

EL CAMINO REAL CORRIDOR ALTERNATIVES FISCAL IMPACT ANALYSIS

SUNNYVALE, CALIFORNIA

Prepared for:
The Metropolitan Planning Group
City of Sunnyvale

Submitted by:



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General and Limiting Conditions

Every reasonable effort has been made to ensure that the data and information contained in this report are accurate as of the date of this study. However, factors exist that are outside the control of Land Econ Group (LEG) that may affect the estimates and forecasts contained herein. This study is based upon research information, estimates, assumptions and forecasts developed by Land Econ Group and its subconsultants from independent research efforts and knowledge of the industry. LEG does not assume responsibility for inaccurate information provided by the clients, the client's agents and representatives, or other data sources used in the preparation of this study. The report is based upon information current as of September 2016. LEG has not undertaken any updates of its research since such date.

Because future events and circumstances, many of which are not known or predictable as of the date of this study, may affect the estimates contained therein, no warranty or representation is made by Land Econ Group that any of the projected values or results contained in the study will actually be achieved.



I. Introduction

Land Econ Group (LEG) was retained by the City of Sunnyvale, as part of the consultant team, to assist with the El Camino Real Corridor Specific Plan. The prime consultant for the plan is Metropolitan Planning Group (M-Group), and LEG served as the real estate and land planning economics sub-consultant on the M-Group team. As part of the El Camino Real Corridor Specific Plan, LEG provided a summary of demographic and economic trends in Sunnyvale and market demand and growth forecasts for 2015-2035. That analysis was presented in the *El Camino Real Corridor Market Study* report and was submitted in January 2016.

Based on the market study and circulation analysis, the M-Group team developed three alternative growth scenarios. This fiscal impact analysis estimates and compares the fiscal implications to the City of Sunnyvale's General Fund in 2025 and in 2035. The purpose of this fiscal impact analysis is to contribute to the evaluation of the alternatives considered for the selection of a preferred alternative. The three El Camino Real Corridor alternatives are:

- **Alternative C – Commercial Focus:** 1.15 million square feet of commercial floor area (870,000 square feet of retail and office space and a 280-room hotel) and 3,400 residential units
- **Alternative M – Mixed-Use Focus:** 850,000 square feet of commercial floor area (570,000 square feet of retail and office space and a 280-room hotel) and 4,500 residential units
- **Alternative R – Residential Focus:** 730,000 square feet of commercial floor area (450,000 square feet of retail and office space and a 280-room hotel) and 5,100 residential units

New development in the El Camino Real Corridor over the next two decades will also generate two significant sources of revenue for the city that do not flow into Sunnyvale's General Fund. These two special funds are the Park Dedication Fee for Rental Housing Projects and Housing Mitigation Fee. These fees accumulate in the two dedicated special funds until the city spends them for their intended purposes.

From the perspective of land development economics, the number of residential units assumed in Alternatives M and R (4,500 to 5,100 units) are difficult to achieve because the Corridor is largely built out with commercial uses. The introduction of a substantial number of new residential units will depend upon private redevelopment of commercial properties, most of which are operating profitably.



With proposed new zoning densities of 24 and 36 units per acre on many parcels, the financial incentive for redevelopment maybe insufficient on all but the most underutilized commercial parcels.

Summary of Findings

The focus of the analysis is the General Fund, as it is the primary source of unrestricted discretionary funding for municipal services. All three alternatives are projected to have greater annual revenues than expenditures, resulting in positive net fiscal impacts on the city's General Fund.

For Alternative C – Commercial Focus, the net fiscal impact is estimated to be \$1.87 million annually by 2025, and \$3.67 million annually by 2035. The resulting annual impact on the General Fund for Alternative M – Mixed-Use Focus is estimated at \$821,000 by 2025, and \$1.30 million by 2035. For Alternative R – Residential Focus, the estimated net fiscal impact is \$782,00 per year by 2025, and \$314,000 per year by 2035. The net one-year fiscal impacts from the three alternatives are summarized in Table 1. Net annual fiscal impacts by 2025 are presented in Figure 1 and by 2035 are presented in Figure 2 below. To put these figures in context, for the Fiscal Year ending June 2015, Sunnyvale's General Fund revenues were \$139.80 million and General Fund expenditures were \$139.10 million.

Table 1: Summary of Net Fiscal Impact to the Sunnyvale General Fund

| Annual Impact in Year | ALT C - COMMERCIAL FOCUS | | ALT M - MIXED-USE FOCUS | | ALT R - RESIDENTIAL FOCUS | |
|--|--------------------------|--------------------|-------------------------|--------------------|---------------------------|------------------|
| | 2025 | 2035 | 2025 | 2035 | 2025 | 2035 |
| Estimated General Fund Revenue Impact | \$4,041,237 | \$9,716,835 | 3,542,389 | 8,792,134 | 3,861,639 | 8,634,756 |
| Estimated General Fund Expenditure Impact | -2,172,507 | -6,044,507 | -2,720,919 | -7,494,898 | -3,079,753 | -8,320,367 |
| Net City of Sunnyvale General Fund Impact | \$1,868,730 | \$3,672,328 | \$821,470 | \$1,297,236 | \$781,886 | \$314,389 |

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Figure 1: Net Fiscal Impact to the Sunnyvale General Fund by 2025

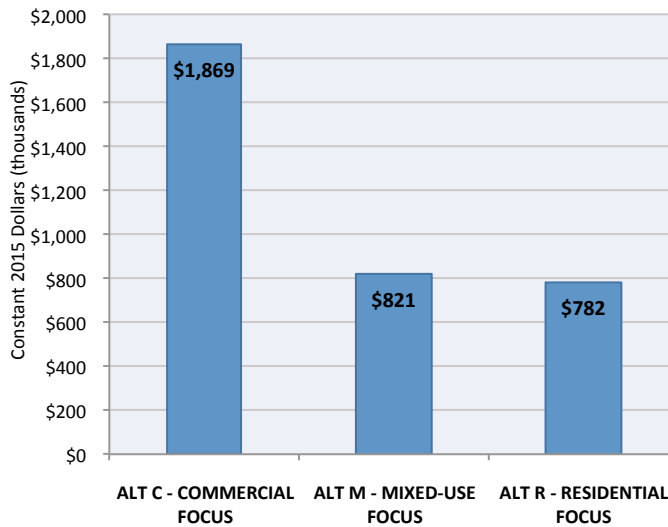
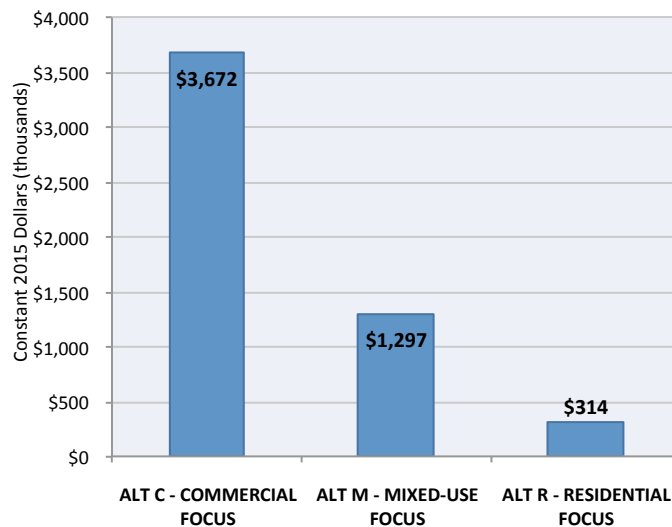


Figure 2: Net Fiscal Impact to the Sunnyvale General Fund by 2035





The two special fees examined, the Park Dedication Fee and Housing Mitigation Fee, have no fiscal impact on the city of its General Fund, however they allow the city to develop new parks and subsidize the development of affordable housing. The Park Dedication acreage and in-lieu fee varies directly with the number of new multi-family units constructed in the Corridor. For the three alternatives, this ranges from Alternative C (the lowest numbers of units) with 30.6 acres or \$128.0 million in-lieu fee, to Alternative R (the highest number of units) with 45.9 acres and \$191.9 million in-lieu fee, at build out. Under the Housing Mitigation Fee, fees assessed on multi-family units contribute the greatest share, therefore Alternative R results in the highest total fee of \$85.7 million at build out. It is important to consider, however, that the number of residential units proposed in Alternatives M and R will be difficult to achieve, as mentioned above. These special funds are discussed in more detail in Section IV.

