

**Appendix 7 Table 1
Summary of Development Scenarios
City of Cupertino 9212 Report**

Development Type	Current Built/ Approved ^a	Without Initiative		With Initiative	
		Adopted General Plan (389 Units)	Adopted General Plan Assuming Sand Hill Proposal (800 Units)	Amended General Plan and Specific Plan (389 Units)	Amended General Plan and Specific Plan (800 Units)
Development Buildout ^b					
Residential (units)	21,412	23,294	23,294	23,294	23,294
Vallco	0	389	800	389	800
Senior Housing (Included in Total)	0	0	40	80	160
Other Residential	21,412	22,905	22,494	22,905	22,494
Non-Residential (Allowable)					
Office (sq.ft.)	8,916,179	11,470,005	11,470,005	11,470,005	11,470,005
Vallco	0	2,000,000	2,000,000	2,000,000	2,000,000
Other Office	8,916,179	9,470,005	9,470,005	9,470,005	9,470,005
Commercial/Retail (sq.ft.)	3,632,065	4,430,982	4,430,982	4,430,982	4,430,982
Vallco	1,200,000	1,200,000	650,000	640,000	640,000
Other Retail/Commercial	2,432,065	3,230,982	3,780,982	3,790,982	3,790,982
Hotel (rooms)	1,116	1,429	1,429	1,429	1,429
Vallco	148	339	339	339	339
Other Hotel	968	1,090	1,090	1,090	1,090
Net Increase in Potential Development ^c					
Residential (units)		1,882	1,882	1,882	1,882
Market Rate (units)		1,768	1,748	1,807	1,828
BMR (units)		114	134	75	54
Vallco (units)		389	800	389	800
Market Rate		350	720	389	800
On-Site BMR (units) ^d		39	80	0	0
Senior Housing (Included in Total)		0	40	80	160
Other Residential (units)		1,493	1,082	1,493	1,082
Market Rate (units)		1,418	1,028	1,418	1,028
BMR (units) ^e		75	54	75	54
Non-Residential (sq.ft.)		3,509,243	3,509,243	3,509,243	3,509,243
Office (sq.ft.)		2,553,826	2,553,826	2,553,826	2,553,826
Vallco		2,000,000	2,000,000	2,000,000	2,000,000
Other Office		553,826	553,826	553,826	553,826
Retail/Commercial (sq.ft.)		798,917	798,917	798,917	798,917
Vallco		0	(550,000)	(560,000)	(560,000)
Other Retail/Commercial		798,917	1,348,917	1,358,917	1,358,917
Hotel (room) ^f		313	313	313	313
Vallco		191	191	191	191
Other Hotel		122	122	122	122
Hotel (sq.ft.)		156,500	156,500	156,500	156,500
Vallco		95,500	95,500	95,500	95,500
Other Hotel		61,000	61,000	61,000	61,000
Vallco Non-Residential		2,095,500	1,545,500	1,535,500	1,535,500

- a. Figures for "Current Built/Approved" are from the "Current Built" column of General Plan Table LU-1, which represents existing development and all development approved as of 12/10/14. Table LU-1 is included in the Adopted General Plan and the Initiative.
- b. Figures for "Development Buildout" are from the "Buildout" column in Table LU-1.
- c. Net increase is calculated for each scenario compared against the "Current/Built Approved" figures.
- d. For purposes of the assessed valuation assumptions for the fiscal analysis, 10% of total units are assumed to be affordable as Below Market Rate (BMR) units (consistent with what was proposed in the 2015 Sand Hill proposal) because the onsite provision of BMR units could reduce the assessed value for residential units.
- e. Assumes 5% BMR for citywide projects based on the amount of on-site affordable housing provided in 5 recent pipeline projects not including Vallco.
- f. Average size of a hotel room assumed to be 500 sq.ft.

Source: City of Cupertino, Keyser Marston Associates, Inc.

Appendix 7 Table 2
Annual Sales Tax Generated from Retail Space
In Constant FY 2015/16 Dollars
City of Cupertino 9212 Report

