	2.7	2.1	3%	
Wholesale trade	1.8	1.4	4%	3.0	2.4	3%	
Nursing and residential care facilitie	1.8	1.4	4%	2.2	1.7	2%	
Automotive repair and maintenance- except car was	1.8	1.4	4%	2.3	1.8	3%	
Food and beverage store	1.8	1.4	4%	2.4	1.8	3%	
Hotels and motels	1.7	1.3	3%	2.2	1.7	2%	
Religious organization:	1.5	1.2	3%	1.9	1.5	2%	
General merchandise store:	1.2	0.9	2%	1.5	1.2	2%	
Miscellaneous store retailer:	1.0	0.8	2%	1.4	1.1	2%	
Elementary and secondary school	1.0	0.8	2%	1.2	0.9	1%	
Clothing and clothing accessories store	1.0	0.7	2%	1.3	1.0	1%	
Child day care services	0.9	0.7	2%	1.1	0.8	1%	
Insurance carriers	0.8	0.6	2%	1.3	1.0	1%	
Other ambulatory health care service	0.8	0.6	2%	1.0	0.8	1%	
Health and personal care store	0.7	0.6	2%	1.0	0.8	1%	
Other educational service:	0.6	0.5	1%	0.0	0.0	0%	
Sporting goods- hobby- book and music store	0.6	0.5	1%	0.0	0.0	0%	
Nonstore retailers	0.6	0.4	1%	0.0	0.0	0%	
Other amusement- gambling- and recreatio	0.5	0.4	1%	0.0	0.0	0%	
Legal services	0.5	0.4	1%	1.2	0.9	1%	
Building material and garden supply store	0.5	0.4	1%	0.0	0.0	0%	
State & Local Education	0.0	0.0	0%	4.3	3.4	5%	
State & Local Non-Educatior	0.0	0.0	0%	2.2	1.7	3%	
Fitness and recreational sports center:	0.0	0.0	0%	1.6	1.3	2%	
Custom computer programming service	0.0	0.0	0%	1.4	1.1	2%	
Employment services	0.0	0.0	0%	1.0	0.8	1%	
Services to buildings and dwelling	0.0	0.0	0%	1.0	0.8	1%	
Other Industries	10.5	8.2	21%	29.1	22.6	33%	
	49.4	38.4	100%	88.7	69.0	100%	

¹ The IMPLAN model tracks how increases in consumer spending creates jobs in the local economy. See Tables I-4 for estimates of the disposable income available to residents of the prototypical 100 unit buildings.

 $^{2}\,$ For Industries representing more than 1% of total employment.

³ Applies to both rental and condominium units.

SECTION III - THE NEXUS MODEL

This section presents a summary of the analysis linking the employment growth associated with residential development or the output of the IMPLAN model (see Section II) to the estimated number of lower income housing units required.

Analysis Approach and Framework

The analysis approach is to examine the employment growth for industries related to consumer spending by residents of the 100-unit residential building modules. Then, through a series of linkage steps, the number of employees is converted to the number of lower income households or housing units. The findings are expressed in terms of numbers of lower income households related to the 100-unit building module.

The analysis addresses affordable unit demand associated with both condominium and rental units in San Francisco. The table below shows the income limits for "lower income households," defined as households from zero through 120% of median income. The median income definition is for San Francisco, not for a multi county region, per the amendments to the San Francisco Inclusionary Program enacted in the summer of 2006. The median income definition for San Francisco, described in the *Sensitivity Analysis* report, is at approximately 92% of the three county region (Primary Metropolitan Statistical Area defined as San Francisco, San Mateo and Marin) median income published annually by the U.S. Department Housing and Urban Development, adjusted based on information in the U.S. Census 2000. MOH will annually establish and publish the median income for San Francisco for a range of household sizes.

The nexus model was configured for this San Francisco application to produce findings for households with incomes from zero through 120% of median. The income range is consistent with the range of incomes covered in the Inclusionary Program in San Francisco and the range of incomes assisted by the City's housing programs overall.

			House	ehold Size		
	1	2	3	4	5	6 +
SF Income Limits						
120% of SF Median	\$73,350	\$83,800	\$94,300	\$104,750	\$113,150	\$121,500

The current 2006 income definitions used in this analysis are:

The analysis is conducted using a model that KMA has developed for application in many other jurisdictions for which the firm has conducted similar analyses of jobs and housing demand analyses. This same model was utilized by KMA in 1996 in preparing the analysis in support of the Jobs Housing Linkage Program, contained in Section 313 of the San Francisco Code. (Jobs Housing Nexus Analysis, prepared for City and County of San Francisco, Keyser Marston Associates, Inc., Gabriel Roche, Inc., 1997.)

The model inputs are all local data to the extent possible, and are fully documented in the following description.

Analysis Steps

Tables III-1 through III-5 at the end of this section present a summary of the nexus analysis steps for the condominium and rental prototype units. Following is a description of each step of the analysis:

Step 1 – Estimate of Total New Employees

The first step in Table III-1 commences with the total number of employees associated with the new market rate unit. The employment figures applied here are estimated based on household expenditures of new residents using the IMPLAN model. The 100-unit condo building is associated with 49 new direct jobs and 89 total direct, indirect, and induced jobs. The prototype rental building is associated with 38 new direct jobs and 69 total direct, indirect, and induced jobs.

Step 2 – Adjustment from Employees to Employee Households

This step (Table III-1) converts the number of employees to the number of employee households. This step recognizes that there is, on average, more than one worker per household, and thus the number of housing units in demand for new workers must be reduced. The workers per worker household ratio eliminates from the equation all non-working households, such as retired persons, students, and those on public assistance. The San Francisco average of 1.63 workers per worker households (from the U. S. Census 2000) is used in the analysis. The number of jobs is divided by 1.63 to determine the number of worker households. (By comparison, average household size is a lower ratio because all households are counted in the denominator, not just worker households; using average household size produces greater demand for housing units.)

Step 3 – Occupational Distribution of Employees

The occupational breakdown of employees is the first step to arrive at income level. The output from the IMPLAN model provides the number of employees by industry sector. The IMPLAN output is paired with data from the Department of Labor, Bureau of Labor Statistics 2005 Occupational Employment Survey (OES) to estimate the occupational composition of employees for each industry sector.

Pairing of OES and IMPLAN data was accomplished by matching IMPLAN industry sector codes with the four-digit NAICS industry codes used in the OES. Each IMPLAN industry sector is associated with one or more North American Industry Classification System Codes (NAICS), with matching NAICS codes ranging from two to five digits. Employment for IMPLAN sectors with multiple matching NAICS codes were distributed among the matching codes based on the distribution of employment among those industries at the national level. Employment for

IMPLAN sectors where matching NAICS codes were only at the two or three-digit level of detail was distributed using a similar approach among all of the corresponding four-digit NAICS codes falling under the broader two or three-digit categories.

National-level employment totals for each industry within the Occupational Employment Survey were pro-rated to match the employment distribution projected using the IMPLAN model. Occupational composition within each industry was held constant. The result is the estimated occupational mix of employees.

As shown on Table III-1, new jobs will be distributed across a variety of occupational categories. The three largest occupational categories are food preparation and serving (16%), office and administrative support (14%), and sales (13%).

The numbers in Step #3 (Table III-1) indicate both the percentage of total employee households and the number of employee households by occupation associated with our hypothetical 100-unit market rate residential buildings.

Step 4 - Estimates of Employee Households Meeting the Lower Income Definitions

In this step, occupation is translated to income based on recent San Francisco PMSA wage and salary information (defined as San Francisco, Marin, and San Mateo Counties) from the California Employment Development Department (EDD). The wage and salary information indicated in Appendix Tables 2 and 4 provide the income inputs to the model. This step in the analysis calculates the number of lower income households for each size household.

Individual *employee* income data was used to calculate the number of lower income *households* by assuming that multiple earner households are, on average, formed of individuals with similar incomes. Employee households not falling into one of the major occupation categories per Appendix Tables 1 and 3 were assumed to have the same income distribution as the major occupation categories.

