

Memorandum

May 22, 2008

To: Sarah Dennis, San Francisco Planning Department

From: Elizabeth (Libby) Seifel, Jessica Zenk, Helen Oliver

Subject: Eastern Neighborhoods Impact Fee and Affordable Housing Analysis

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Seifel Consulting Inc. (Seifel) is pleased to deliver this memorandum summarizing its analysis of zoning changes, policies and fees associated with the Eastern Neighborhoods Rezoning and Public Benefits Program. This memorandum briefly outlines the project background, methodology and key findings of our analysis. The attached tables summarize the assumptions used in the analysis, the proposed policies that are evaluated, and the financial analyses performed on typical sites in the Eastern Neighborhoods.

Project Background and Methodology

Seifel has worked with the San Francisco Planning Department and other City representatives on the Eastern Neighborhoods Public Benefits Program since 2006. In Spring of 2007, the Planning Department requested that Seifel analyze the impact of zoning, height and density changes, proposed development impact fee alternatives and affordable housing policies on Eastern Neighborhoods parcels, particularly within areas being “upzoned” as part of the Eastern Neighborhoods Rezoning. Upzoning within the Eastern Neighborhoods occurs through increased in height limits and/or the removal of existing density limits. These changes allow more units and/or developable square footage that can generate greater value to property owners and developers. However, value increases are offset to some extent by higher development costs and fees associated with taller, denser development types.

Seifel developed land residual models to compare the estimated value of land today (based on building a residential development under existing height and bulk restrictions) to the value under proposed zoning and regulations. Land residual models calculate the potential amount a developer would be willing to pay for land given anticipated revenues, building costs, and a target rate of return that justifies the development investment. The residual land value is the difference between what a developer expects to receive in revenues, for example from the sale of condominium units, less all costs associated with constructing and developing the buildings, including the developer’s and investor’s return on investment. Land residual models are useful for comparing the impact of different policy options on land values because they can test and compare the results under a variety of site specific conditions and development assumptions.

An April 2008 study of land values in the Eastern Neighborhoods commissioned by the Mayor's Office of Economic and Workforce Development (MOEWD) found that recent historical land sales transactions exhibit values consistent with the residual land results shown in this analysis.

Seifel used revenue and cost assumptions for different building types utilized by Keyser Marston Associates (KMA) in their 2006 Citywide Inclusionary Housing study. These assumptions were vetted through an extensive technical advisory process. As necessary, Seifel modified these assumptions in conjunction with Planning Department staff and other stakeholders to reflect the Eastern Neighborhoods and adjust for inflation. Table A explains the assumptions and calculation methodology underlying the land residual analysis. KMA is currently in the process of updating its 2006 Sensitivity Analysis (then used to assess the impact of increases to inclusionary housing requirements) to review the effect of potential fee increases Citywide. Seifel has compared its assumptions to the preliminary findings from this update, and found that our assumptions are generally consistent with the updated figures. As detailed below, Seifel tested major differences in assumptions to confirm that they did not significantly impact the results.

Seifel analyzed a variety of residential development and policy scenarios that evolved as the proposed rezoning and public benefits programs progressed in response to the Planning Department's work with various Eastern Neighborhoods stakeholders. The analysis presented below reflects the current proposal for the Eastern Neighborhoods Impact Fee and affordable housing requirements in the Eastern Neighborhoods. Table B summarizes this proposal.

Parcels in the Eastern Neighborhoods fall into two categories, those in existing residential or commercial zoning districts and those in formerly industrial zones. In existing residential/commercial zones, residential development is currently permitted as-of-right, while in the formerly industrial zones residential development currently requires a conditional use. In both zoning categories, the proposed fee amount and/or affordable housing requirement depends on the amount of height increase a parcel will receive through the rezoning, divided into three tiers.

Properties that receive no increase in height, although they may realize an increase in development potential through the removal of a density limit, are included in the first set of policy tiers. Properties with height increases of one to two stories are included in the second set of tiers, and those with three to four story height increases are placed within the third tiers. In the existing residential/commercial zones, the amount of the Eastern Neighborhoods Impact Fee increases by tier (Tiers 1 – 3), and in the formerly industrial zones the Eastern Neighborhoods Impact Fee stays constant but the affordable housing obligation increases by tier (Tiers A – C). As discussed further below, properties in the formerly industrial zones have several options for fulfilling their affordable housing obligation.

Key Findings

Seifel analyzed the impact of the proposed fees and affordable housing policies on sample sites throughout the Eastern Neighborhoods. Initial analysis utilized real sites that exhibited a variety of characteristics typical of the Eastern Neighborhoods (e.g. parcel sizes, density limits and height limits). For presentation and comparison purposes, the examples shown here have been standardized to primarily reflect 20,000 square foot parcels and limited to one example per policy tier for most tiers. When sites with different rezoning characteristics fall into the same tier, Seifel tested a variety of possible height and density change combinations. The example shown is either the most common rezoning change or, when no rezoning change is especially dominant, the change that exhibits results in the middle of the observed range. Table C contains a summary of results for example parcels, with detailed land residual analyses following in Tables 1-9. In general, estimated residual land values and profitability for development in areas being “upzoned” will increase as a result of the proposed policies, despite higher fees and affordable housing requirements.

The data and analysis presented in this memorandum and the attached tables have been gathered from the most reliable sources available to Seifel Consulting Inc. This information has been assembled and analyzed for the sole purpose of establishing reasonable estimates for changes in residual land value associated with the proposed Eastern Neighborhoods Rezoning and Public Benefits Program. However, actual development impacts may vary from the estimates presented in this package.

Existing Residential/Commercial Zones

All new residential development on properties in zones where residential uses are currently permitted as of right would be subject to existing inclusionary housing requirements and Tier 1 impact fees. Tier 1 represents the minimum level of residential impact fees, estimated at \$10 per net residential square foot (nsf) or \$8 per gross residential square foot (gsf).¹ Tier 2 and 3 properties would pay impact fees estimated at \$15/nsf (\$12/gsf) and \$20/nsf (\$16/gsf), respectively, and are subject to existing inclusionary housing requirements. The analysis demonstrates that the residual land values of typical properties being upzoned in all three tiers would increase. However, both existing density restrictions and whether a building must use a more expensive construction type in order to reach its maximum allowable height affect the potential value change for a typical site.

Table 1a illustrates that the residual land value of a typical Tier 1 property constrained by existing density caps would increase. Table 1b shows that, for properties not currently constrained by a density cap and not rezoned for increased height, the full cost of the new impact fees would not be offset by additional value conferred by proposed zoning changes. For

¹ Impact fees are presented in this analysis in dollars per net square foot rather than per gross building area. The Planning Department proposes to charge the Eastern Neighborhoods Impact Fee on gross square foot. Building efficiencies of 80 percent are used to translate fees quoted in net square foot to gross square footage.

these properties, typical land residual values and/or profitability would be less under the proposed policies as compared to current zoning.² However, this analysis does not attempt to quantify all of the benefits of the proposed Eastern Neighborhoods Program, which will include neighborhood improvements and amenities and cost savings from streamlined environmental review.³ In addition, the resulting residual land value of \$268 per lot square foot is still higher than the average historical Eastern Neighborhoods land value estimated in the MOEWD study (\$187/lst).

Table 2 shows the estimated change in residual land value associated with an increase in height from 40 to 65 feet, a two-story increase that also necessitates a change from low-rise to mid-rise construction. This scenario represents the middle of the likely results for properties in Tier 2. Sites that increase in height from 40 to 55 feet (no change of construction type) would experience a greater increase in residual land value, while land values for properties that increase in height from 50 to 65 feet are not likely to increase under current market conditions, especially if they do not receive a density increase.

Table 3 estimates the change in residual land value stemming from a height increase from 40 to 85 feet. Despite higher construction costs associated with developing mid-rise buildings, the rezoning results in higher residual land values and profits. As described above, KMA is in the process of updating assumptions used in its 2006 Inclusionary Housing analysis. Preliminary analyses indicate higher per-square-foot cost and revenue figures for 85-foot buildings than those used in this analysis and shown in Table 3. Seifel tested these differences in assumptions to confirm that they did not significantly impact the results. We found that, given both higher costs and revenues, the increase in residual land values and profitability may be even greater than is shown in Table 3.

Formerly Industrial Zones

The proposed zoning designation of Urban Mixed Use (UMU) would require increased affordable housing contributions in the formerly industrially zoning districts of the Eastern Neighborhoods. Under the policy proposal, developers would need to meet these obligations through higher inclusionary housing requirements (superinclusionary) under the City's existing Inclusionary Housing Program or through two new alternatives, providing housing affordable to middle income households or dedicating land for the development of affordable housing, as detailed in Table B. The level of obligation for each affordable housing option increases from the Citywide base of existing inclusionary requirements (15 percent onsite and 20 percent in-lieu fees) for Tiers A, B and C. All projects within the UMU would be subject to the minimum level of residential impact fees (estimated at \$10/nsf or \$8/gsf). Seifel did not analyze the

² In addition to the imposition of an impact fee, the proposed zoning regulations would limit parking to .75 spaces per unit (.75:1) for one-bedroom units. The reduction in parking would reduce land values and profitability slightly, because the market value of a parking space is assumed to be higher than the cost to construct a space.

³ The Program also permits housing as-of-right throughout the Eastern Neighborhoods, but the benefit of removing the conditional use requirement only applies to the formerly industrial zones.

proposed policies in Tier C because currently almost no privately owned-parcels would fall under this tier.

The analysis indicates that residual land values and profitability are generally higher under proposed zoning and requirements than under current zoning. As residential development on most parcels is currently constrained by a density cap of 800 or 600 lot square feet per unit, most properties in the formerly industrial zones will be able to support higher affordable housing requirements once this cap is removed, regardless of changes in height. Even on sites with no increase in height (Tier A), the removal of density caps are expected to offset the cost of new affordable housing requirements and the Eastern Neighborhoods Impact Fee. More significant increases in height (Tier B) confer greater development potential.

As shown in Tables 4 and 5, increased development potential conferred through rezoning will offset affordable housing obligations on typical sites that choose the middle income option. Similarly, land values and/or profitability are higher on typical sites under the land dedication option than they are under current zoning (Tables 6 and 7). The superinclusionary option also yields higher values and/or profits under predominant rezoning changes (Tables 8 and 9). Again, the impact of these policies on a specific property will depend on the specific height change proposed and other existing site constraints.

Acknowledgements

Seifel consulted with many organizations and individuals throughout the course of this project. We would like to acknowledge the contributions of the Planning Department, the Mayor's Office of Housing, the Mayor's Office of Economic and Workforce Development, the Housing Action Coalition, the SPUR Housing Board and Affordable by Design Taskforce, Keyser Marston Associates, Clifford Associates, participants of the May 2007 and March 2008 stakeholders meetings, and various real estate market and development professionals who shared information.