		Without Initiative		With Initiative	
		Adopted General Plan (389 Units)	Adopted General Plan Assuming Sand Hill Proposal (800 Units)	Amended General Plan and Specific Plan (389 Units)	Amended General Plan and Specific Plan (800 Units)
Vallco^a					
Retail Space at Buildout	1,200,000 sq.ft.	1,200,000 sq.ft.	650,000 sq.ft.	640,000 sq.ft.	640,000 sq.ft.
Occupancy Rate ^b	66%	92%	92%	92%	92%
Occupied Retail Space	796,500 sq.ft.	1,104,000 sq.ft.	598,000 sq.ft.	588,800 sq.ft.	588,800 sq.ft.
Taxable Retail Sales per sq.ft. ^{b, c}	\$124	\$149	\$300	\$300	\$300
Estimated Taxable Sales	\$99,060,000	\$164,500,000	\$179,400,000	\$176,640,000	\$176,640,000
Increase in Taxable Sales		\$65,440,000	\$80,340,000	\$77,580,000	\$77,580,000
Other Retail/Commercial^a					
New Retail Space		798,917 sq.ft.	1,348,917 sq.ft.	1,358,917 sq.ft.	1,358,917 sq.ft.
Occupancy Rate ^b		92%	92%	92%	92%
Occupied Retail Space		735,004 sq.ft.	1,241,004 sq.ft.	1,250,204 sq.ft.	1,250,204 sq.ft.
Taxable Retail Sales per sq.ft. ^c		\$149	\$149	\$149	\$149
Taxable Retail Sales		\$109,500,000	\$184,900,000	\$186,300,000	\$186,300,000
Citywide Increase in Taxable Retail Sales		\$174,940,000	\$265,240,000	\$263,880,000	\$263,880,000
Citywide Projected Sales Tax Revenues^d		\$1,750,000	\$2,650,000	\$2,640,000	\$2,640,000
<i>Vallco Only</i>		\$650,000	\$800,000	\$780,000	\$780,000

Note: Dollar figures rounded to the nearest thousand. Numbers may not add up precisely due to rounding.

a. Does not include sales tax generated from hotels.

b. Average occupancy rate for current built and approved retail based on 2014 occupancy at Vallco, projected occupancy for development scenarios assumed at 92% based on typical shopping center occupancy levels.

c. Historical data on taxable retail sales was reviewed for Vallco and other establishments throughout the City. The estimates used in the analysis are based on actual performance from 2014, adjusted as necessary to appropriately reflect each retail area and scenario. Taxable sales at Vallco in 2014 were used alongside occupancy data of the mall to estimate the average retail sales per sq. ft. of occupied space. The same type of analysis was done for the areas located outside of Vallco, based on 2.4 million sq.ft. and 92% occupancy. Reported sales are adjusted to 2015 dollars.

d. Projected sales tax revenues assumes City receives 1% of taxable sales, according to sales tax data.

Source: City of Cupertino, MuniServices, Strategic Economics, Seifel Consulting Inc.

Appendix 7 Table 3
Annual Sales Tax Revenues from Business-to-Business (B-to-B) Transactions
In Constant FY 2015/16 Dollars
City of Cupertino 9212 Report

	Without Initiative		With Initiative	
	Adopted General Plan (389 Units)	Adopted General Plan Assuming Sand Hill Proposal (800 Units)	Amended General Plan and Specific Plan (389 Units)	Amended General Plan and Specific Plan (800 Units)
Office				
Increase in Office Space				
Vallco	2,000,000	2,000,000	2,000,000	2,000,000
Other Office	553,826	553,826	553,826	553,826
Citywide	2,553,826	2,553,826	2,553,826	2,553,826
Taxable B-to-B Sales per sq.ft. ^a	\$40	\$40	\$40	\$40
Estimated Taxable B-to-B Transactions	\$102,200,000	\$102,200,000	\$102,200,000	\$102,200,000
Citywide Projected Sales Tax Revenues^b	\$1,020,000	\$1,020,000	\$1,020,000	\$1,020,000
<i>Vallco Only</i>	<i>\$800,000</i>	<i>\$800,000</i>	<i>\$800,000</i>	<i>\$800,000</i>

Note: Dollar figures rounded to the nearest thousand. Numbers may not add up precisely due to rounding.

a. Based on recently reported B-to-B sales for businesses (exclusive of Apple) most likely to occupy office space and the current leasable office square footage (excluding Apple) in Cupertino, taxable B-to-B sales ranges \$37 to \$53 per sq.ft. for the past three fiscal years.

b. Projected sales tax revenues assumes City receives 1% of taxable sales.

Source: City of Cupertino, MuniServices, Seifel Consulting Inc.