While this fiscal analysis of the three alternative growth scenarios provides the City of Sunnyvale with an importable tool to guide its decision making, a number of other considerations will also be taken into account, including other General Plan goals such as long term community quality, land use compatibility, economic development needs, traffic and environmental impacts, and the region's considerable housing needs to maintain jobs-housing balance.

Overview of Methodology

The fiscal impact analysis uses a combination of techniques to estimate the increase in revenues and expenditures. Where possible, the increases in revenues and expenditures are modeled following the manner in which they are collected and allocated, referred to as the "Development" methodology. For example, increases in property tax revenues are based on an estimate of the increase in assessed valuation associated with a given development project. In other cases, where this type of detailed modeling is not possible due to lack of adequate data, LEG utilized revenue and cost multipliers that represent the current average per service population, based on the *City of Sunnyvale Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2015* (CAFR). Generally, this methodology presents a reasonably conservative analysis of the potential fiscal impacts of the planned for development.

In addition to applying development-based or service population-based estimates of General Fund revenues and expenditures, certain municipal line item revenues or costs vary more with growth and development than others. For example, on the expenditures side, Public Safety and Community



Development expenditures vary more with population growth than do Planning and Management costs. Therefore, percentages of fixed and variable factors were included in the analysis of the major line items.

To generate the fiscal impact model, LEG used the City of Sunnyvale's CAFR, to estimate revenues and expenditures that could result from the El Camino Real Corridor alternatives. All results of the analysis are presented in 2015 dollars. It is important to note that the analysis does not consider excess capacity that may exist for particular city services or the possibility that the proposed development might fall at a service threshold level, requiring major new capital construction to accommodate increased growth. Rather, it applies current fiscal conditions and municipal service levels to anticipate future costs upon completion and operation.



II. Alternative Development Scenarios

In the El Camino Real Corridor Market Study report, LEG estimated demand by land use through 2025 and 2035. A summary of the estimated demand is presented in Table 2. The M-Group team developed three growth alternatives that vary the amount of net new commercial and residential development, as presented in Table 3. LEG compared the estimated demand from the market study to the three alternatives to allocate the net new commercial square footage to retail, office or hotel uses and the net new residential units to condominiums, market rate apartments and affordable units. In all three alternatives, the high estimate for market rate residential demand has been applied; and the residential units in the alternatives that are in excess of the high market demand estimate are assumed to be half market rate and half affordable units. The resulting development programs used for each alternative in the fiscal impact analysis are detailed in Table 4.

Table 2: Summary of Market Analysis Findings for El Camino Real Corridor

(Development Potential Net of Projects Under Construction or in Planning Application)

| | 2015-25 | 2025-35 | Total 2015-35 |
|--|---------|---------|------------------|
| Market Rate Multi Family Residential Units | | | |
| Low Estimate | 400 | 1,100 | 1,500 |
| High Estimate | 700 | 1,400 | 2,100 |
| Allocation of Below Market Housing Units Identified for 2015 to 2023 | | | |
| Low Estimate | 480 | NA | 480 |
| High Estimate | 630 | NA | 630 |
| Retail Store Space (SF) | 338,000 | 262,000 | 600,000 |
| Office Space (SF) | 0 | 150,000 | 150,000 |
| Hotel Units | | | |
| Low Estimate | 0 | 80 | 80 |
| High Estimate | 80 | 200 | 280 |

El Camino Real Corridor Market Study, January 2016, Land Econ Group



Table 3: Summary of El Camino Real Corridor Alternative Growth Scenarios¹

| | ALT C - COMMERCIAL FOCUS | ALT M - MIXED-USE FOCUS | ALT R - RESIDENTIAL FOCUS |
|---|-----------------------------|----------------------------|------------------------------|
| Residential Units | | | |
| Existing Residential | 1,600 | 1,600 | 1,600 |
| Potential Residential Growth Scenario | 5,000 | 6,100 | 6,700 |
| Net New Proposed Residential Units Over Existing | 3,400 | 4,500 | 5,100 |
| Net Difference from Current General Plan | 1,800 | 2,900 | 3,500 |
| Commercial SF | | | |
| Existing Commercial floor area | 3,250,000 | 3,250,000 | 3,250,000 |
| Potential Commercial Growth Scenario | 4,400,000 | 3,900,000 | 3,700,000 |
| Net New Commercial Floor Area Over Existing | 1,150,000 | 650,000 | 450,000 |
| Net Difference from Current General Plan | 200,000 | -300,000 | -500,000 |

¹ M-Group Sunnyvale ECR Alternatives, June 2016
Land Econ Group

Table 4: El Camino Real Corridor Development Program – 3 Alternative Growth Scenarios¹

| | ALT C - COMMERCIAL FOCUS | | | ALT M - MIXED-USE FOCUS | | | ALT R - RESIDENTIAL FOCUS | | |
|--------------------------------|--------------------------|----------------|------------------|-------------------------|----------------|----------------|---------------------------|----------------|----------------|
| Net New Development | 2015-25 | 2025-35 | Total | 2015-25 | 2025-35 | Total | 2015-25 | 2025-35 | Total |
| Residential Units | | | | | | | | | |
| Condominiums | 430 | 850 | 1,280 | 480 | 970 | 1,450 | 520 | 1,030 | 1,550 |
| Market Rate Apartments | 500 | 1,020 | 1,520 | 620 | 1,230 | 1,850 | 680 | 1,370 | 2,050 |
| Affordable Units ² | <u>240</u> | <u>360</u> | <u>600</u> | <u>480</u> | <u>720</u> | <u>1,200</u> | <u>600</u> | <u>900</u> | <u>1,500</u> |
| Total Residential Units | 1,170 | 2,230 | 3,400 | 1,580 | 2,920 | 4,500 | 1,800 | 3,300 | 5,100 |
| Commercial SF | | | | | | | | | |
| Retail Commercial | 411,000 | 340,000 | 751,000 | 286,000 | 240,000 | 526,000 | 316,000 | 110,000 | 426,000 |
| Office Commercial | 0 | 175,000 | 175,000 | 0 | 100,000 | 100,000 | 0 | 80,000 | 80,000 |
| Hotel (800 SF per room) | <u>64,000</u> | <u>160,000</u> | <u>224,000</u> | <u>64,000</u> | <u>160,000</u> | <u>224,000</u> | <u>64,000</u> | <u>160,000</u> | <u>224,000</u> |
| Total Commercial | 475,000 | 675,000 | 1,150,000 | 350,000 | 500,000 | 850,000 | 380,000 | 350,000 | 730,000 |

¹ M-Group Sunnyvale ECR Alternatives, June 2016

² Affordable units based in part on *El Camino Real Corridor Market Study*
Land Econ Group

When fully occupied, these levels of development will add between 8,073 and 11,920 new residents and 1,871 to 3,137 new employees by 2035, as shown in Table 5. The fiscal analysis uses these new residents and employees to estimate municipal service revenue and expenditure increases.