Attachments:

- Table A: Development Assumptions
- Table B: Summary of Tiers and Policy Proposals (Residential Development)
- Table C: Summary of Financial Results (Residential Development)
- Tables 1-9: Land Residual Models

Table A
Development Assumptions
San Francisco Eastern Neighborhoods

A.1 Building Prototypes

	Building Prototype EN-1 Low Rise Podium	Building Prototype EN-2 Mid Rise Podium 1	Building Prototype EN-3 Mid Rise Podium 2
Zoning Standards			
Existing Zoning	NC, RM-2, RSD, M-1, M-2, SSO, SSD, SLR	N/A	N/A
Proposed Zoning	MUR, NCT, RTO, MUP/UMU	MUP/UMU, MOU, RTO	MUR/UMU
Development Program			
Building Type ^a	Type V (Wood Frame)	Type II (Steel Frame)	Type I (Concrete/Steel)
Height	40 to 55 Feet	65 Feet	85 Feet
Total Stories	4 to 5 Floors	6 Floors	8 Floors
Ground Floor	PDR/Commercial/Parking--No Revenue from Ground Floor		
Residential Stories	3 to 4 Floors	5 Floors	7 Floors
Residential Lot Coverage	75%	75%	75%
Residential Building Efficiency	80%	80%	80%
Average Unit Size (Net) ^b	700 to 1,200 Square Feet	700 to 925 Square Feet	925 Square Feet
Revenue			
Market Rate Sales Price ^{a,b}	\$717 to \$792 Per NSF	\$780 to \$819 Per NSF	\$832 to \$875 Per NSF
Below Market Rate Sales Price ^b	See below	See below	See below
Moderate Income Sales Price ^b	See below	See below	See below
Sales Expense	4.0%	4.0%	4.0%
Building Costs			
Hard Construction (incl. parking) ^{a,b}	\$276 to \$320 Per NSF	\$313 to \$333 Per NSF	\$351 to \$370 Per NSF
Governmental Fees			
<i>Permits and Processing Charges^a</i>	\$6,000 Per Unit	\$6,000 Per Unit	\$6,000 Per Unit
<i>Add'l 2007 Water and Sewer Impact Fees^c</i>	\$508 Per Unit	\$508 Per Unit	\$508 Per Unit
<i>Inclusionary Housing In-Lieu Fee^d</i>	\$0 Per Unit	\$0 Per Unit	\$60,000 to \$82,000 Per Unit
<i>School Impact Fee^a</i>	\$2.24 Per NSF	\$2.24 Per NSF	\$2.24 Per NSF
<i>Eastern Neighborhoods Impact Fee^e</i>	\$10 Per NSF	\$10-\$15 Per NSF	\$10-\$20 Per NSF
	\$8 Per GSF	\$8-\$12 Per GSF	\$8-\$16 Per GSF
Other Soft Costs ^{a,f}	\$100 Per NSF	\$100 Per NSF	\$100 Per NSF
Construction Financing ^{a,f}	\$28 Per NSF	\$33 Per NSF	\$36 Per NSF
Total Building Costs	\$414 to \$469 Per NSF	\$469 to \$492 Per NSF	\$584 to \$606 Per NSF
Developer Returns			
Return on Net Sales ^{a,g}	15.4%	17.5%	18.5%

- a. Assumptions regarding building type, market rate sales value, hard construction costs, permitting/processing and school impact fees, construction financing, other soft costs, and developer returns based on Keyser Marston Associates (KMA) building prototypes produced for the Citywide Inclusionary Housing study (July 2006). Assumptions for the 65 foot building prototype were developed as a blend of the low rise and 85 foot prototypes, since KMA did not model 65 foot buildings. Cost and revenue assumptions have been adjusted to reflect current market conditions, construction and other cost increases, and variations due to unit size and parking. Tables on the next page detail these adjustments. As of May 2008, KMA is in the process of updating its assumptions based on a review of current pro formas. Seifel compared the adjusted assumptions used in this analysis to draft versions of the KMA updated assumptions and found them to be generally consistent. Some KMA updated assumptions are higher for both hard construction costs and revenues, reflected in this table as the upper end of the indicated ranges.
- b. Assumptions and methodology underlying ranges described in Tables A.2 through A.5.
- c. Increased water and sewer fees effective in 2007 and not included in KMA's 2006 "Permits and Processing Charges."
- d. Buildings up to 65 feet assumed to meet inclusionary housing requirement through onsite production rather than in lieu fee. 85 foot buildings assumed to pay in lieu fee, with the average fee per unit depending on the unit mix and the required inclusionary percentage.
- e. Fee to be charged under proposed zoning only. Fee range depends on level of upzoning per the Eastern Neighborhoods Plan. Fee will be charged per gross residential square foot, assumed to be 80% of net residential square foot fees used in this analysis.
- f. Construction financing and other soft costs increased 5% per year (10.25% total) over KMA prototype values.
- g. Return on net sales targets correspond to return on cost values that KMA determined were feasible in its 2006 analysis. Feasibility was determined by comparing return on cost results to profit target ranges established and agreed upon by the Technical Advisory Committee (TAC). The equivalent return on cost figures are 18.3%, 21.2% and 22.7% for 50 foot, 65 foot and 85 foot buildings, respectively.

Table A
Development Assumptions
San Francisco Eastern Neighborhoods

A.2 Unit Size and Mix

Zoning/Building Constraints	Average Unit Size	Unit Mix (Studio/1BR/2BR/3BR)
1:800 density or 55' height limit	1200 sf	0% 0% 80% 20%
1:600 density or 40' height limit	1030 sf	0% 60% 30% 10%
no density limit, restricted unit mix	925 sf	0% 60% 30% 10%
no density limit, unrestricted unit mix	700 sf	30% 70% 0% 0%

A.3 Hard Construction Cost Adjustment Assumptions

	Low Rise Podium	Mid Rise Podium 1	Mid Rise Podium 2
Baseline			
Base Hard Construction (incl. parking) ^a	\$275 Per NSF	\$300 Per NSF	\$330 Per NSF
Less included parking costs ^b	(\$32) Per NSF	(\$32) Per NSF	(\$32) Per NSF
Base Hard Construction (excl. parking)	\$243 Per NSF	\$268 Per NSF	\$298 Per NSF
Parking			
Parking Cost - Above Ground Structured ^c	\$20,000 Per Space	\$20,000 Per Space	\$20,000 Per Space
Parking Cost - Below Ground ^c	\$40,000 Per Space	\$40,000 Per Space	\$40,000 Per Space
Parking Space Size	350 Square Feet	350 Square Feet	350 Square Feet
Parking Ratio ^d	Parking ratio varies with zoning and assumed unit mix from .75:1 to 1:1		
Parking Location ^e	Above	Above or Above/Below	Above or Above/Below
Inflation			
Construction cost inflation 2006-2008 ^f	5% Per year	5% Per year	5% Per year
Unit Size			
925 - 1,030 square feet	No further cost adjustments due to unit size differences		
700 square feet	\$10 Per NSF incr.	\$10 Per NSF incr.	\$10 Per NSF incr.
1,200 square feet	-\$10 Per NSF decr.	-\$10 Per NSF decr.	-\$10 Per NSF decr.

- a. KMA prototypes assumed one parking space per unit, located one story above ground and one story below ground.
b. Estimated cost of parking included in KMA hard construction costs based on parking ratio and location.
c. Costs based on Planning Department and Mayor's Office of Housing estimates used for BMR unbundled parking policy and other City analyses.
d. Parking ratio under current zoning is 1:1. Under proposed zoning, maximum parking will be .75:1 for 0-1 bedroom units and 1:1 for larger units. For most examples, the overall parking ratio is assumed to be .85 under proposed zoning, reflecting the requirement of 40% 2 bedroom or larger units.
e. Above ground parking assumed except where the required parking area exceeds the available ground floor area. Available ground floor area equals 100% of lot area less 1,000 square feet for entryway/lobby space.
f. Engineering News Record (ENR), Building Cost Index (BCI) for San Francisco. Total inflation factor is 10.25% over 2 years.

A.4 Market Rate Sales Adjustment Assumptions

	Low Rise Podium	Mid Rise Podium 1	Mid Rise Podium 2
Baseline			
Base Market Rate Sales Price ^a	\$725 Per NSF	\$750 Per NSF	\$800 Per NSF
Parking			
Market Value of Parking Space ^b	\$50,000 Per Space	\$50,000 Per Space	\$50,000 Per Space
Market Conditions			
Change in market prices 2006-2008 ^c	+2% Per year	+2% Per year	+2% Per year
Unit Size			
925 - 1,030 square feet	No further price adjustments due to unit size differences		
700 square feet	5% price increase	5% price increase	5% price increase
1,200 square feet	-5% price decrease	-5% price decrease	-5% price decrease

- a. Base market rate sales price includes one parking space per unit.
b. Price of market rate units without parking assumed to be less than base value by this amount. Average market rate sales price adjusted in proportion to each building's parking ratio.
c. Sales price adjustments applied to base prices before adjustment for parking.

Table A
Development Assumptions
San Francisco Eastern Neighborhoods

A.5 Below Market Rate Assumptions

	Inclusionary/Standard BMR		Middle Income
	Unit Pricing	In Lieu Fee^a	Unit Pricing
Pricing Assumptions			
Average Income Level ^b	100% SFMI		135% SFMI
% of Income Available for Housing	33%		35%
Downpayment	10%		10%
Interest Rate ^c	6.62%		6.62%
Sample Base Price			
Studio	\$181,300	\$192,900	\$284,000
1 BR	\$209,100	\$263,900	\$326,400
2 BR	\$237,200	\$353,600	\$369,200
3 BR	\$265,200	\$396,100	\$411,900
Unbundled Parking Assumptions^d			
Price of Units without Parking	Base price less cost of building parking (using cost assumptions above, pro rated by overall building parking ratio).		Same as standard BMR.
Price of Units with Parking	"No parking" price plus market value of parking space.		Same as standard BMR.

a. In lieu fee is paid per offsite inclusionary unit required. Average in lieu fee over all project units is the total fee times the inclusionary percentage.

2008 in lieu fee is estimated at 3% above 2007 fees.

b. Based on 2008 San Francisco Median Income (SFMI) published by the Mayor's Office of Housing (MOH).

c. 10 year rolling average, per MOH standard pricing calculations. See MOH website for standard assumptions on tax rate and HOA dues.

d. See MOH website for full description of the BMR unbundled parking policy.

Source: San Francisco Planning Department, Mayor's Office of Housing, Mayor's Office of Economic and Workforce Development, 2006 Citywide Inclusionary Housing Study, Keyser Marston Associates, interviews and meetings with developers, contractors, brokers, and other stakeholders in the Eastern Neighborhoods, Seifel Consulting Inc.

Table B. Summary of Tiers and Policy Proposals - Residential Development^a
San Francisco Eastern Neighborhoods

Site Zoning Height Change	Existing Residential/ Commercial Zones ^b		Formerly Industrial Zones ^c				
	Tier	All Sites	Tier	Middle Income ^d		Land Dedication ^g	Super Inclusionary
				Restricted Unit Mix ^e	Unrestricted Unit Mix ^f		
• No Change in Height	Tier 1	EN Fee: \$10/NSF	Tier A	EN Fee: \$10/NSF	EN Fee: \$10/NSF	EN Fee: \$10/NSF	EN Fee: \$10/NSF
		IH: 15% onsite, 20% offsite		30% MI @ 135% of AMI	35% MI @ 135% of AMI	35% of Developable Lot SF	IH: 18% Onsite, 23% Offsite
• 1-2 Story Height Increase	Tier 2	EN Fee: \$15/NSF	Tier B	EN Fee: \$10/NSF	EN Fee: \$10/NSF	EN Fee: \$10/NSF	EN Fee: \$10/NSF
		IH: 15% onsite, 20% offsite		35% MI @ 135% of AMI	40% MI @ 135% of AMI	40% of Developable Lot SF	IH: 20% Onsite, 25% Offsite
• 3-4 Story Height Increase	Tier 3	EN Fee: \$20/NSF	Tier C	EN Fee: \$10/NSF	EN Fee: \$10/NSF	EN Fee: \$10/NSF	EN Fee: \$10/NSF
		IH: 15% onsite, 20% offsite		40% MI @ 135% of AMI	45% MI @ 135% of AMI	45% of Developable Lot SF	IH: 22% Onsite, 27% Offsite

a. Policies and residual analysis for residential development only.

b. Proposed Zoning categories MU, MR, NCT, RTO, MUR (current zoning categories SLR, SSO, NC, RM, RSD).

c. Urban Mixed Use (UMU) Proposed Zoning category (current zoning categories M-1, M-2, C-M).

d. Units to be affordable to households between 120 and 150 percent of AMI, with an average affordability level of 135 percent. Households are assumed to spend 35 percent of income on housing.

e. 40 percent of units in a development required to be 2BR units or larger.

f. No restriction on unit mix; unit mix assumed to include more studio and one-bedroom units.

g. Land dedication option to permitted given MOH determination that a sufficient number of affordable housing units can be developed on dedicated land. Property owners may be allowed to pool resources and dedicate an offsite lot within the neighborhood. Land dedication may be allowed in the non-UMU districts given appropriate lots.