Appendix 7 Table 4
Growth in Annual General Fund Property Tax Revenue
In Constant FY 2015/16 Dollars
City of Cupertino 9212 Report

Development Type	Incremental Assessed Value per Unit/Sq.Ft./Room ^a	Without Initiative		With Initiative	
		Adopted General Plan (389 Units)	Adopted General Plan Assuming Sand Hill Proposal (800 Units)	Amended General Plan and Specific Plan (389 Units)	Amended General Plan and Specific Plan (800 Units)
Estimated Incremental Assessed Value					
Residential					
Vallco					
Market Rate	\$560,000 /unit	350	720	350	720
Affordable	\$273,000 /unit	39	80	39	80
Market Rate ^b	\$560,000 /unit ^c	\$196,000,000	\$403,200,000	\$196,000,000	\$403,200,000
On-Site BMR ^d	\$273,000 /unit	<u>\$10,647,000</u>	<u>\$21,840,000</u>	<u>\$10,647,000</u>	<u>\$21,840,000</u>
Total		\$206,647,000	\$425,040,000	\$206,647,000	\$425,040,000
Other Residential					
Market Rate ^b	\$560,000 /unit	\$794,100,000	\$575,700,000	\$794,100,000	\$575,700,000
BMR ^d	\$273,000 /unit	<u>\$20,500,000</u>	<u>\$14,700,000</u>	<u>\$20,500,000</u>	<u>\$14,700,000</u>
Total		\$814,600,000	\$590,400,000	\$814,600,000	\$590,400,000
Citywide Total					
Market Rate ^b	\$560,000 /unit	\$990,100,000	\$978,900,000	\$990,100,000	\$978,900,000
BMR ^d	\$273,000 /unit	<u>\$31,147,000</u>	<u>\$36,640,000</u>	<u>\$31,147,000</u>	<u>\$36,540,000</u>
Citywide Net Growth in Assessed Value		\$1,021,247,000	\$1,015,540,000	\$1,021,247,000	\$1,015,440,000
Non-Residential					
Office ^e					
Vallco	\$520 /sq.ft.	\$1,040,000,000	\$1,040,000,000	\$1,040,000,000	\$1,040,000,000
Other Office	\$520 /sq.ft.	<u>\$288,000,000</u>	<u>\$288,000,000</u>	<u>\$288,000,000</u>	<u>\$288,000,000</u>
Citywide Total		\$1,328,000,000	\$1,328,000,000	\$1,328,000,000	\$1,328,000,000
Commercial/Retail ^f					
Vallco - New Development	\$640 /sq.ft.	\$768,000,000	\$416,000,000	\$409,600,000	\$409,600,000
Vallco - Existing	\$160 /sq.ft.	\$195,400,000	\$195,400,000	\$195,400,000	\$195,400,000
Vallco - Net Increase ^c	\$480 /sq.ft.	\$572,600,000	\$220,600,000	\$214,200,000	\$214,200,000
Other Retail/Commercial ^d	\$480 /sq.ft.	<u>\$383,500,000</u>	<u>\$647,500,000</u>	<u>\$652,300,000</u>	<u>\$652,300,000</u>
Citywide Total		\$956,100,000	\$868,100,000	\$866,500,000	\$866,500,000
Hotel ^e					
Vallco	\$300,000 /room	\$57,300,000	\$57,300,000	\$57,300,000	\$57,300,000
Other Office	\$300,000 /room	<u>\$36,600,000</u>	<u>\$36,600,000</u>	<u>\$36,600,000</u>	<u>\$36,600,000</u>
Citywide Total		\$93,900,000	\$93,900,000	\$93,900,000	\$93,900,000
Citywide Net Growth in Assessed Value		\$2,378,000,000	\$2,290,000,000	\$2,288,400,000	\$2,288,400,000
Citywide Incremental Assessed Value		\$3,399,247,000	\$3,305,540,000	\$3,309,647,000	\$3,303,840,000
Vallco Only ^f		\$1,876,547,000	\$1,742,940,000	\$1,518,147,000	\$1,736,540,000
Estimated Incremental Property Tax Revenues to the City					
Citywide Annual Property Tax Revenues	City's Share: 5.60%	\$1,900,000	\$1,850,000	\$1,850,000	\$1,850,000
Vallco Only ^f		\$1,050,000	\$980,000	\$850,000	\$970,000

Note: Dollar figures rounded to the nearest hundred thousand for projected assessed values and to the nearest thousand for property tax revenues. Numbers may not add up precisely due to rounding.