Table 5: Projected New Population and Employment

| | | | ALT C - COMMERCIAL FOCUS | | | ALT M - MIXED-USE FOCUS | | | ALT R - RESIDENTIAL FOCUS | | |
|---|---------------------|--------|--------------------------|--------------|--------------|-------------------------|--------------|---------------|---------------------------|--------------|---------------|
| | | Ratios | | | | | | | | | |
| Net New Development | 15-25 | 25-35 | 2015-25 | 2025-35 | Total | 2015-25 | 2025-35 | Total | 2015-25 | 2025-35 | Total |
| Residential Population | Per Unit | | | | | | | | | | |
| Condominiums | 2.6 | 2.5 | 1,118 | 2,125 | 3,243 | 1,248 | 2,425 | 3,673 | 1,352 | 2,575 | 3,927 |
| Market Rate Apartments | 2.4 | 2.3 | 1,200 | 2,346 | 3,546 | 1,488 | 2,829 | 4,317 | 1,632 | 3,151 | 4,783 |
| Affordable Units | 2.2 | 2.1 | 528 | 756 | 1,284 | 1,056 | 1,512 | 2,568 | 1,320 | 1,890 | 3,210 |
| Total New Residential Population | | | 2,846 | 5,227 | 8,073 | 3,792 | 6,766 | 10,558 | 4,304 | 7,616 | 11,920 |
| Commercial Employment | Per 1,000 SF | | | | | | | | | | |
| Retail Commercial | 2.9 | 2.9 | 1,192 | 986 | 2,178 | 829 | 696 | 1,525 | 916 | 319 | 1,235 |
| Office Commercial | 3.4 | 3.4 | 0 | 595 | 595 | 0 | 340 | 340 | 0 | 272 | 272 |
| Hotel (<i>per room</i>) | 1.3 | 1.3 | 104 | 260 | 364 | 104 | 260 | 364 | 104 | 260 | 364 |
| Total Commercial | | | 1,296 | 1,841 | 3,137 | 933 | 1,296 | 2,229 | 1,020 | 851 | 1,871 |

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Employees tend to spend less time in the city and will therefore place a lower per capita burden on municipal services as compared to residents. In addition, intergovernmental and other municipal revenue sources are often related more directly to resident population than to the number of employees. Based on a large body of practice, each employee is estimated to impose one-third the service burden of one resident. Since residents and employees are accounted for separately with this approach, there is no double counting if the employees also live in Sunnyvale. Using these factors, Sunnyvale had a service population of 177,137 in 2015 (Table 6).

Table 6: 2015 Sunnyvale Demographic Factors and Service Population

| | Key Demographic Characteristics | Service Weight | Service Population |
|---------------------------------|---------------------------------|----------------|--------------------|
| Population | 149,326 | 1.00 | 149,326 |
| Households | 56,506 | | |
| Employment | 84,276 | 0.33 | 27,811 |
| Total Service Population | | | 177,137 |

Esri Business Analyst, 2015; U.S. Census On the Map Application



III. Annual Fiscal Impact to General Fund

General Fund Revenues and Expenditures

The detailed methodology used to estimate General Fund revenues by line item are shown in Table 7. Property Tax, Sales and Use Taxes, Transient Occupancy Tax and Real Property Transfer Tax are estimated based upon the types and amounts of new development. The methodology used to estimate General Fund expenditures are detailed in Table 8. Many of the line item revenue and expenditure estimates are based upon service population.

Table 7: General Fund Revenues and Forecasting Method by Line Item

| General Fund Revenue ¹ | Amount | Method | Gross per Service Population | Fixed | Variable | Net per Additional Service Population |
|-----------------------------------|----------------------|--------------------|------------------------------|-------|----------|---------------------------------------|
| Property Tax | \$54,940,570 | Development | -- | -- | -- | -- |
| Sales and Use Taxes | 31,212,375 | Development | -- | -- | -- | -- |
| Other Taxes | 27,587,881 | Mixed | | | | |
| Utilities Users Tax | 6,774,027 | Service Population | \$38.24 | 50% | 50% | \$19.12 |
| Transient Occupancy Tax | 14,137,069 | Development | -- | -- | -- | -- |
| Real Property Transfer Tax | 1,764,551 | Development | -- | -- | -- | -- |
| Construction Taxes | 3,066,351 | Service Population | \$17.31 | 25% | 75% | \$12.98 |
| Business License Tax | 1,845,883 | Service Population | \$10.42 | 75% | 25% | \$2.61 |
| Franchise Fees | 6,897,803 | Service Population | \$38.94 | 75% | 25% | \$9.74 |
| Intergovernment Transfers | 1,834,163 | Service Population | \$10.35 | 75% | 25% | \$2.59 |
| Permits and Licenses | 1,308,386 | Service Population | \$7.39 | 75% | 25% | \$1.85 |
| Fines and Forfeitures | 1,125,727 | Not Applicable | -- | -- | -- | -- |
| Special Assessments | 5,723 | Not Applicable | -- | -- | -- | -- |
| Service Fees | 6,100,748 | Not Applicable | -- | -- | -- | -- |
| Rents and Concessions | 1,452,176 | Not Applicable | -- | -- | -- | -- |
| Interest Received from | | | | | | |
| Interfund Advances | 4,862,424 | Not Applicable | -- | -- | -- | -- |
| Investment Earnings | 668,261 | Not Applicable | -- | -- | -- | -- |
| Other Revenues | 773,503 | Service Population | \$4.37 | 50% | 50% | \$2.18 |
| Total Revenues | \$138,769,740 | | | | | \$51.06 |

¹ From City of Sunnyvale Comprehensive Annual Financial Report for FY ending June 30, 2015
Land Econ Group

**Table 8: General Fund Expenditures and Forecasting Method by Line Item**

| General Fund Expenditures ¹ | Amount | Method | Gross per Service Population | Fixed | Variable | Net per Additional Service Population |
|--|---------------|--------------------|------------------------------|-------|----------|---------------------------------------|
| Planning and Management | \$18,689,624 | Service Population | \$105.51 | 75% | 25% | \$26.38 |
| Public Safety | 82,199,833 | Service Population | \$464.05 | 5% | 95% | \$440.84 |
| Community Development | 12,033,373 | Service Population | \$67.93 | 5% | 95% | \$64.54 |
| Transportation | 6,926,606 | Service Population | \$39.10 | 5% | 95% | \$37.15 |
| Socioeconomic | 1,296,933 | Service Population | \$7.32 | 5% | 95% | \$6.96 |
| Cultural | 15,721,309 | Service Population | \$88.75 | 5% | 95% | \$84.31 |
| Environmental Management | 645,096 | Service Population | \$3.64 | 5% | 95% | \$3.46 |
| Capital Outlay | 346,181 | Not Applicable | -- | -- | -- | -- |
| Debt Service | 1,205,610 | Not Applicable | -- | -- | -- | -- |
| Total Expenditures | \$139,064,565 | | | | | \$663.64 |

¹ From City of Sunnyvale Comprehensive Annual Financial Report for FY ending June 30, 2015
Land Econ Group

Assessed Value of New Development and Property Tax

The assessed values were estimated based upon the new development in the corridor and the value per square foot or per unit from online sources of sales records, such as Real Estate Economics, Redfin, and LoopNet. To account for market cycles, the residential property values use the average of the median sales price in the most recent market peak (2015) and market trough (2010). Sunnyvale's Below Market Rate (BMR) ownership housing requirement is 12.5 percent of market rate ownership housing units (Municipal Code 19.67). These inclusionary affordable condominium units are calculated based on the number of market rate condominium units and are subject to property tax assessment. Property values for BMR units are based on the average maximum sale price of new BMR homes, according to the Sunnyvale BMR Housing Program. Other affordable units in the alternatives are assumed to be owned by non-profits and are therefore exempt from property tax. Per square foot values for commercial office, retail and hotel uses are based on industry averages.

For hotel development, we used a gross average of 800 square feet per room. This average would include hallways, vertical circulation, meeting rooms, dining areas, lobby space, health club and other common space. The net area for a typical guest room is about half of that average.

By 2035, the assessed value of new development that is subject to property tax assessment is estimated to be \$2.23 billion for Alternative C, \$2.42 billion for Alternative M, and \$2.56 billion for



Alternative R. Estimated values and assessed value calculations are detailed in Table 11. Property is assessed at one percent of the assessed value in accordance with Proposition 13. The share of this one percent that is allocated to the City of Sunnyvale's General Fund is approximately 12.8 percent.

Property Transfer Tax

The City of Sunnyvale has a Property Transfer Tax that applies to the sale of real property at a rate of \$0.55 per \$1,000 of sales price. New development and changes in land use will generate property transfer tax as properties are sold. To calculate the annual property transfer tax generated by new development within the El Camino Real Corridor, LEG estimated the average annual turnover for each taxable land use. Residential properties are expected to be sold at an average rate of 12 percent in any given year, or once every eight years. Commercial retail, office and hotel properties are also expected to turn over about once every eight years, on average. Based on these assumptions, by 2035, the turn over of new development will generate in property transfer tax, annually, approximately \$150,000 in Alternative C, \$162,000 in Alternative M, and \$171,000 in Alternative R (Table 12).

