

Policy Analysis Report

To: Supervisor Cohen 
From: Budget and Legislative Analyst's Office
Re: Estimated Taxes and Fees for Proposed and Potential UCSF Projects
Date: November 22, 2016

Summary of Requested Action

Your office requested that the Budget and Legislative Analyst estimate the various fees and taxes that the University of California, San Francisco (UCSF), would be required to pay for three UCSF owned and/or operated residential and commercial properties in the Dogpatch neighborhood, were it not exempt from paying taxes by the state. We estimated the total Eastern Neighborhood Impact Fee, transportation fees and other development impact fees, the transfer tax, property taxes, and the gross receipts tax that would be applicable to these properties.

For further information about this report, contact Severin Campbell at the Budget and Legislative Analyst's Office.

Project staff: Severin Campbell, Christina Malamut, and Julia Nagle

Introduction

The University of California, San Francisco, is a state institution that is exempt from paying local property taxes or impact fees on its development projects. This report estimates the taxes and fees that would be applicable to two proposed projects as well as two fee scenarios for an additional UCSF-owned parcel in the Dogpatch neighborhood, were UCSF non-exempt. The first two proposed projects are:

- The Minnesota Street Student and Trainee Housing project: a two building, 610-unit student housing development located at 566, 590, and 600 Minnesota Streets
- The Child, Teen, and Family Center (CTFC) & Department of Psychiatry Building: a 150,000 square foot medical facility located at 2130 Third Street

UCSF also owns 777 Mariposa Street, a 40,000 square foot parcel that contains a one-story warehouse. Cal-Steam is currently leasing this property through the end of 2018, but the future use is unknown. This report provides tax and fee estimates for a new project located at this parcel based on two potential uses: medical offices and student housing.

Based on municipal code provisions and conversations with various departments, we determined that the following fees and taxes would apply: the Eastern Neighborhood Impact Fee and other development impact fees, transfer tax, property taxes, and the gross receipts tax.

A non-exempt developer would also be required to provide a certain amount of open space or make an in-lieu payment in the amount of \$76 for each square foot of non-residential open space not provided and \$327 for each square foot of residential open space not provided (Planning Code Sections 426 and 427). However, because we do not have estimates for the amount of open space provided by these projects, we could not estimate an in-lieu payment.

There were no community benefit contributions that would be expected. Also, we determined that the payroll tax would not currently apply to any of the projects except for the CTFC medical facility at 2130 Third Street. Because the payroll tax is being phased out by 2018, we did not include a payroll tax estimate for this project.

Gross receipts tax estimates are likely underestimated because we used 2016 tax rates, and these rates are most likely lower than what they will be once the properties are developed because this relatively new tax is being phased in through 2018.

The sections below describe each of the fees and taxes that could be applied for each property, and explain how we estimated the total amount.

Minnesota Street Student and Trainee Housing

Eastern Neighborhood Impact Fee and other Planning Fees

According to the Planning Department, eight different fees, including the Eastern Neighborhoods Impact Fee and the Transportation Sustainability Fee, would be assessed to the proposed development were it non-exempt. The fees are based on the premise that there is currently 99,000 square feet of industrial space on the three sites that is being converted to an estimated 355,230 square feet of new residential, 3,000 square feet of new retail and 1,850 square feet of new office space. In total, the Planning Department estimates there would be \$5,985,587 in fees assessed for this project, as shown in Exhibit 1 below.

Exhibit 1: Estimated Planning Fees for the Minnesota Street Housing Project

Fee Type	Planning Code / Fee	Amount
Eastern Neighborhoods Impact Fee (99,900 sq ft – Tier 1; Change in Use from PDR* to Residential)	423 (@ \$6.37)	\$636,363
Eastern Neighborhoods Impact Fee (255,330 sq ft – Tier 1; New Residential)	423 (@ \$10.19)	\$2,601,813
Eastern Neighborhoods Impact Fee (4,850 sq ft – Tier 1; New Non-Residential (Retail & Office))	423 (@ \$7.65)	\$37,103
Transportation Sustainability Fee (TSF) (4,850 sf – Change in Use from PDR to Non-Residential)	411A (@ \$10.43)	\$50,586
Transportation Sustainability Fee (TSF) (95,050 gsf** – Change in Use from PDR to Residential)	411A (@ \$0.13)	\$12,357
Transportation Sustainability Fee (TSF) (42,226 gsf – New Residential, Up to 99 DU^)	411A (@ \$7.74)	\$326,829
Transportation Sustainability Fee (TSF) (217,954 gsf – New Residential, 100 DU to 610 DU)	411A (@ \$8.74)	\$1,904,918
Residential Child-Care Impact Fee (355,230 gsf – 10 Units or More)	414A (@ \$1.17)	\$415,619
	TOTAL	\$5,985,587