Step 5 - Estimate of Household Size Distribution

In this step, household size distribution is input into the model in order to estimate the income and household size combinations that meet the income definitions established by the City. The household size distribution utilized in the analysis is that of worker households in San Francisco City and County derived using a combination of Census sources.

Step 6 - Estimate of Households that meet Size and Income Criteria

For this step KMA built a cross-matrix of household size and income to establish probability factors for the two criteria in combination. For each occupational group a probability factor was calculated for each household size level applicable to San Francisco's income limits. This step is performed for each occupational category and multiplied by the number of households. Table III-2 shows the

result after completing Steps #4, #5, and #6. The calculated numbers of lower income households shown in Table III-2 are for rental projects. The methodology is repeated for condo projects (See Table III-3). At the end of these steps we have counted the worker households generated by our 100-unit prototypical residential buildings.

Summary Findings

Table III-4 indicates the results of the analysis for the two-prototypical 100-unit buildings. The summary indicates the number of new lower income households per 100 market rate units.

Based on the results in Tables III-2, 3, and 4, approximately 80% of households are "lower income." The finding that the jobs associated with consumer spending tend to be low paying jobs where the workers will require housing affordable at lower than market rate is not surprising. As noted above, employment is concentrated in lower paid occupations including food preparation, administrative, and retail sales occupations as well as jobs in the service sectors.

Many of the higher paying occupations in San Francisco are not directly tied to consumer spending by San Francisco residents and therefore have miniscule representation in the analysis. Financial and professional services firms, for example, largely export their products and services outside of the City, mostly to the Northern California region, but also beyond.

In summary, for every 100 market rate condominium units, there are 25.0 lower income households generated through the direct impact of the consumption of the condominium buyers. If indirect and induced impacts are included, as many as 43.31 households result. For rental projects, demand for 19.44 housing units is generated or 33.68 units including indirect and induced employees.

Comparison of Analysis Results to Inclusionary Program

The analysis findings identify how many lower income households are generated for every 100 market rate units.

The table below adjusts these figures to percentages for purposes of comparison to "inclusionary" type requirements of total units. The percentages are calculated including both market rate and affordable units (for example, to convert 25.0 affordable units per 100 market rate units into a percentage, 25.0 is divided into 125, which equals 20%.)

		Direct, Indirect &
Supported Inclusionary Requirement	Direct Impacts Only	Induced Impacts
Condos – Supported Inclusionary	20%	30.2%
Requirement		
Rentals – Supported Inclusionary	16.3%	25.2%
Requirement		

In other words, San Francisco's 15% base inclusionary required is supported by direct impacts for both condominium and rental units.

Calculation of Supported In-Lieu Fee

The San Francisco inclusionary ordinance includes an option to provide affordable housing off-site, or to pay an in-lieu fee. The off-site and in-lieu fee percent of units required increases from the base requirement of 15% to 20%. The increased percentage for off-site and in-lieu is grounded in the City policy objective to have dispersed affordable units within buildings and throughout the City. Since off-site compliance or payment of an in-lieu fee does not meet the policy objective, the City has elected to require a higher percentage to offset the less desirable compliance.

The maximum in-lieu fee supported by the nexus analysis may be calculated by multiplying the number of affordable units supported by the nexus by the current affordability gap. The affordability gap is the cost to provide the affordable housing and is equal to the difference between the value of an affordable unit based on allowable sales price or rent and the cost to develop the unit. MOH annually publishes affordability gap fees for condominium units. The affordability gap will vary based on the number of bedrooms in the units and whether the affordable units are ownership or rental.

Effect of Unit Size on Nexus Findings

The nexus findings are based on 800 square foot prototype units. Smaller or larger prototypes would have produced findings indicating a smaller or larger impact on the number of households within affordable income limits respectively. This is because households that purchase or rent smaller units on average have lower incomes than those that purchase or rent larger units. The structure of the inclusionary ordinance addresses this issue by varying the mitigation requirements based on unit size. Inclusionary units are required to have the same number of bedrooms as the market rate units. Larger market rate units therefore require larger affordable units and smaller market rate units require smaller affordable units.

TABLE III-1 NET NEW HOUSEHOLDS AND OCCUPATION DISTRIBUTION EMPLOYEE HOUSEHOLDS GENERATED RESIDENTIAL NEXUS ANALYSIS CITY OF SAN FRANCISCO

PER 100 UNITS OF RESIDENTIAL HOUSING

		Per 100 Market Rate Units				
-	Direct Impa	cts Only	Direct, Indirect &	Induced Impacts		
=	Condo Units	Rental Units	Condo Units	Rental Units		
Step 1 - Employees ¹	49	38	89	69		
Step 2 - Adjustment for Number of Households (1.63)	30	24	54	42		
Step 3 - Occupation Distribution ²						
Management Occupations	3%	3%	4%	4%		
Business and Financial Operations	2%	2%	4%	4%		
Computer and Mathematical	1%	1%	2%	2%		
Architecture and Engineering	0%	0%	1%	1%		
Life. Physical. and Social Science	0%	0%	1%	1%		
Community and Social Services	3%	3%	2%	2%		
Legal	1%	1%	1%	1%		
Education, Training, and Library	6%	6%	7%	7%		
Arts, Design, Entertainment, Sports, and Media	1%	1%	1%	1%		
Healthcare Practitioners and Technica	8%	8%	6%	6%		
Healthcare Support	4%	4%	3%	3%		
Protective Service	1%	1%	2%	2%		
Food Preparation and Serving Related	16%	16%	12%	12%		
Building and Grounds Cleaning and Maint	3%	3%	.3%	3%		
Personal Care and Service	5%	5%	4%	4%		
Sales and Related	13%	13%	11%	11%		
Office and Administrative Support	14%	1/1%	16%	16%		
Earming Fishing and Forestry	0%	0%	0%	10% 0%		
Construction and Extraction	0%	0%	2%	2%		
Installation Maintenance and Papair	078	10/	2 /0	2 /0		
Production	4 /0	4 /0	4 /0	4 /0		
Tropportation and Material Maying	570	570	Z /0 E0/	Z /0 E0/		
Other / Net Identified	5%	3% 70/	3% 70/	3% 70/		
Other / Not Identified	<u>1%</u>	<u>1%</u>	<u>1%</u>	<u>1%</u>		
lotais	100%	100%	100%	100%		
Management Occupations	1.0	0.8	2.2	1.7		
Business and Financial Operations	0.6	0.5	1.9	1.5		
Computer and Mathematical	0.2	0.2	1.2	0.9		
Architecture and Engineering	0.0	0.0	0.5	0.4		
Life, Physical, and Social Science	0.1	0.1	0.4	0.3		
Community and Social Services	0.9	0.7	1.3	1.0		
Legal	0.2	0.1	0.5	0.4		
Education, Training, and Library	1.8	1.4	3.8	3.0		
Arts, Design, Entertainment, Sports, and Media	0.4	0.3	0.8	0.6		
Healthcare Practitioners and Technica	2.4	1.8	3.2	2.5		
Healthcare Support	1.2	0.9	1.6	1.2		
Protective Service	0.2	0.2	0.9	0.7		
Food Preparation and Serving Related	4.8	3.8	6.7	5.2		
Building and Grounds Cleaning and Maint	0.8	0.6	1.7	1.4		
Personal Care and Service	1.6	1.2	2.1	1.7		
Sales and Related	4.0	3.1	6.1	4.8		
Office and Administrative Support	4.4	3.4	8.5	6.6		
Farming, Fishing, and Forestry	0.0	0.0	0.1	0.0		
Construction and Extraction	0.1	0.1	0.9	0.7		
Installation, Maintenance, and Repair	1.2	0.9	2.0	1.6		
Production	0.8	0.6	1.3	1.0		
Transportation and Material Moving	1.6	1.3	2.8	2.2		
Other / Not Identified	<u>2.1</u>	<u>1.6</u>	<u>3.8</u>	<u>3.0</u>		
Totals	30.3	23.6	54.4	42.3		

Notes:

¹ Estimated employment generated by household expenditures within the prototypical 100 unit market rate buildings. Employment estimates are based on the IMPLAN Group's economic model, IMPLAN, for San Francisco City and County. See Table II-1.