Sales and Use Taxes

Sales and Use Tax is derived from sales at retail, restaurants or business-to-business. Net new sales tax was calculated with a combination of two methods; sales generated by new ECR residents and sales generated by new commercial development within the corridor. A portion of sales in the corridor will be generated by the new residential population and must be netted out of the commercial space generation to avoid double counting. Using a per capita retail store sales estimate of \$12,500, based on data presented in the El Camino Real Corridor Market Study, LEG calculated total retail store sales by the new residential population in the corridor. According to market based estimates, LEG then approximated that 50 percent of these sales would be captured within the City of Sunnyvale, of which 60 percent would be captured within the corridor, and 25 percent of that would be spent at the new retail and restaurant developments in the corridor. The sales generated by new residents at the new retail and restaurant developments in the ECR are subtracted from spending captured in Sunnyvale to avoid double counting. The resulting sales generated by new residents are multiplied by the City of Sunnyvale's sales tax rate of one percent (Table 13).



Sales generated by the new commercial development are calculated by multiplying the estimated sales per square foot by the square feet of development and then applying the one percent sales tax (Table 14). While sales per square foot per year vary widely by type of retail and strengths of location, an overall average for new development in the El Camino Real Corridor can be reasonably predicted based upon our experience. For this analysis, we applied an estimate of \$550 per square foot per year for retail and restaurants, \$70 per square foot for office and \$5 per square foot (or \$4,000 per room) for hotel. The total additional sales tax revenue is the sum of estimated sales to new residents and estimated sales of new commercial development (less new resident spending in new commercial development within the corridor).

Transient Occupancy Tax

The Transient Occupancy Tax (TOT) rate in the City of Sunnyvale is 10.5 percent. All three alternative growth scenarios for El Camino Real Corridor include a 280-room hotel. Based on recent Silicon Valley hotel market research from HVS, a global leader in the hospitality industry, LEG estimated a standard occupancy rate to be 72 percent and average daily room rate at \$200. Given these assumptions, by 2035 Sunnyvale's General Fund is expected to receive over \$1.5 million in annual TOT revenue for any of the three alternatives, as shown in Table 15.

Overall General Fund Impacts

The overall General Fund impacts from the three alternative growth scenarios are summarized by major revenue and expenditure line items in Table 16 and Table 17, respectively. The resulting net impacts are summarized in Table 18.

Implications of Alternative Growth Scenarios

Commercial development generates significant positive net gain for municipal governments. The taxes generated outweigh the costs for providing local government services. Residential development, on the other hand, may place more demands on the city's General Fund. While residential development brings new property and sales tax revenues, it also brings demand for local government services and the cost of providing these services often exceeds the revenue generated. This is clearly illustrated in the estimated net fiscal impact comparisons of the three alternative growth scenarios.



Alternative C – Commercial Focus, with the highest proportion of commercial development has the greatest positive impact on the City of Sunnyvale’s General Fund. By 2025, Alternative C will generate an additional \$1.87 million annually, and by 2035 this amount will be \$3.67million annually. Alternative M - Mixed-Use Focus, with a greater proportion of residential development, has a net fiscal impact on the city’s General Fund in the first decade of \$821,000 annually. The additional new commercial development and many more residential units by 2035 bring the net impact to \$1.30 million annually. Alternative R – Residential Focus, with the highest proportion of residential development, has a net fiscal impact of \$782,000 annually by 2025. By 2035, the net fiscal impact of Alternative R decreases to \$314,000 annually, because the new development expected between 2025 and 2035 has a much greater proportion of residential to commercial space. In selecting a preferred growth scenario, it will be important to consider the balance of commercial and residential development and its impact on the City of Sunnyvale’s General Fund budget. While this fiscal analysis of the three alternative growth scenarios provides the City of Sunnyvale with an importable tool to guide its decision making, a number of other considerations will also be taken into account, including other General Plan goals such as long term community quality, land use compatibility, economic development needs, traffic and environmental impacts, and the region’s considerable housing needs to maintain jobs-housing balance.



IV. Special Funds

New development in the El Camino Real Corridor over the next two decades will also generate two significant pots of revenue that do not flow into Sunnyvale’s General Fund. These two special funds are:

- Park Dedication Fees for Rental Housing Projects, and
- Housing Mitigation Fee

These fees accumulate in the two dedicated special funds until such time that the city spends them for their intended purposes.

Park Dedication Fee for Rental Housing

This fund is used to acquire and improve parks and recreation facilities within Sunnyvale as new population from new rental housing development increases the demand for such facilities. For rental housing projects with a density over 14 units per acre, the park dedication acreage requirement is 0.009 acres per unit. Developers have the option of either dedicating the acreage or paying an in-lieu fee at the time of building permit application. The in-lieu fee is based upon the number of acres required multiplied by fair market value of an acre of land in Sunnyvale as determined by the director of community development.

Table 9: Park Dedication Fee

| | ALT C - COMMERCIAL FOCUS | ALT M - MIXED-USE FOCUS | ALT R - RESIDENTIAL FOCUS |
|--|-----------------------------|----------------------------|------------------------------|
| Number of Multi-Family Units (incl Condos) | 3,400 | 4,500 | 5,100 |
| Acres Required at 0.009 per Unit | 30.6 | 40.5 | 45.9 |
| Fair Market Land Value Set at \$96 per SF | \$127,961,856 | \$169,361,280 | \$191,942,784 |

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As shown in the aboveTable 9, the acres of parkland that needs to be dedicated or in-lieu fee generated varies directly with the number of new multi-family units constructed in the Corridor. Because of a separate subdivision ordinance on parkland dedication requirements and in-lieu fees, condominiums constructed in the Corridor are subject to identical fees. The city’s rational is that the



new population living in the new housing will create added demand for parks and recreation facilities and the park dedication fee is used to construct those new facilities. Since the revenue collected is eventually spent on parks and recreation facilities, this fee has no fiscal impact on the city or its General Fund. It does allow the city to develop new parks and recreation facilities as population grows.

Housing Mitigation Fee

The City of Sunnyvale passed two new Affordable Housing Impact Fees during the summer of 2015. The Housing Impact Fee for Nonresidential Development was set at \$15 per net new square foot for all office and industrial projects (\$7.50 for the first 25,000 square feet) and \$7.50 per square foot for all retail and lodging projects. The Housing Impact Fee for Rental Housing was set at \$17 per new habitable square foot and applies to all new rental development. Developers will have the option of constructing affordable units on site to offset the payment of the Housing Mitigation Fee. Revenues generated by these fees will be used to subsidize the development of affordable units.

Table 10: Housing Mitigation Fee

| | ALT C - COMMERCIAL FOCUS | ALT M - MIXED-USE FOCUS | ALT R - RESIDENTIAL FOCUS |
|--|-----------------------------|----------------------------|------------------------------|
| Number of Multi-Family Units (incl Condos) | 3,400 | 4,500 | 5,100 |
| Average Habitable SF per Unit | 950 | 935 | 920 |
| Fee from Rental Housing at \$17/SF | \$54,910,000 | \$71,527,500 | \$79,764,000 |
| Retail Commercial SF | 751,000 | 526,000 | 426,000 |
| Hotels at 800SF/Unit | 224,000 | 224,000 | 224,000 |
| Fee for Retail and Hotel at \$7.50/SF | \$7,312,500 | \$5,625,000 | \$4,875,000 |
| Office Commercial SF | 175,000 | 100,000 | 80,000 |
| Fee for Office at \$7.50 (for the first 25,000SF) ¹ and \$15/SF | \$2,362,500 | \$1,350,000 | \$1,080,000 |
| Total Housing Mitigation Fee | \$64,585,000 | \$78,502,500 | \$85,719,000 |

¹ The first 25,000 square feet is estimated at 20% of total office commercial square footage
City of Sunnyvale; Land Econ Group

Condominiums have been included as rental housing in the calculation of fee generation because many projects mapped as condominiums are likely to be rented for the initial ten years to allow the developer/builder/architect to weather the construction defect litigation exposure period.