Source: Planning Department

*Production, distribution, repair

**Gross square feet

[^]Dwelling unit

According to the Planning Department, UCSF would be required to provide 32,940 square feet of publicly accessible open space or 48,800 square feet of non-publicly accessible open space based on the new residential units, and an additional 49 square feet of open space based on the new retail. They would be required to make an in-lieu payment in the amount of \$327 for each square foot of residential

open space not provided and \$76 for each square foot of non-residential open space not provided (Planning Code Sections 426 and 427). Because we cannot tell at this time whether or not the project meets these requirements, we did not include this fee in the total.

Transfer Taxes

The purchase price paid by UCSF for 566/590 and 600 Minnesota Street is not publicly available. To calculate the transfer tax for this project, we estimated a \$20 million land value. We estimate a total transfer tax rate of \$550,000, as the entirety of the value is taxed at 2.75%, according to the new transfer tax rates recently passed under Proposition W in November, 2016

Exhibit 2: Estimated Transfer Tax for the Minnesota Street Housing Project

Transfer Tax Tier	Tax Rate	Sale Amount	Tax Amount
\$10,000,000 and above	\$27.50 per \$1,000	\$ 20,000,000	\$ 550,000
Total			\$ 550,000

Source: Budget and Legislative Analyst estimate

Property Taxes

According to the Assessor-Recorder's Office, it is not possible to determine the actual property taxes that would be assessed to this property because the buildings are not yet built. However, it was recommended that we examine the assessed land and structure values for similar nearby rental buildings in Mission Bay, Dogpatch and South of Market (SOMA).

We gathered assessed land and structure values for six buildings that had a similar number of rental units to the proposed UCSF project, and/or that have similar parcel and building areas. We summed the land and structure values to obtain a total assessed value, and then multiplied that total by 1.1792%, which is the FY 2016-17 property tax rate in San Francisco. The estimated property taxes ranged from \$1,002,934 to \$2,012,710, depending on the building size. The average property tax amount was \$1,569,286 as demonstrated in Exhibit 3 below.

Exhibit 3: Estimated Property Taxes for Various Rental Buildings

Buildings	# of Units	Parcel Area	Building Area	Assessed Land Value	Assessed Structure Value	Total Assessed Value	Property Tax Estimate
Strata, 1201 4th Street	193	65,340	245,618	\$43,616,438	\$41,435,615	\$85,052,053	\$1,002,934
AVA, 55 9th Street	275	35,800	241,907	\$15,385,089	\$147,285,842	\$162,670,931	\$1,918,216
MB360, 1200 4th Street	360	78,408	Not listed	\$20,710,693	\$102,340,000	\$123,050,693	\$1,451,014
Trinity Corporate Living, 1188 Mission Street	440	14,792	309,000	\$50,134,173	\$61,275,102	\$111,409,275	\$1,313,738
The Paramount, 680 Mission Street	486	Not listed	482,781	\$15,580,295	\$130,035,511	\$145,615,806	\$1,717,102
NEMA, 1401 Market, 8 10th Street	700	66,383	Not listed	\$29,437,462	\$141,246,930	\$170,684,392	\$2,012,710
UCSF Student Housing	610	80,080	360,080	Property tax range: \$1,002,934 – \$2,012,710; Average: \$1,569,286			

Source: San Francisco Assessor-Recorder, Property Search Tool

Gross Receipts Tax

Article 12-A-1 of the Business and Tax Regulations Code requires businesses with gross receipts of at least \$1 million annually to pay a Gross Receipts Tax. Thus, a non-exempt student housing development would be required to pay the Gross Receipts Tax annually on all rent received. Gross receipts are calculated using estimated rents based on average rents in the city and adjusted to reflect likely student housing rental rates.

The 610-unit student housing development will be comprised of three types of units:

- 372 two-bedroom units (676 square feet)
- 104 studio units (375 square feet)
- 134 efficiency units (250 square feet)

For each unit type, we multiplied the number of units by the estimated monthly rent to obtain monthly gross receipts, and then multiplied that total by twelve to obtain annual gross receipts. We summed the annual gross receipts for each unit type to calculate annual gross receipts for all units.