² See Appendix Tables 1, 2, 3, and 4 for additional information from which the percentage distributions were derived.

PER 100 MARKET RATE CONDO UNITS

	Direct Impacts Only	Direct, Indirect & Induced Impacts
Step 4, 5, & 6 - Lower Income Households ¹ within Major Occ	cupation Categories ²	
Management	0.13	0.23
Business and Financial Operations	0.25	0.67
Computer and Mathematical	-	0.18
Architecture and Engineering	-	-
Life, Physical and Social Science	-	-
Community and Social Services	0.66	0.98
Legal	-	-
Education Training and Library	1.36	2.80
Arts, Design, Entertainment, Sports, & Media	-	0.54
Healthcare Practitioners and Technical	0.52	0.71
Healthcare Support	1.18	1.55
Protective Service	-	0.73
Food Preparation and Serving Related	4.82	6.71
Building Grounds and Maintenance	0.77	1.73
Personal Care and Service	1.56	2.11
Sales and Related	3.84	5.86
Office and Admin	4.05	7.96
Farm, Fishing, and Forestry	-	-
Construction and Extraction	-	0.50
Installation Maintenance and Repair	0.75	1.27
Production	0.74	1.22
Transportation and Material Moving	1.60	2.78
Total Lower Income Households - Major Occupations	22.25	38.54
Lower Income Households ¹ - "all other" occupations	2.75	4.77
Total Lower Income Households ¹	25.00	43.31

¹ Includes households earning from zero through 120% of San Francisco Median Income.

² See Appendix Tables 1 and 3 for additional information on Major Occupation Categories.

PER 100 MARKET RATE RENTAL UNITS

	Direct Impacts Only	Direct, Indirect & Induced Impacts
Step 4, 5, & 6 - Lower Income Households ¹ within Major Occup	ation Categories ²	
Management	0.10	0.18
Business and Financial Operations	0.20	0.52
Computer and Mathematical	-	0.14
Architecture and Engineering	-	-
Life, Physical and Social Science	-	-
Community and Social Services	0.52	0.76
Legal	-	-
Education Training and Library	1.06	2.17
Arts, Design, Entertainment, Sports, & Media	-	0.42
Healthcare Practitioners and Technical	0.41	0.55
Healthcare Support	0.91	1.21
Protective Service	-	0.57
Food Preparation and Serving Related	3.75	5.22
Building Grounds and Maintenance	0.60	1.34
Personal Care and Service	1.21	1.64
Sales and Related	2.99	4.56
Office and Admin	3.15	6.19
Farm, Fishing, and Forestry	-	-
Construction and Extraction	-	0.39
Installation Maintenance and Repair	0.58	0.99
Production	0.57	0.95
Transportation and Material Moving	1.25	2.16
Total Lower Income Households - Major Occupations	17.30	29.98
Lower Income Households ¹ - "all other" occupations	2.14	3.71
Total Lower Income Households ¹	19.44	33.68

¹ Includes households earning from zero through 120% of San Francisco Median Income.

² See Appendix Tables 1 and 3 for additional information on Major Occupation Categories.

TABLE III-4 IMPACT ANALYSIS SUMMARY EMPLOYEE HOUSEHOLDS GENERATED RESIDENTIAL NEXUS ANALYSIS CITY OF SAN FRANCISCO

RESIDENTIAL UNIT DEMAND IMPACTS PER 100 MARKET RATE UNITS

	Direct Impacts Only	Direct, Indirect & Induced Impacts		
Number of New Lower Income Households ¹				
Per 100 Market Rate Condo Units	25.00	43.31		
Per 100 Market Rate Rental Units	19.44	33.68		

Notes:

¹ Includes households earning from zero through 120% of San Francisco Median Income.

TABLE III-5 INCLUSIONARY REQUIREMENT SUPPORTED EMPLOYEE HOUSEHOLDS GENERATED RESIDENTIAL NEXUS ANALYSIS CITY OF SAN FRANCISCO

SUPPORTED INCLUSIONARY PERCENTAGES¹

	Direct Impacts Only	Direct, Indirect & Induced Impacts		
Percent Lower Income Households ²				
Condos	20.0%	30.2%		
Rentals	16.3%	25.2%		

Notes:

¹ Calculated by dividing affordable unit demand impacts shown on Table III-4 by the total number of units including both the affordable units and the 100 market rate units in the prototypical buildings which creates demand for the affordable units.

 $^{\rm 2}$ Includes households earning from zero through 120% of San Francisco Median Income.

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SECTION IV - NON-DUPLICATION OF JOBS HOUSING LINKAGE FEE

Since the mid 1980's San Francisco has had a jobs-housing linkage fee adopted to help mitigate the impacts of new jobs associated with the development of new office buildings on the demand for affordable housing in San Francisco. The program, originally called the OAHPP (or Office Affordable Housing and Production Program) was expanded in the late 1990's to also include retail and hotel buildings. The nexus analysis which supports the updated program was prepared by KMA and is summarized in a 1997 report. That analysis was based on similar logic to this analysis: new workplace buildings are associated with new jobs some of which do not pay well enough for the new worker households to afford housing in San Francisco. This section addresses the issue of possible over-lap or double counting of impacts between this residential nexus and the jobs-housing linkage fee.

To briefly summarize the Jobs Housing Nexus Analysis, the logic begins with jobs located in new workplace buildings such as office buildings, retail spaces and hotels. The nexus analysis then identifies the compensation structure of the new jobs depending on the building type, the income of the new worker households, and the housing affordability level of the new worker households, concluding with the number of new worker households in the lower income affordability levels. In this analysis, there are no indirect or induced impacts, and no multipliers; only the jobs within the workplace buildings themselves are counted.

Some of the jobs which are counted in the Jobs Housing Nexus Analysis are also counted in the Residential Nexus Analysis. The overlap potential exists in jobs generated by direct expenditures of San Francisco residents, such as expenditures for food, personal services, restaurant meals and entertainment. Many jobs counted in the residential nexus are not addressed in the jobs housing analysis at all. For example, school and government employees are counted in the residential nexus analysis but are not counted in the jobs housing analysis which is limited to private sector office buildings, retail and hotel projects.

There is theoretically a set of conditions in which 100% of the jobs counted for purposes of the jobs-housing linkage fee are also counted for purposes of the residential nexus analysis. For example, a small retail store or restaurant might be located on the ground floor of a new condominium building and entirely dependant upon customers from the condominiums in the floors above. The commercial space on the ground floor pays the housing impact fee and the condominiums are subject to the Inclusionary Program. In this special case, the two programs mitigate the affordable housing demand of the very same workers. The combined requirements of the two programs to provide inclusionary units and fund construction of affordable units must not exceed 100% of nexus or the total demand for affordable units of employees in the new commercial space.

Complete overlap between jobs counted in the Jobs Housing Nexus Analysis and jobs counted in the Residential Nexus Analysis could occur only in a very narrow set of circumstances. The following analysis demonstrates that the combined mitigation requirements do not exceed nexus even if <u>every</u> job counted in the Residential Nexus Analysis is also counted in the Jobs Housing Nexus Analysis.

Jobs-Housing Fee Requirement as a Percent of Nexus

The San Francisco Jobs Housing Nexus Analysis report was prepared by KMA during 1995 and 1996 (the final report date is 1997). To evaluate the combined programs today an update of the affordability gap figures was deemed appropriate since costs of residential development have increased so substantially since the analysis was prepared in the mid 1990's. The profile of job generation by affordability level, on the other hand, does not change much over time since both compensation levels and median income tend to rise more or less together. Tables IV-3 through IV-5 present the updated affordability gap estimates, drawn from the Sensitivity Analysis work for the Inclusionary Program by KMA spring 2006.