This analysis by alternative indicates that Alternative R with the 5,100 residential units generates the highest level of Housing Mitigation Fee. However, as discussed previously, the permitted residential densities in the Corridor is likely too low for private redevelopment to achieve this high number of new residential units. Since this is a special fee that is collected and then spent on affordable housing projects, it does not flow into the General Fund has no direct affect on the City's General Fund balance.



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Table 11: Estimated Assessed Value and Property Tax From New Development

| | Value per Unit or SF | ALT C - COMMERCIAL FOCUS | | | ALT M - MIXED-USE FOCUS | | | ALT R - RESIDENTIAL FOCUS | | |
|--|-------------------------|--------------------------|-------------------------|----------------------------|-------------------------|-------------------------|----------------------------|---------------------------|-------------------------|----------------------------|
| | | Units or SF | Total Assessed Value | Gross Property Tax @ 1% | Units or SF | Total Assessed Value | Gross Property Tax @ 1% | Units or SF | Total Assessed Value | Gross Property Tax @ 1% |
| Total Development by 2025 | | | | | | | | | | |
| Residential Units | | | | | | | | | | |
| Condominiums ¹ | 675,000 | 430 | 290,250,000 | 2,902,500 | 480 | 324,000,000 | 3,240,000 | 520 | 351,000,000 | 3,510,000 |
| Market Rate Apartments | 600,000 | 500 | 300,000,000 | 3,000,000 | 620 | 372,000,000 | 3,720,000 | 680 | 408,000,000 | 4,080,000 |
| Affordable Condominiums ² | 380,000 | 61 | 23,342,857 | 233,429 | 69 | 26,057,143 | 260,571 | 74 | 28,228,571 | 282,286 |
| Affordable Apartments | Not Taxable | <u>179</u> | <u>0</u> | <u>0</u> | <u>411</u> | <u>0</u> | <u>0</u> | <u>526</u> | <u>0</u> | <u>0</u> |
| Total Residential Units | | 1,170 | \$613,592,857 | \$6,135,929 | 1,580 | \$722,057,143 | \$7,220,571 | 1,800 | \$787,228,571 | \$7,872,286 |
| Commercial SF | | | | | | | | | | |
| Retail Commercial | 375 | 411,000 | 154,125,000 | 1,541,250 | 286,000 | 107,250,000 | 1,072,500 | 316,000 | 118,500,000 | 1,185,000 |
| Office Commercial | 550 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Hotel (800 SF per room) | <u>350</u> | <u>64,000</u> | <u>22,400,000</u> | <u>224,000</u> | <u>64,000</u> | <u>22,400,000</u> | <u>224,000</u> | <u>64,000</u> | <u>22,400,000</u> | <u>224,000</u> |
| Total Commercial | \$372 | 475,000 | \$176,525,000 | \$1,765,250 | 350,000 | \$129,650,000 | \$1,296,500 | 380,000 | \$140,900,000 | \$1,409,000 |
| Total by 2025 | | | \$790,117,857 | \$7,901,179 | \$851,707,143 | | | \$8,517,071 | \$928,128,571 | |
| City of Sunnyvale General Fund Share 12.8% | | | | \$1,011,351 | | | | \$1,090,185 | \$1,188,005 | |
| Total Development by 2035 | | | | | | | | | | |
| Residential Units | | | | | | | | | | |
| Condominiums | 675,000 | 1,280 | 864,000,000 | 8,640,000 | 1,450 | 978,750,000 | 9,787,500 | 1,550 | 1,046,250,000 | 10,462,500 |
| Market Rate Apartments | 600,000 | 1,520 | 912,000,000 | 9,120,000 | 1,850 | 1,110,000,000 | 11,100,000 | 2,050 | 1,230,000,000 | 12,300,000 |
| Affordable Condominiums | 380,000 | 183 | 69,485,714 | 694,857 | 207 | 78,714,286 | 787,143 | 221 | 84,142,857 | 841,429 |
| Affordable Apartments | Not Taxable | <u>417</u> | <u>0</u> | <u>0</u> | <u>993</u> | <u>0</u> | <u>0</u> | <u>1,279</u> | <u>0</u> | <u>0</u> |
| Total Residential Units | | 3,400 | \$1,845,485,714 | \$18,454,857 | 4,500 | \$2,167,464,286 | \$21,674,643 | 5,100 | \$2,360,392,857 | \$23,603,929 |
| Commercial SF | | | | | | | | | | |
| Retail Commercial | 375 | 751,000 | 281,625,000 | 2,816,250 | 526,000 | 197,250,000 | 1,972,500 | 426,000 | 159,750,000 | 1,597,500 |
| Office Commercial | 550 | 175,000 | 96,250,000 | 962,500 | 100,000 | 55,000,000 | 550,000 | 80,000 | 44,000,000 | 440,000 |
| Hotel (800 SF per room) | <u>350</u> | <u>224,000</u> | <u>78,400,000</u> | <u>784,000</u> | <u>224,000</u> | <u>78,400,000</u> | <u>784,000</u> | <u>224,000</u> | <u>78,400,000</u> | <u>784,000</u> |
| Total Commercial | \$397 | 1,150,000 | \$456,275,000 | \$4,562,750 | 626,000 | \$252,250,000 | \$2,522,500 | 506,000 | \$203,750,000 | \$2,037,500 |
| Total by 2035 | | | \$2,301,760,714 | \$23,017,607 | \$2,419,714,286 | | | \$24,197,143 | \$2,564,142,857 | |
| City of Sunnyvale General Fund Share 12.8% | | | | \$2,946,254 | | | | \$3,097,234 | \$3,282,103 | |

¹ Property value based on average of median sales price in the most recent market peak (2015) and trough (2010)

² Units calculated as 12.5% of market rate condominiums, per Sunnyvale Below Market Rate ownership housing requirement (Municipal Code 19.67)

² Property value based on average maximum sale price of new BMR homes, Sunnyvale BMR Housing Program, Administrative procedures for the Home Ownership Program, Exhibit V, June 2016