Source: San Francisco Planning Department, Seifel Consulting Inc.

**Table C. Summary of Impacts of Rezoning and Public Benefits Program - Residential Development
San Francisco Eastern Neighborhoods**

Site Zoning Height Change	Indicator of Land Value and Profitability Under Proposed Zoning Requirements	Existing Residential/ Commercial Zones		Formerly Industrial Zones					
		Tier	All Sites		Tier	Middle Income		Land Dedication	Super Inclusionary
• No Change in Height	Example: Δ land value (\$): profit - target (%) & Δ (\$): land value/unit:	Tier 1	Table 1a	Table 1b	Tier A	Table 4-R	Table 4-UR	Table 6	Table 8
	+\$1,000,000		-\$592,000	+\$895,000		+\$1,238,000	+\$1,840,000	+\$1,798,000	
	15.4% & +\$1,028,000		15.4% & -\$48,000	15.4% & +\$1,728,000		15.4% & +\$1,883,000	15.4% & -\$706,000	15.4% & +\$1,892,000	
	\$103,000		\$103,000	\$79,000		\$65,000	\$158,000 ^a	\$96,000	
• 1-2 Story Height Increase	Example: Δ land value (\$): profit - target (%) & Δ (\$): land value/unit:	Tier 2	Table 2		Tier B	Table 5-R	Table 5-UR	Table 7	Table 9
	+\$360,000		+\$377,000	+\$733,000		+\$1,313,000	1,437,000		
	17.5% & +\$3,618,000		15.4% & +\$1,633,000	15.4% & +\$1,791,000		17.5% & +\$2,084,000	15.4% & +\$1,826,000		
	\$71,000		\$69,000	\$58,000		\$133,000 ^a	\$89,000		
• 3-4 Story Height Increase	Example: Δ land value (\$): profit - target (%) & Δ (\$): land value/unit:	Tier 3	Table 3		Tier C	Not tested because almost no privately-owned parcels currently fall into this Tier			
	+\$463,000								
	18.5% & +\$8,701,000								
	\$54,000								

a. Per unit land values based on units within market rate project; adjusting to reflect units lost due to land dedication, unit values are \$103,000 and \$80,000 for examples 6 and 7 respectively.

Source: San Francisco Planning Department, Seifel Consulting Inc.

Table 1a
Residual Land Value
Tier 1, Existing Residential/Commercial Zones, Onsite IH
San Francisco Eastern Neighborhoods

	Current Zoning NC	Proposed Zoning NCT	Difference
Site Area and Zoning			
Lot Size	20,000 Square Feet	20,000 Square Feet	
Lot Acreage	0.46 Acres	0.46 Acres	
Ground Floor Lot Coverage ^a	100%	100%	
Maximum Residential Lot Coverage (Above Ground Floor)	75%	75%	
Maximum Residential Density	600 Lot Sq. Ft. per Unit	N/A	Density Increase
Development Program			
Description	Low Rise Podium	Low Rise Podium	
Maximum Height	50 Feet	55 Feet	5 Feet
Maximum Total Floors	5 Floors	5 Floors	0 Floors
Building Efficiency	80%	80%	
Residential			
Average Unit Size ^b	1,200 Square Feet	925 Square Feet	
Units per Floor ^c	10 Units	13 Units	
Maximum Units ^d	33 Units	52 Units	19 Units
Unit Mix	0% 1 BR 80% 2 BR 20% 3 BR	60% 1 BR 30% 2 BR 10% 3 BR	
Number of Market Rate Units	28 Units	44 Units	16 Units
Number of BMR Units ^e	5 Units	8 Units	3 Units
Parking			
Average Parking Ratio ^f	1 Space per Unit	0.85 Space per Unit	
Revenue			
Market Rate Sales Price ^g	\$717 Per Net Square Foot \$859,891 Per MR Unit	\$754 Per Net Square Foot \$697,718 Per MR Unit	
Average MR Sales Price Adjusted for Parking ^h	\$859,891 Per MR Unit	\$690,987 Per MR Unit	
Base Price of BMR Units ⁱ	\$242,771 Per BMR Unit	\$223,134 Per BMR Unit	
Sales Expense	4.0%	4.0%	
Sales Net of Sales Expense	\$24,413,318 \$739,798 Per Unit \$616 Per NSF	\$31,086,739 \$597,822 Per Unit \$646 Per NSF	\$6,673,421
Building Costs^j			
Hard Construction (incl. parking)	\$276 Per NSF	\$289 Per NSF	
Governmental Fees	\$8 Per NSF	\$19 Per NSF	
Permits and Processing Charges	\$6,000 Per Unit	\$6,000 Per Unit	
Additional 2007 Water and Sewer Impact Fees	\$508 Per Unit	\$508 Per Unit	
Inclusionary Housing In-Lieu Fee	\$0 Per Unit	\$0 Per Unit	
School Impact Fee	\$2.24 Per NSF	\$2.24 Per NSF	
Eastern Neighborhoods Impact Fee ^k	\$0 Per NSF	\$10.00 Per NSF	\$10 Per NSF
Other Soft Costs	\$100 Per NSF	\$100 Per NSF	
Construction Financing	\$28 Per NSF	\$28 Per NSF	
Total Building Costs	\$16,295,730 \$493,810 Per Unit \$412 Per NSF	\$20,941,517 \$402,721 Per Unit \$435 Per NSF	\$4,645,787
Residual Land Value			
Return on Net Sales ^l	15.4%	15.4%	
Developer Margin	\$ 3,759,651 \$113,929 Per Unit	\$ 4,787,358 \$92,065 Per Unit	\$1,027,707
Land Value			
Per Unit	\$132,059 Per Unit	\$103,036 Per Unit	-\$29,023 Per Unit
Per Net Residential Square Foot	\$110 Per NRSF	\$111 Per NRSF	\$1 Per NRSF
Per Gross Residential Square Foot	\$88 Per GRSF	\$89 Per GRSF	\$1 Per GRSF
Per Lot Square Foot	\$218 Per LSF	\$268 Per LSF	\$50 Per LSF
Per Acre of Land	\$9,491,587 Per Acre	\$11,669,429 Per Acre	\$2,177,842 Per Acre
Representative Site Land Value	\$4,357,937	\$5,357,865	\$999,928
Site value increase as a percent of current zoning base			22.9%

- a. Ground floor contains parking, entryway/lobby space, and potential neighborhood retail space in the remaining square footage. No costs or revenues are assumed for the ground floor other than those related to parking.
- b. Standard average unit size is 925 sf per recent development proposals. Average unit size increases up to 1,200 sf when density restrictions limit unit count under current zoning.
- c. Unit per floor estimates are based on gross unit square footage and estimated floor area; estimates round up when unit calculations are within 0.25 of the next full unit.
- d. Maximum units under current zoning is constrained by density controls rather than building envelope limits.
- e. Onsite Below Market Rate (BMR) units equal 15% of total units, rounded to the nearest whole number.
- f. Parking ratio under current zoning is 1:1 for all units. Parking ratio under proposed zoning reflects 1:1 for 2+ bedroom units (40%) and .75:1 for 0-1 bedroom units (60%).
- g. Market rate sales prices and building costs based on Citywide Inclusionary/KMA building prototypes, adjusted to reflect current market conditions and variations in unit sizes.
- h. Market price of units without a parking space assumed to be \$50,000 less than units with parking. Average market price adjusted in proportion to the building's parking ratio.
- i. BMR prices based on MOH 2008 sales prices and building unit mix. Actual BMR price adjusted according to MOH unbundled parking policy.
- j. In-Lieu fee \$0, as development is meeting housing requirements with onsite production.
- k. EN Impact Fee to be charged under proposed zoning only. Proposed fee amount is \$8 per gross residential square foot, or \$10 per net residential square foot with 80% efficiency.
- l. Return on net sales targets based on Citywide Inclusionary/KMA building prototypes.

Table 1b
Residual Land Value
Tier 1, Existing Residential/Commercial Zones, Onsite IH
San Francisco Eastern Neighborhoods

	Current Zoning SSD	Proposed Zoning MUR	Difference
Site Area and Zoning			
Lot Size	20,000 Square Feet	20,000 Square Feet	
Lot Acreage	0.46 Acres	0.46 Acres	
Ground Floor Lot Coverage ^a	100%	100%	
Maximum Residential Lot Coverage (Above Ground Floor)	75%	75%	
Maximum Residential Density	200 Lot Sq. Ft. per Unit	N/A	No Density Increase
Development Program			
Description	Low Rise Podium	Low Rise Podium	
Maximum Height	50 Feet	55 Feet	5 Feet
Maximum Total Floors	5 Floors	5 Floors	0 Floors
Building Efficiency	80%	80%	
Residential			
Average Unit Size ^b	925 Square Feet	925 Square Feet	
Units per Floor ^c	13 Units	13 Units	
Maximum Units ^d	52 Units	52 Units	0 Units
Unit Mix	60% 1 BR 30% 2 BR 10% 3 BR	60% 1 BR 30% 2 BR 10% 3 BR	
Number of Market Rate Units	44 Units	44 Units	0 Units
Number of BMR Units ^e	8 Units	8 Units	0 Units
Parking			
Average Parking Ratio ^f	1 Space per Unit	0.85 Space per Unit	
Revenue			
Market Rate Sales Price ^g	\$754 Per Net Square Foot \$697,718 Per MR Unit	\$754 Per Net Square Foot \$697,718 Per MR Unit	
Average MR Sales Price Adjusted for Parking ^h	\$697,718 Per MR Unit	\$690,987 Per MR Unit	
Base Price of BMR Units ⁱ	\$223,134 Per BMR Unit	\$223,134 Per BMR Unit	
Sales Expense	4.0%	4.0%	
Sales Net of Sales Expense	\$31,399,943 \$603,845 Per Unit \$653 Per NSF	\$31,086,739 \$597,822 Per Unit \$646 Per NSF	-\$313,204
Building Costs^j			
Hard Construction (incl. parking)	\$292 Per NSF	\$289 Per NSF	
Governmental Fees	\$9 Per NSF	\$19 Per NSF	
Permits and Processing Charges	\$6,000 Per Unit	\$6,000 Per Unit	
Additional 2007 Water and Sewer Impact Fees	\$508 Per Unit	\$508 Per Unit	
Inclusionary Housing In-Lieu Fee	\$0 Per Unit	\$0 Per Unit	
School Impact Fee	\$2.24 Per NSF	\$2.24 Per NSF	
Eastern Neighborhoods Impact Fee ^k	\$0 Per NSF	\$10.00 Per NSF	\$10 Per NSF
Other Soft Costs	\$100 Per NSF	\$100 Per NSF	
Construction Financing	\$28 Per NSF	\$28 Per NSF	
Total Building Costs	\$20,614,867 \$396,440 Per Unit \$429 Per NSF	\$20,941,517 \$402,721 Per Unit \$435 Per NSF	\$326,650
Residual Land Value			
Return on Net Sales ^l	15.4%	15.4%	
Developer Margin	\$ 4,835,591 \$92,992 Per Unit	\$ 4,787,358 \$92,065 Per Unit	-\$48,233
Land Value			
Per Unit	\$114,413 Per Unit	\$103,036 Per Unit	-\$11,377 Per Unit
Per Net Residential Square Foot	\$124 Per NRSF	\$111 Per NRSF	-\$12 Per NRSF
Per Gross Residential Square Foot	\$99 Per GRSF	\$89 Per GRSF	-\$10 Per GRSF
Per Lot Square Foot	\$297 Per LSF	\$268 Per LSF	-\$30 Per LSF
Per Acre of Land	\$12,957,978 Per Acre	\$11,669,429 Per Acre	-\$1,288,549 Per Acre
Representative Site Land Value	\$5,949,485	\$5,357,865	-\$591,620
Site value increase as a percent of current zoning base ^m			No increase