According to Zumper, the median rent for a two-bedroom apartment in the city is \$4,699, and the median rent for a studio apartment is \$2,438 (as of October 16, 2016). Because no such estimate exists for efficiency units, we used \$2,185—the average of similarly sized units in two buildings in SOMA (77 Bluxome Street and 574 3rd Street).

Based on an initial study of the student housing project conducted by UCSF Campus Planning, on-campus rents will be approximately 40 percent lower than average rents in the city. Thus, we assume rent for each unit type will be 40 percent lower than our market rate estimates. Using the lower student monthly rent estimates of approximately \$2,819, \$1,463, and \$1,311 for two-bedroom, studio, and efficiency units respectively, we calculate annual gross receipts for all units to be \$16,519,464, as shown in Exhibit 4 below.

Exhibit 4: Estimated Gross Receipts - Minnesota Student Housing Project

Unit Type	Units	Approximate Monthly Rent	Annual Gross Receipts
Two-Bedroom	372	\$2,819	\$12,585,802
Studio	104	\$1,463	\$1,825,574
Efficiency	134	\$1,311	\$2,108,088
Total			\$16,519,464

Source: Budget and Legislative Analyst estimate

The Gross Receipts Tax rates vary by business type and gross receipts tier. Using the 2016 tax rates applicable to real estate and rental and leasing services and our annual gross receipts estimate, we calculate that the Gross Receipts Tax for this project would be \$24,404, as shown in Exhibit 5 below. However, the 2016 tax rates are most likely lower than what they will be when the units are available for rent because this relatively new tax is being phased in through 2018.

Exhibit 5: Estimated Gross Receipts Tax for the Minnesota Street Housing Project

Gross Receipts Tax Tier	Tax Rate	Gross Receipts	Tax Amount
\$0 - \$1,000,000	0.1425%	\$1,000,000	\$1,425
\$1,000,001 - \$5,000,000	0.1425%	\$4,000,000	\$5,700
\$5,000,001 - \$25,000,000	0.1500%	\$11,519,464	\$17,279
Over \$25,000,000	0.1500%	\$0	\$0
Total		\$16,519,464	\$24,404

Source: Budget and Legislative Analyst estimate

Project Summary

Of the estimated fees and taxes, the development impact fees and transfer taxes are one-time, totaling \$6,535,587. The property and gross receipts taxes are ongoing, for ongoing taxes of between \$1,027,338 and \$2,037,114, as shown in Exhibit 6 below.

Exhibit 6: Estimated Taxes and Fees Summary for the Minnesota Street Housing Project

Taxes and Fees	Total
One Time	\$6,535,587
Eastern Neighborhood Impact Fees and other Planning Fees	\$5,985,587
Transfer Tax	\$550,000
Ongoing	\$1,027,338 - \$2,037,114
Property Tax	\$1,002,934 - \$2,012,710
Gross Receipts Tax	\$24,404

Source: Budget and Legislative Analyst estimate

CTFC & Department of Psychiatry Building

Eastern Neighborhood Impact Fee and other Planning Fees

According to the Planning Department, five different fees, including the Eastern Neighborhoods Impact Fee and the Transportation Sustainability Fee, would be assessed to the proposed development were it non-exempt. The fees are based on the premise that there is currently 40,000 square feet of industrial space on the site that is being converted to an estimated 149,112 square feet of new office space and 888 square feet of new retail. In total, the Planning Department estimates there would be \$4,236,179 in fees assessed for this project, as shown in Exhibit 7 below.

Exhibit 7: Estimated Planning Fees for the CTFC Medical Facility

Fee Type	Planning Code / Fee	Amount
Eastern Neighborhoods Impact Fee (40,000 sq ft – Tier 2; Change in Use from PDR* to Non-Residential)	423 (@ \$8.92)	\$356,800
Eastern Neighborhoods Impact Fee (110,000 sq ft – Tier 2; New Non-Residential – Retail and Hospital)	423 (@ \$12.74)	\$1,401,400
Transportation Sustainability Fee (TSF) (40,000 sf – Change in Use from PDR to Hospital)	411A (@ 10.43)	\$417,200
Transportation Sustainability Fee (TSF) (888 gsf** – New Retail)	411A (@ \$18.04)	\$16,020
Transportation Sustainability Fee (TSF) (109,112 gsf – New Hospital)	411A (@ \$18.74)	\$2,044,759
	TOTAL	\$4,236,179

Source: Planning Department

*Production, distribution, repair

**Gross square feet

The Planning Department estimates that UCSF would be required to provide 2,986 square feet of open space or make an in-lieu payment in the amount of \$76 for each square foot of non-residential open space not provided.

