

EVALUATION OF FISCAL IMPACTS – HYPOTHETICAL PROGRAMS

BRISBANE BAYLANDS

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PURPOSE

- Evaluate potential impacts of hypothetical programs
- Test compliance with City policy that all new development must “pay for itself”
- Identify potential measures to enhance fiscal surplus

HYPOTHETICAL DEVELOPMENT SCENARIOS

Proposed Development Program	Alternative 1	Alternative 2	Alternative 3	Alternative 4
Residential Units				
Rental Apartments	900	1,260	1,620	1,980
Ownership Townhomes	<u>100</u>	<u>140</u>	<u>180</u>	<u>220</u>
Total Residential Units	1,000	1,400	1,800	2,200

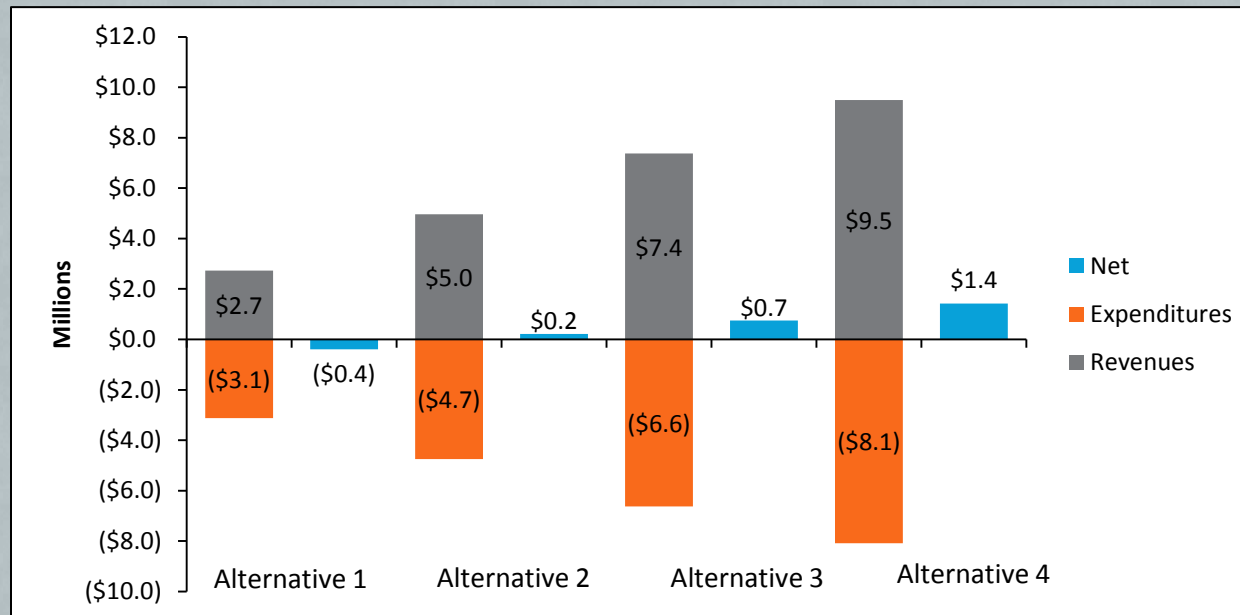
Non-Residential SF				
Commercial/Office/R&D	1,500,000	3,000,000	4,450,000	5,350,000
Retail	200,000	200,000	250,000	350,000
New Industrial	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
Total Non-Residential SF	2,000,000	3,500,000	5,000,000	6,000,000