- a. Ground floor contains parking, entryway/lobby space, and potential neighborhood retail space in the remaining square footage. No costs or revenues are assumed for the ground floor other than those related to parking.
- b. Standard average unit size is 925 sf per recent development proposals. Average unit size increases up to 1,200 sf when density restrictions limit unit count under current zoning.
- c. Unit per floor estimates are based on gross unit square footage and estimated floor area; estimates round up when unit calculations are within 0.25 of the next full unit.
- d. Maximum units under current zoning is constrained by building envelope limits rather than density controls.
- e. Onsite Below Market Rate (BMR) units equal 15% of total units, rounded to the nearest whole number.
- f. Parking ratio under current zoning is 1:1 for all units. Parking ratio under proposed zoning reflects 1:1 for 2+ bedroom units (40%) and .75:1 for 0-1 bedroom units (60%).
- g. Market rate sales prices and building costs based on Citywide Inclusionary/KMA building prototypes, adjusted to reflect current market conditions and variations in unit sizes.
- h. Market price of units without a parking space assumed to be \$50,000 less than units with parking. Average market price adjusted in proportion to the building's parking ratio.
- i. BMR prices based on MOH 2008 sales prices and building unit mix. Actual BMR price adjusted according to MOH unbundled parking policy.
- j. In-Lieu fee \$0, as development is meeting housing requirements with onsite production.
- k. EN Impact Fee to be charged under proposed zoning only. Proposed fee amount is \$8 per gross residential square foot, or \$10 per net residential square foot with 80% efficiency.
- l. Return on net sales targets based on Citywide Inclusionary/KMA building prototypes.
- m. Although residual land values under proposed zoning are less than under current zoning, they are higher than most comparable land sales transactions in the Eastern Neighborhoods according to Clifford Associates (\$268/lsf vs. \$189/lsf).

Table 2
Residual Land Value
Tier 2, Existing Residential/Commercial Zones, Onsite IH
San Francisco Eastern Neighborhoods

	Current Zoning RM-2	Proposed Zoning RTO	Difference
Site Area and Zoning			
Lot Size	20,000 Square Feet	20,000 Square Feet	
Lot Acreage	0.46 Acres	0.46 Acres	
Ground Floor Lot Coverage ^a	100%	100%	
Maximum Residential Lot Coverage (Above Ground Floor)	75%	75%	
Maximum Residential Density	600 Lot Sq. Ft. per Unit	N/A	Density Increase
Development Program			
Description	Low Rise Podium	Mid Rise Podium 1	
Maximum Height	40 Feet	65 Feet	25 Feet
Maximum Total Floors	4 Floors	6 Floors	2 Floors
Building Efficiency	80%	80%	
Residential			
Average Unit Size ^b	1030 Square Feet	925 Square Feet	
Units per Floor ^c	11 Units	13 Units	
Maximum Units ^d	33 Units	65 Units	32 Units
Unit Mix	60% 1 BR 30% 2 BR 10% 3 BR	60% 1 BR 30% 2 BR 10% 3 BR	
Number of Market Rate Units	28 Units	55 Units	27 Units
Number of BMR Units ^e	5 Units	10 Units	5 Units
Parking			
Average Parking Ratio ^f	1 Space per Unit	0.85 Space per Unit	
Revenue			
Market Rate Sales Price ^g	\$754 Per Net Square Foot	\$780 Per Net Square Foot	
	\$776,919 Per MR Unit	\$721,778 Per MR Unit	
Average MR Sales Price Adjusted for Parking ^h	\$776,919 Per MR Unit	\$714,854 Per MR Unit	
Base Price of BMR Units ⁱ	\$223,134 Per BMR Unit	\$223,134 Per BMR Unit	
Sales Expense	4.0%	4.0%	
Sales Net of Sales Expense	\$22,088,777 \$669,357 Per Unit \$650 Per NSF	\$40,111,054 \$617,093 Per Unit \$667 Per NSF	\$18,022,276
Building Costs^j			
Hard Construction (incl. parking)	\$289 Per NSF	\$317 Per NSF	
Governmental Fees	\$9 Per NSF	\$24 Per NSF	
Permits and Processing Charges	\$6,000 Per Unit	\$6,000 Per Unit	
Additional 2007 Water and Sewer Impact Fees	\$508 Per Unit	\$508 Per Unit	
Inclusionary Housing In-Lieu Fee ^k	\$0 Per Unit	\$0 Per Unit	
School Impact Fee	\$2.24 Per NSF	\$2.24 Per NSF	
Eastern Neighborhoods Impact Fee ^k	\$0 Per NSF	\$15.00 Per NSF	\$15 Per NSF
Other Soft Costs	\$100 Per NSF	\$100 Per NSF	
Construction Financing	\$28 Per NSF	\$33 Per NSF	
Total Building Costs	\$14,460,577 \$438,199 Per Unit \$425 Per NSF	\$28,504,743 \$438,535 Per Unit \$474 Per NSF	\$14,044,166
Residual Land Value			
Return on Net Sales ^l	15.4%	17.5%	
Developer Margin	\$ 3,401,672 \$103,081 Per Unit	\$ 7,019,434 \$107,991 Per Unit	\$3,617,763
Land Value			
Per Unit	\$128,077	\$70,567	-\$57,509 Per Unit
Per Net Residential Square Foot	\$124	\$76	-\$48 Per NRSF
Per Gross Residential Square Foot	\$99	\$61	-\$38 Per GRSF
Per Lot Square Foot	\$211	\$229	\$18 Per LSF
Per Acre of Land	\$9,205,380	\$9,990,216	\$784,837 Per Acre
Representative Site Land Value	\$4,226,529	\$4,586,876	\$360,347
Site value increase as a percent of current zoning base			8.5%

a. Ground floor contains parking, entryway/lobby space, and potential neighborhood retail space in the remaining square footage. No costs or revenues are assumed for the ground floor other than those related to parking.

b. Standard average unit size is 925 sf per recent development proposals. Average unit size increases up to 1,200 sf when density restrictions limit unit count under current zoning.

c. Unit per floor estimates are based on gross unit square footage and estimated floor area; estimates round up when unit calculations are within 0.25 of the next full unit.

d. Maximum units under current zoning is constrained by building envelope limits rather than density controls.

e. Onsite Below Market Rate (BMR) units equal 15% of total units, rounded to the nearest whole number.

f. Parking ratio under current zoning is 1:1 for all units. Parking ratio under proposed zoning reflects 1:1 for 2+ bedroom units (40%) and .75:1 for 0-1 bedroom units (60%).

g. Market rate sales prices and building costs based on Citywide Inclusionary/KMA building prototypes, adjusted to reflect current market conditions and variations in unit sizes.

h. Market price of units without a parking space assumed to be \$50,000 less than units with parking. Average market price adjusted in proportion to the building's parking ratio.

i. BMR prices based on MOH 2008 sales prices and building unit mix. Actual BMR price adjusted according to MOH unbundled parking policy.

j. In-Lieu fee \$0, as development is meeting housing requirements with onsite production.

k. EN Impact Fee to be charged under proposed zoning only. Proposed fee amount is \$12 per gross residential square foot, or \$15 per net residential square foot with 80% efficiency.

l. Return on net sales targets based on Citywide Inclusionary/KMA building prototypes.

Table 3
Residual Land Value
Tier 3, Existing Residential/Commercial Zones, Current: Onsite IH, Proposed: Offsite IH
San Francisco Eastern Neighborhoods

	Current Zoning SSO/SLR	Proposed Zoning MUR/UMU	Difference
Site Area and Zoning			
Lot Size	20,000 Square Feet	20,000 Square Feet	
Lot Acreage	0.46 Acres	0.46 Acres	
Ground Floor Lot Coverage ^a	100%	100%	
Maximum Residential Lot Coverage (Above Ground Floor)	75%	75%	
Maximum Residential Density	200 Lot Sq. Ft. per Unit	N/A	No Density Increase
Development Program			
Description	Low Rise Podium	Mid Rise Podium 2	
Maximum Height	40 Feet	85 Feet	45 Feet
Maximum Total Floors	4 Floors	8 Floors	4 Floors
Building Efficiency	80%	80%	
Residential			
Average Unit Size ^b	925 Square Feet	925 Square Feet	
Units per Floor ^c	13 Units	13 Units	
Maximum Units ^d	39 Units	91 Units	52 Units
Unit Mix	60% 1 BR 30% 2 BR 10% 3 BR	60% 1 BR 30% 2 BR 10% 3 BR	
Number of Market Rate Units	33 Units	91 Units	58 Units
Number of BMR Units ^e	6 Units	0 Units	-6 Units
Parking			
Average Parking Ratio ^f	1 Space per Unit	0.85 Space per Unit	
Revenue			
Market Rate Sales Price ^g	\$754 Per Net Square Foot \$697,718 Per MR Unit	\$832 Per Net Square Foot \$769,896 Per MR Unit	
Average MR Sales Price Adjusted for Parking ^h	\$697,718 Per MR Unit	\$762,753 Per MR Unit	
Base Price of BMR Units ⁱ	\$223,134 Per BMR Unit	\$0 Per BMR Unit	
Sales Expense	4.0%	4.0%	
Sales Net of Sales Expense	\$23,549,957 \$603,845 Per Unit \$653 Per NSF	\$66,634,115 \$732,243 Per Unit \$792 Per NSF	\$43,084,157
Building Costs^j			
Hard Construction (incl. parking)	\$292 Per NSF	\$355 Per NSF	
Governmental Fees	\$9 Per NSF	\$95 Per NSF	
Permits and Processing Charges	\$6,000 Per Unit	\$6,000 Per Unit	
Additional 2007 Water and Sewer Impact Fees	\$508 Per Unit	\$508 Per Unit	
Inclusionary Housing In-Lieu Fee ^k	\$0 Per Unit	\$60,802 Per Unit	
School Impact Fee	\$2.24 Per NSF	\$2.24 Per NSF	
Eastern Neighborhoods Impact Fee ^k	\$0 Per NSF	\$20.00 Per NSF	\$20 Per NSF
Other Soft Costs	\$100 Per NSF	\$100 Per NSF	
Construction Financing	\$28 Per NSF	\$36 Per NSF	
Total Building Costs	\$15,461,150 \$396,440 Per Unit \$429 Per NSF	\$49,381,669 \$542,656 Per Unit \$587 Per NSF	\$33,920,519
Residual Land Value			
Return on Net Sales ^l	15.4%	18.5%	
Developer Margin	\$ 3,626,693 \$92,992 Per Unit	\$ 12,327,311 \$135,465 Per Unit	\$8,700,618
Land Value			
Per Unit	\$114,413	\$54,122	-\$60,291 Per Unit
Per Net Residential Square Foot	\$124	\$59	-\$65 Per NRSF
Per Gross Residential Square Foot	\$99	\$47	-\$52 Per GRSF
Per Lot Square Foot	\$223	\$246	\$23 Per LSF
Per Acre of Land	\$9,718,484	\$10,726,942	\$1,008,459 Per Acre
Representative Site Land Value	\$4,462,114	\$4,925,134	\$463,020
Site value increase as a percent of current zoning base			10.4%

- Ground floor contains parking, entryway/lobby space, and potential neighborhood retail space in the remaining square footage. No costs or revenues are assumed for the ground floor other than those related to parking.
- Standard average unit size is 925 sf per recent development proposals. Average unit size increases up to 1,200 sf when density restrictions limit unit count under current zoning.
- Unit per floor estimates are based on gross unit square footage and estimated floor area; estimates round up when unit calculations are within 0.25 of the next full unit.
- Maximum units under current zoning is constrained by building envelope limits rather than density controls.
- Inclusionary housing requirement fulfilled by 15% onsite requirements under current zoning and in-lieu fee at 20% under proposed zoning.
- Parking ratio under current zoning is 1:1 for all units. Parking ratio under proposed zoning reflects 1:1 for 2+ bedroom units (40%) and .75:1 for 0-1 bedroom units (60%).
- Market rate sales prices and building costs based on Citywide Inclusionary/KMA building prototypes, adjusted to reflect current market conditions and variations in unit sizes.
- Market price of units without a parking space assumed to be \$50,000 less than units with parking. Average market price adjusted in proportion to the building's parking ratio.
- BMR prices based on MOH 2008 sales prices and building unit mix. Actual BMR price adjusted according to MOH unbundled parking policy.
- In-Lieu fee under current zoning \$0 (onsite production); under proposed zoning, in-lieu fee calculated in proportion to unit mix and according to 20% off-site requirement.
- EN Impact Fee to be charged under proposed zoning only. Proposed fee amount is \$16 per gross residential square foot, or \$20 per net residential square foot with 80% efficiency.
- Return on net sales targets based on Citywide Inclusionary/KMA building prototypes.