- Incremental assessed value represents the increase in property value added by new development, calculated by subtracting existing land value from total development value. Non-residential values include estimated value for personal property / tenant improvements (\$100 per sq.ft. of office, \$50 per sq.ft. of commercial/retail, and \$30,000 per hotel room).
- Assumes mid-range development at \$650 per sq.ft. value, unit size of 1,200 sq.ft., 25 units per acre, and land value of \$5.5 million per acre based on "City of Cupertino, Residential Below Market Rate Housing Nexus Analysis" by Keyser Marston Associates, Inc. (April 2015).
- 10% of market rate units under scenarios with Initiative are assumed to be BMR units under the scenarios with Initiative.
- Affordable unit value is assumed to be \$259,000 for very low income units and \$287,000 for low income units in "City of Cupertino, Residential Below Market Rate Housing Nexus Analysis" by Keyser Marston Associates, Inc. (April 2015).
- Incremental assessed value calculated based on prototype #2 (commercial/retail), prototype #4 (office), prototype #6 (hotel) from "City of Cupertino, Non-Residential Jobs-Housing Nexus Analysis" by Keyser Marston Associates, Inc. (April 2015).
- As the Adopted General Plan would allow more development to occur at Vallco than is proposed by the Initiative or was proposed by Sand Hill in 2015, the projected increase in revenues to the City's General Fund varies by scenario when compared to the Adopted General Plan.

Source: City of Cupertino, Keyser Marston Associates, Inc, Seifel Consulting Inc.

Appendix 7 Table 5
Net Increase in Annual Transient Occupancy Tax (TOT) Revenues
In Constant FY 2015/16 Dollars
City of Cupertino 9212 Report

		Without Initiative		With Initiative	
		Adopted General Plan (389 Units)	Adopted General Plan Assuming Sand Hill Proposal (800 Units)	Amended General Plan and Specific Plan (389 Units)	Amended General Plan and Specific Plan (800 Units)
Hotel					
Number of Rooms					
Vallco		191	191	191	191
Other Office		<u>122</u>	<u>122</u>	<u>122</u>	<u>122</u>
Citywide Total		313	313	313	313
Occupancy Rate	80%				
Number of Occupied Rooms		250	250	250	250
Estimated Room Charge	\$215				
Estimated Annual Room Revenues		\$19,700,000	\$19,700,000	\$19,700,000	\$19,700,000
City's TOT Rate	12%				
Citywide Annual TOT Revenues		\$2,360,000	\$2,360,000	\$2,360,000	\$2,360,000
<i>Vallco Only</i>		<i>\$1,440,000</i>	<i>\$1,440,000</i>	<i>\$1,440,000</i>	<i>\$1,440,000</i>

a. Based on typical hotel occupancy and room rates in Cupertino based on TOT data. Projected TOT revenues assumes City receives 12% of taxable sales.

Source: City of Cupertino, Seifel Consulting Inc.

Appendix 7 Table 6
Annual Taxable Sales Generated from Retail Space
In Constant FY 2015/16 Dollars
City of Cupertino 9212 Report

Regional Shopping Centers	Data Source	Valley Fair	Stanford S.C.
Taxable Retail Sales			
Taxable Sales	<i>Per MuniServices data^a</i>	\$482,470,000	\$588,420,000
Sq.Ft. at Buildout		1,477,000 sq.ft.	1,364,000 sq.ft.
Occupancy Rate	<i>92%^b</i>		
Occupied Sq.Ft.		1,359,000 sq.ft.	1,255,000 sq.ft.
Taxable Sales per Occupied Sq.Ft.		\$360 /sq.ft.	\$470 /sq.ft.

Vallco	Retail Assumptions for 9212 Report	Vallco
Sq.Ft. at Buildout		
Vallco Total	<i>650,000 sq.ft.</i>	
Occupancy Rate	<i>92%</i>	
Occupied Sq.Ft.		598,000 sq.ft.
Retail/Restaurant	<i>70% of total retail space</i>	419,000 sq.ft.
Entertainment/Fitness	<i>30% of total retail space</i>	179,000 sq.ft.
Taxable Retail Sales	<u>Taxable Retail Sales per Occupied Sq.Ft.</u>	
Retail/Restaurant	<i>Sales mid point of Valley Fair and Stanford S.C. at 70% of total retail space</i>	\$415 /sq.ft.
<u>Entertainment/Fitness</u>	<i>Assumes lower average sales at 10% of above at 30% of total retail space</i>	\$42 /sq.ft.
Total	<i>Weighted average of above</i>	\$303 /sq.ft.
	<i>Rounded</i>	\$300 /sq.ft.
Taxable Retail Sales		\$179,400,000

a. 2014 data adjusted to constant 2015 dollars by CPI.

b. Typical occupancy rate for shopping malls per Greensfelder Commercial Real Estate.

Source: City of Cupertino, MuniServices, Keyser Marston Associates, Greensfelder Commercial Real Estate, Seifel Consulting Inc.