The conclusions of the Jobs Housing Nexus Analysis expressed as the number of new worker households by affordability level is summarized in Table IV -1. It is important to note that the number of worker households shown on the table is after an adjustment factor of 55%. The Jobs Housing Nexus Analysis starts with all the jobs in new workplace buildings. Recognizing that many jobs, especially those in the downtown area, are not held by city residents, an adjustment was made per the existing relationship of 45% commuters/55% city residents. Since it is a matter of policy, for nexus purposes, as to how many of its workers a city sets the goal of accommodating within its borders, the 45%/55% relationship could have readily been different.

The following table summarizes the total nexus cost per square foot using current affordability gap levels, drawn from Table IV-1. The total nexus cost is the maximum mitigation amount, or maximum fee that could be charged, supported by the analysis (after the 55% adjustment) The current fee charged by the City of San Francisco is indicated below and shown as a percent of the nexus cost.

	Office	Retail	Hotel
Updated Nexus Cost			
(Per Sq.Ft.)	\$130.48	\$113.09	\$88.27
Current Fee (Per Sq.Ft.)	\$14.96	\$13.95	\$11.21
Percent of Nexus Cost	11%	12%	13%

The conclusion is that the current fee levels represent 11% to 13% of the updated nexus cost, using current affordability gap figures. So, the jobs-housing fee mitigates approximately 11% to 13% of the demand for affordable units generated by the new commercial space.

Inclusionary Requirement Mitigation as a Percent of Nexus

The Inclusionary Housing Program requires that 15% of all units be affordable to lower income households. For comparing the Inclusionary Program and the findings of the residential nexus

analysis, a common denominator is required. Table IV-2 shows the Inclusionary Program requirement of 15% expressed in two different ways – per 100 market rate units and per 85 market rate units.

If there were 100 market rates units then 17.65 units are required to be affordable (17.65 is 15% of 117.65 units) to meet the 15% on-site requirement. The Residential Nexus Analysis conclusions support 43.31 affordable condominiums or (33.68 rental units) for every 100 market rate units, or well over the 17.65 level.

The more familiar way of looking at the 15% Inclusionary Program requirement is for every 85 market rate units, 15 affordable units are required, totaling 100 units. If the Residential Nexus Analysis conclusions are adjusted for 85 market rate units, the same relationship exists.

The conclusion is that the Inclusionary Program is charging 41% to 52% of the maximum supported by the analysis.

Combined Requirements within Nexus

The Jobs Housing Impact fee is at 11% to 13% of the supported nexus amount and the Inclusionary Housing Program requirement is at 41% to 52% of the supported nexus amount; therefore, the combined affordable housing mitigations would not exceed nexus even if there were 100% overlap in the jobs counted in the two nexus analyses.

To return to the example of a restaurant on the ground floor of a new condominium building, say there are a total of 30 new restaurant employees of which 20 are in lower income households. The 20 employees in lower income households are counted (or double counted) in both the Jobs Housing and Residential Nexus analyses. If the jobs housing impact fee mitigates the affordable housing demand of three of the employees (15% x 20) and the Inclusionary Program mitigates the housing demand for another ten employees (50% x 20), then together the two programs mitigate the housing demand of 13 out of 20 lower income employees. The combined requirements of the two programs satisfy the nexus test by not mitigating more than 100% of the housing demand. Extending this logic, the affordable housing demand mitigated by the Inclusionary Program and the housing impact fee as a percent of their respective nexus analyses can be added together to test whether the combined requirements would exceed 100% of nexus if the two analyses counted (or double counted) all the same demand for affordable housing.

TABLE IV-1 JOBS HOUSING LINKAGE FEE AS A PERCENT OF NEXUS RESIDENTIAL NEXUS ANALYSIS CITY OF SAN FRANCISCO

1997 JOBS HOUSING NEXUS ANALYSIS WITH UPDATED AFFORDABILITY GAPS

	Empl Per 100,00 <u>Office</u>	oyee House 00 SF of Bui <u>Retail</u>	holds Iding Area <u>Hotel</u>	Updated Affordability Ga Per Unit	p	N Per Square <u>Office</u>	lexus Cost Foot of Build <u>Retail</u>	ing Area <u>Hotel</u>
Very Low (<50% Median)	11	10	8	\$341,000	1	\$37.51	\$34.10	\$27.28
Low (50% - 80% Median)	16	16	12	\$217,000	2	\$34.72	\$34.72	\$26.04
Moderate (80% - 120% Median)	<u>25</u>	<u>19</u>	<u>15</u>	\$233,000	3	<u>\$58.25</u>	<u>\$44.27</u>	<u>\$34.95</u>
Total through 120% of AMI	52	45	35			\$130.48	\$113.09	\$88.27
		C	Current Jobs-F	Housing Linkage F	ee	\$14.96	\$13.95	\$11.21
			Current Fee	as Percent of Nex	us .	11%	12%	13%

Notes:

¹ Assumes rental housing (apartment unit). Gap based on 35% SF Median. See Table IV-

² Assumes rental housing (apartment unit). Gap based on 70% SF Median. See Table IV-

³ Assumes ownership housing (condominium unit). Gap based on 100% SF Median. See Table IV-3.

Source: Keyser Martson Associates and Gabriel Roche, Inc. 1997 Jobs Housing Nexus Analysis, City of San Francisco. Prepared for the Office of Affordable Housing Production Program (OAHPP) City and County of San Francisco.

Prepared by: Keyser Marston Associates, Inc. Filename: 12715.001/001-018 S4 Tables.xls; IV-1 ; 4/5/2007; dd

TABLE IV-2 RESIDENTIAL MITIGATION AS A PERCENT OF NEXUS RESIDENTIAL NEXUS ANALYSIS CITY OF SAN FRANCISCO

RESIDENTIAL NEXUS AFFORDABLE UNITS

	100 Market Ra <u>Condos</u>	ate Units <u>Rental</u>	85 Market Ra <u>Condos</u>	te Units <u>Rental</u>
Mitigation: Required Affordable Units (15%) ¹	17.65	17.65	15.00	15.00
Nexus Supported: Number of Lower Income Households ²	43.31	33.68	36.81	28.63
Mitigation as Percent of Nexus	41%	52%	41%	52%

Notes:

¹ A 15% Inclusionary requirement equates to 17.65 affordable units for every 100 market rate units (17.65 / 117.65 = 15%).

² See Table III-4, based on direct, indirect and induced.

	Prototype 1 ¹	Prototype 2 ¹	Blended Condo	Prototype 5 ¹
	Low Rise Condos	Mid Rise Condos	50% Low, 50% Mid	Low Rise Rental
Development Cost				
Average Unit Size ²	800 SF	800 SF	800 SF	800 SF
Development Cost per Net Sq. Ft.	\$550 /SF	\$589 /SF	\$570 /SF	\$412 /SF
Development Cost per Unit	\$440,000	\$471,000	\$455,500	\$330,000
Affordability Gaps				
Low Income (35% SF Median)				
Affordable Unit Value ³				(\$10,685)
Gap				\$340,685
70% SF Median				
Affordable Unit Value / Sales Price	3			\$113,120
Gap				\$216,880
Median Income (100% SF Median)			
Affordable Sales Price ³			\$222,645	
Gap			\$232, 8 55	

Notes:

¹ Based on KMA sensitivity analysis prototypes 1, 2, and 5 with costs adjusted to reflect affordable units.

 2 KMA sensitivity analysis prototype 2 modified to reflect the same square footage as the low-rise unit.

³ See Tables IV-4 and IV-5.