Table 12: Estimated Property Transfer Tax From New Development

| | ALT C - COMMERCIAL FOCUS | | | | ALT M - MIXED-USE FOCUS | | | | ALT R - RESIDENTIAL FOCUS | | | |
|----------------------------------|--------------------------|-------------------|---|---|-------------------------|-------------------|---|---|---------------------------|-------------------|---|---|
| | Total Assessed Value | Avg Annual % Sold | Amount Subject to Property Transfer Tax | Property Transfer Tax @ \$0.55 per \$1,000 of Value | Total Assessed Value | Avg Annual % Sold | Amount Subject to Property Transfer Tax | Property Transfer Tax @ \$0.55 per \$1,000 of Value | Total Assessed Value | Avg Annual % Sold | Amount Subject to Property Transfer Tax | Property Transfer Tax @ \$0.55 per \$1,000 of Value |
| Total Development by 2025 | | | | | | | | | | | | |
| Residential Units | | | | | | | | | | | | |
| Condominiums | 290,250,000 | 14% | 40,635,000 | 22,349 | 324,000,000 | 14% | 45,360,000 | 24,948 | 351,000,000 | 14% | 49,140,000 | 27,027 |
| Market Rate Apartments | 300,000,000 | 10% | 30,000,000 | 16,500 | 372,000,000 | 10% | 37,200,000 | 20,460 | 408,000,000 | 10% | 40,800,000 | 22,440 |
| Affordable Condominiums | 23,342,857 | 10% | 2,334,286 | 1,284 | 26,057,143 | 10% | 2,605,714 | 1,433 | 28,228,571 | 10% | 2,822,857 | 1,553 |
| Affordable Apartments | <u>0</u> | <u>0%</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0%</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0%</u> | <u>0</u> | <u>0</u> |
| Total Residential Units | \$590,250,000 | 12% | \$72,969,286 | \$40,133 | \$696,000,000 | 12% | \$85,165,714 | \$46,841 | \$759,000,000 | 12% | \$92,762,857 | \$51,020 |
| Commercial SF | | | | | | | | | | | | |
| Retail Commercial | 154,125,000 | 12% | 18,495,000 | 10,172 | 107,250,000 | 12% | 12,870,000 | 7,079 | 118,500,000 | 12% | 14,220,000 | 7,821 |
| Office Commercial | <u>0</u> | 12% | <u>0</u> | <u>0</u> | <u>0</u> | 12% | <u>0</u> | <u>0</u> | <u>0</u> | 12% | <u>0</u> | <u>0</u> |
| Hotel | <u>22,400,000</u> | <u>10%</u> | <u>2,240,000</u> | <u>1,232</u> | <u>22,400,000</u> | <u>10%</u> | <u>2,240,000</u> | <u>1,232</u> | <u>22,400,000</u> | <u>10%</u> | <u>2,240,000</u> | <u>1,232</u> |
| Total Commercial | \$176,525,000 | 12% | \$20,735,000 | \$11,404 | \$129,650,000 | 12% | \$15,110,000 | \$8,311 | \$140,900,000 | 12% | \$16,460,000 | \$9,053 |
| Total by 2025 | \$766,775,000 | | | \$51,537 | \$825,650,000 | | \$100,275,714 | \$55,152 | \$899,900,000 | | | \$60,073 |
| Total Development by 2035 | | | | | | | | | | | | |
| Residential Units | | | | | | | | | | | | |
| Condominiums | 864,000,000 | 14% | 120,960,000 | 66,528 | 978,750,000 | 14% | 137,025,000 | 75,364 | 1,046,250,000 | 14% | 146,475,000 | 80,561 |
| Market Rate Apartments | 912,000,000 | 10% | 91,200,000 | 50,160 | 1,110,000,000 | 10% | 111,000,000 | 61,050 | 1,230,000,000 | 10% | 123,000,000 | 67,650 |
| Affordable Condominiums | 69,485,714 | 10% | 6,948,571 | 3,822 | 78,714,286 | 10% | 7,871,429 | 4,329 | 84,142,857 | 10% | 8,414,286 | 4,628 |
| Affordable Apartments | <u>0</u> | <u>0%</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0%</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0%</u> | <u>0</u> | <u>0</u> |
| Total Residential Units | \$1,776,000,000 | 12% | \$219,108,571 | \$120,510 | \$2,088,750,000 | 12% | \$255,896,429 | \$140,743 | \$2,276,250,000 | 12% | \$277,889,286 | \$152,839 |
| Commercial SF | | | | | | | | | | | | |
| Retail Commercial | 281,625,000 | 12% | 33,795,000 | 18,587 | 197,250,000 | 12% | 23,670,000 | 13,019 | 159,750,000 | 12% | 19,170,000 | 10,544 |
| Office Commercial | 96,250,000 | 12% | 11,550,000 | 6,353 | 55,000,000 | 12% | 6,600,000 | 3,630 | 44,000,000 | 12% | 5,280,000 | 2,904 |
| Hotel | <u>78,400,000</u> | <u>10%</u> | <u>7,840,000</u> | <u>4,312</u> | <u>78,400,000</u> | <u>10%</u> | <u>7,840,000</u> | <u>4,312</u> | <u>78,400,000</u> | <u>10%</u> | <u>7,840,000</u> | <u>4,312</u> |
| Total Commercial | \$456,275,000 | 12% | \$53,185,000 | \$29,252 | \$330,650,000 | 12% | \$38,110,000 | \$20,961 | \$282,150,000 | 11% | \$32,290,000 | \$17,760 |
| Total by 2035 | \$2,232,275,000 | | \$272,293,571 | \$149,761 | \$2,419,400,000 | | \$294,006,429 | \$161,704 | \$2,558,400,000 | | \$310,179,286 | \$170,599 |



Table 13: Estimated Sales Tax From New Resident Population

| | | ALT C - COMMERCIAL FOCUS | ALT M - MIXED-USE FOCUS | ALT R - RESIDENTIAL FOCUS |
|--|-----|--------------------------|-------------------------|---------------------------|
| Total in 2025 | | | | |
| New Residential Population | | 2,846 | 3,792 | 4,304 |
| Per Capita Retail Store Sales ¹ | | \$12,500 | \$12,500 | \$12,500 |
| Total Retail Store Sales by New Residential Population | | \$35,575,000 | \$47,400,000 | \$53,800,000 |
| Capture Rate within City of Sunnyvale | 50% | \$17,787,500 | \$23,700,000 | \$26,900,000 |
| Capture Rate within ECR Corridor | 60% | \$10,672,500 | \$14,220,000 | \$16,140,000 |
| Capture Rate in New Retail and Restaurant Development | 25% | \$2,668,125 | \$3,555,000 | \$4,035,000 |
| New Resident Retail Sales within Sunnyvale Less Sales in ECR Corridor New Retail and Restaurant Development ² | | \$15,119,375 | \$20,145,000 | \$22,865,000 |
| Sunnyvale Sales Tax Rate | 1% | \$151,194 | \$201,450 | \$228,650 |
| Total in 2025 | | \$151,194 | \$201,450 | \$228,650 |
| Total in 2035 | | | | |
| New Residential Population | | 8,073 | 10,558 | 11,920 |
| Per Capita Retail Store Sales ¹ | | \$12,500 | \$12,500 | \$12,500 |
| Total Retail Store Sales by New Residential Population | | \$100,912,500 | \$131,975,000 | \$149,000,000 |
| Capture Rate within City of Sunnyvale | 50% | \$50,456,250 | \$65,987,500 | \$74,500,000 |
| Capture Rate within ECR Corridor | 60% | \$30,273,750 | \$0 | \$44,700,000 |
| Capture Rate in New Retail and Restaurant Development | 25% | \$7,568,438 | \$16,496,875 | \$11,175,000 |
| New Resident Retail Sales within Sunnyvale Less Sales in ECR Corridor New Retail and Restaurant Development ² | | \$42,887,813 | \$49,490,625 | \$63,325,000 |
| Sunnyvale Sales Tax Rate | 1% | \$428,878 | \$494,906 | \$633,250 |
| Total in 2035 | | \$428,878 | \$494,906 | \$633,250 |

¹ Based on Sunnyvale per capital retail store sales, *Land Econ Group El Camino Real Corridor Market Study*, Table A14

² New resident sales at new retail and restaurant development is netted out to prevent double counting