Table 4-R
Residual Land Value
Tier A, Formerly Industrial Zone, Middle Income @ 30% (135% AMI), Restricted Bedroom/Unit Mix (40% 2+ Bedrooms)
San Francisco Eastern Neighborhoods

	Current Zoning M-1	Proposed Zoning MUP/UMU	Difference
Site Area and Zoning			
Lot Size	20,000 Square Feet	20,000 Square Feet	
Lot Acreage	0.46 Acres	0.46 Acres	
Ground Floor Lot Coverage ^a	100%	100%	
Maximum Residential Lot Coverage (Above Ground Floor)	75%	75%	
Maximum Residential Density	800 Lot Sq. Ft. per Unit	N/A	Density Increase
Development Program			
Description	Low Rise Podium	Low Rise Podium	
Maximum Height	50 Feet	55 Feet	5 Feet
Maximum Total Floors	5 Floors	5 Floors	0 Floors
Building Efficiency	80%	80%	
Residential			
Average Unit Size ^b	1200 Square Feet	925 Square Feet	
Units per Floor ^c	10 Units	13 Units	
Maximum Units ^d	25 Units	52 Units	27 Units
Number of Market Rate Units	21 Units	36 Units	15 Units
Number of Units @ 100% AMI	4 Units	0 Units	-4 Units
Number of Units @ 135% AMI	0 Units	16 Units	16 Units
Number of BMR Units/Middle Income Units ^e	4 Units	16 Units	12 Units
Parking			
Average Parking Ratio ^f	1 Space per Unit	0.85 Space per Unit	
Revenue			
Market Rate Sales Price ^g	\$717 Per Net Square Foot	\$754 Per Net Square Foot	
	\$859,891 Per MR Unit	\$697,718 Per MR Unit	
Average MR Sales Price Adjusted for Parking ^h	\$859,891 Per MR Unit	\$690,987 Per MR Unit	
	\$717 Per NSF	\$747 Per NSF	
Base Price of 100% AMI Units	\$242,771 Per BMR Unit ⁱ	N/A Per BMR Unit ⁱ	
Base Price of 135% AMI Units	N/A	\$347,800 Per Middle Inc. Unit ⁱ	
Sales Expense	4.0%	4.0%	
Sales Net of Sales Expense	\$18,374,961	\$29,594,261	\$11,219,299
	\$734,998 Per Unit	\$569,120 Per Unit	
	\$612 Per NSF	\$615 Per NSF	
Building Costs^g			
Hard Construction (incl. parking)	\$276 Per NSF	\$289 Per NSF	
Governmental Fees	\$8 Per NSF	\$19 Per NSF	
Permits and Processing Charges	\$6,000 Per Unit	\$6,000 Per Unit	
Additional Water and Sewer Impact Fees	\$508 Per Unit	\$508 Per Unit	
Inclusionary Housing In-Lieu Fee ^j	\$0 Per Unit	\$0 Per Unit	
School Impact Fee	\$2.24 Per NSF	\$2.24 Per NSF	
Eastern Neighborhoods Impact Fee ^k	\$0 Per NSF	\$10.00 Per NSF	
Other Soft Costs	\$100 Per NSF	\$100 Per NSF	
Construction Financing	\$28 Per NSF	\$28 Per NSF	
Total Building Costs	\$12,345,250	\$20,941,517	\$8,596,267
	\$493,810 Per Unit	\$402,721 Per Unit	
	\$412 Per NSF	\$435 Per NSF	
Residual Land Value			
Return on Net Sales ^l	15.4%	15.4%	
Developer Margin	\$ 2,829,744	\$ 4,557,516	\$1,727,772
	\$113,190 Per Unit	\$87,645 Per Unit	
Land Value			
Per Unit	\$127,999	\$78,754	-\$49,244 Per Unit
Per Net Residential Square Foot	\$107	\$85	-\$22 Per NRSF
Per Gross Residential Square Foot	\$85	\$68	-\$17 Per GRSF
Per Lot Square Foot	\$160	\$205	\$45 Per LSF
Per Acre of Land	\$6,969,529	\$8,919,405	\$1,949,876 Per Acre
Representative Site Land Value	\$3,199,967	\$4,095,227	\$895,260
Site value increase as a percent of current zoning base			28.0%

- a. Ground floor contains parking, entryway/lobby space, and potential neighborhood retail space in the remaining square footage. No costs or revenues are assumed for the ground floor other than those related to parking.
- b. Standard average unit size is 925 sf per recent development proposals. Average unit size increases up to 1,200 sf when density restrictions limit unit count under current zoning. Average unit size decreases to 700 sf for efficiently designed Middle Income units.
- c. Unit per floor estimates are based on gross unit square footage and estimated floor area; estimates round up when unit calculations are within 0.25 of the next full unit.
- d. Maximum units under current zoning is constrained by density controls rather than building envelope limits.
- e. Onsite Below Market Rate (BMR) units equal 15% of total units (current zoning) and Middle Income units equal 30% of total units (proposed), rounded to the nearest whole number.
- f. Parking ratio under current zoning is 1:1 for all units. Parking ratio under proposed zoning reflects 1:1 for 2+ bedroom units (40%) and .75:1 for 0-1 bedroom units.
- g. Market rate sales prices and building costs based on Citywide Inclusionary/KMA building prototypes, adjusted to reflect current market conditions and variations in unit sizes.
- h. Market price of units without a parking space assumed to be \$50,000 less than units with parking. Average market price adjusted in proportion to the building's parking ratio.
- i. BMR prices based on MOH 2008 sales prices and building unit mix. Actual BMR price adjusted according to MOH unbundled parking policy. Middle Income price set to be affordable to households at 135% of AMI, assuming households spend 35% of income on all housing costs and a 30-year fixed mortgage with a 6.6% interest rate.
- j. In-Lieu fee \$0, as development is meeting housing requirements with onsite production.
- k. EN Impact Fee to be charged under proposed zoning only. Proposed fee amount is \$8 per gross residential square foot, or \$10 per net residential square foot with 80% efficiency.
- l. Return on net sales targets based on Citywide Inclusionary/KMA building prototypes.

Table 4-UR
Residual Land Value
Tier A, Formerly Industrial Zone, Middle Income @ 35% (135% AMI), Unrestricted Bedroom/Unit Mix
San Francisco Eastern Neighborhoods

	Current Zoning M-1	Proposed Zoning MUP/UMU	Difference
Site Area and Zoning			
Lot Size	20,000 Square Feet	20,000 Square Feet	
Lot Acreage	0.46 Acres	0.46 Acres	
Ground Floor Lot Coverage ^a	100%	100%	
Maximum Residential Lot Coverage (Above Ground Floor)	75%	75%	
Maximum Residential Density	800 Lot Sq. Ft. per Unit	N/A	Density Increase
Development Program			
Description	Low Rise Podium	Low Rise Podium	
Maximum Height	50 Feet	55 Feet	5 Feet
Maximum Total Floors	5 Floors	5 Floors	0 Floors
Building Efficiency	80%	80%	
Residential			
Average Unit Size ^b	1200 Square Feet	700 Square Feet	
Units per Floor ^c	10 Units	17 Units	
Maximum Units ^d	25 Units	68 Units	43 Units
Number of Market Rate Units	21 Units	44 Units	23 Units
Number of Units @ 100% AMI	4 Units	0 Units	-4 Units
Number of Units @ 135% AMI	0 Units	24 Units	24 Units
Number of BMR Units/Middle Income Units ^e	4 Units	24 Units	20 Units
Parking			
Average Parking Ratio ^f	1 Space per Unit	0.75 Space per Unit	
Revenue			
Market Rate Sales Price ^g	\$717 Per Net Square Foot	\$792 Per Net Square Foot	
	\$859,891 Per MR Unit	\$554,403 Per MR Unit	
Average MR Sales Price Adjusted for Parking ^h	\$859,891 Per MR Unit	\$541,903 Per MR Unit	
	\$717 Per NSF	\$774 Per NSF	
Base Price of 100% AMI Units	\$242,771 Per BMR Unit ⁱ	N/A Per BMR Unit ⁱ	
Base Price of 135% AMI Units	N/A	\$313,696 Per Middle Inc. Unit ⁱ	
Sales Expense	4.0%	4.0%	
Sales Net of Sales Expense	\$18,374,961	\$30,600,532	\$12,225,570
	\$734,998 Per Unit	\$450,008 Per Unit	
	\$612 Per NSF	\$643 Per NSF	
Building Costs^g			
Hard Construction (incl. parking)	\$276 Per NSF	\$302 Per NSF	
Governmental Fees	\$8 Per NSF	\$22 Per NSF	
Permits and Processing Charges	\$6,000 Per Unit	\$6,000 Per Unit	
Additional Water and Sewer Impact Fees	\$508 Per Unit	\$508 Per Unit	
Inclusionary Housing In-Lieu Fee ^j	\$0 Per Unit	\$0 Per Unit	
School Impact Fee	\$2.24 Per NSF	\$2.24 Per NSF	
Eastern Neighborhoods Impact Fee ^k	\$0 Per NSF	\$10.00 Per NSF	
Other Soft Costs	\$100 Per NSF	\$100 Per NSF	
Construction Financing	\$28 Per NSF	\$28 Per NSF	
Total Building Costs	\$12,345,250	\$21,450,090	\$9,104,840
	\$493,810 Per Unit	\$315,443 Per Unit	
	\$412 Per NSF	\$451 Per NSF	
Residual Land Value			
Return on Net Sales ^l	15.4%	15.4%	
Developer Margin	\$ 2,829,744	\$ 4,712,482	\$1,882,738
	\$113,190 Per Unit	\$69,301 Per Unit	
Land Value			
Per Unit	\$127,999	\$65,264	-\$62,735 Per Unit
Per Net Residential Square Foot	\$107	\$93	-\$13 Per NRSF
Per Gross Residential Square Foot	\$85	\$75	-\$11 Per GRSF
Per Lot Square Foot	\$160	\$222	\$62 Per LSF
Per Acre of Land	\$6,969,529	\$9,665,877	\$2,696,348 Per Acre
Representative Site Land Value	\$3,199,967	\$4,437,960	\$1,237,992
Site value increase as a percent of current zoning base			38.7%

- a. Ground floor contains parking, entryway/lobby space, and potential neighborhood retail space in the remaining square footage. No costs or revenues are assumed for the ground floor other than those related to parking.
- b. Standard average unit size is 925 sf per recent development proposals. Average unit size increases up to 1,200 sf when density restrictions limit unit count under current zoning. Average unit size decreases to 700 sf for efficiently designed Middle Income units.
- c. Unit per floor estimates are based on gross unit square footage and estimated floor area; estimates round up when unit calculations are within 0.25 of the next full unit.
- d. Maximum units under current zoning is constrained by density controls rather than building envelope limits.
- e. Onsite Below Market Rate (BMR) units equal 15% of total units (current zoning) and Middle Income units equal 35% of total units (proposed), rounded to the nearest whole number.
- f. Parking ratio under current zoning is 1:1 for all units. Parking ratio under proposed zoning assumes all units are 0-1 bedrooms and subject to .75:1 maximum parking.
- g. Market rate sales prices and building costs based on Citywide Inclusionary/KMA building prototypes, adjusted to reflect current market conditions and variations in unit sizes.
- h. Market price of units without a parking space assumed to be \$50,000 less than units with parking. Average market price adjusted in proportion to the building's parking ratio.
- i. BMR prices based on MOH 2008 sales prices and building unit mix. Actual BMR price adjusted according to MOH unbundled parking policy. Middle Income price set to be affordable to households at 135% of AMI, assuming households spend 35% of income on all housing costs and a 30-year fixed mortgage with a 6.6% interest rate.
- j. In-Lieu fee \$0, as development is meeting housing requirements with onsite production.
- k. EN Impact Fee to be charged under proposed zoning only. Proposed fee amount is \$8 per gross residential square foot, or \$10 per net residential square foot with 80% efficiency.
- l. Return on net sales targets based on Citywide Inclusionary/KMA building prototypes.