TABLE IV-4 VALUE OF AFFORDABLE RENTAL UNITS UPDATED AFFORDABILITY GAPS FOR JOBS-HOUSING NEXUS RESIDENTIAL NEXUS ANALYSIS CITY OF SAN FRANCISCO

	<u>Studio</u>	1 Bedroom	2 Bedroom	Average Rental
Unit Mix	15%	60%	25%	100%
Low Income (35% SF Median)				
Annual Income Limit ¹	21,400	24,450	27,500	\$24,755
30% of Household Income	\$6,420	\$7,335	\$8,250	\$7,427
Per Month	\$535	\$611	\$688	\$619
<less> Utility Allowance²</less>	<u>(\$62)</u>	<u>(\$71)</u>	<u>(\$81)</u>	<u>(\$72)</u>
Affordable Rent	\$473	\$540	\$607	\$547
Affordable Rent, Annual	\$5,676	\$6,483	\$7,278	\$6,561
<less> Operating Expenses</less>	(\$7,200)	(\$7,200)	(\$7,200)	(\$7,200)
Net Revenue per Unit	(\$1,524)	(\$717)	\$78	(\$639)
Capitalized Value (@ 6.0%)	(\$25,400)	(\$12,000)	\$1,300	(\$10,685)
70% SF Median				
Annual Income Limit 1	42,800	48,900	55,000	\$49,510
30% of Household Income	\$12,840	\$14,670	\$16,500	\$14,853
Per Month	\$1,070	\$1,223	\$1,375	\$1,238
<less> Utility Allowance²</less>	<u>(\$62)</u>	<u>(\$71)</u>	<u>(\$81)</u>	<u>(\$72)</u>
Affordable Rent	\$1,008	\$1,152	\$1,294	\$1,166
Affordable Rent, Annual	\$12,096	\$13,818	\$15,528	\$13,987
<less> Operating Expenses</less>	<u>(\$7,200)</u>	<u>(\$7,200)</u>	<u>(\$7,200)</u>	<u>(\$7,200)</u>
Net Revenue per Unit	\$4,896	\$6,618	\$8,328	\$6,787
Capitalized Value (@ 6.0%)	\$81,600	\$110,300	\$138,800	\$113,120

Notes:

¹ Household size based on number of bedrooms plus one.

 2 Utility allowance assumes tenant pays for heat, water, hot water, cooking, range, and electricity.

Source: KMA Sensitivity Analysis, City of San Francisco Mayor's Office of Housing

TABLE IV-5 AFFORDABLE SALES PRICE UPDATED AFFORDABILITY GAPS FOR JOBS-HOUSING NEXUS **RESIDENTIAL NEXUS ANALYSIS CITY OF SAN FRANCISCO**

		<u>Studio</u>	1 Bedroom	2 Bedroom	Average Condo
100% SF Median					
Unit Mix		20%	35%	45%	100%
Annual Income Limit 1		61,110	69,840	78,570	\$72,023
33% of Household Income		\$20,166	\$23,047	\$25,928	\$23,767
Annual Condo Association Fee	\$450	\$5,400	\$5,400	\$5,400	\$5,400
Property Taxes	1.144%	\$2,048	\$2,447	\$2,847	\$2,547
Available for P+I		\$12,719	\$15,200	\$17,681	\$15,820
Supportable Mortgage (10 yr avg rate ²)	6.89%	\$161,094	\$192,523	\$223,952	\$200,380
Down Payment	10%	\$17,899	\$21,391	\$24,884	\$22,264
Affordable Sales Price		\$178,993	\$213,914	\$248,836	\$222,645

Notes:

¹ Household size based on number of bedrooms plus one.
² Per the City of San Francisco Mayor's Office of Housing

Source: KMA, City of San Francisco Mayor's Office of Housing

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APPENDIX

APPENDIX TABLE 1 2005 NATIONAL RESIDENT SERVICES WORKER DISTRIBUTION BY OCCUPATION DIRECT EMPLOYMENT IMPACTS WITHIN THE CITY OF SAN FRANCISCO RESIDENTIAL NEXUS ANALYSIS CITY OF SAN FRANCISCO, CA

Major Occupations (2% or more)	2005 National Resident Services Occupation Distribution ¹
Management occupations	3.3%
Business and financial operations occupations	2.1%
Community and social services occupations	2.9%
Education, training, and library occupations	5.9%
Healthcare practitioners and technical occupations	7.8%
Healthcare support occupations	3.9%
Food preparation and serving related occupations	15.9%
Building and grounds cleaning and maintenance occupations	2.6%
Personal care and service occupations	5.2%
Sales and related occupations	13.2%
Office and administrative support occupations	14.4%
Installation, maintenance, and repair occupations	4.0%
Production occupations	2.5%
Transportation and material moving occupations	5.4%
All Other Resident Services Related Occupations	<u>11.0%</u>
INDUSTRY TOTAL	100.0%

¹ Distribution of employment by industry is per the IMPLAN model and the distribution of occupational employment within those industries is based on the Bureau of Labor Statistics Occupational Employment Survey.

		% of Total	% of Total
	2006 Avg.	Occupation	Resident Services
Occupation ³	Compensation ¹	Group ²	Workers
Page 1 of 4			
Management occupations			
Chief executives	\$172,200	4.7%	0.2%
General and operations managers	\$120,400	31.5%	1.0%
Sales managers	\$119,400	4.7%	0.2%
Administrative services managers	\$91,500	4.4%	0.1%
Financial managers	\$122,600	5.6%	0.2%
Food service managers	\$49,300	8.4%	0.3%
Medical and health services managers	\$108,800	8.1%	0.3%
Social and community service managers	\$61,000	6.3%	0.2%
All other Management Occupations	<u>\$110,000</u>	<u>26.4%</u>	<u>0.9%</u>
Weighted Mean Annual Wage	\$108,300	100.0%	3.3%
Business and financial operations occupations			
Wholesale and retail buyers, except farm products	\$52,600	4.8%	0.1%
Claims adjusters, examiners, and investigators	\$58,000	10.2%	0.2%
Training and development specialists	\$62,000	4.7%	0.1%
Management analysts	\$90,300	4.3%	0.1%
Business operations specialists, all other	\$65,100	16.5%	0.3%
Accountants and auditors	\$67,800	16.9%	0.4%
Financial analysts	\$98,900	5.0%	0.1%
Insurance underwriters	\$62,800	4.4%	0.1%
All Other Business and financial operations occupations (Avg. All Categories)	<u>\$67,600</u>	<u>33.3%</u>	<u>0.7%</u>
Weighted Mean Annual Wage	\$67,600	100.0%	2.1%
Community and social services occupations			
Substance abuse and behavioral disorder counselors	\$37,100	4.4%	0.1%
Educational, vocational, and school counselors	\$52,000	4.9%	0.1%
Mental health counselors	\$52,100	5.5%	0.2%
Rehabilitation counselors	\$43,900	4.8%	0.1%
Child, family, and school social workers	\$46,300	12.0%	0.3%
Medical and public health social workers	\$55,600	5.5%	0.2%
Mental health and substance abuse social workers	\$38,800	7.4%	0.2%
Social and human service assistants	\$32,900	16.6%	0.5%
Community and social service specialists, all other	\$39,700	4.7%	0.1%
Clergy	\$53,700	14.7%	0.4%
Directors, religious activities and education	\$43,600	8.1%	0.2%
All Other Community and social services occupations (Avg. All Categories)	<u>\$44,500</u>	<u>11.3%</u>	<u>0.3%</u>
Weighted Mean Annual Wage	\$44,500	100.0%	2.9%