KEY ASSUMPTIONS

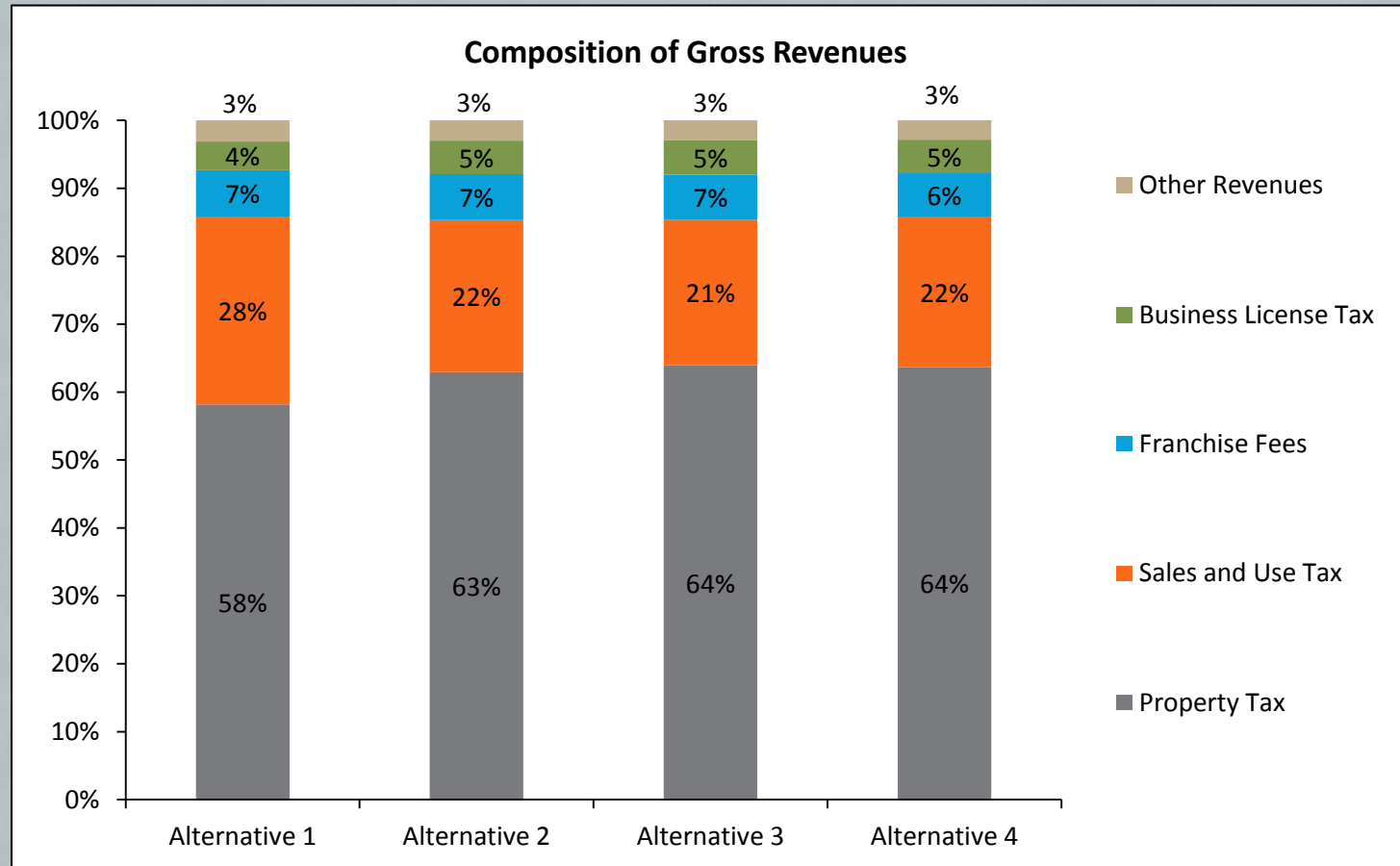
- Programs are financially feasible
- 90% of residential will be rental apartments
- All new streets will be publicly owned and maintained by the General Fund
- Project will require closure of rock crushing and soil operations – loss of \$810,000 of annual City revenue
- Average household size of 2.23 – consistent with DEIR