Table 5-R
Residual Land Value
Tier B, Formerly Industrial Zone, Middle Income @ 35% (135% AMI), Restricted Bedroom/Unit Mix (40% 2+ Bedrooms)
San Francisco Eastern Neighborhoods

	Current Zoning M-2	Proposed Zoning MUP/UMU	Difference
Site Area and Zoning			
Lot Size	20,000 Square Feet	20,000 Square Feet	
Lot Acreage	0.46 Acres	0.46 Acres	
Ground Floor Lot Coverage ^a	100%	100%	
Maximum Residential Lot Coverage (Above Ground Floor)	75%	75%	
Maximum Residential Density	800 Lot Sq. Ft. per Unit	N/A	Density Increase
Development Program			
Description	Low Rise Podium	Low Rise Podium	
Maximum Height	40 Feet	55 Feet	15 Feet
Maximum Total Floors	4 Floors	5 Floors	1 Floors
Building Efficiency	80%	80%	
Residential			
Average Unit Size ^b	1200 Square Feet	925 Square Feet	
Units per Floor ^c	10 Units	13 Units	
Maximum Units ^d	25 Units	52 Units	27 Units
Number of Market Rate Units	21 Units	34 Units	13 Units
Number of Units @ 100% AMI	4 Units	0 Units	-4 Units
Number of Units @ 135% AMI	0 Units	18 Units	18 Units
Number of BMR Units/Middle Income Units ^e	4 Units	18 Units	14 Units
Parking			
Average Parking Ratio ^f	1 Space per Unit	0.85 Space per Unit	
Revenue			
Market Rate Sales Price ^g	\$717 Per Net Square Foot	\$754 Per Net Square Foot	
	\$859,891 Per MR Unit	\$697,718 Per MR Unit	
Average MR Sales Price Adjusted for Parking ^h	\$859,891 Per MR Unit	\$690,987 Per MR Unit	
	\$717 Per NSF	\$747 Per NSF	
Base Price of 100% AMI Units	\$242,771 Per BMR Unit ⁱ	N/A Per BMR Unit ⁱ	
Base Price of 135% AMI Units	N/A	\$347,800 Per Middle Inc. Unit ⁱ	
Sales Expense	4.0%	4.0%	
Sales Net of Sales Expense	\$18,374,961	\$28,981,781	\$10,606,820
	\$734,998 Per Unit	\$557,342 Per Unit	
	\$612 Per NSF	\$603 Per NSF	
Building Costs^k			
Hard Construction (incl. parking)	\$276 Per NSF	\$289 Per NSF	
Governmental Fees	\$8 Per NSF	\$19 Per NSF	
Permits and Processing Charges	\$6,000 Per Unit	\$6,000 Per Unit	
Additional Water and Sewer Impact Fees	\$508 Per Unit	\$508 Per Unit	
Inclusionary Housing In-Lieu Fee ^j	\$0 Per Unit	\$0 Per Unit	
School Impact Fee	\$2.24 Per NSF	\$2.24 Per NSF	
Eastern Neighborhoods Impact Fee ^k	\$0 Per NSF	\$10.00 Per NSF	
Other Soft Costs	\$100 Per NSF	\$100 Per NSF	
Construction Financing	\$28 Per NSF	\$28 Per NSF	
Total Building Costs	\$12,345,250	\$20,941,517	\$8,596,267
	\$493,810 Per Unit	\$402,721 Per Unit	
	\$412 Per NSF	\$435 Per NSF	
Residual Land Value			
Return on Net Sales ^l	15.4%	15.4%	
Developer Margin	\$ 2,829,744	\$ 4,463,194	\$1,633,450
	\$113,190 Per Unit	\$85,831 Per Unit	
Land Value			
Per Unit	\$127,999	\$68,790	-\$59,209 Per Unit
Per Net Residential Square Foot	\$107	\$74	-\$32 Per NRSF
Per Gross Residential Square Foot	\$85	\$59	-\$26 Per GRSF
Per Lot Square Foot	\$160	\$179	\$19 Per LSF
Per Acre of Land	\$6,969,529	\$7,790,858	\$821,329 Per Acre
Representative Site Land Value	\$3,199,967	\$3,577,070	\$377,103
Site value increase as a percent of current zoning base			11.8%

- a. Ground floor contains parking, entryway/lobby space, and potential neighborhood retail space in the remaining square footage. No costs or revenues are assumed for the ground floor other than those related to parking.
- b. Standard average unit size is 925 sf per recent development proposals. Average unit size increases up to 1,200 sf when density restrictions limit unit count under current zoning. Average unit size decreases to 700 sf for efficiently designed Middle Income units.
- c. Unit per floor estimates are based on gross unit square footage and estimated floor area; estimates round up when unit calculations are within 0.25 of the next full unit.
- d. Maximum units under current zoning is constrained by density controls rather than building envelope limits.
- e. Onsite Below Market Rate (BMR) units equal 15% of total units (current zoning) and Middle Income units equal 35% of total units (proposed), rounded to the nearest whole number.
- f. Parking ratio under current zoning is 1:1 for all units. Parking ratio under proposed zoning reflects 1:1 for 2+ bedroom units (40%) and .75:1 for 0-1 bedroom units.
- g. Market rate sales prices and building costs based on Citywide Inclusionary/KMA building prototypes, adjusted to reflect current market conditions and variations in unit sizes.
- h. Market price of units without a parking space assumed to be \$50,000 less than units with parking. Average market price adjusted in proportion to the building's parking ratio.
- i. BMR prices based on MOH 2008 sales prices and building unit mix. Actual BMR price adjusted according to MOH unbundled parking policy. Middle Income price set to be affordable to households at 135% of AMI, assuming households spend 35% of income on all housing costs and a 30-year fixed mortgage with a 6.6% interest rate.
- j. In-Lieu fee calculated in proportion to unit mix and according to 20% off-site requirement.
- k. EN Impact Fee to be charged under proposed zoning only. Proposed fee amount is \$8 per gross residential square foot, or \$10 per net residential square foot with 80% efficiency.
- l. Return on net sales targets based on Citywide Inclusionary/KMA building prototypes.

Table 5-UR
Residual Land Value
Tier B, Formerly Industrial Zone, Middle Income @ 40% (135% AMI), Unrestricted Bedroom/Unit Mix
San Francisco Eastern Neighborhoods

	Current Zoning M-2	Proposed Zoning MUP/UMU	Difference
Site Area and Zoning			
Lot Size	20,000 Square Feet	20,000 Square Feet	
Lot Acreage	0.46 Acres	0.46 Acres	
Ground Floor Lot Coverage ^a	100%	100%	
Maximum Residential Lot Coverage (Above Ground Floor)	75%	75%	
Maximum Residential Density	800 Lot Sq. Ft. per Unit	N/A	Density Increase
Development Program			
Description	Low Rise Podium	Low Rise Podium	
Maximum Height	40 Feet	55 Feet	15 Feet
Maximum Total Floors	4 Floors	5 Floors	1 Floors
Building Efficiency	80%	80%	
Residential			
Average Unit Size ^b	1200 Square Feet	700 Square Feet	
Units per Floor ^c	10 Units	17 Units	
Maximum Units ^d	25 Units	68 Units	43 Units
Number of Market Rate Units	21 Units	41 Units	20 Units
Number of Units @ 100% AMI	4 Units	0 Units	-4 Units
Number of Units @ 135% AMI	0 Units	27 Units	27 Units
Number of BMR Units/Middle Income Units ^e	4 Units	27 Units	23 Units
Parking			
Average Parking Ratio ^f	1 Space per Unit	0.75 Space per Unit	
Revenue			
Market Rate Sales Price ^g	\$717 Per Net Square Foot	\$792 Per Net Square Foot	
	\$859,891 Per MR Unit	\$554,403 Per MR Unit	
Average MR Sales Price Adjusted for Parking ^h	\$859,891 Per MR Unit	\$541,903 Per MR Unit	
	\$717 Per NSF	\$774 Per NSF	
Base Price of 100% AMI Units	\$242,771 Per BMR Unit ⁱ	N/A Per BMR Unit ⁱ	
Base Price of 135% AMI Units	N/A	\$313,696 Per Middle Inc. Unit ⁱ	
Sales Expense	4.0%	4.0%	
Sales Net of Sales Expense	\$18,374,961	\$30,003,669	\$11,628,707
	\$734,998 Per Unit	\$441,230 Per Unit	
	\$612 Per NSF	\$630 Per NSF	
Building Costs^j			
Hard Construction (incl. parking)	\$276 Per NSF	\$302 Per NSF	
Governmental Fees	\$8 Per NSF	\$22 Per NSF	
Permits and Processing Charges	\$6,000 Per Unit	\$6,000 Per Unit	
Additional Water and Sewer Impact Fees	\$508 Per Unit	\$508 Per Unit	
Inclusionary Housing In-Lieu Fee ^k	\$0 Per Unit	\$0 Per Unit	
School Impact Fee	\$2.24 Per NSF	\$2.24 Per NSF	
Eastern Neighborhoods Impact Fee ^k	\$0 Per NSF	\$10.00 Per NSF	
Other Soft Costs	\$100 Per NSF	\$100 Per NSF	
Construction Financing	\$28 Per NSF	\$28 Per NSF	
Total Building Costs	\$12,345,250	\$21,450,090	\$9,104,840
	\$493,810 Per Unit	\$315,443 Per Unit	
	\$412 Per NSF	\$451 Per NSF	
Residual Land Value			
Return on Net Sales ^l	15.4%	15.4%	
Developer Margin	\$ 2,829,744	\$ 4,620,565	\$1,790,821
	\$113,190 Per Unit	\$67,949 Per Unit	
Land Value			
Per Unit	\$127,999	\$57,838	-\$70,160 Per Unit
Per Net Residential Square Foot	\$107	\$83	-\$24 Per NRSF
Per Gross Residential Square Foot	\$85	\$66	-\$19 Per GRSF
Per Lot Square Foot	\$160	\$197	\$37 Per LSF
Per Acre of Land	\$6,969,529	\$8,566,104	\$1,596,575 Per Acre
Representative Site Land Value	\$3,199,967	\$3,933,014	\$733,046
Site value increase as a percent of current zoning base			22.9%

- a. Ground floor contains parking, entryway/lobby space, and potential neighborhood retail space in the remaining square footage. No costs or revenues are assumed for the ground floor other than those related to parking.
- b. Standard average unit size is 925 sf per recent development proposals. Average unit size increases up to 1,200 sf when density restrictions limit unit count under current zoning. Average unit size decreases to 700 sf for efficiently designed Middle Income units.
- c. Unit per floor estimates are based on gross unit square footage and estimated floor area; estimates round up when unit calculations are within 0.25 of the next full unit.
- d. Maximum units under current zoning is constrained by density controls rather than building envelope limits.
- e. Onsite Below Market Rate (BMR) units equal 15% of total units (current zoning) and Middle Income units equal 40% of total units (proposed), rounded to the nearest whole number.
- f. Parking ratio under current zoning is 1:1 for all units. Parking ratio under proposed zoning assumes all units are 0-1 bedrooms and subject to .75:1 maximum parking.
- g. Market rate sales prices and building costs based on Citywide Inclusionary/KMA building prototypes, adjusted to reflect current market conditions and variations in unit sizes.
- h. Market price of units without a parking space assumed to be \$50,000 less than units with parking. Average market price adjusted in proportion to the building's parking ratio.
- i. BMR prices based on MOH 2008 sales prices and building unit mix. Actual BMR price adjusted according to MOH unbundled parking policy. Middle Income price set to be affordable to households at 135% of AMI, assuming households spend 35% of income on all housing costs and a 30-year fixed mortgage with a 6.6% interest rate.
- j. In-Lieu fee calculated in proportion to unit mix and according to 20% off-site requirement.
- k. EN Impact Fee to be charged under proposed zoning only. Proposed fee amount is \$8 per gross residential square foot, or \$10 per net residential square foot with 80% efficiency.
- l. Return on net sales targets based on Citywide Inclusionary/KMA building prototypes.