Transfer Taxes

The purchase price paid for 2130 Third Street is not publicly available. A private entity purchased the property with the intention of giving it to UCSF. To calculate the transfer tax for this project, we estimate a \$10 million land value. We estimate a total transfer tax of \$275,000, as illustrated in Exhibit 8 below.

Exhibit 8: Estimated Transfer Tax for the CTFC Medical Facility

Transfer Tax Tier	Tax Rate	Sale Amount	Tax Amount
\$10,000,000 and above	\$27.50 per \$1,000	\$ 10,000,000	\$ 275,000
		Total	\$ 275,000

Source: Budget and Legislative Analyst estimate

Property Taxes

We used the same methodology established earlier in this report to estimate property taxes. We gathered assessed land and structure values for six commercial office buildings or medical centers that have similar parcel and building areas to the proposed UCSF project. We summed the land and structure values to obtain a total assessed value, and then multiplied that total by the property tax rate. The estimated property taxes ranged from \$472,195 to \$971,991. The average property tax amount was \$745,845 as demonstrated in Exhibit 9 below.

Exhibit 9: Estimated Property Taxes for Various Commercial Buildings

Buildings	Parcel Area	Building Area	Assessed Land Value	Assessed Structure Value	Total Assessed Value	Property Tax Estimate
Alexandria's Center for Science & Technology, 1700 Owens Street	43,124	167,053	\$2,771,269	\$79,656,729	\$82,427,998	\$971,991
UCSF Medical Center, 1500 Owens Street	45,855	164,464	\$5,213,565	\$67,540,469	\$72,754,034	\$857,916
501 Second Street	41,474	248,888	\$40,866,124	\$27,244,081	\$68,110,205	\$803,156
795 Folsom Street	30,000	187,202	\$21,220,814	\$38,787,561	\$60,008,375	\$707,619
875 Howard Street	54,123	255,000	\$33,693,697	\$22,462,465	\$56,156,162	\$662,193
350 Rhode Island Street, South Building	79,997	136,929	\$23,809,753	\$16,233,922	\$40,043,675	\$472,195
CTFC Medical Facility	33,600	150,000	Property tax range: \$472,195 – \$971,991; Average: \$745,845			

Source: San Francisco Assessor-Recorder, Property Search Tool

Gross Receipts Tax

A non-exempt medical facility would be required to pay a tax annually on gross receipts for health services. To estimate annual gross receipts, we multiplied the predicted number of patients per day by an estimated service fee per patient and then multiplied that total by the number of working days in a typical year. According to an initial study of the proposed facility conducted by UCSF Campus Planning, the facility will serve approximately 190 outpatients per day starting in 2019. Using Kaiser Permanente's estimated service fee for therapy in Northern California (\$153) and the number of work days in the 2016 calendar year less public holidays (251), we calculate annual gross receipts to be \$7,296,570, as shown in Exhibit 10 below.

Exhibit 10: Estimated Gross Receipts for the CTFC Medical Facility

Patients/Day	Service Fee/ Patient	Work Days/ Year	Gross Receipts
190	\$153	251	\$7,296,570

Source: Budget and Legislative Analyst estimate

Using the 2016 tax rates applicable to health services and our annual gross receipts estimate, we calculate that the Gross Receipts Tax for this project would be \$21,140, as shown in Exhibit 11 below.

Exhibit 11: Estimated Gross Receipts Tax for the CTFC Medical Facility

Gross Receipts Tax Tier	Tax Rate	Gross Receipts	Tax Amount
\$0 - \$1,000,000	0.2625%	\$1,000,000	\$2,625
\$1,000,001 - \$2,500,000	0.2750%	\$1,500,000	\$4,125
\$2,500,001 - \$25,000,000	0.3000%	\$4,796,570	\$14,390
Over \$25,000,000	0.3250%	\$0	\$0
Total		\$7,296,570	\$21,140

Source: Budget and Legislative Analyst estimate

Project Summary

Of the estimated fees and taxes, the development impact fees and transfer taxes are one-time, totaling \$4,511,179. The property and gross receipts taxes are ongoing, for ongoing taxes of between \$493,335 and \$989,136, as shown in Exhibit 12 below.