ESTIMATED FISCAL IMPACTS UPON FULL BUILDOUT

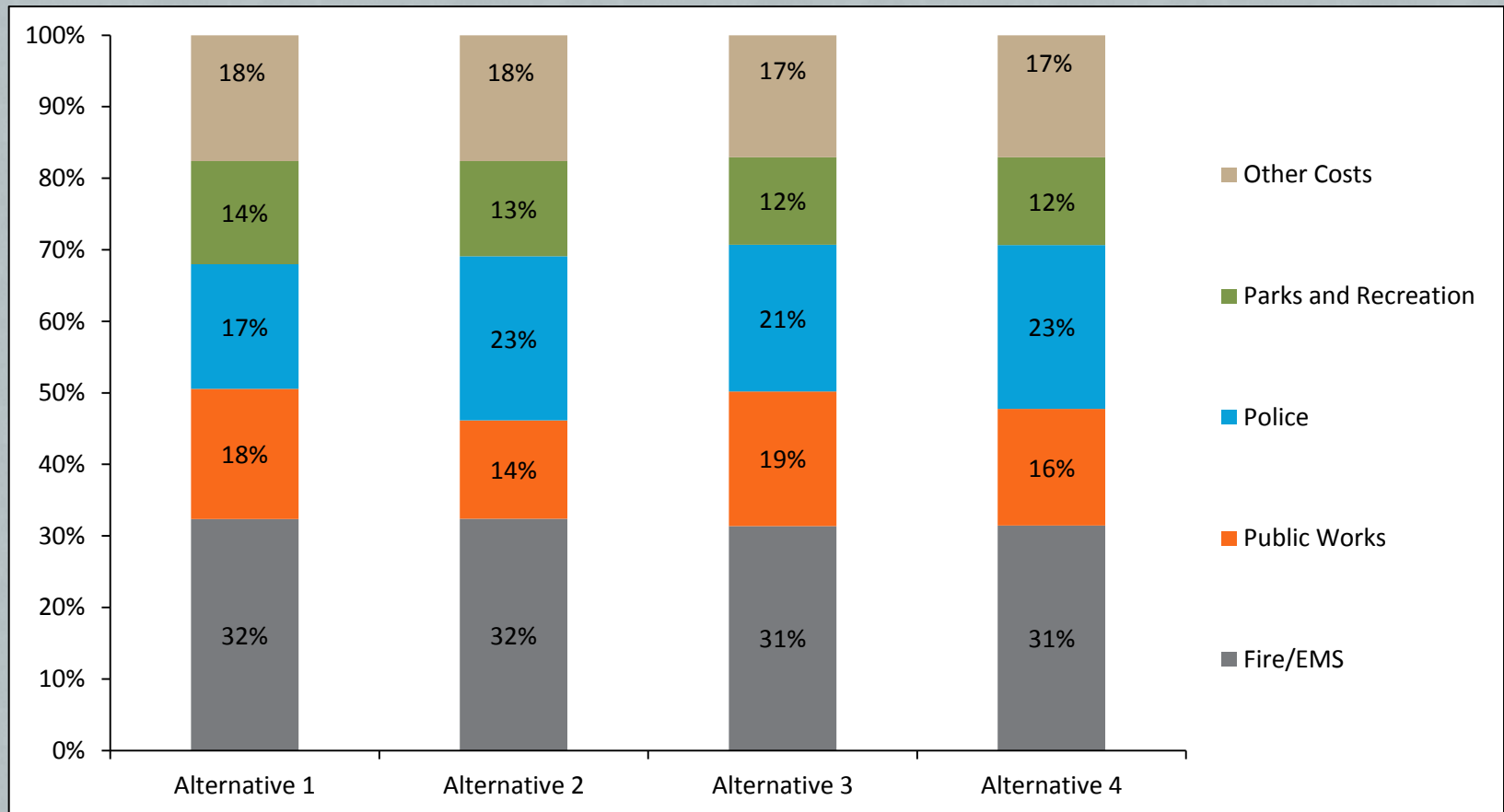
Annual General, Gas Tax, and Measure A Fund Impact Upon Buildout	Alternative 1	Alternative 2	Alternative 3	Alternative 4
General, Gas Tax, Measure A Revenues	\$2,724,000	\$4,964,000	\$7,372,000	\$9,496,000
General Fund Expenditures	\$3,124,000	\$4,746,000	\$6,627,000	\$8,080,000
Annual Net Impact	(\$400,000)	\$218,000	\$745,000	\$1,416,000



KEY FINDING: PROPERTY TAXES ARE SINGLE LARGEST REVENUE



MAJOR SERVICE IMPACTS ON FIRE, POLICE, AND PUBLIC WORKS



IMPACTS BY LAND USE

Unadjusted Annual General, Gas Tax, and Measure A Fund Impact by Land Use Upon Buildout	Alternative 1	Alternative 2	Alternative 3	Alternative 4
Residential	(\$755,000)	(\$1,026,000)	(\$1,145,000)	(\$1,358,000)
Commercial / Office / R&D	\$844,000	\$1,732,000	\$2,290,000	\$2,858,000
Retail	\$612,000	\$611,000	\$709,000	\$1,024,000
Resource Recovery / Industrial	\$166,000	\$167,000	\$157,000	\$158,000
Loss of Existing Revenue	(\$1,266,000)	(\$1,266,000)	(\$1,266,000)	(\$1,266,000)
Total Annual Net Impact	(\$400,000)	\$218,000	\$745,000	\$1,416,000

Per unit deficit: \$670/du

CAUSES OF RESIDENTIAL DEFICITS

- Assumed parameters of the analysis
- 90% of units are rental apartments – generate less tax revenue per unit
- Avg household size of 2.23 persons – high for unit size of 950 square feet
- 100% of city service costs funded by the City's General Fund and none by residents
- 100% of sales tax revenue attributed to retail component – portion of the retail sales is due to expenditures by the new residents and could be allocated to the residential component

RESIDENTIAL WILL GENERATE SURPLUS IF:

- Avg household size is smaller – consistent with market
- Streets are maintained by assessment district
- Residential receives “credit” for a portion of retail sales
- 50/50 split of rental/ownership units

BREAK-EVEN ANALYSIS

	1,800 dus	2,000 dus	2,200 dus
Residential Units			
Apartments	1,620	1,800	1,980
Townhomes	<u>180</u>	<u>200</u>	<u>220</u>
	1,800	2,000	2,200
Non-Residential Sq. Ft.			
Tech Campus	3,160,000	2,810,000	2,935,000
Retail	250,000	300,000	350,000
Light Industrial	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
	3,710,000	3,410,000	3,585,000
Retail SF/DU	139	150	159
Light Industrial SF/DU	167	150	136

Finding: Not all commercial is equal

MECHANISMS TO ENHANCE FISCAL BENEFITS

- Optimize mix of residential product types
- Privatize funding of a portion of municipal service costs - CFD
- Relocate existing businesses to maintain tax revenue
- Capture Use (Business to Business) Tax Revenue
- Adopt new taxes – construction tax
- Require fiscal analysis prior to each phase of development