Table 6
Residual Land Value
Tier A, Formerly Industrial Zone, Land Dedication @ 35%
San Francisco Eastern Neighborhoods

	Current Zoning M-1	Proposed Zoning UMU	Difference
Site Area and Zoning			
Lot Size	40,000 Square Feet	26,000 Square Feet	
Lot Acreage	0.92 Acres	0.60 Acres	
Ground Floor Lot Coverage ^a	100%	100%	
Maximum Residential Lot Coverage (Above Ground Floor)	75%	75%	
Maximum Residential Density	600 Lot Sq. Ft. per Unit	N/A	Density Increase
Development Program			
Description	Low Rise Podium	Low Rise Podium	
Maximum Height	50 Feet	55 Feet	5 Feet
Maximum Total Floors	5 Floors	5 Floors	0 Floors
Building Efficiency	80%	80%	
Residential			
Average Unit Size ^b	1200 Square Feet	925 Square Feet	
Units per Floor ^c	20 Units	17 Units	
Maximum Units ^d	67 Units	68 Units	1 Units
Unit Mix	0% 1 BR 80% 2 BR 20% 3 BR	60% 1 BR 30% 2 BR 10% 3 BR	
Number of Market Rate Units	57 Units	68 Units	11 Units
Number of BMR Units ^e	10 Units	0 Units	-10 Units
Parking			
Average Parking Ratio ^f	1 Space per Unit	0.85 Space per Unit	
Revenue			
Market Rate Sales Price ^g	\$717 Per Net Square Foot	\$754 Per Net Square Foot	
	\$859,891 Per MR Unit	\$697,718 Per MR Unit	
Average MR Sales Price Adjusted for Parking ^h	\$859,891 Per MR Unit	\$690,365 Per MR Unit	
Base Price of BMR Units ⁱ	\$242,771 Per BMR Unit	\$0 Per BMR Unit	
Sales Expense	4.0%	4.0%	
Sales Net of Sales Expense	\$49,652,131 \$741,077 Per Unit \$618 Per NSF	\$45,067,047 \$662,751 Per Unit \$716 Per NSF	-\$4,585,084
Building Costs^j			
Hard Construction (incl. parking)	\$276 Per NSF	\$288 Per NSF	
Governmental Fees	\$8 Per NSF	\$19 Per NSF	
Permits and Processing Charges	\$6,000 Per Unit	\$6,000 Per Unit	
Additional Water and Sewer Impact Fees	\$508 Per Unit	\$508 Per Unit	
Inclusionary Housing In-Lieu Fee ^k	\$0 Per Unit	\$0 Per Unit	
School Impact Fee	\$2.24 Per NSF	\$2.24 Per NSF	
Eastern Neighborhoods Impact Fee ^k	\$0 Per NSF	\$10.00 Per NSF	\$10 Per NSF
Other Soft Costs	\$100 Per NSF	\$100 Per NSF	
Construction Financing	\$28 Per NSF	\$28 Per NSF	
Total Building Costs	\$33,085,270 \$493,810 Per Unit \$412 Per NSF	\$27,366,403 \$402,447 Per Unit \$435 Per NSF	-\$5,718,867
Residual Land Value			
Return on Net Sales ^l	15.4%	15.4%	
Developer Margin	\$7,646,428 \$114,126 Per Unit	\$6,940,325 \$102,064 Per Unit	-\$706,103
Land Value^m			
Per Unit	\$133,141	\$158,240	\$25,099 Per Unit
Per Net Residential Square Foot	\$111	\$171	\$60 Per NRSF
Per Gross Residential Square Foot	\$89	\$137	\$48 Per GRSF
Per Lot Square Foot	\$223	\$414	\$191 Per LSF
Per Acre of Land	\$9,714,351	\$18,027,673	\$8,313,322 Per Acre
Representative Site Land Value	\$8,920,433	\$10,760,319	\$1,839,886
Site value increase as a percent of current zoning base			20.6%

- a. Ground floor contains parking, entryway/lobby space, and potential neighborhood retail space in the remaining square footage. No costs or revenues are assumed for the ground floor other than those related to parking.
- b. Standard average unit size is 925 sf per recent development proposals. Average unit size increases to up to 1,200 sf when density restrictions limit unit count under current zoning.
- c. Unit per floor estimates are based on gross unit square footage and estimated floor area; estimates round up when unit calculations are within 0.25 of the next full unit.
- d. Maximum units under current zoning is constrained by density controls rather than building envelope limits.
- e. Onsite Below Market Rate (BMR) units equal to 15% of total units, rounded to the nearest whole number. Under proposed zoning, the affordable housing obligation is fulfilled with land dedication of 35% of the site and no additional BMR units.
- f. Parking ratio under current zoning is 1:1 for all units. Parking ratio under proposed zoning reflects 1:1 for 2+ bedroom units (40%) and .75:1 for 0-1 bedroom units (60%).
- g. Market rate sales prices and building costs based on Citywide Inclusionary/KMA building prototypes, adjusted to reflect current market conditions and variations in unit sizes.
- h. Market price of units without a parking space assumed to be \$50,000 less than units with parking. Average market price adjusted in proportion to the building's parking ratio.
- i. BMR prices based on MOH 2008 sales prices and building unit mix. Actual BMR price adjusted according to MOH unbundled parking policy.
- j. In-Lieu fee \$0, as development is meeting housing requirements with onsite production or land dedication.
- k. EN Impact Fee to be charged under proposed zoning only. Proposed fee amount is \$8 per gross residential square foot, or \$10 per net residential square foot with 80% efficiency.
- l. Return on net sales targets based on Citywide Inclusionary/KMA building prototypes.
- m. Land value metrics under proposed zoning with land dedication adjusted to reflect the loss of units/buildable square footage due to land dedication.

Table 7
Residual Land Value
Tier B, Formerly Industrial Zone, Land Dedication @ 40%
San Francisco Eastern Neighborhoods

	Current Zoning M-2	Proposed Zoning MUP/UMU	Difference
Site Area and Zoning			
Lot Size	40,000 Square Feet	24,000 Square Feet	
Lot Acreage	0.92 Acres	0.55 Acres	
Ground Floor Lot Coverage ^a	100%	100%	
Maximum Residential Lot Coverage (Above Ground Floor)	75%	75%	
Maximum Residential Density	600 Lot Sq. Ft. per Unit	N/A	Density Increase
Development Program			
Description	Low Rise Podium	Mid Rise Podium 1	
Maximum Height	40 Feet	65 Feet	25 Feet
Maximum Total Floors	4 Floors	6 Floors	2 Floors
Building Efficiency	80%	80%	
Residential			
Average Unit Size ^b	1030 Square Feet	925 Square Feet	
Units per Floor ^c	23 Units	15 Units	
Maximum Units ^d	67 Units	75 Units	8 Units
Unit Mix	60% 1 BR 30% 2 BR 10% 3 BR	60% 1 BR 30% 2 BR 10% 3 BR	
Number of Market Rate Units	57 Units	75 Units	18 Units
Number of BMR Units ^e	10 Units	0 Units	-10 Units
Parking			
Average Parking Ratio ^f	1 Space per Unit	0.85 Space per Unit	
Revenue			
Market Rate Sales Price ^g	\$754 Per Net Square Foot	\$780 Per Net Square Foot	
	\$776,919 Per MR Unit	\$721,778 Per MR Unit	
Average MR Sales Price Adjusted for Parking ^h	\$776,919 Per MR Unit	\$714,444 Per MR Unit	
Base Price of BMR Units ⁱ	\$223,134 Per BMR Unit	\$0 Per BMR Unit	
Sales Expense	4.0%	4.0%	
Sales Net of Sales Expense	\$44,923,397 \$670,498 Per Unit \$651 Per NSF	\$51,439,980 \$685,866 Per Unit \$741 Per NSF	\$6,516,583
Building Costs^j			
Hard Construction (incl. parking)	\$289 Per NSF	\$316 Per NSF	
Governmental Fees	\$9 Per NSF	\$19 Per NSF	
Permits and Processing Charges	\$6,000 Per Unit	\$6,000 Per Unit	
Additional Water and Sewer Impact Fees	\$508 Per Unit	\$508 Per Unit	
Inclusionary Housing In-Lieu Fee ^k	\$0 Per Unit	\$0 Per Unit	
School Impact Fee	\$2.24 Per NSF	\$2.24 Per NSF	
Eastern Neighborhoods Impact Fee ^l	\$0 Per NSF	\$10.00 Per NSF	\$10 Per NSF
Other Soft Costs	\$100 Per NSF	\$100 Per NSF	
Construction Financing	\$28 Per NSF	\$33 Per NSF	
Total Building Costs	\$29,359,353 \$438,199 Per Unit \$425 Per NSF	\$32,478,759 \$433,050 Per Unit \$468 Per NSF	\$3,119,406
Residual Land Value			
Return on Net Sales ^l	15.4%	17.5%	
Developer Margin	\$6,918,203 \$103,257 Per Unit	\$9,001,997 \$120,027 Per Unit	\$2,083,793
Land Value^m			
Per Unit	\$129,042	\$132,790	\$3,747 Per Unit
Per Net Residential Square Foot	\$125	\$144	\$18 Per NRSF
Per Gross Residential Square Foot	\$100	\$115	\$15 Per GRSF
Per Lot Square Foot	\$216	\$415	\$199 Per LSF
Per Acre of Land	\$9,415,320	\$18,075,992	\$8,660,672 Per Acre
Representative Site Land Value	\$8,645,840	\$9,959,224	\$1,313,384
<i>Site value increase as a percent of current zoning base</i>			15.2%

- a. Ground floor contains parking, entryway/lobby space, and potential neighborhood retail space in the remaining square footage. No costs or revenues are assumed for the ground floor other than those related to parking.
- b. Standard average unit size is 925 sf per recent development proposals. Average unit size increases to up to 1,200 sf when density restrictions limit unit count under current zoning.
- c. Unit per floor estimates are based on gross unit square footage and estimated floor area; estimates round up when unit calculations are within 0.25 of the next full unit.
- d. Maximum units under current zoning is constrained by density controls rather than building envelope limits.
- e. Onsite Below Market Rate (BMR) units equal to 15% of total units, rounded to the nearest whole number. Under proposed zoning, the affordable housing obligation is fulfilled with land dedication of 40% of the site and no additional BMR units.
- f. Parking ratio under current zoning is 1:1 for all units. Parking ratio under proposed zoning reflects 1:1 for 2+ bedroom units (40%) and .75:1 for 0-1 bedroom units (60%).
- g. Market rate sales prices and building costs based on Citywide Inclusionary/KMA building prototypes, adjusted to reflect current market conditions and variations in unit sizes.
- h. Market price of units without a parking space assumed to be \$50,000 less than units with parking. Average market price adjusted in proportion to the building's parking ratio.
- i. BMR prices based on MOH 2008 sales prices and building unit mix. Actual BMR price adjusted according to MOH unbundled parking policy.
- j. In-Lieu fee \$0, as development is meeting housing requirements with onsite production or land dedication.
- k. EN Impact Fee to be charged under proposed zoning only. Proposed fee amount is \$8 per gross residential square foot, or \$10 per net residential square foot with 80% efficiency.
- l. Return on net sales targets based on Citywide Inclusionary/KMA building prototypes.
- m. Land value metrics under proposed zoning with land dedication adjusted to reflect the loss of units/buildable square footage due to land dedication.