Exhibit 12: Estimated Taxes and Fees Summary for the CTFC Medical Facility

Taxes and Fees	Total
One Time	\$4,511,179
Eastern Neighborhood Impact Fees and other Planning Fees	\$4,236,179
Transfer Tax	\$275,000
Ongoing	\$493,335 – \$989,136
Property Tax	\$472,195 – \$971,991
Gross Receipts Tax	\$21,140

Source: Budget and Legislative Analyst estimate

Two Potential Uses for 777 Mariposa Street

The future use of this property is unknown. We provide tax and fee estimates for a new project located at this parcel based on two potential uses: medical offices and student housing. For both uses, we assumed that a new five-story 200,000 square foot building would be constructed. We also assumed the student housing project would provide 300 units, roughly half the number of units as the proposed two building project on Minnesota Street.

Eastern Neighborhood Impact Fee and other Planning Fees

Medical Offices

According to the Planning Department, seven different fees, including the Eastern Neighborhoods Impact Fee, the Child Care In-Lieu Fee, the Jobs-Housing Linkage Fee, and the Transportation Sustainability Fee, would be assessed to the potential medical office development were it non-exempt. The fees are based on the premise that there is currently 36,600 square feet of industrial space on the site that is being converted to an estimated 200,000 square feet of new office space, which would be rented out to independent medical practices. In total, the Planning Department estimates there would be \$9,501,254 in fees assessed for this project, as shown in Exhibit 13 below.

Exhibit 13: Estimated Planning Fees for a Potential Medical Office Building

Fee Type	Planning Code / Fee	Amount
Eastern Neighborhoods Impact Fee (36,600 sq ft – Tier 1; Change in Use from PDR* to Non-Residential)	423 (@ \$3.82)	\$139,812
Eastern Neighborhoods Impact Fee (163,400 sq ft – Tier 1; New Non-Residential)	423 (@ \$7.65)	\$1,250,010
Child Care In-Lieu Fee for Office (200,000 sq ft – New Office)	414 (@ \$1.57)	\$314,000
Jobs-Housing Linkage Fee (36,600 gsf** – Change in Use from PDR to Office)	413 (@ \$7.74)	\$283,284
Jobs-Housing Linkage Fee (163,400 gsf – Office)	413 (@ \$24.61)	\$4,021,274
Transportation Sustainability Fee (TSF) (36,600 sf – Change in Use from PDR to Non-Residential)	411A (@ \$10.43)	\$381,738
Transportation Sustainability Fee (TSF) (163,400 gsf – New Non-Residential)	411A (@ \$19.04)	\$3,111,136
	TOTAL	\$9,501,254

Source: Planning Department

*Production, distribution, repair

**Gross square feet

Additionally, UCSF would be required to provide 4,000 square feet of open space or make an in-lieu payment in the amount of \$76 for each square foot of non-residential open space not provided.

Student Housing

According to the Planning Department, six different fees, including the Eastern Neighborhoods Impact Fee and the Transportation Sustainability Fee, would be assessed to the potential student housing development were it non-exempt. The fees are based on the premise that there is currently 36,600 square feet of industrial space on the site that is being converted to an estimated 200,000

square feet of new residential. In total, the Planning Department estimates there would be \$3,511,140 in fees assessed for this project, as shown in Exhibit 14 below.

Exhibit 14: Estimated Planning Fees for a Potential Student Housing Project

Fee Type	Planning Code / Fee	Amount
Eastern Neighborhoods Impact Fee (36,600 sq ft – Tier 1; Change in Use from PDR to Residential)	423 (@ \$6.37)	\$233,142
Eastern Neighborhoods Impact Fee (163,400 sq ft – Tier 1; New Residential)	423 (@ \$10.19)	\$1,665,046
Transportation Sustainability Fee (TSF) (36,600 sf – Change in Use from PDR to Residential)	411A (@ \$0.13)	\$4,758
Transportation Sustainability Fee (TSF) (53,922 gsf – New Residential, Up to 99 DU)	411A (@ \$7.74)	\$417,356.28
Transportation Sustainability Fee (TSF) (109,478 gsf – New Residential, >99 DU)	411A (@ \$8.74)	\$956,837.72
Residential Child-Care Impact Fee (200,000 gsf – 10 Units or More)	414A (@ \$1.17)	\$234,000
	TOTAL	\$3,511,140

Source: Planning Department

*Production, distribution, repair

**Gross square feet

^Dwelling unit

Additionally, UCSF would be required to provide 16,200 square feet of publicly accessible open space or 24,000 square feet of non-publicly accessible open space or make an in-lieu payment in the amount of \$327 for each square foot of residential open space not provided.