		% of Total	% of Total
	2006 Avg.	Occupation	Resident Services
Occupation ³	Compensation ¹	Group ²	Workers
Page 2 of 4			
Education, training, and library occupations			
Preschool teachers, except special education	\$30,700	14.0%	0.8%
Elementary school teachers, except special education	\$55,700	15.6%	0.9%
Middle school teachers, except special and vocational education	\$60,800	6.1%	0.4%
Secondary school teachers, except special and vocational education	\$61,600	9.7%	0.6%
Self-enrichment education teachers	\$46,700	4.5%	0.3%
Teachers and instructors, all other	\$50,000	5.5%	0.3%
Teacher assistants	\$31,800	17.9%	1.1%
All Other Education, training, and library occupations (Avg. All Categories)	<u>\$45,300</u>	<u>26.7%</u>	<u>1.6%</u>
Weighted Mean Annual Wage	\$45,300	100.0%	5.9%
Healthcare practitioners and technical occupations			
Physicians and surgeons, all other	\$114,200	4.2%	0.3%
Registered nurses	\$82,100	35.9%	2.8%
Pharmacy technicians	\$40,500	4.6%	0.4%
Licensed practical and licensed vocational nurses	\$53,200	11.0%	0.9%
All Other Healthcare practitioners and technical occupations (Avg. All Categories)	\$75.300	44.3%	3.5%
Weighted Mean Annual Wage	\$75,300	100.0%	7.8%
Healthcare support occupations			
Home health aides	\$22,600	22.6%	0.9%
Nursing aides, orderlies, and attendants	\$32,700	37.5%	1.5%
Medical assistants	\$36,300	21.1%	0.8%
Healthcare support workers, all other	\$40,200	4.3%	0.2%
All Other Healthcare support occupations (Avg. All Categories)	\$31,300	14.5%	0.6%
Weighted Mean Annual Wage	\$31,300	100.0%	3.9%
Food preparation and serving related occupations			
First-line supervisors/managers of food preparation and serving workers	\$29,700	6.9%	1.1%
Cooks, fast food	\$20,200	6.4%	1.0%
Cooks, restaurant	\$25,600	7.6%	1.2%
Food preparation workers	\$21,500	7.4%	1.2%
Bartenders	\$21,100	4.6%	0.7%
Combined food preparation and serving workers, including fast food	\$20,600	22.0%	3.5%
Counter attendants, cafeteria, food concession, and coffee shop	\$20,000	4.3%	0.7%
Waiters and waitresses	\$19,100	21.6%	3.4%
Dishwashers	\$19,400	4.7%	0.7%
All Other Food preparation and serving related occupations (Avg. All Categories)	<u>\$21,400</u>	<u>14.5%</u>	<u>2.3%</u>
Weighted Mean Annual Wage	\$21,400	100.0%	15.9%

		% of Total	% of Total
	2006 Avg.	Occupation	Resident Services
Occupation ³	Compensation ¹	Group ²	Workers
Page 3 of 4			
Building and grounds cleaning and maintenance occupations			
First-line supervisors/managers of housekeeping and janitorial workers	\$43,600	4.7%	0.1%
Janitors and cleaners, except maids and housekeeping cleaners	\$25,300	48.0%	1.2%
Maids and housekeeping cleaners	\$26,500	30.0%	0.8%
Landscaping and groundskeeping workers	\$32,800	14.0%	0.4%
All Other Building and grounds cleaning and maintenance occupations (Avg. All Cat	\$27,600	<u>3.3%</u>	<u>0.1%</u>
Weighted Mean Annual Wage	\$27,600	100.0%	2.6%
Personal care and service occupations			
Amusement and recreation attendants	\$19,800	7.9%	0.4%
Hairdressers, hairstylists, and cosmetologists	\$34,000	15.9%	0.8%
Child care workers	\$26,200	19.8%	1.0%
Personal and home care aides	\$22,000	22.2%	1.2%
Recreation workers	\$29,700	5.7%	0.3%
All Other Personal care and service occupations (Avg. All Categories)	<u>\$26,200</u>	<u>28.6%</u>	<u>1.5%</u>
Weighted Mean Annual Wage	\$26,200	100.0%	5.2%
Sales and related occupations			
First-line supervisors/managers of retail sales workers	\$41,800	9.5%	1.3%
Cashiers	\$23,400	30.9%	4.1%
Counter and rental clerks	\$28,100	5.1%	0.7%
Retail salespersons	\$27,100	39.4%	5.2%
Sales representatives, wholesale and manufacturing, except technical and scientific	\$68,800	5.5%	0.7%
All Other Sales and related occupations (Avg. All Categories)	<u>\$30,000</u>	<u>9.7%</u>	<u>1.3%</u>
Weighted Mean Annual Wage	\$30,000	100.0%	13.2%
Office and administrative support occupations			
First-line supervisors/managers of office and administrative support workers	\$56,000	5.6%	0.8%
Bookkeeping, accounting, and auditing clerks	\$40,200	8.3%	1.2%
Customer service representatives	\$37,600	7.4%	1.1%
Receptionists and information clerks	\$30,200	8.2%	1.2%
Stock clerks and order fillers	\$28,200	10.1%	1.5%
Executive secretaries and administrative assistants	\$47,200	5.7%	0.8%
Medical secretaries	\$39,700	4.5%	0.6%
Secretaries, except legal, medical, and executive	\$39,100	9.0%	1.3%
Office clerks, general	\$29,900	13.5%	1.9%
All Other Office and administrative support occupations (Avg. All Categories)	<u>\$36,800</u>	<u>27.6%</u>	<u>4.0%</u>
Weighted Mean Annual Wage	\$36,800	100.0%	14.4%

		% of Total	% of Total
	2006 Avg.	Occupation	Resident Services
Occupation ³	Compensation ¹	Group ²	Workers
Page 4 of 4			
Installation, maintenance, and repair occupations			
First-line supervisors/managers of mechanics, installers, and repairers	\$71,200	8.5%	0.3%
Automotive body and related repairers	\$50,300	12.2%	0.5%
Automotive service technicians and mechanics	\$51,500	30.5%	1.2%
Bus and truck mechanics and diesel engine specialists	\$46,800	5.1%	0.2%
Maintenance and repair workers, general	\$44,400	16.6%	0.7%
All Other Installation, maintenance, and repair occupations (Avg. All Categories)	<u>\$51,700</u>	<u>27.1%</u>	<u>1.1%</u>
Weighted Mean Annual Wage	\$51,700	100.0%	4.0%
Production occupations			
First-line supervisors/managers of production and operating workers	\$57,800	6.0%	0.2%
Bakers	\$25,800	6.3%	0.2%
Butchers and meat cutters	\$34,600	5.4%	0.1%
Laundry and dry-cleaning workers	\$24,500	13.7%	0.3%
Pressers, textile, garment, and related materials	\$22,100	6.0%	0.2%
Sewing machine operators	\$19,100	12.1%	0.3%
Painters, transportation equipment	\$48,700	4.2%	0.1%
All Other Production occupations (Avg. All Categories)	\$29,800	46.3%	<u>1.2%</u>
Weighted Mean Annual Wage	\$29,800	100.0%	2.5%
Transportation and material moving occupations			
Bus drivers, school	\$28,200	9.9%	0.5%
Driver/sales workers	\$30,500	8.5%	0.5%
Truck drivers, heavy and tractor-trailer	\$41,900	8.3%	0.4%
Truck drivers, light or delivery services	\$31,800	10.2%	0.5%
Taxi drivers and chauffeurs	\$25,500	4.1%	0.2%
Parking lot attendants	\$26,200	5.5%	0.3%
Cleaners of vehicles and equipment	\$24,500	12.6%	0.7%
Laborers and freight, stock, and material movers, hand	\$27,800	15.0%	0.8%
Packers and packagers, hand	\$19,100	7.4%	0.4%
All Other Transportation and material moving occupations (Avg. All Categories)	<u>\$28,500</u>	<u>18.5%</u>	<u>1.0%</u>
Weighted Mean Annual Wage	\$28,500	100.0%	5.4%

89.0%

¹ The methodology utilized by the California Employment Development Department (EDD) assumes that hourly paid employees are employed full-time. Annual compensation is calculated by EDD by multiplying hourly wages by 40 hours per work week by 52 weeks.

² Occupation percentages are based on the 2005 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics. Wages are based on the 2005 Occupational Employment Survey data for San Francisco-San Mateo-Redwood City MD, California (San Francisco, San Mateo, and Marin Counties) updated by the California Employment Development Department to 2006 wage levels.