Table 14: Estimated Sales Tax From New Commercial Development

| | | ALT C - COMMERCIAL FOCUS | | | | | ALT M - MIXED-USE FOCUS | | | | | ALT R - RESIDENTIAL FOCUS | | | | | | |
|------------------------|---------------------|--------------------------|-----------------------|-------------|-------------------------|--------------------------|-------------------------|-----------------------|-------------|-------------------------|--------------------------|---------------------------|-----------------------|-------------|-------------------------|--------------------------|--|-------------|
| | Retail Sales per SF | Square Footage | Total Sales (\$1,000) | Taxable % | Taxable Sales (\$1,000) | Sunnyvale Sales Tax @ 1% | Square Footage | Total Sales (\$1,000) | Taxable % | Taxable Sales (\$1,000) | Sunnyvale Sales Tax @ 1% | Square Footage | Total Sales (\$1,000) | Taxable % | Taxable Sales (\$1,000) | Sunnyvale Sales Tax @ 1% | | |
| Total in 2025 | | | | | | | | | | | | | | | | | | |
| Commercial Development | | | | | | | | | | | | | | | | | | |
| Retail & Restaurants | 550 | 411,000 | 226,050 | 98% | 221,529 | 2,215,290 | 286,000 | 157,300 | 98% | 154,154 | 1,541,540 | 316,000 | 173,800 | 98% | 170,324 | 1,703,240 | | |
| Office Commercial | 70 | 0 | 0 | 100% | 0 | 0 | 0 | 0 | 100% | 0 | 0 | 0 | 0 | 100% | 0 | 0 | | |
| Hotel ¹ | <u>5</u> | <u>64,000</u> | <u>320</u> | <u>100%</u> | <u>320</u> | 3,200 | 64,000 | <u>320</u> | <u>100%</u> | <u>320</u> | <u>3,200</u> | 64,000 | <u>320</u> | <u>100%</u> | <u>320</u> | <u>3,200</u> | | |
| Total Commercial | 0 | 475,000 | 226,370 | | 221,849 | 2,218,490 | 350,000 | 157,620 | | 154,474 | 1,544,740 | 380,000 | 174,120 | | 170,644 | 1,706,440 | | |
| Total in 2025 | | | | | \$221,849 | \$2,218,490 | \$154,474 | | | | | \$1,544,740 | \$170,644 | | | | | \$1,706,440 |
| Total in 2035 | | | | | | | | | | | | | | | | | | |
| Commercial Development | | | | | | | | | | | | | | | | | | |
| Retail & Restaurants | 550 | 751,000 | 413,050 | 98% | 404,789 | 4,047,890 | 526,000 | 289,300 | 98% | 283,514 | 2,835,140 | 426,000 | 234,300 | 98% | 229,614 | 2,296,140 | | |
| Office Commercial | 70 | 175,000 | 12,250 | 100% | 12,250 | 122,500 | 100,000 | 7,000 | 100% | 7,000 | 70,000 | 80,000 | 5,600 | 100% | 5,600 | 56,000 | | |
| Hotel ¹ | <u>5</u> | <u>224,000</u> | <u>1,120</u> | <u>100%</u> | <u>1,120</u> | 11,200 | <u>224,000</u> | <u>1,120</u> | <u>100%</u> | <u>1,120</u> | <u>11,200</u> | <u>224,000</u> | <u>1,120</u> | <u>100%</u> | <u>1,120</u> | <u>11,200</u> | | |
| Total Commercial | 0 | 1,150,000 | 426,420 | | 418,159 | 4,181,590 | 850,000 | 297,420 | | 291,634 | 2,916,340 | 730,000 | 241,020 | | 236,334 | 2,363,340 | | |
| Total in 2035 | | | | | \$418,159 | \$4,181,590 | \$291,634 | | | | | \$2,916,340 | \$236,334 | | | | | \$2,363,340 |

¹ Hotel revenues include food and beverage sales, other operating departments (such as spa and gym), as well as rental income. Revenues are estimated at \$4,000 per room, or \$5 per square foot times 800 square feet per room (gross).

Table 15: Estimated Transient Occupancy Tax

| | ALT C - COMMERCIAL FOCUS | | | ALT M- MIXED-USE FOCUS | | | ALT R - RESIDENTIAL FOCUS | |
|------------------------------------|--------------------------|------------------|--|------------------------|------------------|--|---------------------------|------------------|
| | Total in 2025 | Total in 2035 | | Total in 2025 | Total in 2035 | | Total in 2025 | Total in 2035 |
| Number of Hotel Rooms | 80 | 280 | | 80 | 280 | | 80 | 280 |
| Occupancy Rate ¹ | 72% | | | | | | | |
| Annual Occupied Room Nights | 21,024 | 73,584 | | 21,024 | 73,584 | | 21,024 | 73,584 |
| Average Daily Rate ¹ | \$200 | | | | | | | |
| Annual Revenue | 4,204,800 | 14,716,800 | | 4,204,800 | 14,716,800 | | 4,204,800 | 14,716,800 |
| Transient Occupancy Tax (TOT) Rate | 10.5% | | | | | | | |
| Total Annual TOT Revenues | 441,504 | 1,545,264 | | 441,504 | 1,545,264 | | 441,504 | 1,545,264 |

¹ Based on Silicon Valley Hotel Market Update, HVS, July 2015
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Table 16: General Fund Revenues Impact from 3 Alternative Growth Scenarios

| General Fund Revenue | Net per Additional Service Population @ 100% Weight | Net per Additional Service Employment @ 33% Weight | ALT C - COMMERCIAL FOCUS | | | | | | ALT M - MIXED-USE FOCUS | | | | | |
|--------------------------------------|---|--|--------------------------|---------|----------------|---------|--------------------------------------|------------------|-------------------------|---------|----------------|---------|--------------------------------------|------------------|
| | | | New Population | | New Employment | | Total General Fund Revenue Impact | | New Population | | New Employment | | Total General Fund Revenue Impact | |
| | | | By 2025 | By 2035 | By 2025 | By 2035 | By 2025 | By 2035 | By 2025 | By 2035 | By 2025 | By 2035 | By 2025 | By 2035 |
| New Population or Employment | | | 2,846 | 8,073 | 1,296 | 3,137 | | | 3,792 | 10,558 | 933 | 2,229 | | |
| Revenue Line Items | | | | | | | | | | | | | | |
| Property Tax ¹ | -- | -- | | | | | 1,011,351 | 2,946,254 | | | | | 1,090,185 | 3,097,234 |
| Sales and Use Taxes ² | -- | -- | | | | | 2,369,684 | 4,610,468 | | | | | 1,746,190 | 3,411,246 |
| <i>Other Taxes</i> | | | | | | | | | | | | | | |
| Utilities Users Tax | \$19.12 | \$6.31 | 54,418 | 154,363 | 8,177 | 19,793 | 62,595 | 174,156 | 72,506 | 201,878 | 5,890 | 14,067 | 78,396 | 215,945 |
| Transient Occupancy Tax ³ | -- | -- | | | | | 441,504 | 1,545,264 | | | | | 441,504 | 1,545,264 |
| Real Property Transfer Tax | -- | -- | | | | | 51,537 | 149,761 | | | | | 55,152 | 161,704 |
| Construction Taxes | \$12.98 | \$4.28 | 36,949 | 104,811 | 5,552 | 13,440 | 42,502 | 118,251 | 49,231 | 137,074 | 3,999 | 9,552 | 53,230 | 146,626 |
| Business License Tax | \$2.61 | \$0.86 | 7,414 | 21,031 | 1,114 | 2,697 | 8,528 | 23,728 | 9,879 | 27,505 | 802 | 1,917 | 10,681 | 29,422 |
| Franchise Fees | \$9.74 | \$3.21 | 27,706 | 78,592 | 4,163 | 10,078 | 31,869 | 88,669 | 36,916 | 102,783 | 2,999 | 7,162 | 39,914 | 109,946 |
| Intergovernment Transfers | \$2.59 | \$0.85 | 7,367 | 20,898 | 1,107 | 2,680 | 8,474 | 23,578 | 9,816 | 27,331 | 797 | 1,904 | 10,613 | 29,235 |
| Permits and Licenses | \$1.85 | \$0.61 | 5,255 | 14,907 | 790 | 1,912 | 6,045 | 16,819 | 7,002 | 19,496 | 569 | 1,359 | 7,571 | 20,855 |
| Fines and Forfeitures | -- | -- | | | | | | | | | | | | |
| Special Assessments | -- | -- | | | | | | | | | | | | |
| Service Fees | -- | -- | | | | | | | | | | | | |
| Rents and Concessions | -- | -- | | | | | | | | | | | | |
| Interest Rec'd Interfund Advances | -- | -- | | | | | | | | | | | | |
| Investment Earnings | -- | -- | | | | | | | | | | | | |
| Other Revenues | \$2.18 | \$0.72 | 6,214 | 17,626 | 934 | 2,260 | 7,148 | 19,886 | 8,279 | 23,052 | 673 | 1,606 | 8,952 | 24,658 |
| Total Revenues | | | | | | | 4,041,237 | 9,716,835 | | | | | 3,542,389 | 8,792,134 |

¹ City of Sunnyvale General Fund share of the base property tax is approximately 12.8%

² Sum of estimated additional sales tax generated by new residential population (Table 13) and new commercial development (Table 14)

