

Memorandum

TO: City of Alameda

FROM: James Edison

DATE: April 3, 2014

SUBJECT: Special Tax Burden Analysis for Alameda Point Development

Willdan Financial Services (“Willdan”) has prepared a preliminary analysis of the revenue that could be generated from supplemental revenue at Alameda Point. The supplemental revenue will be a special tax, assessment, or other means that will impose an additional financial burden on property at Alameda Point, over and above the approximately 1.0 percent *ad valorem* tax paid by all property in California. For the purposes of this initial analysis Willdan has assumed that residential development would have a total tax burden of 1.8 percent and commercial development would have a total tax burden of 1.6 percent. Table 1 details the current assumptions about the value of the proposed development at Alameda Point.

Table 1
Project Description
Alameda Point Financing Burden Analysis

Development Type	Units	Unit Value (1)	Total Value
Market Rate	1,100	\$370,150	\$407,164,706
Affordable	325	\$0	\$0
Total Residential	1,425	\$285,730	\$407,164,706
Commercial Development	5,500,000	\$325	<u>\$1,787,500,000</u>
Grand Total			\$2,194,664,706

(1) Mean value, including affordable housing units that are assumed to be exempt from property tax.

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Table 2 calculates the value of the supplemental revenue assuming an extra tax or assessment of 0.8 percent for residential development and 0.6 percent for commercial development. For each development type Willdan has set the tax at an amount likely to be acceptable for development. Typically, residential development can support a higher tax burden than commercial development.

Table 2
Potential Assessment Revenue
Alameda Point Financing Burden Analysis

Development Type	Max Burden	AV	Annual Revenue
Residential	0.80%	\$407,164,706	\$3,257,318
Commercial Development	0.60%	<u>\$1,787,500,000</u>	<u>\$10,725,000</u>
Total		\$2,194,664,706	\$13,982,318

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Willdan has also calculated the impact of a reduction in commercial square footage for the development. If the total commercial square feet drops from 5.5 million to 3.5 million, the total assessed value drops from \$2.2 billion to \$1.5 billion, and the resulting annual revenue drops from \$14.0 million to \$10.0 million.

Finally, Willdan has examined what the typical tax would be for a residence and for a commercial development at Alameda Point. As shown on Table 2, a typical market rate residence valued at \$370,000 would pay \$2,960 annually or \$247 monthly. A 100,000 square foot office building valued at \$325 per square foot would pay \$195,000 annually or \$16,250 monthly (\$1.95 and \$0.165 per square foot, respectively).¹ Of this total, \$212 annually from the residence and \$14,000 annually from the office building would go to transportation demand management (TDM).

¹ Monthly is shown only as a point of reference, actual special taxes are paid semi-annually, along with all other property tax levies.



Table 3
Typical Facilities Tax
Alameda Point Financing Burden Analysis

Unit Type	SF/Units	Value	Tax Rate per unit/sf	Total Special Tax		Annual TDM (1)
				Annual	Monthly	
Market Rate Residential	1	\$370,150	\$2,961	\$2,961	\$247	\$212
Office Project	100,000	\$32,500,000	\$1.95	\$195,000	\$16,250	\$13,946

(1) Assumes \$1 million annual TDM budget.

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