³ Including occupations representing 4% or more of the major occupation group

APPENDIX TABLE 3 2005 NATIONAL RESIDENT SERVICES WORKER DISTRIBUTION BY OCCUPATION DIRECT, INDIRECT & INDUCED EMPLOYMENT IMPACTS WITHIN THE CITY OF SAN FRANCISCO RESIDENTIAL NEXUS ANALYSIS CITY OF SAN FRANCISCO, CA

	2005 National Resident Services
Major Occupations (1% or more)	Occupation Distribution ¹
Management occupations	4.0%
Business and financial operations occupations	3.5%
Computer and mathematical occupations	2.2%
Community and social services occupations	2.4%
Education, training, and library occupations	7.1%
Arts, design, entertainment, sports, and media occupations	1.4%
Healthcare practitioners and technical occupations	5.9%
Healthcare support occupations	2.9%
Protective service occupations	1.7%
Food preparation and serving related occupations	12.4%
Building and grounds cleaning and maintenance occupations	3.2%
Personal care and service occupations	3.9%
Sales and related occupations	11.2%
Office and administrative support occupations	15.7%
Construction and extraction occupations	1.7%
Installation, maintenance, and repair occupations	3.7%
Production occupations	2.3%
Transportation and material moving occupations	5.2%
All Other Resident Services Related Occupations	<u>9.7%</u>
INDUSTRY TOTAL	100.0%

Distribution of employment by industry is per the IMPLAN model and the distribution of occupational employment within those industries is based on the Bureau of Labor Statistics Occupational Employment Survey.

		% of Total	% of Total	
	2006 Avg.	Occupation	Resident Services	
Occupation ³	Compensation ¹	Group ²	Workers	
Page 1 of 5				
Management occupations				
Chief executives	\$172,200	4.8%	0.2%	
General and operations managers	\$120,400	27.8%	1.1%	
Sales managers	\$119,400	4.3%	0.2%	
Administrative services managers	\$91,500	4.4%	0.2%	
Computer and information systems managers	\$133,300	4.4%	0.2%	
Financial managers	\$122,600	6.7%	0.3%	
Education administrators, elementary and secondary school	\$101,700	4.4%	0.2%	
Food service managers	\$49,300	5.4%	0.2%	
Medical and health services managers	\$108,800	5.4%	0.2%	
Property, real estate, and community association managers	\$56,500	4.1%	0.2%	
Managers, all other	\$110,000	5.4%	0.2%	
All Other Management occupations (Avg. All Categories)	<u>\$111,800</u>	<u>23.0%</u>	<u>0.9%</u>	
Weighted Mean Annual Wage	\$111,800	100.0%	4.0%	
Business and financial operations occupations				
Claims adjusters, examiners, and investigators	\$58,000	6.5%	0.2%	
Management analysts	\$90,300	7.9%	0.3%	
Business operations specialists, all other	\$65,100	17.4%	0.6%	
Accountants and auditors	\$67,800	19.6%	0.7%	
Financial analysts	\$98,900	4.3%	0.2%	
All Other Business and financial operations occupations (Avg. All Categories)	<u>\$71,400</u>	<u>44.2%</u>	<u>1.6%</u>	
Weighted Mean Annual Wage	\$71,400	100.0%	3.5%	
Computer and mathematical occupations				
Computer programmers	\$88,500	14.6%	0.3%	
Computer software engineers, applications	\$99,400	15.9%	0.3%	
Computer software engineers, systems software	\$98,600	9.5%	0.2%	
Computer support specialists	\$61,600	17.0%	0.4%	
Computer systems analysts	\$83,600	17.7%	0.4%	
Network and computer systems administrators	\$81,100	8.5%	0.2%	
Network systems and data communications analysts	\$79,900	6.0%	0.1%	
All Other Computer and mathematical occupations (Avg. All Categories)	<u>\$84,100</u>	<u>10.7%</u>	<u>0.2%</u>	
Weighted Mean Annual Wage	\$84,100	100.0%	2.2%	

		% of Total	% of Total
	2006 Avg.	Occupation	Resident Services
Occupation ³	Compensation ¹	Group ²	Workers
Page 2 of 5			
Community and social services occupations			
Educational, vocational, and school counselors	\$52,000	7.4%	0.2%
Mental health counselors	\$52,100	4.8%	0.1%
Rehabilitation counselors	\$43,900	4.8%	0.1%
Child, family, and school social workers	\$46,300	13.5%	0.3%
Medical and public health social workers	\$55,600	5.0%	0.1%
Mental health and substance abuse social workers	\$38,800	6.7%	0.2%
Social and human service assistants	\$32,900	16.5%	0.4%
Community and social service specialists, all other	\$39,700	4.9%	0.1%
Clergy	\$53,700	12.2%	0.3%
Directors, religious activities and education	\$43,600	6.7%	0.2%
All Other Community and social services occupations (Avg. All Categories)	<u>\$44,800</u>	<u>17.4%</u>	<u>0.4%</u>
Weighted Mean Annual Wage	\$44,800	100.0%	2.4%
Education, training, and library occupations			
Preschool teachers, except special education	\$30,700	8.4%	0.6%
Elementary school teachers, except special education	\$55,700	17.5%	1.2%
Middle school teachers, except special and vocational education	\$60,800	7.2%	0.5%
Secondary school teachers, except special and vocational education	\$61,600	11.4%	0.8%
Teachers and instructors, all other	\$50,000	6.2%	0.4%
Teacher assistants	\$31,800	16.5%	1.2%
All Other Education, training, and library occupations (Avg. All Categories)	<u>\$47,700</u>	<u>32.9%</u>	<u>2.3%</u>
Weighted Mean Annual Wage	\$47,700	100.0%	7.1%
Arts, design, entertainment, sports, and media occupations			
Floral designers	\$39,500	6.4%	0.1%
Graphic designers	\$60,700	5.2%	0.1%
Coaches and scouts	\$34,600	9.1%	0.1%
Public relations specialists	\$61,500	12.1%	0.2%
All Other Arts, design, entertainment, sports, & media (Avg. All Categories) 4	<u>\$49,600</u>	<u>67.3%</u>	<u>1.0%</u>
Weighted Mean Annual Wage	\$49,600	100.0%	1.4%
Healthcare practitioners and technical occupations			
Physicians and surgeons, all other	\$114,200	4.3%	0.3%
Registered nurses	\$82,100	36.1%	2.1%
Pharmacy technicians	\$40,500	4.6%	0.3%
Licensed practical and licensed vocational nurses	\$53,200	11.1%	0.7%
All Other Healthcare practitioners and technical occupations (Avg. All Categories)	<u>\$75,400</u>	<u>43.9%</u>	<u>2.6%</u>
Weighted Mean Annual Wage	\$75,400	100.0%	5.9%

		% of Total	% of Total	
	2006 Avg.	Occupation	Resident Services	
Occupation ³	Compensation ¹	Group ²	Workers	
Page 3 of 5				
Healthcare support occupations				
Home health aides	\$22,600	22.2%	0.6%	
Nursing aides, orderlies, and attendants	\$32,700	37.8%	1.1%	
Medical assistants	\$36,300	20.5%	0.6%	
Healthcare support workers, all other	\$40,200	4.7%	0.1%	
All Other Healthcare support occupations (Avg. All Categories)	<u>\$31,300</u>	<u>14.9%</u>	<u>0.4%</u>	
Weighted Mean Annual Wage	\$31,300	100.0%	2.9%	
Protective service occupations				
Correctional officers and jailers	\$59,300	17.6%	0.3%	
Police and sheriff's patrol officers	\$61,200	8.8%	0.1%	
Security guards	\$26,400	47.9%	0.8%	
Lifeguards, ski patrol, and other recreational protective service workers	\$24,800	4.3%	0.1%	
Protective service workers, all other	\$55,600	5.3%	0.1%	
All Other Protective service occupations (Avg. All Categories)	<u>\$38,700</u>	<u>16.1%</u>	<u>0.3%</u>	
Weighted Mean Annual Wage	\$38,700	100.0%	1.7%	
Food preparation and serving related occupations				
First-line supervisors/managers of food preparation and serving workers	\$29,700	6.9%	0.9%	
Cooks, fast food	\$20,200	6.3%	0.8%	
Cooks, restaurant	\$25,600	7.5%	0.9%	
Food preparation workers	\$21,500	7.5%	0.9%	
Bartenders	\$21,100	4.7%	0.6%	
Combined food preparation and serving workers, including fast food	\$20,600	21.9%	2.7%	
Counter attendants, cafeteria, food concession, and coffee shop	\$20,000	4.4%	0.5%	
Waiters and waitresses	\$19,100	21.4%	2.6%	
Dishwashers	\$19,400	4.6%	0.6%	
All Other Food preparation and serving related occupations (Avg. All Categories)	<u>\$21,400</u>	<u>14.8%</u>	<u>1.8%</u>	
Weighted Mean Annual Wage	\$21,400	100.0%	12.4%	
Building and grounds cleaning and maintenance occupations				
First-line supervisors/managers of housekeeping and janitorial workers	\$43,600	4.4%	0.1%	
Janitors and cleaners, except maids and housekeeping cleaners	\$25,300	51.1%	1.6%	
Maids and housekeeping cleaners	\$26,500	20.8%	0.7%	
Landscaping and groundskeeping workers	\$32,800	18.1%	0.6%	
All Other Building and grounds cleaning and maintenance occupations (Avg. All Cate	<u>\$27,900</u>	<u>5.5%</u>	<u>0.2%</u>	
Weighted Mean Annual Wage	\$27,900	100.0%	3.2%	