Transfer Taxes

The purchase price paid by UCSF for 777 Mariposa Street is not publicly available. We assume this property would have a land value comparable to that of the similarly sized property at 2130 Third Street—\$10 million. Therefore, we use the

same estimate for total transfer tax—\$275,000, as illustrated previously in Exhibit 8. The transfer tax for this property would be the same under both potential uses.

Property Taxes

We used the same methodology established earlier in this report to estimate property taxes. We gathered assessed land and structure values for six comparable buildings and multiplied the total assessed value by the property tax rate. Estimates for each potential use are described below.

Medical Offices

Because the parcel and building area of the potential medical office building are similar to that of the proposed CTFC & Department of Psychiatry Building. We use the same property tax estimates, previously illustrated in Exhibit 9. We estimate that property taxes would be between \$472,195 and \$971,991 with an average property tax amount of \$745,845 as demonstrated in Exhibit 9 above.

Student Housing

We gathered property information for buildings that had a similar number of rental units, and/or that have similar parcel and building areas. The estimated property taxes ranged from \$1,002,934 to \$1,918,216, depending on the building size. The average property tax amount was \$1,341,266 as demonstrated in Exhibit 15 below.

Exhibit 15: Estimated Property Taxes for Various Rental Buildings

Buildings	# of Units	Parcel Area	Building Area	Assessed Land Value	Assessed Structure Value	Total Assessed Value	Property Tax Estimate
AVA, 55 9th Street	275	35,800	241,907	\$15,385,089	\$147,285,842	\$162,670,931	\$1,918,216
MB360, 1200 4th Street	360	78,408	Not listed	\$20,710,693	\$102,340,000	\$123,050,693	\$1,451,014
Potrero Launch, 2235 3rd Street	196	50,000	Not listed	\$24,934,455	\$88,394,052	\$113,328,507	\$1,336,370
Argenta, 1 Polk Street	181	22,340	162,220	\$61,039,550	\$40,693,033	\$101,732,583	\$1,199,631
SOMA at 788, 788 Harrison Street	160	40,806	125,115	\$58,138,789	\$38,488,732	\$96,627,521	\$1,139,432
Strata, 1201 4th Street	193	65,340	245,618	\$43,616,438	\$41,435,615	\$85,052,053	\$1,002,934
Potential Student Housing	300	40,000	200,000	Property tax range: \$1,002,934 – \$1,918,216; Average: \$1,341,266			

Source: San Francisco Assessor-Recorder, Property Search Tool

Gross Receipts Tax

We calculated Gross Receipts Tax for a potential medical office building at this property based on the assumption that private health providers would rent out the space from UCSF. Both a medical office building and a student housing development would be required to pay a tax annually on all rent received. Using the 2016 Gross Receipts Tax rates applicable to real estate and rental and leasing services, we estimated the annual Gross Receipts Tax for both potential uses based on estimated rents.

Medical Offices

To calculate gross receipts for a potential medical office building, we multiplied the estimated rentable square feet (RSF) by the average asking rent per square foot for office space in San Francisco. We estimated that 85 percent of the 200,000 square foot building would be rentable, which gave us an RSF estimate of 170,000. Using this figure and Jones Lang LaSalle's third quarter 2016 estimate of the average asking rent for office space in San Francisco (\$73.59 per square foot), we estimate annual gross receipts would be \$12,510,300.

Using the applicable 2016 Gross Receipts Tax rates, we calculate that the Gross Receipts Tax for this project would be \$18,390, as shown in Exhibit 16 below.

Exhibit 16: Estimated Gross Receipts Tax for a Potential Medical Office Building

Gross Receipts Tax Tier	Tax Rate	Gross Receipts	Tax Amount
\$0 - \$1,000,000	0.1425%	\$1,000,000	\$1,425
\$1,000,001 - \$5,000,000	0.1425%	\$4,000,000	\$5,700
\$5,000,001 - \$25,000,000	0.1500%	\$7,510,300	\$11,265
Over \$25,000,000	0.1500%	\$0	\$0
Total		\$12,510,300	\$18,390

Source: Budget and Legislative Analyst estimates

Student Housing

We estimated gross receipts for a potential student housing project on this property using the same methodology we established for the Minnesota Street Student and Trainee Housing Project. We multiplied estimated monthly rents by the number of units, and then we multiplied that total by twelve to calculate annual gross receipts. We assumed that the potential student housing project would contain 150 studios and 150 one-bedroom apartments.