Table 8
Residual Land Value
Tier A, Formerly Industrial Zone, Onsite IH, Proposed (Super Inclusionary): 18% Required Onsite
San Francisco Eastern Neighborhoods

	Current Zoning M-1	Proposed Zoning MUP/UMU	Difference
Site Area and Zoning			
Lot Size	20,000 Square Feet	20,000 Square Feet	
Lot Acreage	0.46 Acres	0.46 Acres	
Ground Floor Lot Coverage ^a	100%	100%	
Maximum Residential Lot Coverage (Above Ground Floor)	75%	75%	
Maximum Residential Density	800 Lot Sq. Ft. per Unit	N/A	Density Increase
Development Program			
Description	Low Rise Podium	Low Rise Podium	
Maximum Height	50 Feet	55 Feet	5 Feet
Maximum Total Floors	5 Floors	5 Floors	0 Floors
Building Efficiency	80%	80%	
Residential			
Average Unit Size ^b	1,200 Square Feet	925 Square Feet	
Units per Floor ^c	10 Units	13 Units	
Maximum Units ^d	25 Units	52 Units	27 Units
Unit Mix	0% 1 BR 80% 2 BR 20% 3 BR	60% 1 BR 30% 2 BR 10% 3 BR	
Number of Market Rate Units	21 Units	43 Units	22 Units
Number of BMR Units ^e	4 Units	9 Units	5 Units
Parking			
Average Parking Ratio ^f	1 Space per Unit	0.85 Space per Unit	
Revenue			
Market Rate Sales Price ^g	\$717 Per Net Square Foot	\$754 Per Net Square Foot	
	\$859,891 Per MR Unit	\$697,718 Per MR Unit	
Average MR Sales Price Adjusted for Parking ^h	\$859,891 Per MR Unit	\$690,987 Per MR Unit	
Base Price of BMR Units ⁱ	\$242,771 Per BMR Unit	\$223,134 Per BMR Unit	
Sales Expense	4.0%	4.0%	
Sales Net of Sales Expense	\$18,374,961 \$734,998 Per Unit \$612 Per NSF	\$30,660,820 \$589,631 Per Unit \$637 Per NSF	\$12,285,859
Building Costs^k			
Hard Construction (incl. parking)	\$276 Per NSF	\$289 Per NSF	
Governmental Fees	\$8 Per NSF	\$19 Per NSF	
Permits and Processing Charges	\$6,000 Per Unit	\$6,000 Per Unit	
Additional Water and Sewer Impact Fees	\$508 Per Unit	\$508 Per Unit	
Inclusionary Housing In-Lieu Fee ^l	\$0 Per Unit	\$0 Per Unit	
School Impact Fee	\$2.24 Per NSF	\$2.24 Per NSF	
Eastern Neighborhoods Impact Fee ^k	\$0 Per NSF	\$10.00 Per NSF	\$10 Per NSF
Other Soft Costs	\$100 Per NSF	\$100 Per NSF	
Construction Financing	\$28 Per NSF	\$28 Per NSF	
Total Building Costs	\$12,345,250 \$493,810 Per Unit \$412 Per NSF	\$20,941,517 \$402,721 Per Unit \$435 Per NSF	\$8,596,267
Residual Land Value			
Return on Net Sales ^l	15.4%	15.4%	
Developer Margin	\$2,829,744	\$4,721,766	\$1,892,022
	\$113,190 Per Unit	\$90,803 Per Unit	
Land Value			
Per Unit	\$127,999	\$96,106	- \$31,892 Per Unit
Per Net Residential Square Foot	\$107	\$104	- \$3 Per NRSF
Per Gross Residential Square Foot	\$85	\$83	- \$2 Per GRSF
Per Lot Square Foot	\$160	\$250	\$90 Per LSF
Per Acre of Land	\$6,969,529	\$10,884,635	\$3,915,106 Per Acre
Representative Site Land Value	\$3,199,967	\$4,997,537	\$1,797,569
Site value increase as a percent of current zoning base			56.2%

- a. Ground floor contains parking, entryway/lobby space, and potential neighborhood retail space in the remaining square footage. No costs or revenues are assumed for the ground floor other than those related to parking.
- b. Standard average unit size is 925 sf per recent development proposals. Average unit size increases to up to 1,200 sf when density restrictions limit unit count under current zoning.
- c. Unit per floor estimates are based on gross unit square footage and estimated floor area; estimates round up when unit calculations are within 0.25 of the next full unit.
- d. Maximum units under current zoning is constrained by density controls rather than building envelope limits.
- e. Onsite Below Market Rate (BMR) units under current zoning equal to 15% of total units and 18% under proposed zoning; units are rounded to the nearest whole number.
- f. Parking ratio under current zoning is 1:1 for all units. Parking ratio under proposed zoning reflects 1:1 for 2+ bedroom units (40%) and .75:1 for 0-1 bedroom units (60%).
- g. Market rate sales price and building costs based on Citywide Inclusionary/KMA building prototypes, adjusted to reflect current market conditions and variations in unit sizes.
- h. Market price of units without a parking space assumed to be \$50,000 less than units with parking. Average market price adjusted in proportion to the building's parking ratio.
- i. BMR prices based on MOH 2008 sales prices and building unit mix. Actual BMR price adjusted according to MOH unbundled parking policy.
- j. In-Lieu fee \$0, as development is meeting housing requirements with onsite production.
- k. EN Impact Fee to be charged under proposed zoning only. Proposed fee amount is \$8 per gross residential square foot, or \$10 per net residential square foot with 80% efficiency.
- l. Return on net sales targets based on Citywide Inclusionary/KMA building prototypes.

Table 9
Residual Land Value
Tier B, Formerly Industrial Zone, Onsite IH, Proposed (Super Inclusionary): 20% Required Onsite
San Francisco Eastern Neighborhoods

	Current Zoning M-1	Proposed Zoning MUP/UMU	Difference
Site Area and Zoning			
Lot Size	20,000 Square Feet	20,000 Square Feet	
Lot Acreage	0.46 Acres	0.46 Acres	
Ground Floor Lot Coverage ^a	100%	100%	
Maximum Residential Lot Coverage (Above Ground Floor)	75%	75%	
Maximum Residential Density	800 Lot Sq. Ft. per Unit	N/A	Density Increase
Development Program			
Description	Low Rise Podium	Low Rise Podium	
Maximum Height	40 Feet	55 Feet	15 Feet
Maximum Total Floors	4 Floors	5 Floors	1 Floors
Building Efficiency	80%	80%	
Residential			
Average Unit Size ^b	1200 Square Feet	925 Square Feet	
Units per Floor ^c	10 Units	13 Units	
Maximum Units ^d	25 Units	52 Units	27 Units
Unit Mix	0% 1 BR 80% 2 BR 20% 3 BR	60% 1 BR 30% 2 BR 10% 3 BR	
Number of Market Rate Units	21 Units	42 Units	21 Units
Number of BMR Units ^e	4 Units	10 Units	6 Units
Parking			
Average Parking Ratio ^f	1 Space per Unit	0.85 Space per Unit	
Revenue			
Market Rate Sales Price ^g	\$717 Per Net Square Foot	\$754 Per Net Square Foot	
Average MR Sales Price Adjusted for Parking ^h	\$859,891 Per MR Unit	\$697,718 Per MR Unit	
	\$859,891 Per MR Unit	\$690,987 Per MR Unit	
	\$717 Per NSF	\$747 Per NSF	
Base Price of BMR Units ⁱ	\$242,771 Per BMR Unit	\$223,134 Per BMR Unit	
Sales Expense	4.0%	4.0%	
Sales Net of Sales Expense	\$18,374,961 \$734,998 Per Unit \$612 Per NSF	\$30,234,901 \$581,440 Per Unit \$629 Per NSF	\$11,859,939
Building Costs^j			
Hard Construction (incl. parking)	\$276 Per NSF	\$289 Per NSF	
Governmental Fees	\$8 Per NSF	\$19 Per NSF	
Permits and Processing Charges	\$6,000 Per Unit	\$6,000 Per Unit	
Additional Water and Sewer Impact Fees	\$508 Per Unit	\$508 Per Unit	
Inclusionary Housing In-Lieu Fee ^k	\$0 Per Unit	\$0 Per Unit	
School Impact Fee	\$2.24 Per NSF	\$2.24 Per NSF	
Eastern Neighborhoods Impact Fee ^k	\$0 Per NSF	\$10.00 Per NSF	\$10 Per NSF
Other Soft Costs	\$100 Per NSF	\$100 Per NSF	
Construction Financing	\$28 Per NSF	\$28 Per NSF	
Total Building Costs	\$12,345,250 \$493,810 Per Unit \$412 Per NSF	\$20,941,517 \$402,721 Per Unit \$435 Per NSF	\$8,596,267
Residual Land Value			
Return on Net Sales ^l	15.4%	15.4%	
Developer Margin	\$2,829,744 \$113,190 Per Unit	\$4,656,175 \$89,542 Per Unit	\$1,826,431
Land Value			
Per Unit	\$127,999	\$89,177	-\$38,822 Per Unit
Per Net Residential Square Foot	\$107	\$96	-\$10 Per NRSF
Per Gross Residential Square Foot	\$85	\$77	-\$8 Per GRSF
Per Lot Square Foot	\$160	\$232	\$72 Per LSF
Per Acre of Land	\$6,969,529	\$10,099,841	\$3,130,312 Per Acre
Representative Site Land Value	\$3,199,967	\$4,637,209	\$1,437,241
Site value increase as a percent of current zoning base			44.9%

- a. Ground floor contains parking, entryway/lobby space, and potential neighborhood retail space in the remaining square footage. No costs or revenues are assumed for the ground floor other than those related to parking.
- b. Standard average unit size is 925 sf per recent development proposals. Average unit size increases to up to 1,200 sf when density restrictions limit unit count under current zoning.
- c. Unit per floor estimates are based on gross unit square footage and estimated floor area; estimates round up when unit calculations are within 0.25 of the next full unit.
- d. Maximum units under current zoning is constrained by density controls rather than building envelope limits.
- e. Onsite Below Market Rate (BMR) units under current zoning equal to 15% of total units and 20% under proposed zoning; units are rounded to the nearest whole number.
- f. Parking ratio under current zoning is 1:1 for all units. Parking ratio under proposed zoning reflects 1:1 for 2+ bedroom units (40%) and .75:1 for 0-1 bedroom units (60%).
- g. Market rate sales price and building costs based on Citywide Inclusionary/KMA building prototypes, adjusted to reflect current market conditions and variations in unit sizes.
- h. Market price of units without a parking space assumed to be \$50,000 less than units with parking. Average market price adjusted in proportion to the building's parking ratio.
- i. BMR prices based on MOH 2008 sales prices and building unit mix. Actual BMR price adjusted according to MOH unbundled parking policy.
- j. In-Lieu fee \$0, as development is meeting housing requirements with onsite production.
- k. EN Impact Fee to be charged under proposed zoning only. Proposed fee amount is \$8 per gross residential square foot, or \$10 per net residential square foot with 80% efficiency.
- l. Return on net sales targets based on Citywide Inclusionary/KMA building prototypes.