		% of Total	% of Total
	2006 Avg.	Occupation	Resident Services
Occupation ³	Compensation ¹	Group ²	Workers
Page 4 of 5			
Personal care and service occupations			
First-line supervisors/managers of personal service workers	\$47,100	4.0%	0.2%
Ushers, lobby attendants, and ticket takers	\$19,600	4.5%	0.2%
Amusement and recreation attendants	\$19,800	7.8%	0.3%
Hairdressers, hairstylists, and cosmetologists	\$34,000	15.0%	0.6%
Child care workers	\$26,200	19.9%	0.8%
Personal and home care aides	\$22,000	20.6%	0.8%
Recreation workers	\$29,700	6.1%	0.2%
All Other Personal care and service occupations (Avg. All Categories)	<u>\$26,900</u>	<u>22.2%</u>	<u>0.9%</u>
Weighted Mean Annual Wage	\$26,900	100.0%	3.9%
Sales and related occupations			
First-line supervisors/managers of retail sales workers	\$41,800	8.6%	1.0%
Cashiers	\$23,400	27.6%	3.1%
Counter and rental clerks	\$28,100	5.2%	0.6%
Retail salespersons	\$27,100	34.9%	3.9%
Sales representatives, wholesale and manufacturing, except technical and scientific	\$68,800	6.3%	0.7%
All Other Sales and related occupations (Avg. All Categories)	<u>\$30,600</u>	<u>17.5%</u>	<u>2.0%</u>
Weighted Mean Annual Wage	\$30,600	100.0%	11.2%
Office and administrative support occupations			
First-line supervisors/managers of office and administrative support workers	\$56,000	5.6%	0.9%
Bookkeeping, accounting, and auditing clerks	\$40,200	8.3%	1.3%
Customer service representatives	\$37,600	7.9%	1.2%
Receptionists and information clerks	\$30,200	6.5%	1.0%
Stock clerks and order fillers	\$28,200	7.4%	1.2%
Executive secretaries and administrative assistants	\$47,200	6.7%	1.0%
Secretaries, except legal, medical, and executive	\$39,100	9.2%	1.4%
Office clerks, general	\$29,900	14.1%	2.2%
All Other Office and administrative support occupations (Avg. All Categories)	\$37,200	<u>34.3%</u>	<u>5.4%</u>
Weighted Mean Annual Wage	\$37,200	100.0%	15.7%
Construction and extraction occupations			
First-line supervisors/managers of construction trades and extraction workers	\$82,800	12.8%	0.2%
Carpenters	\$52,300	31.7%	0.5%
Construction laborers	\$42,700	18.5%	0.3%
All Other Construction and extraction occupations (Avg. All Categories)	<u>\$55,700</u>	<u>37.0%</u>	<u>0.6%</u>
Weighted Mean Annual Wage	\$55,700	100.0%	1.7%

		% of Total	% of Total
	2006 Avg.	Occupation	Resident Services
Occupation ³	Compensation ¹	Group ²	Workers
Page 5 of 5			
Installation, maintenance, and repair occupations			
First-line supervisors/managers of mechanics, installers, and repairers	\$71,200	8.6%	0.3%
Automotive body and related repairers	\$50,300	9.7%	0.4%
Automotive service technicians and mechanics	\$51,500	24.8%	0.9%
Bus and truck mechanics and diesel engine specialists	\$46,800	4.8%	0.2%
Maintenance and repair workers, general	\$44,400	22.7%	0.8%
All Other Installation, maintenance, and repair occupations (Avg. All Categories)	<u>\$51,100</u>	<u>29.4%</u>	<u>1.1%</u>
Weighted Mean Annual Wage	\$51,100	100.0%	3.7%
Production occupations			
First-line supervisors/managers of production and operating workers	\$57,800	5.9%	0.1%
Team assemblers	\$29,600	5.8%	0.1%
Bakers	\$25,800	5.9%	0.1%
Butchers and meat cutters	\$34,600	4.5%	0.1%
Laundry and dry-cleaning workers	\$24,500	12.8%	0.3%
Pressers, textile, garment, and related materials	\$22,100	5.8%	0.1%
Sewing machine operators	\$19,100	9.5%	0.2%
Inspectors, testers, sorters, samplers, and weighers	\$34,600	4.7%	0.1%
Helpersproduction workers	\$25,400	4.3%	0.1%
All Other Production occupations (Avg. All Categories)	\$29,000	<u>40.9%</u>	<u>0.9%</u>
Weighted Mean Annual Wage	\$29,000	100.0%	2.3%
Transportation and material moving occupations			
Bus drivers, school	\$28,200	10.4%	0.5%
Driver/sales workers	\$30,500	7.0%	0.4%
Truck drivers, heavy and tractor-trailer	\$41,900	8.9%	0.5%
Truck drivers, light or delivery services	\$31,800	10.2%	0.5%
Parking lot attendants	\$26,200	4.3%	0.2%
Cleaners of vehicles and equipment	\$24,500	9.9%	0.5%
Laborers and freight, stock, and material movers, hand	\$27,800	18.2%	0.9%
Packers and packagers, hand	\$19,100	7.1%	0.4%
All Other Transportation and material moving occupations (Avg. All Categories)	<u>\$29,000</u>	<u>24.0%</u>	<u>1.2%</u>
Weighted Mean Annual Wage	\$29,000	100.0%	5.2%

90.3%

¹ The methodology utilized by the California Employment Development Department (EDD) assumes that hourly paid employees are employed full-time. Annual compensation is calculated by EDD by multiplying hourly wages by 40 hours per work week by 52 weeks.

² Occupation percentages are based on the 2005 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics. Wages are based on the 2005 Occupational Employment Survey data for San Francisco-San Mateo-Redwood City MD, California (San Francisco, San Mateo, and Marin Counties) updated by the California Employment Development Department to 2006 wage levels.

³ Including occupations representing 4% or more of the major occupation group

⁴ Includes Artists and Musicians which represent 5% and 16% of the occupation group respectively. The Occupational Employment Survey did not calculate annual
APPENDIX TABLE 4 AVERAGE ANNUAL COMPENSATION, 2006 RESIDENT SERVICES WORKER OCCUPATIONS DIRECT, INDIRECT & INDUCED EMPLOYMENT IMPACTS WITHIN THE CITY OF SAN FRANCISCO RESIDENTIAL NEXUS ANALYSIS CITY OF SAN FRANCISCO, CA

		% of Total	% of Total
	2006 Avg.	Occupation	Resident Services
Occupation ³	Compensation ¹	Group ²	Workers

wage and salary information for these occupations.