According to Zumper, the median rent for a one-bedroom apartment in the city is \$3,368, and the median rent for a studio apartment is \$2,438. We assume rent for

each unit type will be 40 percent lower than our market rate estimates as established earlier in this report. Using the lower student monthly rent estimates of approximately \$2,021 and \$1,463 for one-bedroom and studio units respectively, we calculate annual gross receipts for all units to be \$6,270,480, as shown in Exhibit 17 below.

Exhibit 17: Estimated Gross Receipts for a Potential Student Housing Project

Unit Type	Units	Approximate Monthly Rent	Annual Gross Receipts
One-Bedroom	150	\$2,021	\$3,637,440
Studio	150	\$1,463	\$2,633,040
Total			\$6,270,480

Source: Budget and Legislative Analyst estimates

Using the applicable 2016 Gross Receipts Tax rates, we calculate that the Gross Receipts Tax for this potential project would be \$9,031, as shown in Exhibit 18 below.

Exhibit 18: Estimated Gross Receipts Tax for a Potential Student Housing Project

Gross Receipts Tax Tier	Tax Rate	Gross Receipts	Tax Amount
\$0 - \$1,000,000	0.1425%	\$1,000,000	\$1,425
\$1,000,001 - \$5,000,000	0.1425%	\$4,000,000	\$5,700
\$5,000,001 - \$25,000,000	0.1500%	\$1,270,480	\$1,906
Over \$25,000,000	0.1500%	\$0	\$0
Total			\$9,031

Source: Budget and Legislative Analyst estimates

Potential Projects Summary

The future use of 777 Mariposa Street is unknown. We provided tax and fee estimates for a new project located at this parcel based on two potential uses: medical offices and student housing. Estimated one time fees and tax are greater for the medical office building than the student housing project due to higher Eastern Neighborhood Impact Fees and other Planning Fees. However, estimated ongoing taxes are greater for the student housing project than the medical office building, due to higher estimated property taxes.

For a new medical office building, we estimate one-time taxes and fees of \$9,776,254 and ongoing taxes of between \$490,585 and \$990,381.

For a new student housing project, we estimate one-time taxes and fees of \$3,786,140 and ongoing taxes of between \$1,011,965 and \$1,927,247, as shown in Exhibit 19 below.

Exhibit 19: Estimated Taxes and Fees Summary for Potential Uses of 777 Mariposa Street

Taxes and Fees	Medical Offices Total	Student Housing Total
One Time	\$9,776,254	\$3,786,140
Eastern Neighborhood Impact Fees and other Planning Fees	\$9,501,254	\$3,511,140
Transfer Tax	\$275,000	\$275,000
Ongoing	\$490,585 – \$990,381	\$1,011,965 - \$1,927,247
Property Tax	\$472,195 - \$971,991	\$1,002,934 - \$1,918,216
Gross Receipts Tax	\$18,390	\$9,031

Summary Table

Estimates of the Eastern Neighborhood Impact and other planning-related fees, transfer tax, property tax, and the gross receipts tax for the two UCSF proposed projects and two potential uses for 777 Mariposa Street are provided in Exhibit 20 below.

Exhibit 20: Estimated Taxes and Fees Summary Table

Name	Minnesota Street Housing	CTFC Medical Facility	777 Mariposa Street Medical Offices	777 Mariposa Street Student Housing
One Time	\$6,535,587	\$4,511,179	\$9,776,254	\$3,786,140
Eastern Neighborhood Impact Fees and other Planning Fees	\$5,985,587	\$4,236,179	\$9,501,254	\$3,511,140
Transfer Tax	\$550,000	\$275,000	\$275,000	\$275,000
Ongoing	\$1,027,338 – \$2,037,114	\$493,335 – \$989,136	\$490,585 – \$990,381	\$1,011,965 – \$1,927,247
Property Tax	\$1,002,934 - \$2,012,710	\$472,195 – \$971,991	\$472,195 - \$971,991	\$1,002,934 - \$1,918,216
Gross Receipts Tax	\$24,404	\$21,140	\$18,390	\$9,031