³ See Table 15



Table 16 (continued): General Fund Revenues Impact From 3 Alternative Growth Scenarios

| General Fund Revenue | Net per Additional Service Population @ 100% Weight | Net per Additional Service Employment @ 33% Weight | ALT R - RESIDENTIAL FOCUS | | | | | |
|--------------------------------------|---|--|---------------------------|---------|----------------|---------|--------------------------------------|------------------|
| | | | New Population | | New Employment | | Total General Fund Revenue Impact | |
| | | | By 2025 | By 2035 | By 2025 | By 2035 | By 2025 | By 2035 |
| New Population or Employment | | | 4,304 | 11,920 | 1,020 | 1,871 | | |
| Revenue Line Items | | | | | | | | |
| Property Tax ¹ | -- | -- | | | | | 1,188,005 | 3,282,103 |
| Sales and Use Taxes ² | -- | -- | | | | | 1,935,090 | 2,996,590 |
| <i>Other Taxes</i> | | | | | | | | |
| Utilities Users Tax | \$19.12 | \$6.31 | 82,296 | 227,921 | 6,439 | 11,808 | 88,735 | 239,729 |
| Transient Occupancy Tax ³ | -- | -- | | | | | 441,504 | 1,545,264 |
| Real Property Transfer Tax | -- | -- | | | | | 60,073 | 170,599 |
| Construction Taxes | \$12.98 | \$4.28 | 55,879 | 154,757 | 4,372 | 8,018 | 60,250 | 162,775 |
| Business License Tax | \$2.61 | \$0.86 | 11,213 | 31,054 | 877 | 1,609 | 12,090 | 32,662 |
| Franchise Fees | \$9.74 | \$3.21 | 41,900 | 116,043 | 3,278 | 6,012 | 45,178 | 122,055 |
| Intergovernment Transfers | \$2.59 | \$0.85 | 11,141 | 30,856 | 872 | 1,599 | 12,013 | 32,455 |
| Permits and Licenses | \$1.85 | \$0.61 | 7,948 | 22,011 | 622 | 1,140 | 8,569 | 23,152 |
| Fines and Forfeitures | -- | -- | | | | | | |
| Special Assessments | -- | -- | | | | | | |
| Service Fees | -- | -- | | | | | | |
| Rents and Concessions | -- | -- | | | | | | |
| Interest Rec'd Interfund Advances | -- | -- | | | | | | |
| Investment Earnings | -- | -- | | | | | | |
| Other Revenues | \$2.18 | \$0.72 | 9,397 | 26,025 | 735 | 1,348 | 10,132 | 27,374 |
| Total Revenues | | | | | | | 3,861,639 | 8,634,756 |

¹ City of Sunnyvale General Fund share of the base property tax is approximately 12.8%

² Sum of estimated additional sales tax generated by new residential population (Table 13) and new commercial development (Table 14)

³ See Table 15



Table 17: General Fund Expenditures Impact From 3 Alternative Growth Scenarios

| General Fund Expenditure | Net per Additional Service Population @ 100% Weight | Net per Additional Service Employment @ 33% Weight | ALT C - COMMERCIAL FOCUS | | | | | | ALT M - MIXED-USE FOCUS | | | | | |
|-------------------------------|---|--|--------------------------|-----------|----------------|---------|--|--------------------|-------------------------|-----------|----------------|---------|--|--------------------|
| | | | New Population | | New Employment | | Total General Fund Expenditure Impact | | New Population | | New Employment | | Total General Fund Expenditure Impact | |
| | | | By 2025 | By 2035 | By 2025 | By 2035 | By 2025 | By 2035 | By 2025 | By 2035 | By 2025 | By 2035 | By 2025 | By 2035 |
| New Population or Employment | | | 2,846 | 8,073 | 1,296 | 3,137 | | | 3,792 | 10,558 | 933 | 2,229 | | |
| Expenditure Line Items | | | | | | | | | | | | | | |
| Planning and Management | \$26.38 | \$8.70 | 75,070 | 212,944 | 11,280 | 27,305 | 86,350 | 240,250 | 100,023 | 278,492 | 8,125 | 19,406 | 108,148 | 297,898 |
| Public Safety | \$440.84 | \$145.48 | 1,254,642 | 3,558,935 | 188,526 | 456,352 | 1,443,168 | 4,015,286 | 1,671,681 | 4,654,432 | 135,790 | 324,330 | 1,807,471 | 4,978,762 |
| Community Development | \$64.54 | \$21.30 | 183,669 | 520,998 | 27,599 | 66,806 | 211,268 | 587,805 | 244,720 | 681,370 | 19,878 | 47,479 | 264,599 | 728,849 |
| Transportation | \$37.15 | \$12.26 | 105,723 | 299,895 | 15,886 | 38,455 | 121,609 | 338,350 | 140,865 | 392,208 | 11,442 | 27,330 | 152,307 | 419,538 |
| Socioeconomic | \$6.96 | \$2.30 | 19,796 | 56,152 | 2,975 | 7,200 | 22,770 | 63,352 | 26,375 | 73,437 | 2,142 | 5,117 | 28,518 | 78,554 |
| Cultural | \$84.31 | \$27.82 | 239,959 | 680,672 | 36,057 | 87,281 | 276,016 | 767,952 | 319,721 | 890,194 | 25,971 | 62,030 | 345,692 | 952,224 |
| Environmental Management | \$3.46 | \$1.14 | 9,846 | 27,930 | 1,480 | 3,581 | 11,326 | 31,512 | 13,119 | 36,528 | 1,066 | 2,545 | 14,185 | 39,073 |
| Capital Outlay | -- | -- | | | | | | | | | | | | |
| Debt Service | -- | -- | | | | | | | | | | | | |
| Total Expenditures | | | | | | | \$2,172,507 | \$6,044,507 | | | | | \$2,720,919 | \$7,494,898 |



Table 17 (continued): General Fund Expenditures Impact From 3 Alternative Growth Scenarios

| ALT R - RESIDENTIAL FOCUS | | | | | | | | |
|-------------------------------|----------------------------------|----------------------------------|----------------|-----------|----------------|---------|--|--------------------|
| General Fund Expenditure | Net per Additional Service | Net per Additional Service | New Population | | New Employment | | Total General Fund Expenditure Impact | |
| | Population @ 100% Weight | Employment @ 33% Weight | By 2025 | By 2035 | By 2025 | By 2035 | By 2025 | By 2035 |
| New Population or Employment | | | 4,304 | 11,920 | 1,020 | 1,871 | | |
| Expenditure Line Items | | | | | | | | |
| Planning and Management | \$26.38 | \$8.70 | 113,528 | 314,418 | 8,882 | 16,290 | 122,410 | 330,708 |
| Public Safety | \$440.84 | \$145.48 | 1,897,393 | 5,254,862 | 148,446 | 272,249 | 2,045,839 | 5,527,111 |
| Community Development | \$64.54 | \$21.30 | 277,763 | 769,268 | 21,731 | 39,855 | 299,494 | 809,123 |
| Transportation | \$37.15 | \$12.26 | 159,885 | 442,803 | 12,509 | 22,941 | 172,394 | 465,744 |
| Socioeconomic | \$6.96 | \$2.30 | 29,937 | 82,910 | 2,342 | 4,295 | 32,279 | 87,206 |
| Cultural | \$84.31 | \$27.82 | 362,890 | 1,005,030 | 28,391 | 52,069 | 391,282 | 1,057,100 |
| Environmental Management | \$3.46 | \$1.14 | 14,891 | 41,240 | 1,165 | 2,137 | 16,056 | 43,376 |
| Capital Outlay | -- | -- | | | | | | |
| Debt Service | -- | -- | | | | | | |
| Total Expenditures | | | | | | | \$3,079,753 | \$8,320,367 |



Table 18: Summary of Fiscal Impact of Sunnyvale El Camino Real Corridor 3 Alternative Growth Scenarios

| Annual Impact in Year | ALT C - COMMERCIAL FOCUS | | ALT M - MIXED-USE FOCUS | | ALT R - RESIDENTIAL FOCUS | |
|--|--------------------------|--------------------|-------------------------|--------------------|---------------------------|------------------|
| | 2025 | 2035 | 2025 | 2035 | 2025 | 2035 |
| Estimated General Fund Revenue Impact | \$4,041,237 | \$9,716,835 | 3,542,389 | 8,792,134 | 3,861,639 | 8,634,756 |
| Estimated General Fund Expenditure Impact | -2,172,507 | -6,044,507 | -2,720,919 | -7,494,898 | -3,079,753 | -8,320,367 |
| Net City of Sunnyvale General Fund Impact | \$1,868,730 | \$3,672,328 | \$821,470 | \$1,297,236 | \$781,886 | \$314,389 |

Land Econ Group